

## **How We Can Make Employment Work for Everyone**

**Article by Aaron Benanev, Aleksandra Lakić**

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In the 20th century model of prosperity, work and growth went hand in hand. But that model is stagnating, despite the attempts of states to revive it through austerity measures with profoundly damaging effects on society. Optimism about the capacity of technology or universal benefits to fix the current model is misplaced – these superficial solutions can only be palliative and distract us from the fact that the engine of our society is fundamentally faulty. The task now is to come up with new basis for prosperity, security, and freedom fit for our age.

**Aleksandra Lakić: Your research looks at the transformation of work from the 1970s to the present day. What are the most important changes that took place in the economic and labour market sphere during this period, and what is their significance today?**

**Aaron Benanev:** Since the 1970s, there's been a real slowdown in economic growth rates in the core capitalist countries. But also elsewhere: in the Eastern bloc, in the Soviet Union, and in the so-called developing world or Global South, too, especially from the 1980s onward, and often under IMF-led structural adjustment programmes. This nearly worldwide slowdown had, in my view, pretty big effects on workers because in a capitalist economy, workers' bargaining power depends first on the strength of the demand for labour, which is related to economic conditions – how fast the economy is growing, and second on the degree to which the workers are organised, as well as on the legal and institutional framework of unions and collective bargaining agreements. Since the 1970s, the demand for labour has fallen, which has directly reduced workers' bargaining power directly. These conditions have also, indirectly, corroded workers' organisational capacities, as well as their legal protections. That's the headline story. Under conditions of slowing economic growth, we've really seen a partial breakdown of the so-called standard labour relationship. Whether it was ever really standard across the world is another question, but the dream of a standard labour relationship, at least, really broke down at that time.

**Are you referring here to the ideal of the welfare state regarding full employment?**

Exactly.

**In your book *Automation and the Future of Work* (Verso Books, 2020) you differentiate between unemployment and underemployment, both of which you regard as sort of social constructs, that is, categories which the welfare state itself produced. Why is it important to deconstruct these typologies in order to understand the transformations we're talking about?**

A standard work relationship implies that workers have contracts that define their rights

and responsibilities and their pay (which in turn generates a legal framework for them to take action if they are mistreated). The generation of the standard employment contract was one element of a wider, mid-20th century vision of full employment capitalism: every worker was to have a dignified and clearly defined role; when workers couldn't find work, they would have access to unemployment benefits, which would allow them to remain outside of the labour market until they found new jobs. This standard work relationship entailed a clear distinction between the employed and the unemployed, which also made it easy to statistically measure both categories, as part of a larger measure of the overall labour force (all of these statistical concepts were standardised in the 1940s). My argument is that the standardisation of the work relationship depended, crucially, on a standardisation of non-work as unemployment.

Maintaining a clear distinction between the employed and the unemployed depended on two things. First, it depended on a clear legal framework (of the welfare state), which defined what sorts of jobs would be allowed to exist. Minimum wage laws, health and safety standards, written contracts, etc., all limited the types of jobs that were legal. This framework also depended on sustained, high rates of economic growth. People who lost their jobs had to be able to live off of the unemployment benefits they received, and to find new jobs in a timely fashion, on standard work contracts. The issue is that when high rates of growth were not maintained, people ended up without standard forms of work for long periods of time. People therefore ended up taking jobs that didn't meet the requirements of a standard, legal job, in order to make ends meet. At the same time, facing a loss of political legitimacy, many governments decided to not enforce their own laws around standard work. They began to change the laws to recognise legally, and even encourage, the growth of non-standard work relationships. The result was to blur the boundaries between the employed, the unemployed, and those outside of the labour force. Real work relationships became more ambiguous, and statistical categories did a worse job of capturing them.

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In the first half of the 20th century, the quintessential form of non-standard work was dock work – loading and unloading ships. A lot of non-standard work back then, as today, also consisted of what we would now call informal work. The more people find themselves doing that kind of informal work, the more non-standard the overall labour relationship becomes. That's not just about labour markets and individual workers' choices. It's also about changes to welfare programmes. From the 1980s onwards, these have tended to become much more restrictive. At the same time, legal protections at work have been reduced. For example, in the United States there has always been a minimum wage, but its value has been eroded by inflation. And in many places, there was effectively no real minimum wage. Workers ended up taking very low paying jobs. In another era, the state may have tried to prevent those jobs from ever coming into existence on the assumption that workers would be able to find better paying jobs if they were able to extend their job-seeking time.

So, several things come together: economic conditions, the changing nature of the welfare state, and the kinds of work workers are doing. Let's take an example from Kenya: in the early 1970s, there were clearly no standard jobs for people who desperately needed work; that was especially true for youth born in and growing up in cities. So, people in Nairobi did whatever work they could find. Many sold food on the street, for which they'd get fined by police for not having the proper licenses. Economists asked themselves: Why are we trying to stop these people from selling food on the street when they have no other options? The economists recognised that the state was just punishing people for not being able to find work, on the assumption that these people should return to some sort of rural existence that, especially for those born in cities, they may have never known. That's what led to the development of the informal-sector category. There's always a relationship in capitalist economies among employment, welfare state protections, and the demand for labour. When those things are out of whack, the results are monstrous, which is sort of what's happening today.

**And what kind of monstrous effects are we talking about? What are the features of future un(der)employment trends that are so frightening?**

In every society, the workforce is exposed to the labour market to different degrees, and within each society, some sections of the workforce are more exposed than others. In Europe, a portion of the workforce has permanent jobs. These workers have very strong legal protections, which insulates them from labour market conditions. By contrast, workers without those protections become much more scared about what's going to happen to them when unemployment rates rise, whether they are going to be able to find equivalent work if they lose their current jobs. When demand for labour is low, and unemployment or underemployment is high, these relatively unprotected workers find themselves in a weak position. When demand for labour is weak and a lot of workers are in a more exposed positions, we see rising inequality. Workers can't keep wages rising in line with productivity.

Unemployment, underemployment, and rising inequality are all possible expressions of a generally low demand for labour, which vary based on institutional context (what also matters is the degree to which workers work for wages, or tend to be self-employed or contributing family workers, as is still true of the majority of workers in the Global South).

What I, and many others, are worried about is that this situation might continue. That we face continually low demand for labour, that workers who lose their jobs, or young people trying to get a job for the first time, will face these very insecure conditions and can't make lives for themselves, and become scarred by economic insecurity. And that contributes to inequality and worsening power dynamics in society, as the rich are able to intervene and control politics more and more. And climate change is going to start to make these effects even worse.

**In your book you also criticize automation theories. What exactly did automation theorists misunderstand when it comes to the relationship between the developments in the economic and labour market spheres?**

The trends we've been talking about have been unfolding across the world for 50 years, at least. Just recently, we've seen the rise of a new concern about automation. Analysts are saying that automation is the cause of all the trouble in the labour markets; technological

change, they say, is going to lead to the end of employment.

To my mind, the automation discourse is interesting mainly because of its utopian impulses. It isn't only a description of where people would be without work if our world remained as it is today – that would be a nightmare – but also a vision of the positive potential of a world where no one would have to work, and where everyone's needs would be met, where people would be able to follow their passions, whatever those might be. Based on my empirical research, I doubt that we can really explain the current situation of mass underemployment and unemployment across the world in terms of these new computer and robotics technologies. These technologies have only been around for a very short period of time. And many of them don't exist at all – they are projections about the future.

So basically, the automation theorists have identified an important trend, the lack of demand for labour, as well as its negative consequences – unemployment underemployment, stagnant wages, rising inequality – but they attribute these consequences to recent changes in technology. That blinds them to the larger story of global stagnation, which has been going on for a very long time.

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**When you say that the slowing rate of growth is a main source of the problems we're witnessing, does it mean that in order to resolve those problems, we need more growth? And if so, what kind of growth do we need?**

My assessment is that the real engine of growth and of the demand for labour has been from industrial growth, or industrialisation, which gave rise to a broad, structural transformation of the economy, raising productivity growth rates significantly. Industrial economies created the possibilities, but rarely the realities, of full employment capitalism. Trends in the contemporary global economy have now undermined the possibility of a return or revival of industrialisation.

After the end of World War II, and with the onset of decolonisation, the capacity to produce industrial goods – a capacity which had been jealously guarded by a very small number of countries – escaped from the West. Global competition, which became competition to be part of industrial supply chains, became increasingly intense, putting pressure on prices and profits. That undermined the possibility of very rapid industrial growth. China saw rapid growth for a time but achieved it at the expense of other middle-income countries; now that China is itself a middle-income country, it too is deindustrialising and its economic growth rate is slowing down. So, it's increasingly a zero-sum game in industrialisation. Services, which are what remain as an engine of growth, are not as susceptible to global competition like agriculture and industry; however, they are beset by very low rates of productivity growth. Services are activities that, because of the concrete organisation of various labour processes, generally resist industrialisation. That sets capitalism on this very slow growth path accompanied by a low demand for labour.

I don't think we should try to restore rapid growth because I don't think it's possible. Trying to reindustrialise now will only lead only to intensified international competition. It can be achieved only by beggar-thy-neighbour policies that hurt domestic populations and generate increasing global financial turbulence.

The point that there's no need for rapid growth to have social stability. There is a need for that in capitalism, of course, since in capitalism, businesses can have high profits and workers can have job security only when the economy is growing quickly. Businesses, politicians, and even unions have joined in calling for a "return to growth." Workers have been asked to sacrifice so much in order to get back to growth. Over the last 40 years, states have repealed labour and environmental protections, deregulated business, and, in addition, have taken on massive quantities of debt, while undermining the welfare state. All of this austerity was undertaken in the name of restoring growth, but in spite of it all, growth rates have continued to slow down.

I argue that we could achieve stability and security for people in a different way. I'm advocating a transition to a world where stability and security aren't dependent on growth. But that requires a big change in the way we organise society – it requires a break with capitalism.

**This might explain your scepticism about measures such as the universal basic income?**

Basic income proposals are on the right track because they focus on generating universal, basic security for people. That's a good thing. But basic income doesn't change anything about the engine of our society, the way that our society works. Within the terms of the society we live in, basic income is just another welfare programme. People on the Right who advocate for basic income see it as a replacement for existing welfare programmes; people on the Left suggest it would be an additional programme, an added expense of the welfare state. I don't think that implementing a basic income will really have a big effect on the larger problems of a stagnant society. It's likely to face the same problems as other welfare programmes in this context. There are, in any case, more democratic visions of socialising investment, which aim to really change the engine of society, the motor of the system, and not just to add another programme to the existing mix.

I see a parallel with carbon taxes: In both cases, proponents claim that market societies are working pretty well and have just one problem left to solve – a market failure – like poverty, or global warming. The idea is that with one little fix, we can make the current system work. But more and more analysts now doubt that carbon taxes are going to be enough to solve the climate crisis. That crisis is just far too big. Solving it will require massive public investments, or in other words massive, coordinated transformations in our energy, heating, and manufacturing infrastructure. People are talking about industrial policy, which is just the Western term for "five-year plans." In the same way, I think people will realise that basic income is just not up to the task of solving poverty. Giving people money isn't enough. We need to undertake massive investments in housing, in transportation and health infrastructures, and if we do it right, we will need to really involve working people in the process, a democratic process, by which these investment resources are allocated and then managed.

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**And who might be the agents of the social transformations that need to take place in order to change the system? Is it the mass social movements, political actors, or other actors advocating for alternative models of social and economic organisation and different modes of production and distribution of wealth?**

You know, I've always been sceptical of the idea that there's just one answer, that if everyone did the right thing, this would lead to a better world. It's obvious that we face a whole set of complex crises that interact with each other. We already live in a world in movement. The curve of social protest and antagonism is rising across the world. While these movements aren't enough to effect lasting change, they are opening up new spaces for people to reimagine their realities. Those movements have had a huge influence on what people are willing to imagine and what they're willing to do.

People should get involved in these struggles, make them their own, and try to turn these struggles towards the broadest, emancipatory goals. But to do that, I do think that we need a new vision of the emancipated world that we're trying to build. The failures of Stalinism and Maoism, and Keynesianism in the 20th century to provide answers have been devastating to our belief in a better world. What I'm interested in now is to be part of these new debates about what the future world is that we should be aiming at. Having a clear vision of the world we're aiming at might be an important tool for transforming the struggles people are involved in today - which tend to be more defensive - into struggles aiming to build a better world.

**How should work be organised in the future? Can we find a positive role for technology in organising work?**

I'm certainly not advocating a return to some kind of simpler times. I think the big question is how we can put the complex and interesting world that we already live in on a different basis and make it actually work for people. That doesn't mean doing away with technologies but transforming how we use them (of course, some really will have to be abandoned, but that's up to the people of the future to decide). The starting point for me is the idea that we should live in a world where people feel a deep sense of security that they're going to be able to meet their needs, independently of economic cycles.

Today, many people only go to work because they are worried about paying their rent, affording food, and remaining socially connected (by paying for their cell phone service, for example). I think that if people weren't afraid of losing all of that, it's not that they wouldn't work at all, but they certainly wouldn't work under the kinds of conditions we have today. When people feel totally useless, even if they're having a lot of fun, that eventually affects their sense of meaning and purpose in their lives.



The conditions under which people can feel good about work are first having autonomy in how they carry out their work; second, feeling like they are actually using and developing their skills; and third, having a clear sense of purpose. For a world where people's needs are guaranteed and they are beyond scarcity, we would need to see a big transformation of work in these directions. Even that wouldn't be enough. We would need to redistribute work and reduce the amount of work that any person needs to do, trying to get the work week down to around 20 to 25 hours, which would require a lot of retraining and the use of technology. We could get to a better world of work, but work would have to change.

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Aleksandra Lakić is sociologist with the background in political sciences. She received her master's degree in Sociology at the Humboldt-University of Berlin, where she specialized in the field of migration, integration and asylum politics in the EU and Germany. Aleksandra is a research coordinator at the Public Policy Research Center, coordinating the "The future of work" programme dealing with labour dimensions of platform economy in Serbia. She is member of *Zajednicko*, a platform for theory and practice of commons, researching on the progressive economic policies and the possibilities for cooperative organizing in Serbia.

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