

10 | CONFRONTING 'INSECURITY CUBED'

Anthony Painter

Technological change, an increasingly flexible labour market and an intrusive welfare state have combined to create a new state of insecurity. To contend with this, a new social contract is needed. The cornerstone of this should be a basic income: an unconditional guaranteed income to all adults and children, in order to underpin economic security.

The job is changing. This is not just a case of new types of work replacing others – a trend seen relentlessly since the industrial revolution. Something more profound is taking place. The nature of the 'job' itself is changing. It is going through a transformation as great as the changes seen to the family since the 1960s, to the nature of old age as the Baby Boomers hit retirement, or the construction of identity now adolescents socialise as much online as off. Much has been said about the decay of other institutions – the church, trade unions, and the industrial age firm. But the transformation of the 'job' is perhaps one of the most significant societal changes seen in half a century. This is serious and it impacts the weakest more than others. In other words, it is something that social democrats should be taking very seriously indeed.

There is no greater political consensus than that around the mantra that 'work is the best form of welfare'. We

might even call this a Blair-Brown-Cameron-(May?) consensus. Welfare policy has been constructed on precisely this basis for two decades or more. We celebrate record employment rates and applaud the role of tax credits, low labour market regulation, the minimum wage and conditional welfare in achieving them.

However, caution is required because a more complex picture emerges on closer inspection. This picture is related to the changing form of the 'job'. Essentially, work has been decoupled from a single job. The economy has shifted from a picture of full-time, stable and predominantly male employment to a picture that is more mixed but contains a much greater number of part-time, insecure, flexible jobs. Many have undoubtedly benefited from this change. Many more women are now in employment and those with marketable skills are able to navigate more flexible labour markets to their advantage (often through high value self-employment). Overall employment has increased. Yet here too, if we look underneath the bonnet a more concerning picture emerges.

Since 1995 almost all the aggregate increase in employment in the UK is accounted for by 'non-standard jobs', according to the Organisation for Economic Cooperation and Development (OECD). These include low-pay self-employment, 'flexible' and zero-hours contracts and part-time work. The RSA's Ben Delloit has suggested that self-employment could overtake public sector employment later in this decade or early in the next. The rapidly growing 'gig economy' offers new opportunities for some but insecurity and low-pay for others. Data from the University of Hertfordshire suggests that over 10 per cent of UK workers have done some work via so-called sharing economy platforms (Uber, Upwork, Handy); 3 per cent on a weekly basis. When we consider how far these platforms have yet to spread this is already significant and is highly likely to become more so rapidly.

What is the outcome of the deconstruction of the traditional job? The answer for many is insecurity and volatility. The latest British Social Attitudes survey is instructive. In 2005, the most stressed at work were managers and professionals at almost 40 per cent. They are still the most stressed in 2015 at a little over 40 per cent. What is remarkable, however, is the increase in stress amongst 'semi-routine and routine' occupations. Those in these groups experiencing stress at work have increased from just under 20 per cent to just under 40 per cent in a decade. They have low paid work with high pay stress.

In the same survey, 92 per cent consider security to be important in work but only 65 per cent feel their job is secure (71 per cent of workers do think they have a good job but clearly underlying insecurity sits alongside that). In corollary, the Office of National Statistics (ONS) Annual Population Survey for 2015 finds medium or high anxiety levels amongst over 30 per cent of the population.

So this range of fundamental changes to the 'job' would appear to have had a very significant effect on spreading insecurity. This is the first dimension of what we might call 'insecurity cubed': the tripartite combination of job insecurity, insecurity caused by the welfare state, and that caused by technological change. The second dimension, the increasingly punitive and intrusive welfare state, now sits alongside this world of insecure work and anxious lives for at least a third of the population. Of this, Professor Paul Spicker of Robert Gordon University has concluded:

"If we look at what pushing people into work has done, it hasn't led to a reduction in poverty. It has led to an increase in the proportion of people who are working on low incomes."

Work is not, as much of the political discourse might have it, the solution to poverty; in-work poverty is, if

anything, getting worse. Alongside the spread of insecurity, there is the edifice of the modern welfare state which has become ever more intrusive as it compounds an entirely arbitrary sanctioning regime with moves into in-work conditionality and work penalties – often 70-80 per cent of each additional pound earned as tax credits are withdrawn. None of this has rebuilt faith in the welfare state; in fact, it has undermined it as those trapped in low or no pay cycles are seen as an ‘undeserving’ other.

According to the UK Statistics Authority, 18 per cent of jobseeker’s allowance claimants received at least one sanction in 2013–14 (which rises to 22 per cent for the whole 2010–14 period). By contrast, there were just 220 convictions for tax evasion in 2014 – which itself was an increase of 29 per cent on the previous year. That shows our societal priorities. It is little wonder then that the Trussell Trust handed out over one million three-day food parcels in 2015–16. The main causes of such a demand for foodbanks were delays in benefit payments, changes to benefits and low income – other associated causes such as debt and homelessness were prominent causes too.

So the story of the two decades has been a story of emerging insecurities in the labour market and welfare state, but there is a third factor: technological change. There are many predictions about the impact of intelligent machines on the world of work. The best guide in these situations has to be the past; previous technological leaps have created more new (and better) work opportunities than they have destroyed. However, these changes have hit particular groups of workers and communities hard and sometimes for considerable lengths of time.

Once machine capability is greater than human skill levels in a particular domain then it is simply a matter of waiting for capital investment to flow into that technology before workers become redundant and whole categories of work obsolete. There are undoubtedly a range of

technological innovations in automation, artificial intelligence, smart robotics, big data and algorithmic analysis coming on stream. At the very least, we should be alert to the possibility that these could have a significant negative impact on whole categories of worker (whilst empowering others) and that these impacts could be more sudden or intensive than historical scenarios might suggest.

These three dimensions of insecurity – a changing labour market, technological innovation and an intrusive welfare state – all suggest that a very different social contract is now required. Firstly, the tax and benefits system needs fundamental reform. The cornerstone of this new social contract should be a basic income. In essence, this means every adult and child being given a weekly unconditional payment.

For this, there are lots of different models. However, models proposed by the RSA, Compass and the Citizen's Income Trust (CIT) all protect work incentives, are affordable in historical terms, and are more progressive than the current system of taxes and benefits overall. None of these models propose replacing housing, disability or child care support. The CIT and Compass models could be used to transition to a more radical system that removes tax credits altogether, as the RSA model proposes – this could help ensure that any potential losers compared with the current tax and benefits system would have the necessary help as the system transitions over time.

In essence, a basic income is an intervention designed to underpin economic security. It gives people a greater possibility to pursue better work, try setting up a business, reskill, or undertake caring responsibilities without having to answer to the Department for Work and Pensions. There is no need to leap straight to a basic income. The Netherlands, Finland, and Canada are experimenting with the system to ensure that it is designed well; we can learn from them.

Basic income alone is of course not sufficient. There will still need to be help into work but it will have to be higher quality, better tailored and targeted to encourage those who need support to engage. There will need to be greater support for particular groups of workers such as the low paid self-employed by, for example, supporting cash flow through government supported co-operatives and peer-to-peer social enterprises. The RSA's Brhmie Balaram has proposed a system of shared regulation involving gig workers, consumers, and new sharing platforms to ensure powers are balanced. With new powers, cities and other devolved areas will have to plan creatively to offer new routes to work and training for those locked in a low pay-no pay dynamic (up to a third of all workers currently).

Rightful concerns over inequality have occupied the concerns of the centre-left for some time. Those concerns should not be diluted. However, alongside that concern there must be a much greater focus on the deleterious impacts of insecurity associated with the decline of the traditional job. If the needs of all are to be accounted for then there needs to be a shift in Labour's thinking. It needs an agenda for insecurity cubed; that agenda has a basic income at its core.