

Work and employment in the crisis of neoliberal capitalism

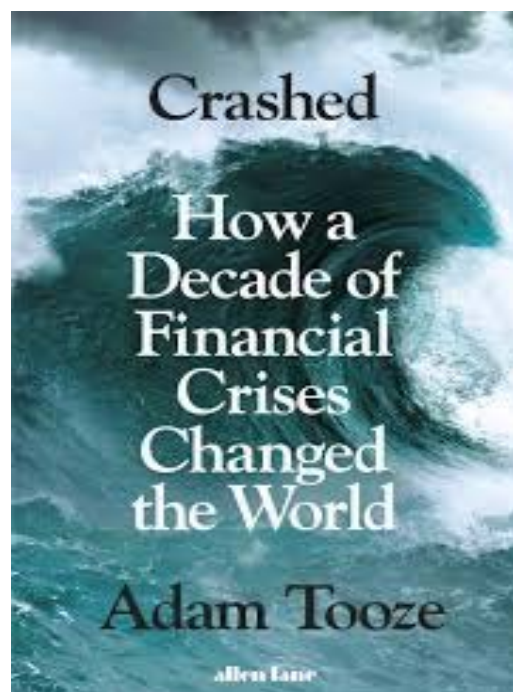
Michel Husson

Warszawa, 8 grudnia 2018 r

- I
At the root of the crisis
- II
The footprints of the crisis
Social dislocation
- III
End of work?



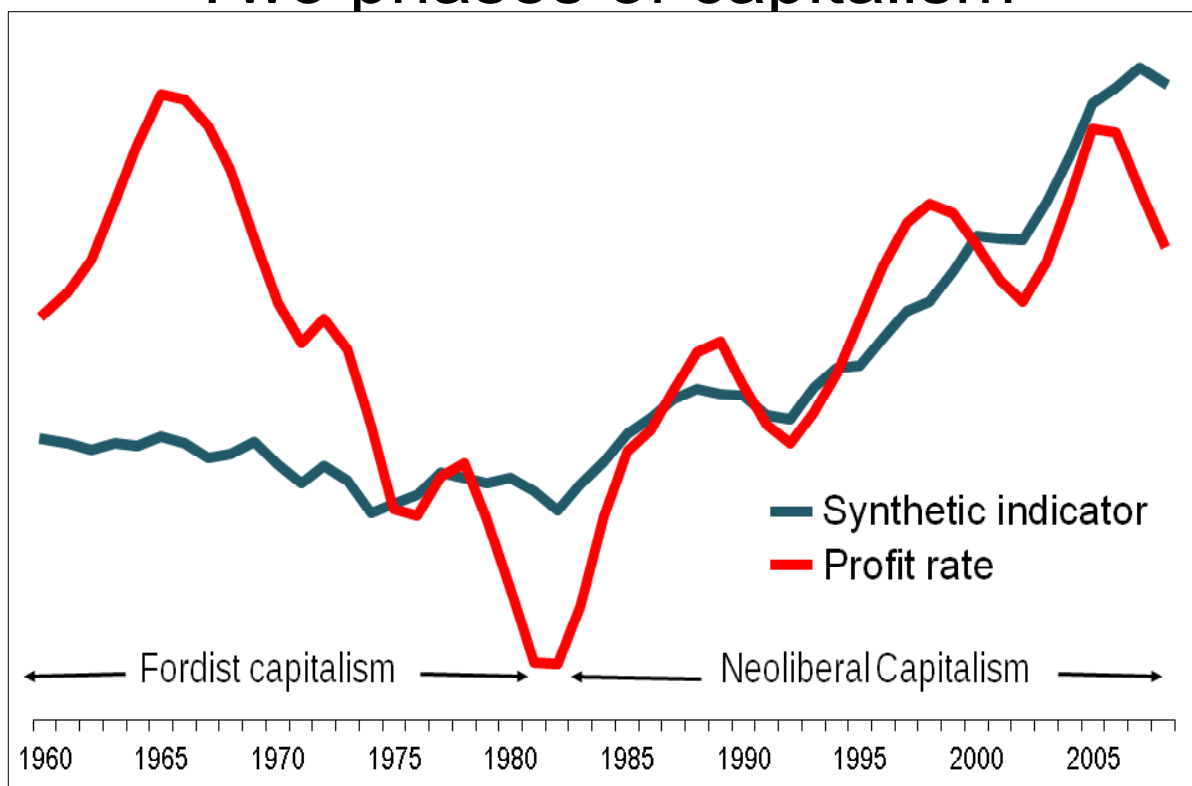
I **At the root of the crisis**



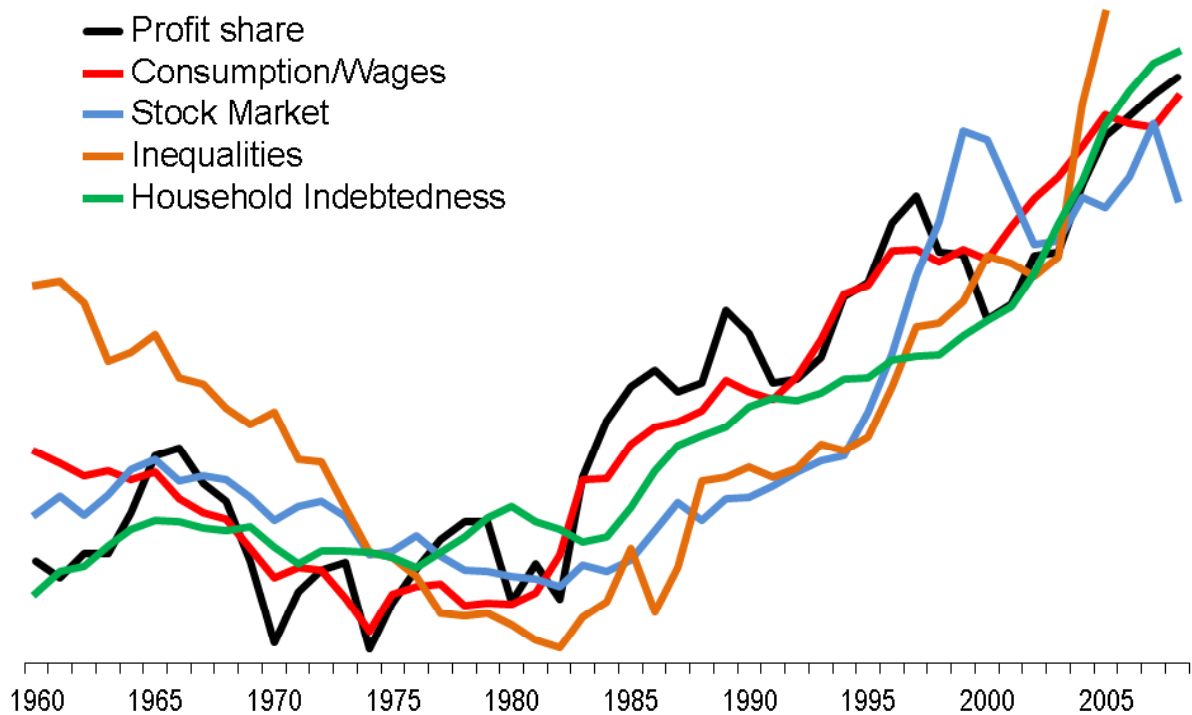
Two phases of capitalism

	<i>Fordist</i> capitalism 1945-1975	<u>Neoliberal</u> capitalism 1985-...
Accumulation regime	Fordism	Financialization
Technological paradigm	Taylorism	Information technologies
Social regulation	Social compromise	Flexibility
International division of labor	Internationalization	Globalization

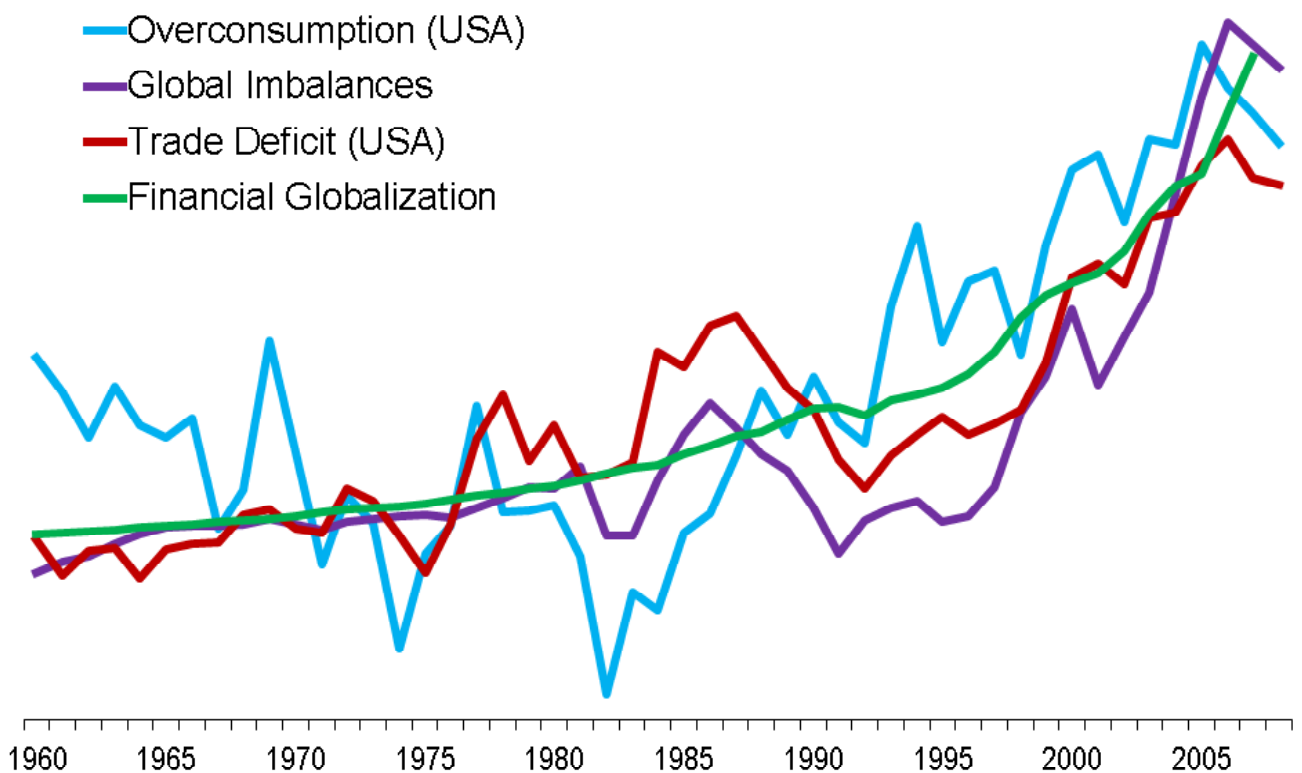
Two phases of capitalism



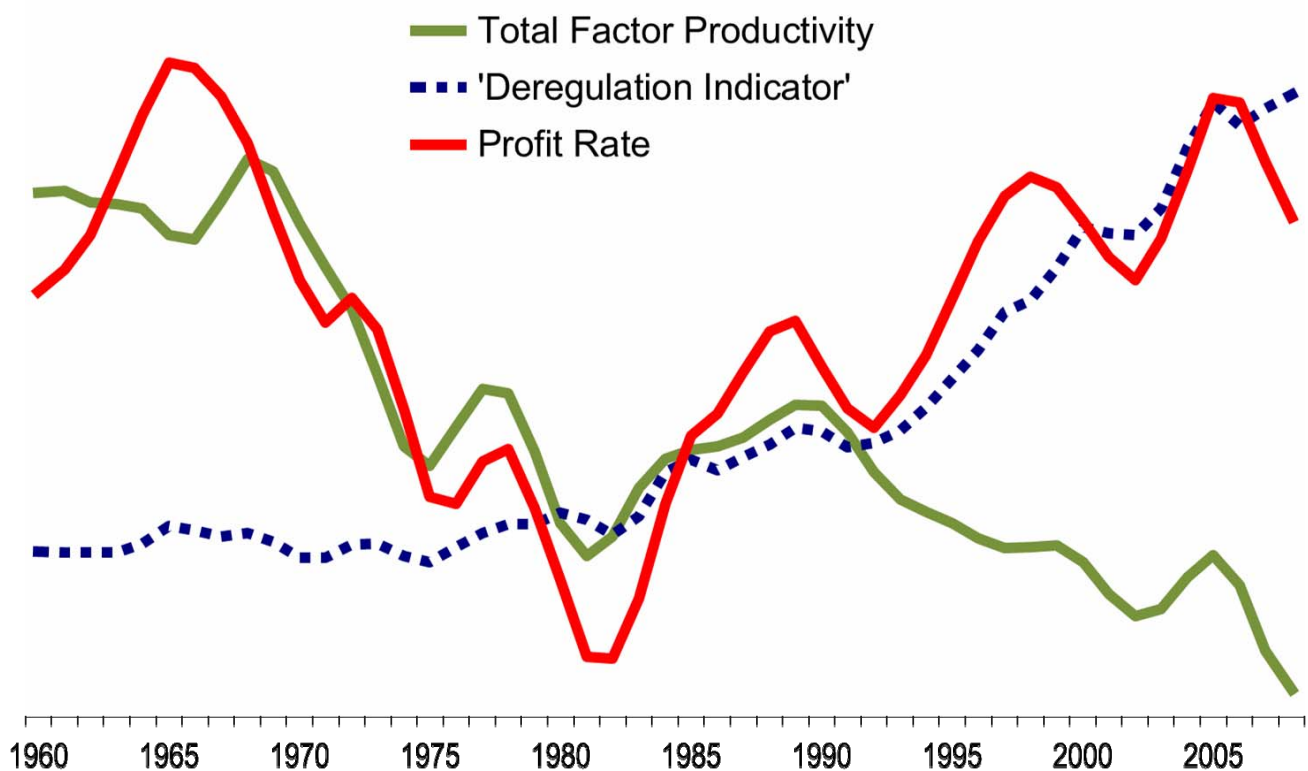
A 'spectrographic' analysys (1)



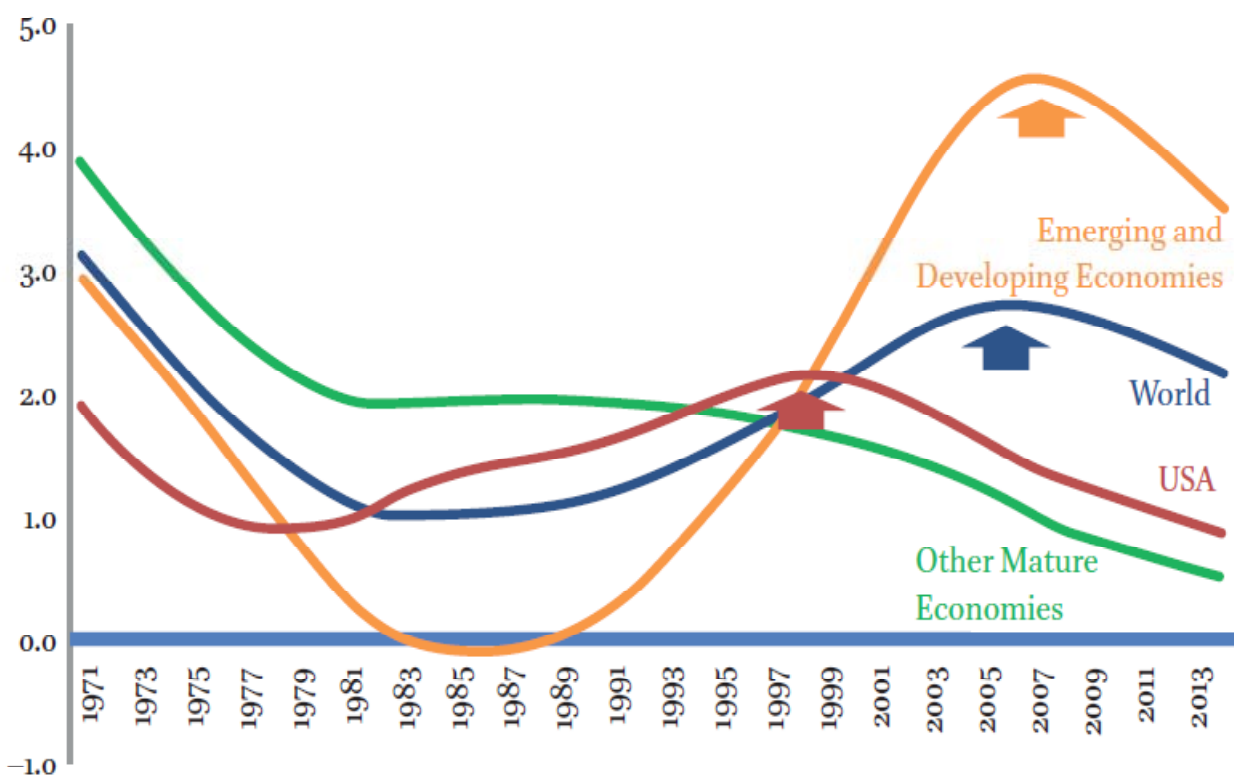
A 'spectrographic' analysys (2)



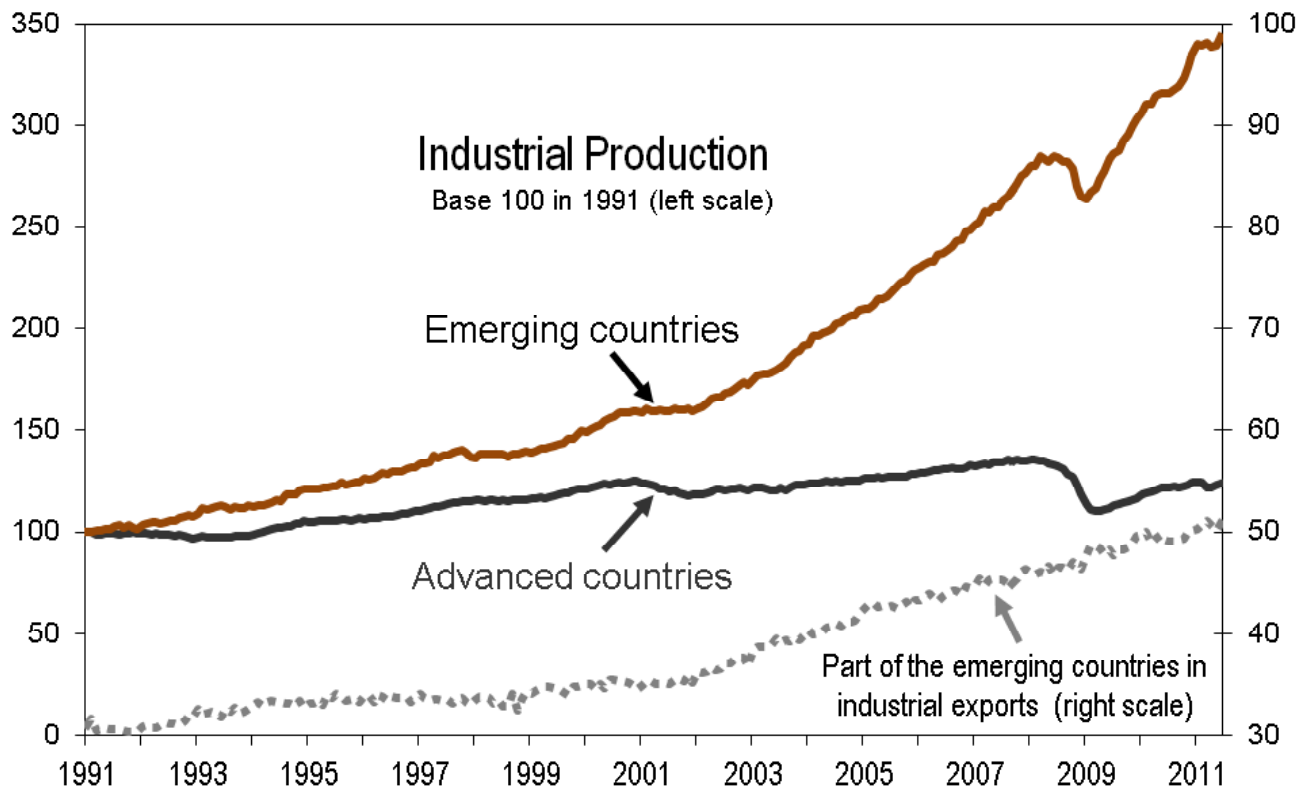
A 'spectrographic' synthesis



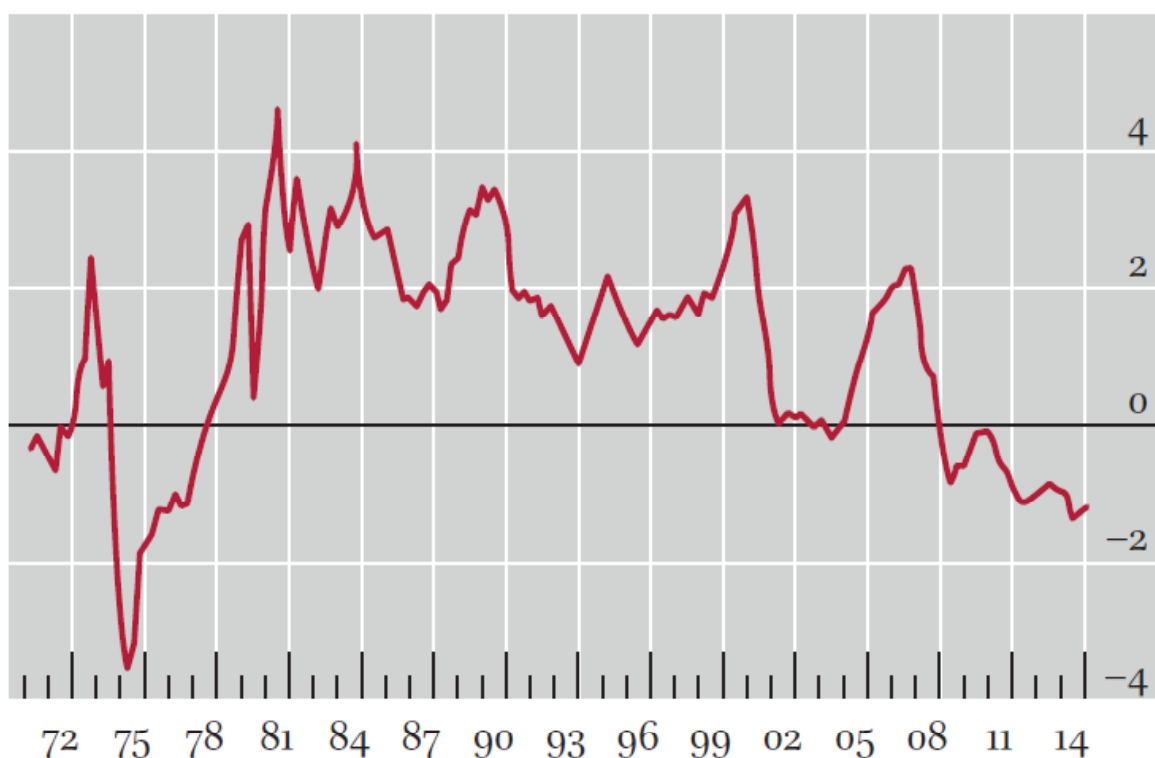
Tendencies in growth of labour productivity



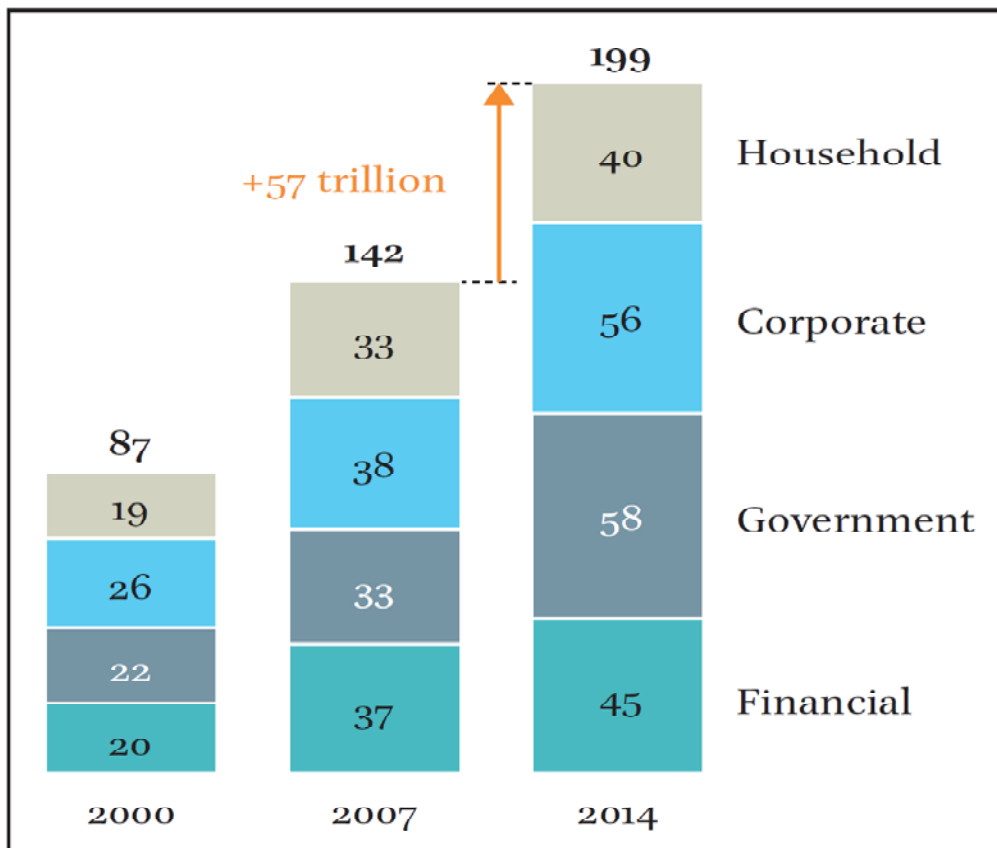
The Growing Weight of Emerging Countries



Central bank official interest rates Germany, USA, Japan



Global stock of debt

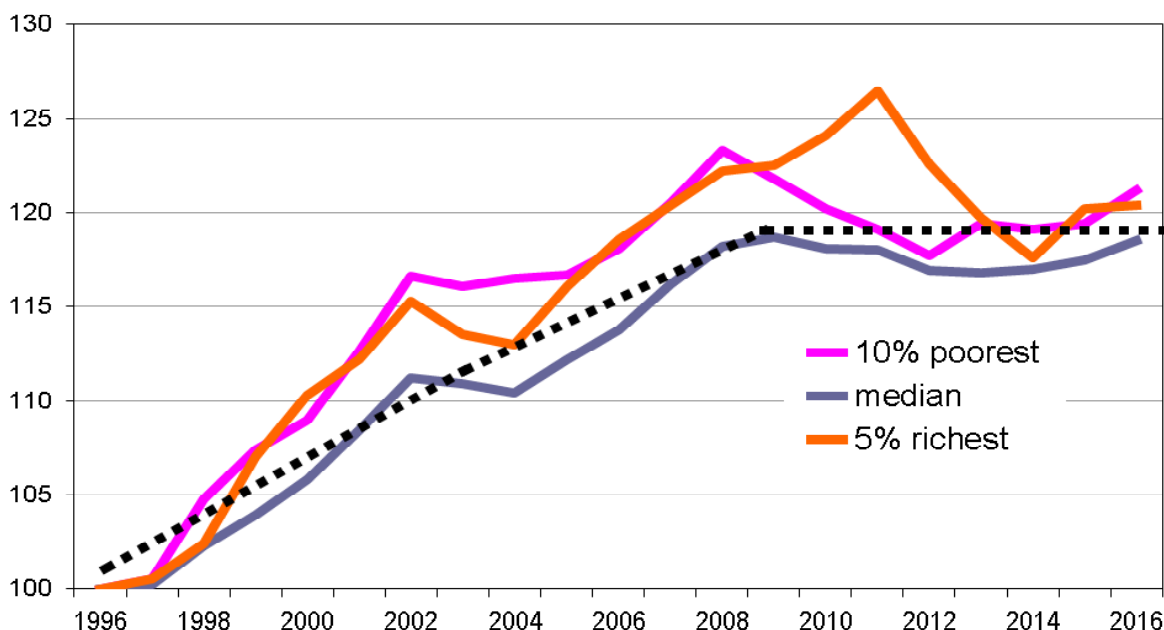


II

The Footprints of the crisis Social dislocation



Standard of living* France 1996-2016

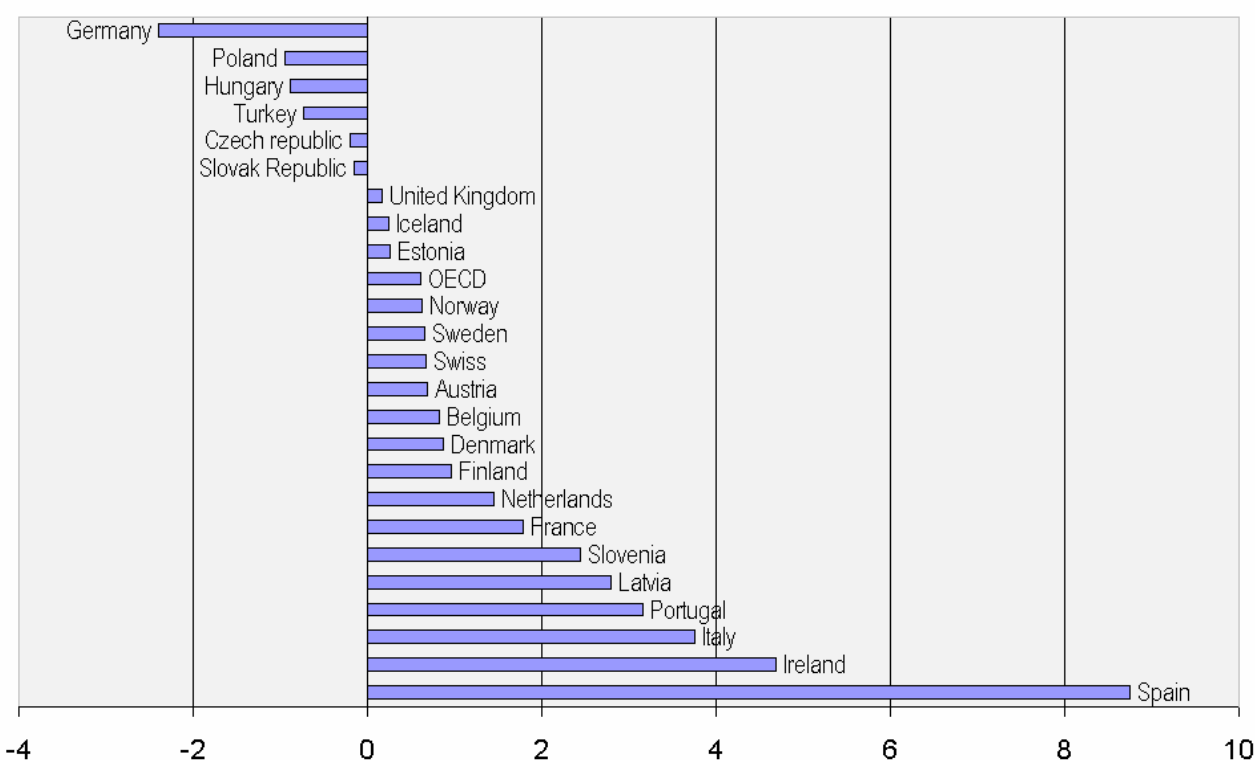


*disposable income of the household divided by the number of consumption units (CU).

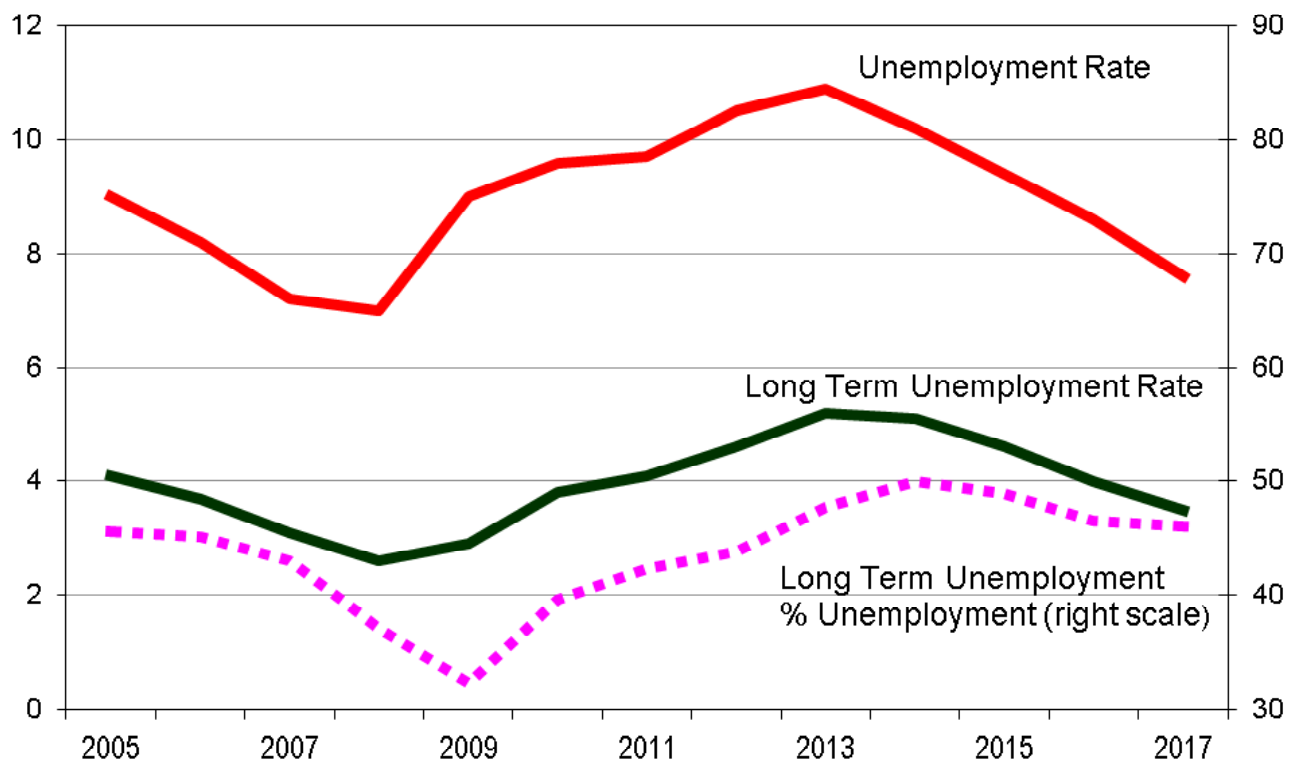
first adult = 1 UC others > 14 = 0.5 UC children < 14 = 0.3 UC

Long-term unemployment rate

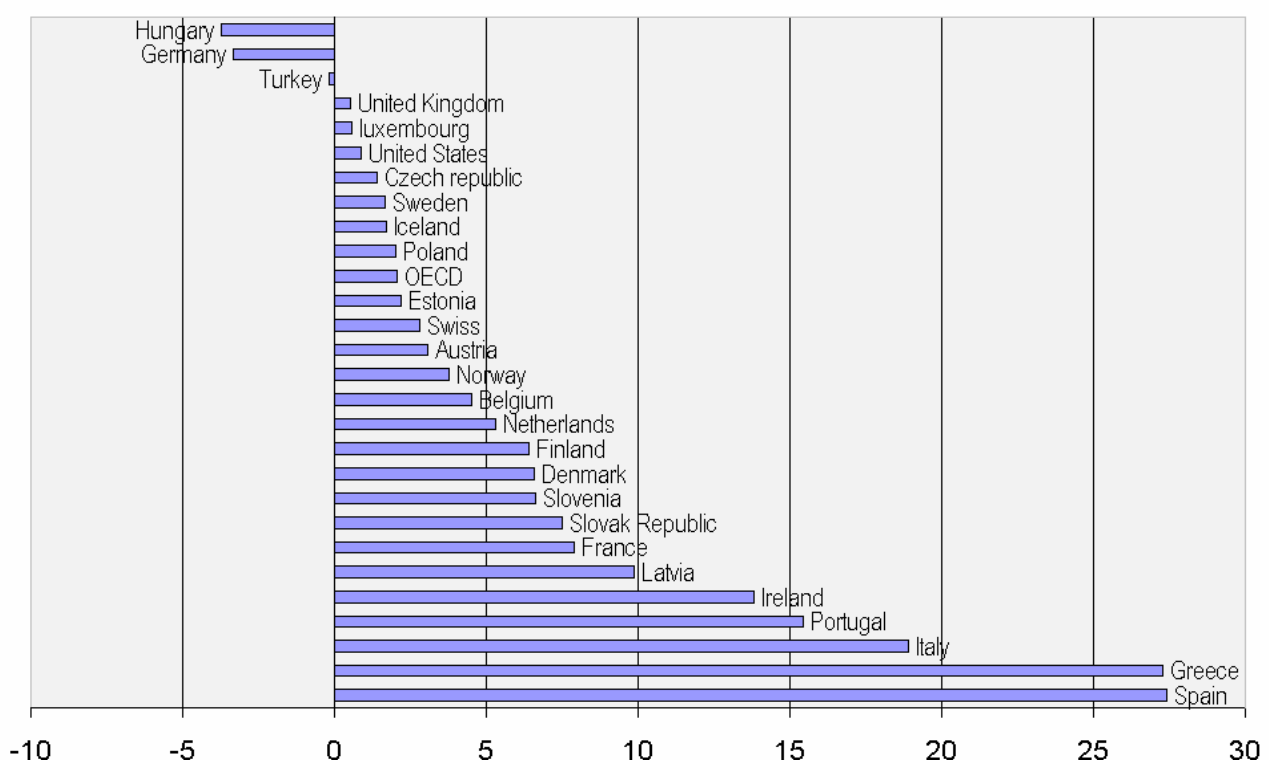
Variation from the beginning of the crisis (2008-2015)



Long term employment UE 2005-2017



Youth unemployment rate (15-24 years) Variation from the beginning of the crisis (2008-2015)

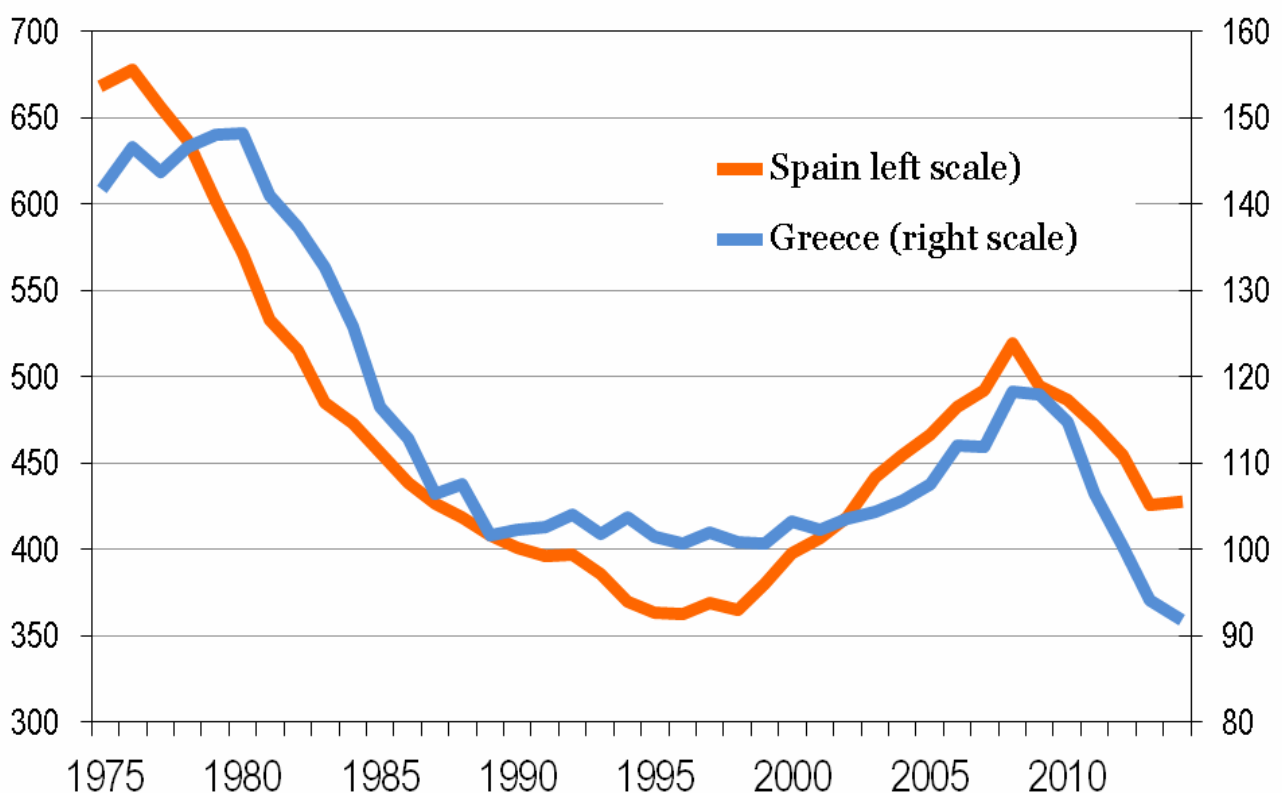


EU employment change 2008-2015

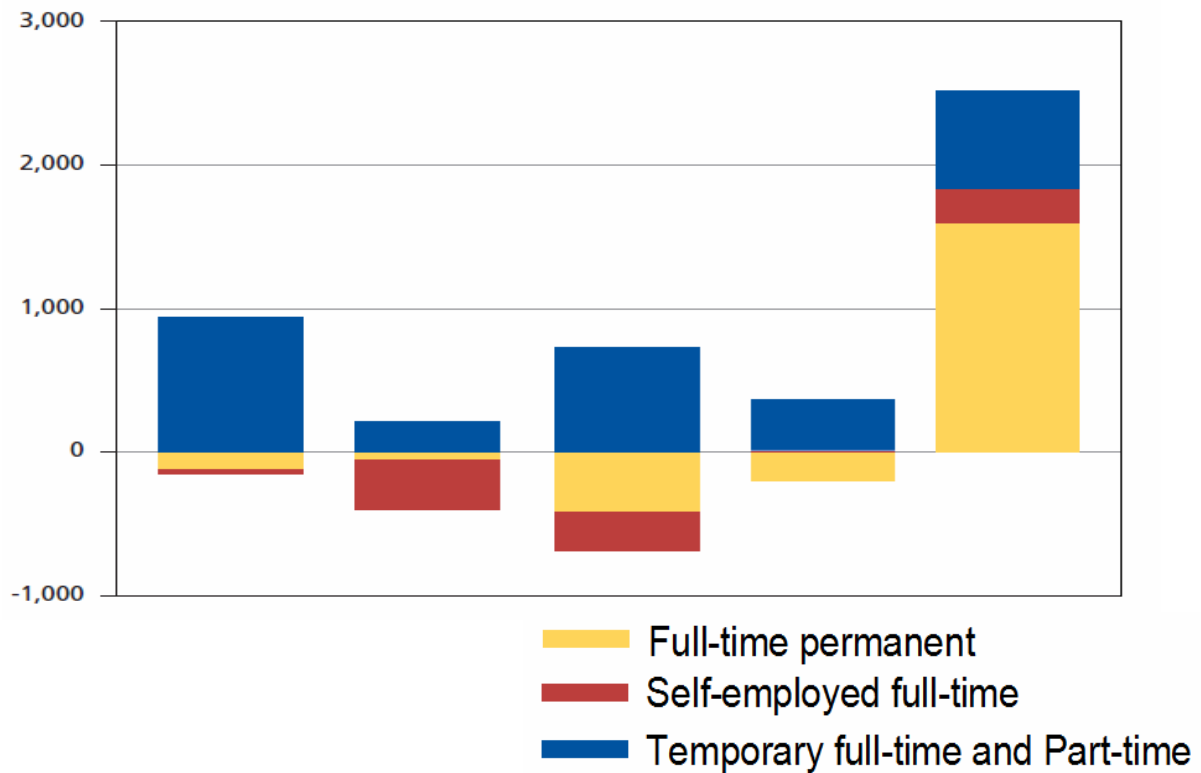
(millions)

	Total	Full time	Part time
Total	-3.9	-7.6	3.7
Men	-4.7	-6.5	1.8
Women	0.8	-1.1	1.9

Number of births (thousands)

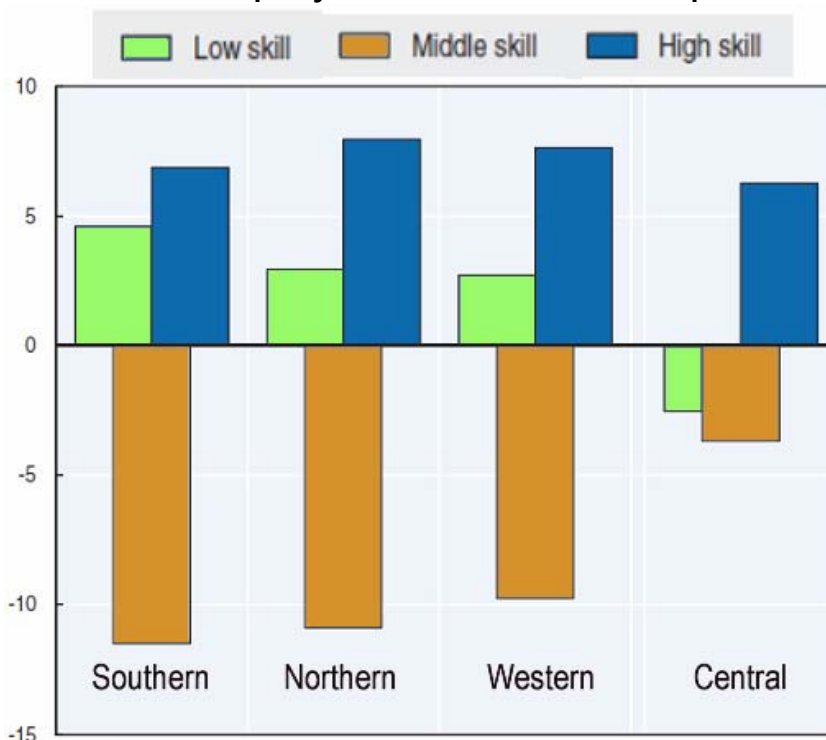


Employment shifts by job–wage quintile and employment status EU 2011-2015 (thousands)

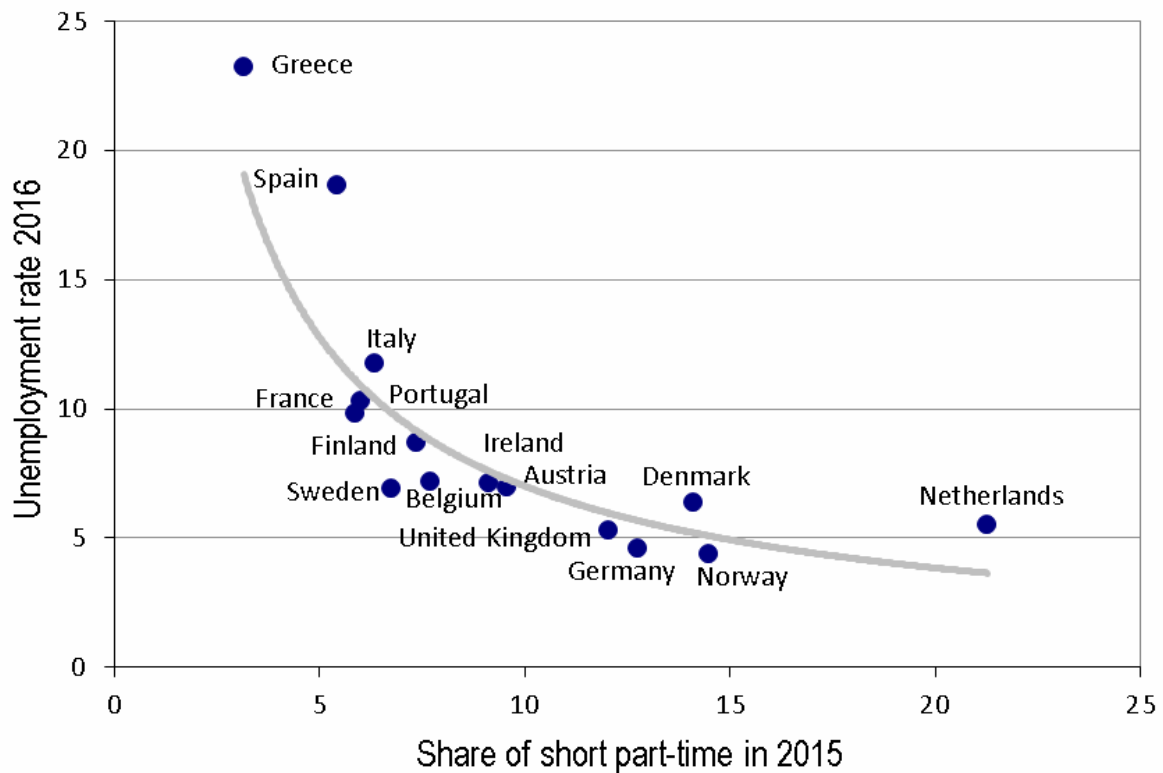


Polarization of the labour market

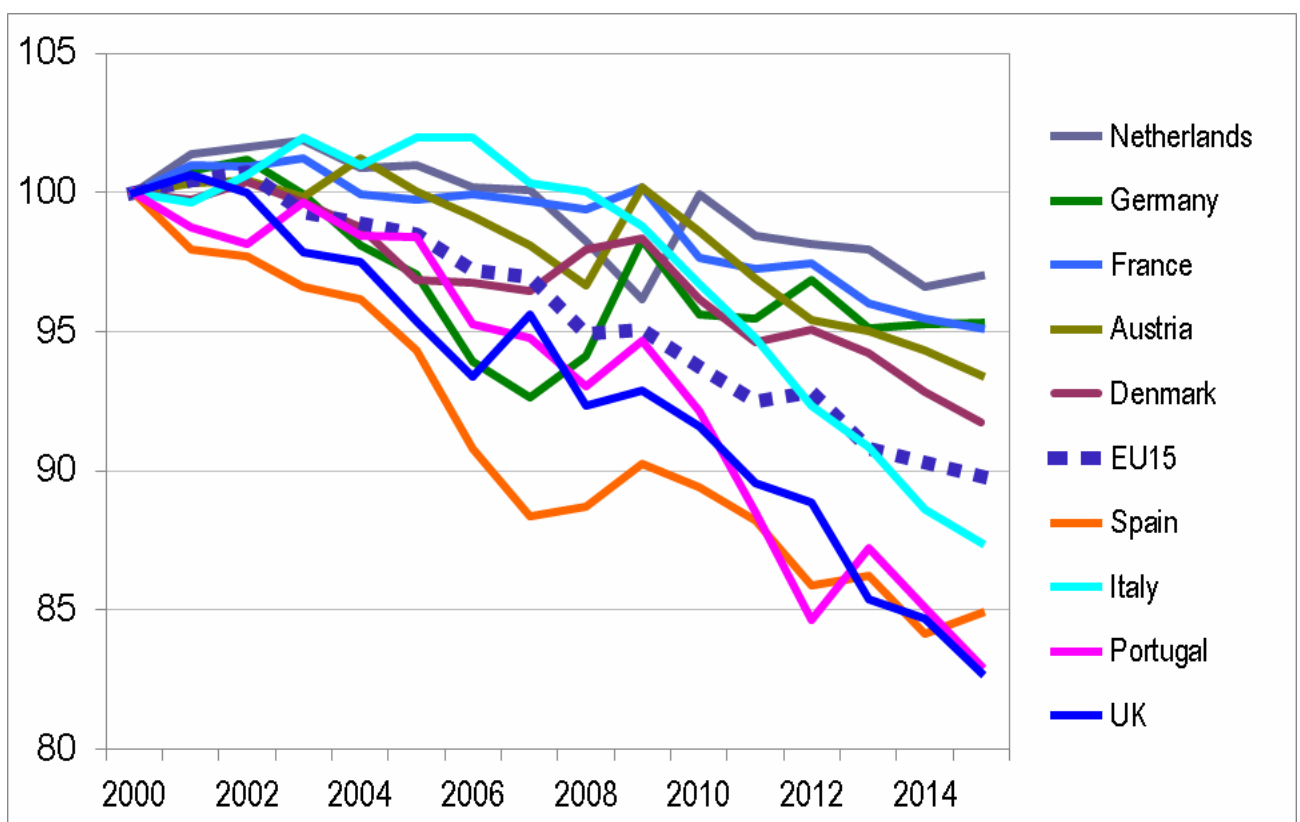
Share in total employment. Variation in points 1995-2015



Unemployment vs precarious work

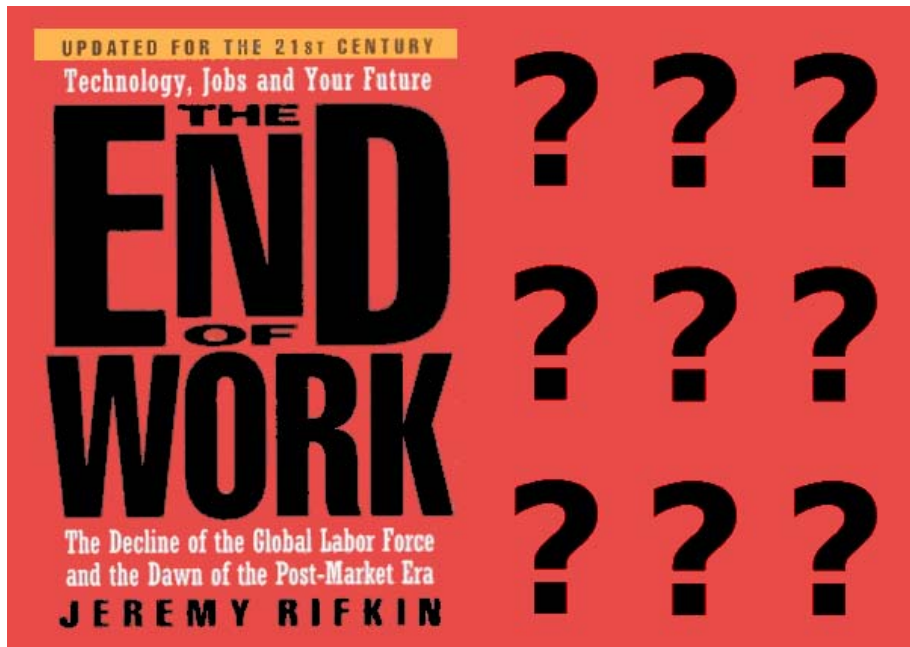


Wage disconnection sheltered/exposed sectors



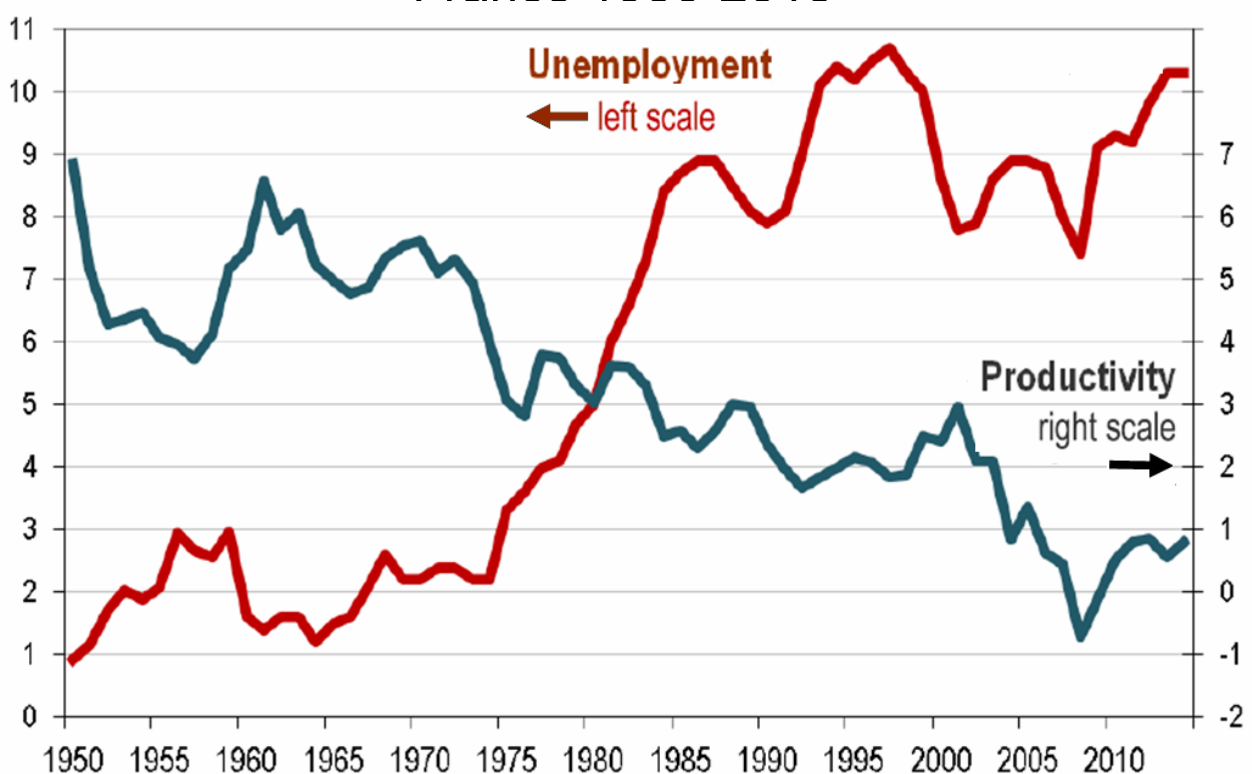


End of work, basic income or job guarantee?



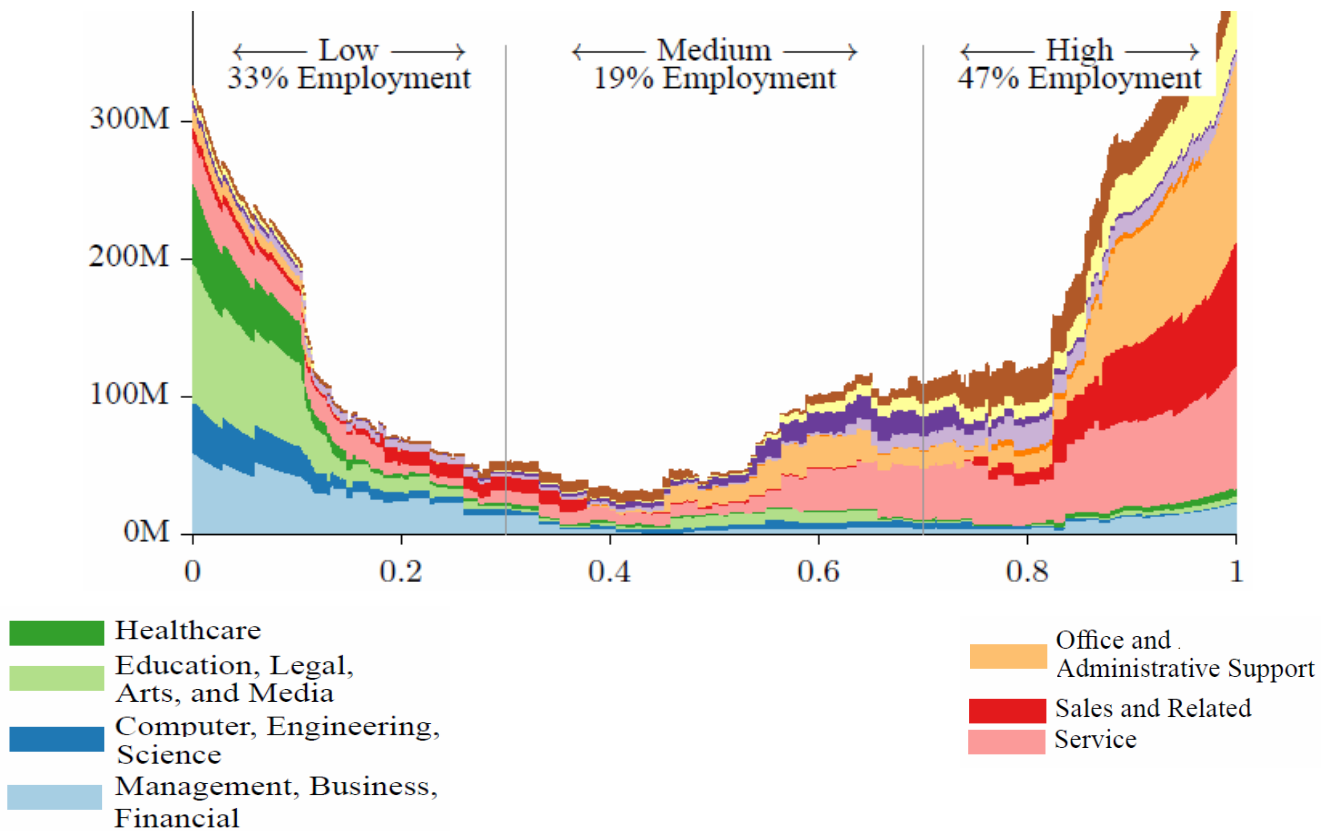
Productivity again employment?

France 1950-2015



Probability of Computerisation

Frey, Osborne, 2013



Solow's Paradox

You can see the computer age everywhere
but in the productivity statistics

"We'd Better Watch Out"

Robert M. Solow

New York Times Book Review, July 12, **1987**



The little convincing explanations of the puzzle

- a problem of measure?
 - distortion of the structure of jobs towards low productivity services?
 - increasing inefficiency of research?
 - keeping the “zombie companies” alive with very low interest rates?
 - reappearance of monopoly positions?
 - time lag between the introduction of technology innovation and its impact on productivity growth?
-

What You See Is What You Get

- While robots had no significant effect on total hours worked, there is some evidence that they reduced the hours of both low-skilled and middle-skilled workers.

Georg Graetz, Guy Michaels, “Robots at Work”, March 2015

- Industry 4.0 will accelerate the structural change towards more services. In this process labour force movements between branches and occupations are much larger than the change of the number of employees in total.

M. I. Wolter et al., “Industrie 4.0 und die Folgen für Arbeitsmarkt und Wirtschaft“, 2015



- Why Are There Still So Many Jobs?

While some of the **tasks** in many current middle-skill jobs are susceptible to automation, many middle-skill **jobs** will continue to demand a mixture of tasks from across the skill spectrum.

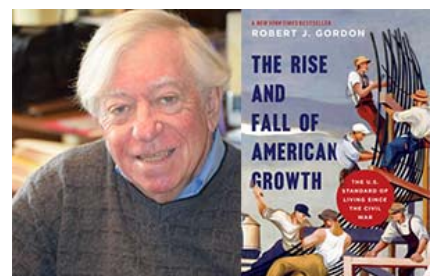
David Autor, 2015

- Even if there is less need for labour, **this may translate into a reduction in the number of hours worked and not necessarily a reduction in the number of jobs**. This has been the experience of many European countries over past decades. OECD, 2016

The hypothesis of secular stagnation

Robert Gordon

- growing shortage of innovations associated with productivity gains
- mismatch between the social needs and the imperative of profitability
- the services rendered by the new technologies are use values not commodities
- GAFAM = capture of surplus value, not production



(Lord) Adair Turner*

The Zero-Sum economy

“Super rapid technological growth is bound to result in a proliferation of zero-sum competitive activities”

Difference between “productive” and “distributive” (zero-sum) activities

production = creation of value

distribution = sharing of surplus value



* Chairman of the Institute for New Economic Thinking

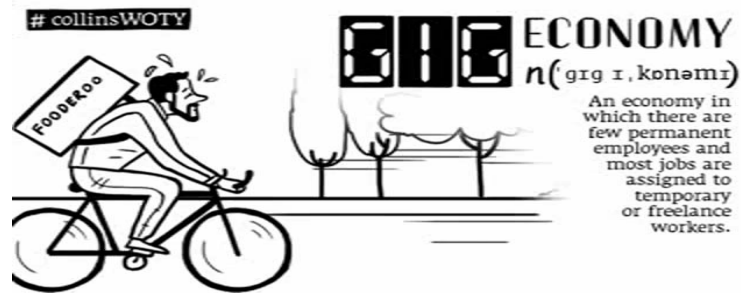
A resigned acceptance of casualization



Philippe Van Parijs*:

Reduction of working time is "an idea of the XXth century, not of the XXIst century" because "the **reality of the XXIst century**" is the "multiplication of atypical work, self-employment, part-time work, contracts of all kinds“

*one of the main promoters of the basic income



- The '9–5' job, where people need to be in an office, have a rigid employment contract and show up at specific hours, was **a construct of the 19th century**.
- If you **go back to the 18th century**, however, that's not how people worked; people were working in the cottage industry, where the economy was much more product-based, and people went out to the clients.
- The freelance economy is really just going back to what it was prior to a set of constraints that no longer exist.**

Stephane Kasriel, Upwork

Three problems with the basic income

1. At what level?

- High "decent" income (1000 € monthly) = re-commodification of the social protection, since there is no autonomous source of value.
- Low income (300 € monthly) = neo-liberal safety net

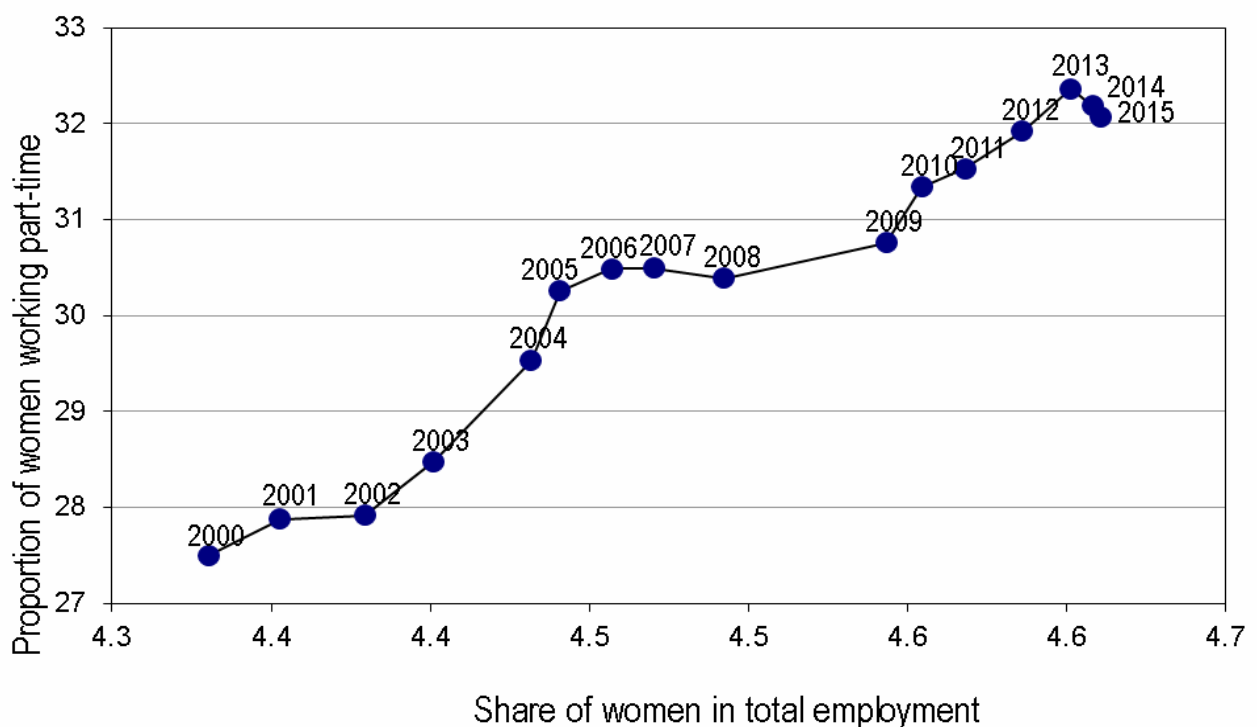
Three problems with the basic income

2. Reinforced social segmentation?

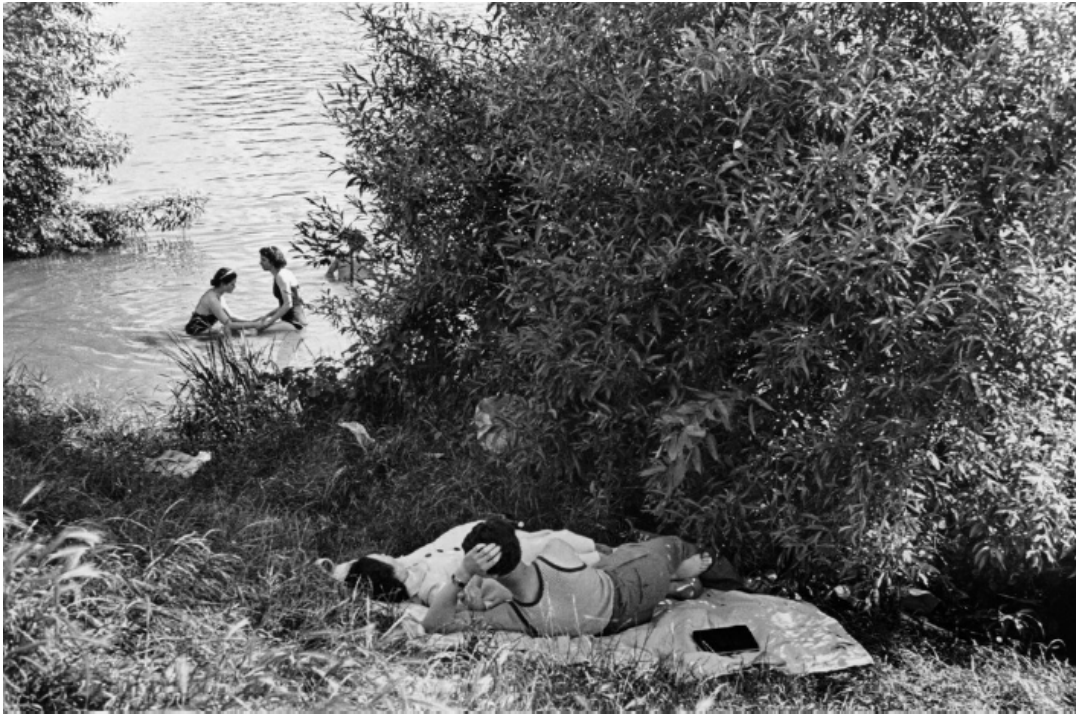
- those who have a job
- those who get only the basic income

Three problems with the basic income

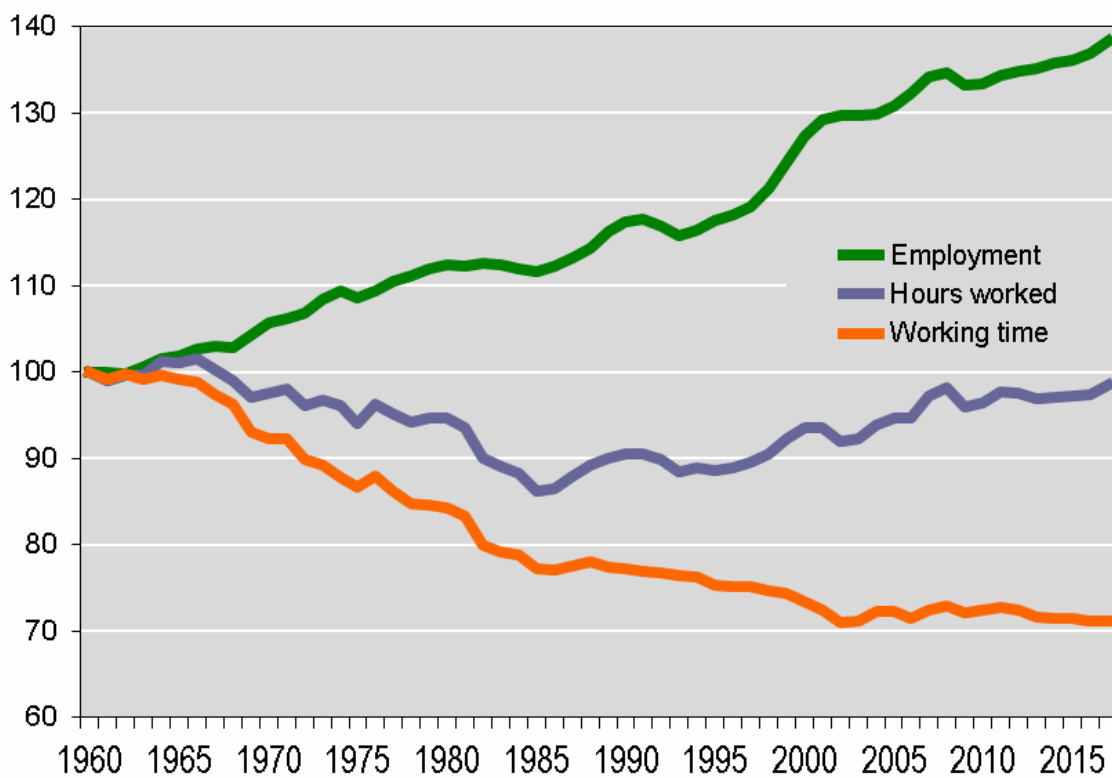
3. women's right to employment threatened



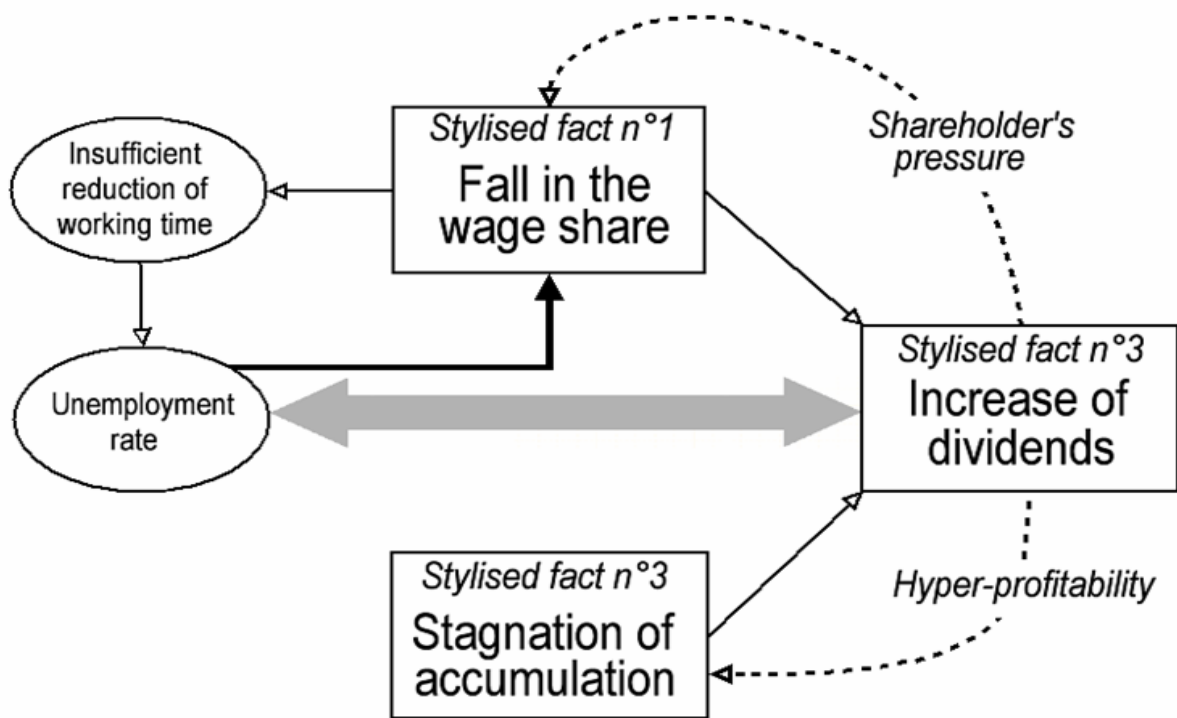
Working Time Reduction



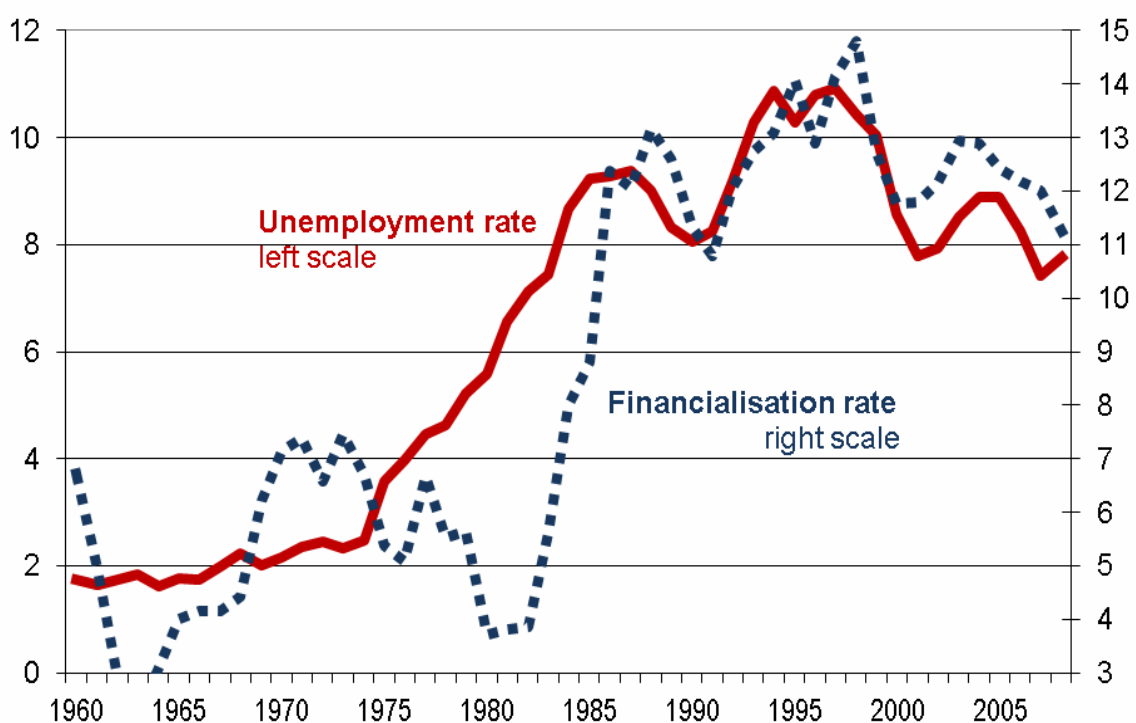
Along the Marne River following the 1936 Matignon Agreement, which brought guaranteed paid vacations to France.
Henri Cartier-Bresson



Unemployment and distribution



Financialisation and unemployment



The determinants of employment

France 1949-2008

	<i>'Golden Age'</i> 1949-1974	<i>'Neoliberal capitalism'</i> 1982-2008	<i>35 hours</i> 1997-2002
GDP	5.37	2.07	2.71
Hourly productivity	5.70	2.05	2.40
Total hours worked	-0.31	0.02	0.31
Working time	-0.77	-0.56	-1.39
Employment	0.46	0.58	1.72

Average annual growth rate

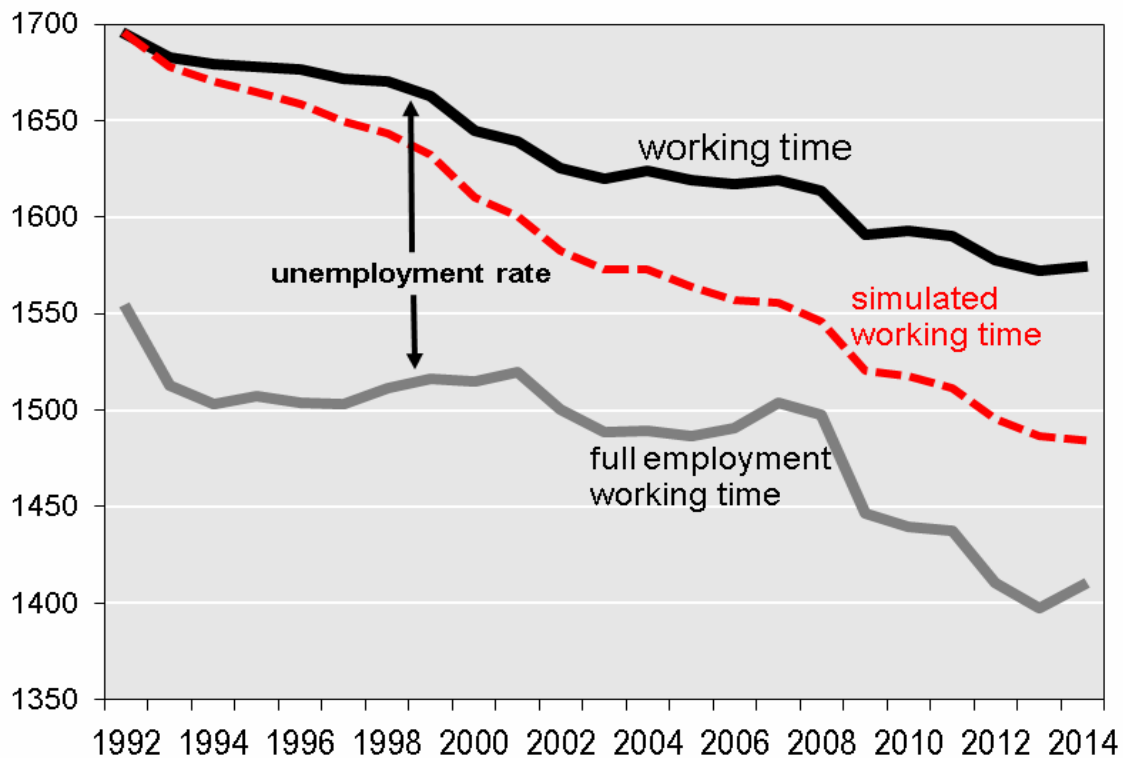
The uses of productivity gains

France 1949-2008

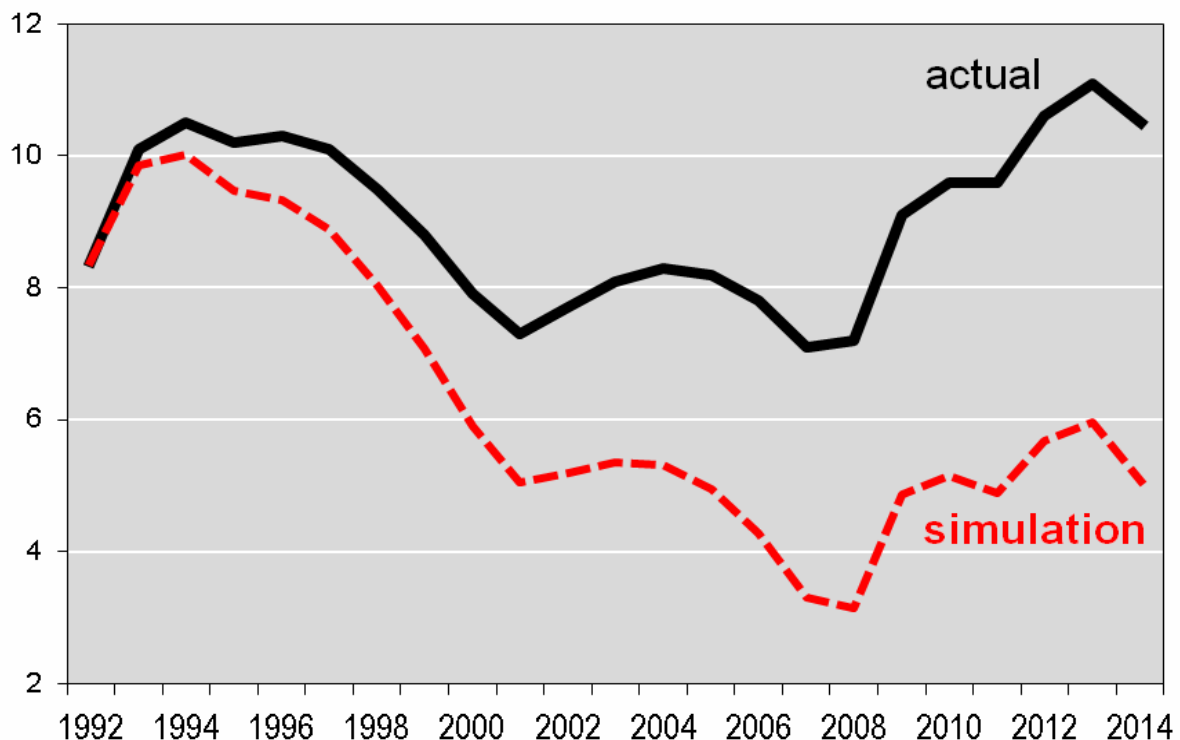
	<i>'Golden Age'</i> 1949-1974	<i>'Neoliberal capitalism'</i> 1982-2008
Hourly productivity	5.82	1.69
Real net wage	5.08	0.67
Socialized wage	0.35	0.25
Working time	0.58	0.37
Profit share	-0.20	0.50

Average annual growth rate

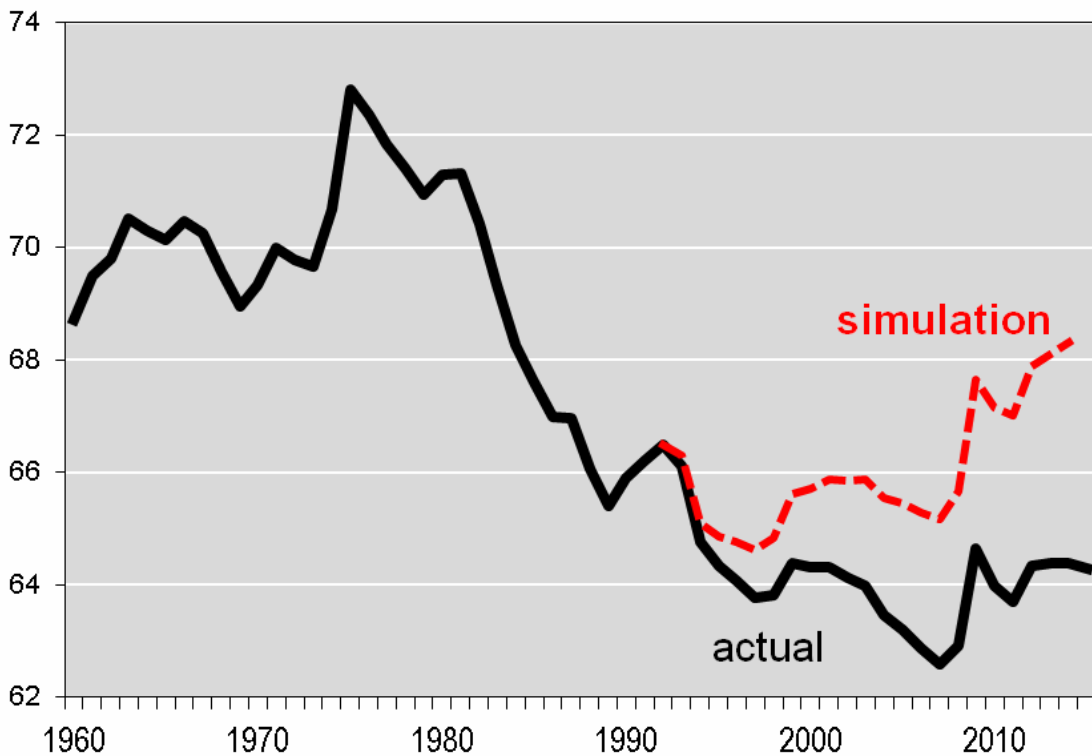
Working time reduction A simulation at UE level



Working time reduction: Impact on the unemployment rate



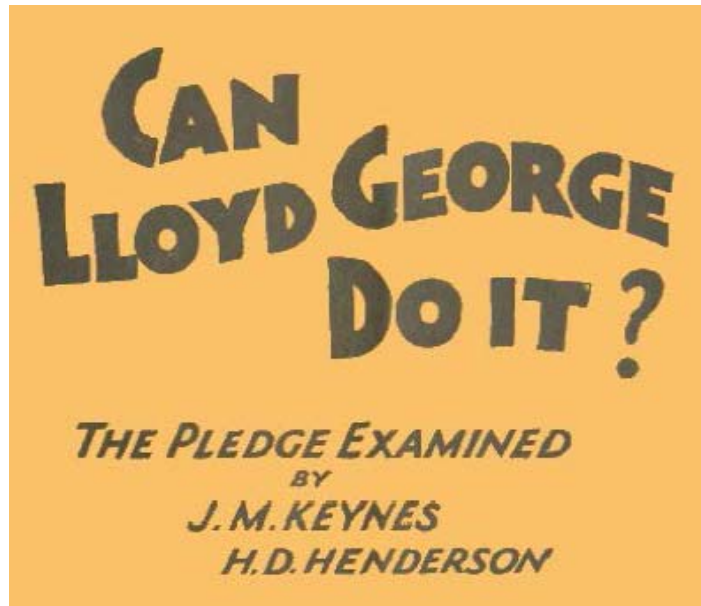
Working time reduction: Impact on the wage share



Some principles for a “good” working time reduction (WTR)

- No change in the monthly wage:
the WTR **is not payroll sharing** but hours sharing
- **Compensatory hirings** to avoid any intensification of work: 10% decrease in working time = 10% more jobs
and even 11.1% thank to the laws of the arithmetic!
- WTR must be the opportunity for a **resorption of the involuntary part-time** work (especially for women)
- WTR must be accompanied by forms of **pooling jobs in small businesses**

Re-reading Keynes (1929)



- The belief that there is some **law of nature** which prevents men from being employed, and that it is financially "sound" to **maintain a tenth of the population in idleness** for an indefinite period, is **crazily improbable**
- the sort of thing which no man could believe who had not had his head **fuddled with nonsense** for years and years.



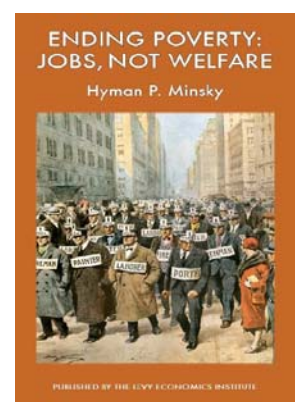
- There is work to do; there are men to do it. **Why not bring them together?**
- The whole of the labour of the unemployed is available to **increase the national wealth.**
- **What seems sensible is sensible**, and what seems nonsense is nonsense.
- The notion, that we shall, for intricate reasons, ruin ourselves financially if we use this means to increase our well-being, is what it looks like a boggy.
- **It is crazy** to believe that we shall ruin ourselves financially by trying to find means for using it and that "Safety First" lies in continuing to maintain men in idleness.

Minsky: Employer of last resort

- "State" (or local authorities) must provide a job to all those who are willing to work at the basic salary of the public sector, and possibly beyond, depending on the qualifications required for the jobs offered.

- **Take the unemployed as they are and fits public jobs to their capabilities**

- Abandon the current method of dealing with poverty: welfare, income and in-kind support, pro-growth aggregate demand management, supply side policies, which try to **"fix the poor not the economy"**



Why the Cause of Full Employment Is Back from the Dead

