Standing, Guy. "The precariat grows." *A Precariat Charter: From denizens to citizens*. London: Bloomsbury Academic, 2014. 55–94. *Bloomsbury Collections*. Web. 26 Apr. 2023. <<http://dx.doi.org/10.5040/9781472510631.ch-003>>.

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3

The precariat grows

On its narrow terms of preserving the economic structure of inequality, the austerity strategy may have modest success for a while. But those who have had their lives devastated should neither forget nor forgive. This chapter traces some of the consequences in expanding the precariat and tipping more people into a denizen status of one sort or another.

Poverty and homelessness

Poverty and economic insecurity grew sharply in the austerity era. In the European Union, after declining in the early 2000s, the number of people at risk of poverty rose to 120 million in 2011, a quarter of the population, though this was reduced to 17 per cent after social transfers. 'At risk' was defined as those earning less than 60 per cent of average disposable income (the poverty line), plus those in jobs of less than 20 per cent of standard weekly hours, and those in 'severe material deprivation', defined as unable to afford four or more of nine

items considered indispensable (such as rent, a one-week holiday a year, a car, a washing machine and a nutritionally adequate meal every other day). The number deemed 'severely deprived' rose by 5 per cent between 2009 and 2011 to nearly 42 million.

More than a quarter of all children were in households at risk of poverty. As a UNICEF report (Ortiz, Daniels and Engilbertsdóttir 2012) makes clear, child poverty is primarily linked to the distribution of income and consigns many to a lifetime of social and economic insecurity via educational underachievement, ill health and lower life expectancy.

In Britain, an inter-university study (Gordon et al. 2013) found that in 2012 a third of households lacked at least three basic necessities, compared with 14 per cent in 1983. Basics included heated homes, eating healthily and properly fitting shoes. The Institute for Fiscal Studies reported that the number of children in poverty in the UK would rise from 2.3 million in 2011 to 3.4 million by 2020, affecting nearly one in four of all children. And a majority of poor children are now in households where adults are in jobs, a pattern found in most OECD countries. In New Zealand, two in five poor children live in households with at least one adult in a full-time job.

In the USA in 2012, over 46 million people were officially below the poverty line, more than at any time since the early 1960s. According to UNICEF, nearly a quarter of American children were living in poverty, defined as in households with incomes half the median; this was a higher proportion than in any of the 29 ranked rich countries except Romania (UNICEF Office of Research 2013). The Pew Charitable Trusts estimated that nearly a third of Americans who as teenagers in 1979 were in what Americans call 'the middle

class' (between the thirtieth and seventieth percentiles of the income distribution) had slipped into lower-status situations as adults by the mid-2000s.

Across America and Europe, growing poverty went with more precarious housing. In the UK, where ownership has been the desired norm, the share of households owning homes fell from over 70 per cent before the crash to 64 per cent in 2009–10, and was forecast to drop to below 60 per cent by 2025. By 2012, an estimated 1.6 million people aged 20 to 40 were living with their parents because they could not afford to rent or buy a home, according to Shelter, a housing charity. For those under 45, home ownership in 2012 was lower than in 1960.

By 2013, one in every 12 families in England was on a waiting list for social housing, homelessness had soared by a quarter in two years, and private rents had jumped 37 per cent from 2007. Almost half a million more people in jobs had become reliant on housing benefit, unable to afford to pay the rent.

Across Europe, banks foreclosed on homeowners unable to pay even the interest on their mortgages. In Spain, banks had inflated property prices through reckless lending, but even after they received more than €40 billion in government aid, they continued an aggressive programme of evictions. By 2013 Spanish courts had issued a quarter of a million expulsion orders since 2008 and 80 families a day were still being evicted from their homes. A spate of suicides by people about to be evicted even led to a strike of locksmiths, so ashamed at what they were being asked to do that they refused to take jobs for the banks. Campaigners formed human barricades outside homes to prevent evictions. The precariat was stirring.

While homelessness mounted, so did the number of empty or

unused houses. In Spain, as of 2011, some 3.5 million homes – 14 per cent – were empty, with almost every city affected. In England in 2013, the number of empty homes was over 700,000. Over a third of all houses in Greece are vacant. The system was in shambles. Everywhere, the social right to decent housing was in retreat.

Inequality unbound

For two decades, politicians made little fuss over rising inequality, many reasoning that voters were unconcerned with or hostile to a redistributive agenda. When Raghuram Rajan, a former chief economist of the IMF, reiterated what numerous others had shown, Martin Wolf of the *Financial Times* commented: ‘Thus, Prof Rajan notes that “of every dollar of real income growth that was generated between 1976 and 2007, 58 cents went to the top 1 per cent of households”. This is surely stunning’ (Wolf 2010). It was only stunning if one had ignored what had been well known for a long time.

In the austerity era, nominally independent central banks worsened inequality, notably by pushing down interest rates for corporations and buying up corporate debt. Governments too continued to act in ways that increased inequality.

In the USA, profits soon rebounded. By 2013, they accounted for the highest share of national income since 1950, while the share going to employees was at its lowest since 1966. The shift of income from labour to capital was accelerating. Prominent banks announced that it was a golden age for profits. It was a leaden age for personal incomes, which had been falling since 1980. In the top corporations

(S&P 500), the average pay of chief executives was 204 times the average employee's wages, up from 170 times in 2009, 120 times in 2000 and merely 42 times in 1980.

In the five years after the crash, the top 1 per cent of earners took 93 per cent of US income gains (Saez 2012) while their share of national income in 2012, at 19 per cent, was the highest since 1928. Even the IMF felt it politic to groan: 'When a handful of yachts become ocean liners while the rest remain lowly canoes, something is seriously amiss' (Berg and Ostry 2011b).

In the UK, while the government claimed that all must share cuts to living standards, inequality rose further. Between 2008 and 2012, the richest 1,000 people increased their wealth by £155 billion, more than enough to pay for the government deficit of £119 billion. The number with salaries over £1 million a year almost doubled, to 18,000, between 2010 and 2012, compared with 4,000 in 2000, and more people were paid between £500,000 and £1 million. The Boston Consulting Group estimated that 1,000 British households had net financial assets of more than £100 million, excluding property. In 2013, those earning above £1 million received a tax cut of over £42,000 a year – much more than the total income of anybody in the precariat. And the Resolution Foundation, a think tank, showed that any gains from economic growth between 2012 and 2020 would all go to upper-income groups.

Meanwhile, 19 US-owned multinationals were shown to be paying an effective tax rate of 3 per cent on profits in the UK, compared with the corporation tax rate of 26 per cent. Tax-cutting competition between countries made tax avoidance an easy game. And while the British government tightened checks on benefit cheating by the poor,

it cut the tax inspection workforce, making it easier for the affluent to evade and avoid tax.

While most OECD countries stagnated, stock markets thrived. Those earning income from capital made the gains. In 2012, the average value of equities rose by 25 per cent. Pay and bonuses of financiers boomed again, even though the renewed profitability had been made possible by government bailouts. Having stayed high throughout the crisis, Wall Street bonuses in 2012 totalled \$20 billion; profits of the US financial industry tripled in a year to \$24 billion while it went on making job cuts. In 2012, according to Forbes, the world's top 40 hedge-fund bosses earned \$16.7 billion. A former Goldman Sachs trader, David Tepper, received \$2.2 billion.

As inequality grew, the plutocracy took advantage of light regulation and showed contempt for the law. Banks were at the forefront. For instance, two British banks that had to be rescued by 'the taxpayer' were found to have acted recklessly. Their managers went on blithely paying themselves huge amounts. At the end of 2012, after Barclays had just been caught rigging interest rates, inducing the resignation of its chief executive, it reported that 600 of its UK staff had earned over £1 million that year. In 2011, Barclays had 238 staff paid on average £1.2 million, while the Royal Bank of Scotland, the other offender, had 386 staff earning on average £820,000.

In sum, the plutocracy and elite were allowed to operate under different rules from everybody else. They have been fed by politicians eager to receive some of their largesse and influence. It is a corrupt system. One event captured its venality. In August 2013, Carl Icahn, a plutocrat, tweeted that he held a lot of shares in Apple and believed

the company was undervalued. Within hours, he had made \$50 million. Not bad for 20 seconds of tweeting. Why should the precariat respect such a system?

Debt and the precariat

Austerity has exacerbated personal debt built up in the Faustian bargain era, threatening the precariat with permanent insecurity. While governments' debt reduction strategy focused on helping banks and corporations, personal debt rose, against a background of falling wages and falling taxes on the rich and capital.

In the UK, household debt rose from 57 per cent of GDP in 1987 to 109 per cent at the start of the recession in 2008, and was still close to 100 per cent in 2012. Bank of England figures published in December 2012 showed that 3.6 million households – 14 per cent of the total – were spending more than a quarter of their income on debt repayment, including mortgages. Some 1.4 million households were in special measures with their banks. The poorest 10 per cent on average spent 47 per cent of their income on debt repayments. And this was at a time when interest rates were close to zero.

The state is creating a begging society by shrinking social provision and leaving charities to fill the gap. The number of people in the UK forced to rely on charitable food banks rose from 41,000 in 2010 to over half a million in 2013. Even that was a tiny proportion of those in need; there were 13 million people living below 'the breadline' at the time.

One outcome is the flourishing 'payday loan' industry. Payday

loans are a way by which the precariat is pushed into deeper insecurity. Wonga, the UK's biggest payday loan company, claims on its website to be 'very, very selective' and to lend only to good-risk clients. Yet in 2011, it wrote off £76.8 million because numerous loans proved 'uncollectable', equivalent to 41 per cent of Wonga's annual revenue. In that year, it provided 2.46 million short-term loans, at a 'representative' annual interest rate of 4,214 per cent. In 2013, Wonga took over as shirt sponsors of Newcastle United Football Club.

In the USA, the payday loan industry is also booming. Online companies operate even in states where payday loans are banned. Banks have allowed loan companies to take money from clients' accounts without their approval or even knowledge. Bank chiefs expressed horror when this was exposed. They must have been asleep.

Low-income earners induced to overspend in the Faustian bargain era were punished by dispossession and the prospect of interminable debt. Those who had acted prudently and saved were hit too, by low interest rates. Trying to boost growth, the US Federal Reserve cut interest rates to near zero in 2008, promising to keep them there while unemployment remained high. Interest income for small US savers plunged 30 per cent between 2008 and 2012. Those saving for future security reacted by reducing their propensity to spend. Raghuram Rajan, the former IMF chief economist, said this amounted to 'expropriating responsible savers in favour of irresponsible banks' (Economist 2012e). Far from boosting growth, businesses were reluctant to borrow, while households cut spending.

In the UK, lower rates redistributed income from pensioners – who had paid off mortgages but received less on their savings – to

the salariat who benefited from low interest rates on their mortgages. Lower interest rates also boosted equities, held mainly by the wealthy. Monetary policy was regressive.

The debt that has become a structural feature of market economies is linked to their growing rentier character. They have been turned into 'plutonomies', a merger of 'plutocracy' and 'economy', which is not a name devised by some radical, but by strategists at Citigroup, a finance multinational. Once an economic system is dominated by a plutocracy and elite, rental income from the precariat's indebtedness adds to their wealth. Citigroup did not put it in those terms. But the economic interests of the salariat and elite are enhanced by that debt. Income from interest on payday loans and student debt goes into financial institutions whose profits yield share income, bonuses and dividends. The income does not come from labour or investment. It is a rent.

One might say lenders provide a service. But they gain from debt generated by structural changes and a meaner welfare system. When a government cuts benefits, it increases inequality directly and indirectly by pushing more of the precariat into debt, lowering their social income. In sum, the rentier economy is parasitic.

The accelerated commodification of education

The austerity era saw an acceleration of what had been happening to education for many years. Education ceased to be a right; it became an entitlement, which can be bought and sold. The Chicago school's concept of 'human capital' crystallized in the 1970s. But as education

was converted into a global industry, the loss of a right to education became clearer.

Education has always had a dialectic character, with schooling implying disciplining and preparing people for roles, and education implying liberation of the mind. In the neo-liberal model, the functionalist agenda for the masses triumphed.

Every aspect of education has been commodified, made subject to market forces, driven by profit making. Cuts to public education in the austerity era accentuated the trend. The long-term developments are clear. Even in emerging market economies, commercial schooling has been gaining, alongside private tuition. In India, over a quarter of pupils now attend private schools, and in cities the proportion is much higher. Private schooling is spreading in China as well, aided in part by its migration policy that has created a huge precariat consisting of millions of workers without the *hukou*, the residence permit required for their children to attend state schools.

Cramming has become big business, sold as giving children a competitive advantage for the best schools, universities and jobs. In Japan, a rising proportion of children, including pre-schoolers, attend cramming schools, known as *juku*. Nearly two-thirds of middle-school students attend them, at a cost to their parents of thousands of dollars a year. Cramming is also widespread in South Korea, where education accounts for nearly 12 per cent of all consumer spending.

In addition, there is ideological detachment from public schooling by upper-income groups, aided by state subsidies. In the USA, fewer than 15,000 children were taught at home in 1975, but by 2012 there were about 2 million, the same number as attending charter schools. A majority were from Christian families; the main motivation was

religious, followed by dislike of the school environment. But whatever the reason for withdrawing children from public schools, the public ethos of education is jeopardized.

Above all, the commercialization of schooling is manifested in the growth of multinationals selling schooling services, while aggressively lobbying for state subsidies and opportunities to displace a shrinking public provision. The neo-liberal state has been only too willing to comply. New Labour led the way in the UK, setting up so-called academy schools, welcoming Swedish commercial firms and encouraging state schools to form alliances with private companies.

The education industry is being driven by a growing number of students. Global student numbers rose from 50 million in 1980 to 170 million in 2009. Emerging market economies are multiplying their educated at a rate that will soon dwarf numbers in the rich countries and are sending huge numbers into the international education market. The growth of highly educated Chinese is remarkable. In 2002, 1.5 million graduated; in 2012, 7 million did.

In the battle to turn these numbers into profit, the education industry has become an aggressive zone of competition that has diverted resources from education to branding, selling, campaigning and lobbying. Public universities are following suit. 'Credentialism' holds sway as more and more qualifications are demanded to obtain a job. Schooling for jobs is more blatantly an investment in human capital. The multiplication of testing and grading, and the stress induced in both teachers and students, contributes to the precariatized mind (Standing 2011). Students soon work out that they are being dumbed down and required to learn by rote to game a system designed to process them. And when the schooling is over, it beckons them back to redress the disadvantages.

The austerity era has strengthened other dangerous trends as well. The education industry has fuelled the rentier economy. While secondary and even primary schooling have increased the indebtedness of many families, tertiary schooling has almost guaranteed it for a majority. More people are emerging from school, college and university with huge debt burdens. Student debt has exploded almost everywhere.

In the 15 years to 2012, student debt in the USA nearly tripled to \$1 trillion, according to the Consumer Financial Protection Bureau (CFPB). Between 1980 and 2012, the inflation-adjusted cost of a four-year college education (including fees, room and board) increased by over 130 per cent for both public and private colleges, while median family income increased by just 11 per cent. One in ten households with student debt owed more than \$62,000 in 2010, while the CFPB estimated that 10 per cent of recent graduates of four-year degree courses faced monthly repayments for all education loans amounting to more than a quarter of their income. Not surprisingly, default rates have soared since the crash. Many have left college laden with debt only to find themselves in precarious low-paid jobs, facing payment defaults and ruined credit ratings. Precarity breeds precarity.

In Italy, in 2012 only 60 per cent of teenagers with high school diplomas enrolled in an Italian university, the lowest rate for 30 years. Many youths thought it better to take a job without doing a degree, given the cost and prospective debt. Universities were also losing more students. Italy has a dropout rate of 45 per cent. In France, it is 48 per cent in the first year alone and just 38 per cent finish their degree.

Since the crash of 2007–8, students have faced a cruel dilemma. The probability of acquiring a job with career prospects for any level of schooling has declined. This leads some to embark on yet more education or training, and yet more debt, to try to make themselves more ‘competitive’ (McGettigan 2013). It leads others to abandon education altogether as the threshold for probable success recedes. Which course is taken depends not simply (or at all) on capability but on such factors as appetite for risk, ability to sustain debt and access to alternative opportunities. Having a salariat family background is almost vital.

There are commercial interests waiting to take advantage of either choice. For the first, high-interest lenders are waiting. For the second, there is already an industry preaching a modern philistinism – that life is about making money, for which extra schooling is not needed. In the USA, ‘millennials’ are being encouraged to see themselves as entrepreneurial and pragmatic, with books such as Michael Ellsberg’s *The Education of Millionaires: Everything You Won’t Learn in College about How to be Successful* (2012). There are also the ‘anti-school’ activities of Peter Thiel, billionaire co-founder of PayPal, who in 2010 set up the Thiel Fellowship programme that pays \$100,000 to students under age 20 to drop out of college and set up commercial ventures. The anti-schooling movement also includes ‘hackademic camps’ – lower-cost informal activities supposedly preparing people for technology jobs. These surely reflect a system under strain.

Meanwhile, teachers are being pushed into the precariat in droves. More are engaged without secure contracts, deprived of autonomy in what they can teach, without mobility channels, feeling their fellow teachers are not in control of the curricula or educational practices,

and feeling that they do not belong to a community of solidarity and empathy. They epitomize supplicants. Governments rush to grade them, set league tables, and devise targets, sanctions and other infantilizing procedures. Stressed and disillusioned, labouring in acute uncertainty and insecurity, teachers are unable to fulfil their great roles of imparting values and individuality. It is de-professionalization.

That is made easier by the growing state control of education itself. Critical, non-conformist and innovative education is under threat. Many governments, as in the UK, are tightening control over curricula to incorporate commodified values, to the extent of telling schools what they must and must not teach. They are also tightening control over the content of university research and the orientation of research, notably by constructing and legitimizing grading of institutions, by directing money to where they claim there is 'value for money' and by evaluating institutions by how much commercial money they attract.

Status frustration is becoming a pandemic. Many emerging from education cannot practise what they are qualified to do. By 2012 nearly half of employed US college graduates were in jobs that did not require a degree. In Europe, the situation is similar. Only 77 per cent of Italian university graduates find any job within a year, below the EU average of 82 per cent; many of those jobs are below what they are educated to do. Educated Poles accept underpaid, unstable jobs just to obtain another line on their CV (Kozek 2012). In the UK, more than a third of employed new graduates in 2012 were in 'non-professional' jobs for which a degree was unnecessary, while 6 per cent, nearly twice as many as in 2007, were in 'elementary occupations', such as cleaning, road sweeping, labouring, schools meals services and

hospital portering. Status frustration is global. In South Korea in 2012, the Samsung Economic Research Institute estimated that 42 per cent of the 500,000 college graduates were jobless or overqualified for their jobs. With a college diploma seen as a ticket to social mobility, the share of high-school graduates entering university rose to 84 per cent in 2008, the highest in the world, though it has since declined somewhat. This compared with 36 per cent in Germany, 48 per cent in Japan, and 64 per cent in the USA. Moreover, many Korean parents finance their children's education by going deep into debt. This represents a large chunk of household debt, which averaged 164 per cent of disposable income in 2011, more than the 138 per cent US average before the crash. And the graduate wage premium in Korea has fallen, to the extent that the McKinsey Global Institute calculates that lifetime earnings no longer justify the costs of a university degree.

In sum, the combination of educational commodification and the post-2008 crisis has created a dysfunctional system, with a growing educational precariat wondering about their role, more families sucked into long-term debt, more ex-students looking at a lifetime of debt, more without hope of an occupation or proper career. It is a situation demanding radical change.

Labour market outcomes

France has an unemployment problem; the solution is greater growth, and the solution to greater growth is competitiveness.

Pascal Lamy, Director General of the World Trade Organization,

March 2013

This simplistic statement from a social democrat is a typical response to the labour market chaos in the austerity era. The result has been accelerated growth of the precariat, as governments rushed to erode remaining labour protections, cut unemployment benefits, increase means-testing, tighten conditionality for benefits and liberalize more occupations.

Casual or temporary jobs have become the norm for new jobs throughout the OECD countries. Dead-end jobs have proliferated, giving their temporary occupants little reason to want to stay in them. While the true size of the precariat remains a guess, in many countries the number in contingent or insecure labour statuses can be estimated. In Poland, to take just one example, 27 per cent of all adult workers – and 65 per cent of those under 30 – were in the ‘junk jobs sector’ in 2011 (Kozek 2012). A growing part of the precariat consists of the so-called self-employed. In Australia, ‘independent contractors’ made up 10 per cent of the labour force in 2012, when the number in non-permanent jobs was about 40 per cent. A report on insecure work in New Zealand estimated that at least 30 per cent of the workforce was affected (New Zealand Council of Trade Unions 2013).

According to the US Government Accountability Office (GAO), 42.6 million contingent workers – contract workers, temporary workers, self-employed contractors and part-time employees – made up more than 30 per cent of the total labour force in 2005, and the proportion has risen since the crash. The US Department of Labor suggests that as many as one-third of firms routinely misclassify regular employees as independent contractors in order to avoid paying them benefits.

Labour flexibilization has generated strange phenomena. They include unpaid interns labouring for free, employees on zero-hours contracts who have no labour and no income, permanent temporaries who stay in the same job for years, independent contractors who are dependent on a single employer, dependent contractors who are wage workers in disguise, crowd-work done online by huge numbers of isolated individuals, and so on.

Many of these contracts are simply devices to lower wages, avoid benefits or bypass regulations. Much of the growing part-time employment is part-time pay for longer-than-part-time labour, without commensurate benefits or employment security. In many countries, temporary contracts are rolled over into further temporary contracts, while many who are really employees are disguised as ‘independent contractors’. In 2012, according to CGIL (*Confederazione Generale Italiana del Lavoro*), the largest Italian trade union federation, there were 46 types of labour contract in Italy, which it proposed reducing to five; only 18 per cent of new jobs offered permanent contracts. In 2010, 40 per cent of the employed aged under 45 had non-permanent job contracts and a shrinking proportion was moving on to permanent contracts. In Poland and Spain one in four of all employees are on temporary contracts, and in Portugal the figure is more than one in five. In Japan, once the home of ‘salaryman’, 38 per cent of all workers were classified by official statistics as flexible or non-regular workers in 2012.

The internship craze

In a twinkle, internships have become a global phenomenon. Ross Perlin (2011) estimated there were 1–2 million interns in the USA. In

Europe there may be substantially more, with some 600,000 internships undertaken every year in Germany alone, according to the Institute for Employment Research. However, contrary to popular imagery, China is the leading exponent. Pun and Chan (2013) estimate that China has anything from 7 million to over 10 million student interns. Although regulated by a 2007 law that requires employers to pay them, the minimum wage does not apply. They are blocked from insurance benefits and union membership, must work long days for 6–7 days a week and cannot have a pay rise while on internship contracts.

The Chinese government fosters internships. For instance, the Education Department cooperates with Foxconn to ensure its ‘student labour quota’ is met. Schoolteachers are dispatched to co-supervise interning students, and receive two paychecks, one for their day job, one for their supervisory role in the factory. Foxconn operates the world’s largest intern programme – accounting for 15 per cent of its labour force, roughly 150,000 workers, during peak production in 2010. Its production system allows quick shifts of production between factories, making interns a flexible labour pool.

Internships are an exploited form of flexible easily disposable labour, used to displace others doing similar labour. A Precariat Charter must address them.

Zero-hours contracts

In *The Precariat*, zero-hours (‘standby’ or ‘on-call’) contracts were called ‘a wheeze’. In the austerity era, they have become pervasive, and more widely recognized. According to the trade union UNISON, the number

of such contracts, which oblige firms to pay wages only for hours employees are asked to do, usually at short notice, quadrupled in the UK between 2005 and 2012. By 2013, more than a quarter of UK companies were reported to be using them for at least some of their employees, while another survey suggested that they were even more widespread in the voluntary and public sectors than in the private sector. In 2013 they were used by more than half of all UK universities; National Health Service (NHS) hospitals employed over 100,000 workers on zero-hours contracts, a jump of a quarter in two years; and a majority of care workers – over 300,000 on official figures – were on such contracts.

Almost certainly, the numbers and growth have been underestimated (Pennycook, Cory and Alakeson 2013). The Office of National Statistics revised up its estimate of the number of people on zero-hours contracts to a quarter of a million, but admitted this understated the position, because many workers were unaware they were on such contracts. The Chartered Institute of Personnel and Development put the number involved at about 1 million or 3–4 per cent of all employees. The trade union Unite said the figure could be as high as 5.5 million. UK employers using zero-hours contracts in 2013 included McDonald's (nine in ten McDonald's employees were on them), retailer Sports Direct, Amazon, pub chain JD Wetherspoon, cinema chain Cineworld and Buckingham Palace.

Although most of those on zero-hours contracts are workers who receive low earnings at the best of times, the trend has spread up the professional – or profician – scale. The chief executive of Adecco, the biggest recruitment firm in the UK, said that professional and financial services were using zero-hours contracts to be more 'agile and competitive' (Kuchler 2013).

Zero-hours contracts have been particularly invidious for paid domiciliary care providers, a vulnerable part of the precariat. In the UK, many receive less than the minimum wage for the hours they put in because they are paid only for actual ‘care minutes’ with a client and not for their time in travel to and from those requiring care – work-for-labour. Nearly three-quarters of all paid care workers now face this situation, up from one-third in 2008.

Zero-hours contracts are a way of disguising unemployment. Thus there should not have been much surprise that, in the wake of uproar over public revelations of the extent of them in the UK, the government merely launched a leisurely low-level enquiry.

Agency labour and brokers

This leads to what is probably the major long-term trend, the shift to agency labour, by which corporations and government agencies are contracting out their employment function. Many of those engaged by employment agencies are in effect on zero-hours contracts. As many agencies blur into old-fashioned labour brokers or labour-only sub-contractors run as work gangs, the ‘modern’ part of the industry is an underestimate of its size or growth. Nevertheless, the International Confederation of Private Employment Agencies (CIETT) estimated that the industry’s global sales revenue increased from €83 billion in 1996 to €259 billion in 2011, while the number of agency workers more than doubled to 46 million.

Employment agencies will continue to expand. The biggest are major global players, with Adecco, Manpower, Randstad and a few others sending out hundreds of thousands of temporaries every day

all over the world. One result is that many workers are never sure who is employing them. The agencies are setting up training and qualification schemes, and boast that they are giving people security and careers. But this is unlikely to benefit the majority. The growth of employment agencies is also one more reason for scepticism about conventional labour statistics.

Crowd-labour

Many millions of people around the world are now doing ‘crowd-work’, a form of labour without parallels in labour history. Crowd-work is transforming and globalizing the labour market in unprecedented ways. The crowd-sourcing industry estimated that over 6 million people were doing crowd-work in 2011, compared with 1.3 million in 2009, and the number was set to double in 2012. According to crowdsourcing.org, nearly half these workers had a college degree and nearly a quarter had a master’s degree, with about 40 per cent based in North America and another 35 per cent in the Asia-Pacific region, notably in India and the Philippines.

Crowd-work is online labour in which designated ‘requesters’ post jobs available for what amounts to a global, on-demand, 24/7 labour force. Requesters, who are not employers but modern labour brokers, are appointed by firms that coordinate crowd-work on online piecework platforms. Armed with a computer or smartphone, people can bid online for tasks advertised by requesters, who name the tasks, the maximum price and the deadline for completion. Successful bidders commit to what is called a ‘hit’ (human intelligence task). It is piecework, in a form that is conducive to extreme

‘sweating’. It is the ultimate zone of the precariat, in which workers are supplicants, without rights or security.

Although there are exceptions, the labour is usually split into tiny, narrowly defined tasks, giving modern meaning to Adam Smith’s division of labour in pin making. Remuneration is very low, taking advantage of the extreme flexibility of home-based workers. One researcher has described it as ‘a system that doesn’t talk back’ (Hodson 2013). Requesters can decide on whom to give contracts and can then decide whether to accept or reject tasks done. Rejected tasks are not paid. It is a phenomenon that will transform labour regulations and influence social protection reform in profound ways.

Crowd-work has produced big profits for online piecework platforms such as Amazon’s Mechanical Turk, CrowdFlower, CloudCrowd, oDesk and eLance. A growing number of companies are outsourcing tasks in this way. IBM has announced it is cutting its regular payroll by a third and outsourcing to a ‘liquid community’. One industry insider guesstimated that by 2020 one-third of the global workforce could be hired online (Vanham 2012).

Mechanical Turk engaged over half a million crowd-workers in 2012, about 70 per cent of them women, in more than 100 countries, although half were in the USA and 40 per cent in India. The apparent market leader, oDesk, estimated that by 2012 it had contracted 18 million hours in the Philippines, nearly 14 million in India, and millions more in the USA, Bangladesh and elsewhere. Half a million Filipinos were registered on its freelance website, more than were employed in the country’s growing business process outsourcing industry, which crowd-labour is bypassing. Overall, oDesk had 2.4 million registered freelancers and over 480,000 client companies;

eLance claimed to have clients in 180 countries and registered freelancers in 155 of them, with 226,000 in India alone.

Governments in emerging market economies have been promoting crowd labour. Bangladesh, for example, has provided subsidies, and has declared online earnings to be tax-free. Although the growth is global, Europe has lagged behind the curve perhaps because the payments have been extremely low. But the austerity era will no doubt change that.

Flexible careers

Another aspect of the precariat is loss of career paths. It goes high up the scale. A poll conducted by Berlin's Trendence Institute in 2013 found that among business graduates, hardly the least employable, most expressed worries about having a career – 92 per cent in Greece, 89 per cent in Spain, 88 per cent in Italy, 66 per cent in the UK, 54 per cent in France and 42 per cent in Germany.

One factor has been offshoring, since middle ranks of professions are mainly being transferred. The number of occupations that are offshorable or tradable has been multiplying, accentuating occupational uncertainty and creating disruptions to career opportunities and social mobility. Examples include high-paying tasks in accountancy, financial analysis and computer programming. This is tending to fragment professions, generating an elite and salariat in rich countries alongside a precariat dealing with 'customers', while middle ranks are exported.

Offshoring has been facilitated by occupational re-regulation that removed guild control of mobility channels, the essence of

occupational liberalization. Alan Blinder made a distinction between personal and impersonal services, claiming that only the latter were offshorable (Economist 2011). *The Economist* gave examples: 'A contract lawyer or radiologist is vulnerable to offshoring; a divorce lawyer or family doctor isn't.' But the latter are just as subject to task standardization. There is no limit to offshoring or fragmentation.

Interim managers

In the heyday of industrial capitalism, the manager was the power in the corporation. In the emerging shareholder model, where financial capital dominates, managers themselves are exposed to flexibility and insecurity. The average time an executive holds a position has dropped considerably. And a body of interim managers has grown, consisting of people, often former members of the salariat, who hire themselves out for short periods to companies or government departments to do a particular managerial job and then move on.

That interim managers exist at all is testimony to the change in global capitalism. Mainstream economics literature regarded managers as pivotal figures in national capitalism in the twentieth century. Now management functions are being outsourced and subject to division of labour, such that it is scarcely an exaggeration to say that the class structure is reproduced inside management, with an elite, proficians, a salariat and a precariat. An elite is paid large sums for each day's work and has more jobs than it can handle; middle-ranking proficians do well enough but have irregular jobs; and those verging on the precariat, with short-term jobs, are struggling to stay in business.

The trend contains multiple dangers. Those brought in to restructure companies are typically paid for a job, which they may be expected to complete in three or six months. They do not have to bear the personal consequences, either inside the firm or in the wider community. As such, they can be pitiless, neatly captured by the film *Up in the Air* starring George Clooney. Interim managers are under pressure to be ruthless, typically being called into a firm to make unpopular changes and sack many who have been loyal staff.

Unemployment and underemployment

In 2013, there were over 26 million recorded unemployed in the European Union, including nearly 6 million youths, one in four of all those under 25. The numbers around the world were many times that, though labour statisticians should admit we do not know how many. In Europe and elsewhere, a large proportion had exhausted unemployment benefits or had never gained them. Long called a social right, unemployment benefits have been denied to most of the unemployed.

Five years after the start of the Great Recession in the USA, the unemployment rate was still over 7 per cent, a record worse than in all recessions since the Great Depression. The youth (under age 25) unemployment rate was 16 per cent. According to one study (Shierholz, Sabadish and Finio 2013), high-school graduates under age 25 had an unemployment rate of 30 per cent and an underemployment rate – including those discouraged from jobseeking and those employed for fewer hours than they wanted – of 51 per cent.

The corresponding rates for young college graduates were 9 per cent and 18 per cent. The number of 'disconnected' or NEETs (not in education, employment or training) had also grown sharply.

By 2013, the youth unemployment rate was over 50 per cent in Spain and Greece and more than 40 per cent in Italy. In the UK, Italy, Norway and New Zealand the rate was three times the rate for prime-age adults; in Sweden it was over four times. And in many countries, unemployment has hit highly educated youths almost as hard as others, giving a lie to old claims that 'education' is the way to avoid unemployment. Youth unemployment also has 'scarring' effects, raising the probability of later unemployment and lowering lifetime earnings by as much as 20 per cent compared with peers who find jobs quickly (Morsy 2012). This is a precarity trap, a cycle of unemployment and short-term jobs.

Nevertheless, a feature of the post-2008 labour market is that much of the slack shows up in underemployment rather than unemployment. This is mainly due to flexible labour relations that enable employers to bump full-time employees down into part-time work, put more on zero-hours contracts or furloughs, and hire workers disguised as apprentices or interns. The term underemployment was long used in developing countries where unemployment is an unreliable measure of labour underutilization. Now, because services account for most jobs and because of flexible labour relations, more workers in industrialized countries are recorded as employed rather than unemployed, even when they are doing (and earning) little or nothing in their jobs.

Some years ago, this author devised a measure for labour slack that combined several measures of underemployment: part-time

working, whether voluntary or involuntary; short-time working and lay-offs; those employed but without doing any hours of labour (e.g. on zero-hours contracts); discouraged unemployed who are available for labour but are not actively seeking it; and the recorded unemployed (Standing 1999, 2002). The measure was applied to as many EU countries as had suitable data in Eurostat's Labour Force Survey. The results show that labour slack is much higher than the unemployment rate and that the divergence has generally widened – see Figure 2 for the UK.

Blanchflower and Bell (2013) took another approach for the UK, by adding to the unemployed those working fewer hours than they wanted. This too showed underemployment growing relative to unemployment. Another UK indicator was the number in jobs dependent on tax credits, which rose by more than half between

FIGURE 2: *Unemployment and labour slack, all adults, United Kingdom, 2000–12*

Source: Eurostat Labour Force Survey data. Methodology available at http://www.guystanding.com/files/documents/Labour_Slack_Estimates.pdf

2003 and 2012, to 3.3 million, according to the Joseph Rowntree Foundation. By 2012 61 per cent of children in low-income households had at least one parent in a job, the highest proportion recorded. Much the same was happening across Europe. In Italy in 2011, the CGIL estimated that 8 million people were unemployed, working part-time involuntarily or temporarily laid off under the *cassa integrazione* scheme, living on an average of €600–700 a month.

Visible underemployment is accompanied by invisible underemployment – people doing labour beneath their qualifications or skills, a feature of the precariat. In Italy, the biggest job losses after 2008 were in technical, scientific and specialized occupations. Many have been bumped into low-level jobs. In the USA, by 2013 a uniquely high proportion of young graduates were in jobs not requiring degrees. Even in 2000, when the labour market was tight by American standards, with an unemployment rate of 4 per cent, 40 per cent of employed college graduates aged under 25 were in jobs not requiring a degree. By 2007, that was 47 per cent; by 2012, 52 per cent. In 2013, according to another survey, 41 per cent of Americans who had graduated from college in the previous two years were in jobs that did not require a degree.

As low-level jobs are increasingly taken by those with high-level qualifications, people with less education are being doubly squeezed. In the 1960s and 1970s, high-school dropouts could obtain a factory job and expect some upward mobility. Those jobs have largely disappeared, and for low-skill jobs in services this group is now competing with high-school and even university graduates.

Morbid symptoms have sprouted everywhere. In 2012, the labour market chaos took on tragicomic dimensions in Alameda, Spain, where a lottery for menial public service jobs was instituted. The unemployed

signed up for jobs as cleaners and every month eight were selected randomly to take public service jobs. In addition, four men were selected for construction jobs, while 200 men and women competed for three road sweeping posts. These 15 survived on about €650 a month, but the other 5,000 unemployed had to sit it out with nothing.

The wage plunge

During the Faustian bargain era, a rising share of the employed in industrialized countries earned wages that kept them in poverty or would have done without a state top-up, mainly in the form of tax credits and targeted benefits, such as SNAP (Supplemental Nutrition Assistance Program) food stamps and housing vouchers in the USA (Ehrenreich 2001). After the crash, this came much more into the open. ‘Jobs’ were not the route out of poverty for a large and growing proportion of the population in OECD countries.

In 2011, 10.4 million Americans were recorded as working poor, defined as spending at least 27 weeks a year in the labour force but still having an income below the poverty line. This largely reflected a decline in hourly wages. After stagnating for two decades, average hourly wages fell between 2007 and 2011 for the bottom 70 per cent of American workers, with the steepest drop for the lowest quintile. As the *State of Working America 2012* (Mishel et al. 2012) showed, the first decade of this century saw no growth in income, wealth or wages for most Americans.

Schooling was no protection. Between 2000 and 2012, real wages fell by 12.7 per cent for US high-school graduates and by 8.5 per cent

for college graduates, accentuating the long-term decline. They also lost enterprise benefits. The proportion of high-school graduates with health care insurance fell from 23.5 per cent to 7.1 per cent; for college graduates it fell from 60.1 per cent to 31.1 per cent. Pension coverage dropped from 9.7 per cent to 5.9 per cent and from 41.5 per cent to 27.2 per cent respectively (Shierholz et al. 2013).

Wage stagnation occurred in almost all industrialized countries. Real wages fell in the UK by more in the five years following the shock than at any time in recorded history, more than in the Great Depression. There is little prospect of much revival. The Resolution Foundation in 2012 forecast that real wages would not return to their 2000 level until at least 2017. The average worker was £4,000 worse off in real terms in 2012 than in 2009. And because of flexible labour markets, the brunt of income insecurity has been borne by those in low-paying jobs or flitting in and out of such jobs. Of the 11 million in poverty in the UK, more than half were in jobs. This has enormous implications for a progressive counter-strategy.

The secular decline in wages in OECD countries has coincided with a decline in their share of national income. UNCTAD (2012) estimated that the wage share globally in 2012 was at its lowest since the Second World War, while unemployment was at its highest. The trouble is compounded because erosion of wages dampens aggregate demand for goods and services, pushing up unemployment and thus putting more downward pressure on wages.

As wages are more flexible, they fall in recessions by more than they used to do. That does little to raise labour demand, since workers with declining or more insecure incomes spend less, leading firms to shift their locus of activities to where demand is rising. UNCTAD

recognized the dilemma. But there is a problem with its prognosis – that governments should resist the mantra of ‘flexible labour markets’ and that nominal wages should rise at the same rate as average productivity. In an open economic system, that would require internationally coordinated policies unimaginable in a system based on pursuit of national competitiveness.

There is no reason to believe the parallel relationship between wages and productivity will return. According to the *State of Working America 2012* (Mishel et al. 2012), productivity grew by more than 80 per cent from 1973 to 2011, but median wages grew by less than 11 per cent. In Germany, productivity rose by a quarter in the two decades after 1991 while real wages stagnated. In Japan, much the same happened. Even in fast-growing Poland, wages stagnated while productivity rose. The ILO reported in 2012 that labour productivity in developed countries increased twice as fast as wages between 1999 and 2011. This is a global trend, and there is no reason to think it will be reversed. It stems from workers’ weakened bargaining position.

Another trend is the growth of wage and salary differentials. There are competing explanations (trade, technology, bargaining, flexibility, etc.), but the fact is that differentials have soared. In the past three decades, US CEO pay rose by 725 per cent compared with 6 per cent for the average employee, with CEOs paid 210 times more than the average wage in 2011 compared with 26.5 times in 1978 (Mishel and Sabadish 2012). It was a similar, if less extreme, story in almost every country in the industrialized world, including the UK, Canada, Australia and Germany.

In sum, wages at the lower end of labour markets have dropped considerably, and differentials have grown. In that context, it was

bizarre that the European Commission joined a chorus demanding that, in the interest of international competitiveness, French wage cuts negotiated in early 2013 should be matched in Spain, where it said nominal wages should be cut by a further 10 per cent. Beggar-my-neighbour wage cuts are surely the wrong answer to the wrong question.

Stratification of non-wage benefits

A key to understanding the restructuring of social income is the erosion of non-wage forms of remuneration, which had provided some labour security and helped in the decommodification of labour. While the salariat has continued to gain non-wage benefits, those further down the income spectrum have been losing them, a trend that has helped define the precariat.

Nowhere captures what has happened more starkly than Detroit, epitome of the American dream, heartland of its industrial prowess, Henry Ford and industrial citizenship. When globalization deindustrialized places like Detroit, job losses meant a rising share of labour costs went on 'legacy costs', benefits for ex-employees. In its heyday, the city grew in the car industry's shadow, building up a public sector with pensions and medical entitlements to match the industry. But city revenue fell as manufacturing declined, as property values flattened and as better-off residents fled to the suburbs.

When the crisis hit, the Obama administration rescued the car industry with \$80 billion in subsidies. That did not stop what was happening to workers' social income. A restructuring of the

remuneration and contract system of car-industry employees, with two-tier wages and loss of benefits, was accompanied by swingeing cuts in public services. When the city eventually filed for bankruptcy in July 2013, its emergency manager said he would aim to cut health care and unfunded retirement benefits for city workers, accounting for half Detroit's \$18 billion long-term debt, while already poor public services will be reduced further. Both industrial and public service workers lost most of their non-wage benefits; declining wages were only part of a collapse in social income.

What happened in Detroit is mirrored in former industrial areas in many countries. By 2011, only a third of the UK's private-sector workers had an employer-sponsored pension scheme. Only 10 per cent of private-sector employees had a defined-benefit (relatively secure) pension scheme, down from 30 per cent in 2001. Under half of all private-sector workers had entitlement to any pension beyond the meagre state pension. Low interest rates also increased the deficits in company pension schemes by lowering bond yields, which accelerated the decline of occupational pensions. By 2012, US defined-benefit pension plans had a deficit of \$619 billion, and could meet only 72 per cent of future obligations. The salariat was facing an uncertain future too.

Legislative changes are making it easier for firms to cut benefits. Under the US Affordable Care Act (ACA) of 2010 ('Obamacare'), new employees who average under 30 hours a week do not have automatic entitlement to health care benefits. Walmart, one of America's biggest employers and supporter of the Act, promptly subjected all part-timers hired in the previous year to an 'annual benefits eligibility check', put more people on short hours and hired more part-timers. Non-wage benefits were lost, underemployment jacked up.

Others have followed suit, in both the private and public sectors. Youngstown State University in Virginia limited the hours of non-union part-time employees, including faculty. Department chairs were instructed to cut part-timers to less than 24 hours a week. Showing how civil, social and economic rights were eroded, part-timers had to sign a form acknowledging that the employer had informed them they were not public employees – even though they were working in a public university – and so not eligible to join the Virginia state pension scheme. And whereas many, as academic nomads, had taken multiple teaching assignments, Virginia is now deemed to be the employer at all state university campuses, so that faculty cannot combine jobs on separate campuses if this would break the part-time threshold of 29 hours a week.

The ACA has also encouraged cost shifting onto the precariat. Some firms are allowing workers to work longer than 29 hours a week but only if they pay higher health care premiums or accept co-pay arrangements. Many firms have stopped health care benefits. In 2013, the Congressional Budget Office raised its estimate of those losing employer-provided insurance from 4 million to 7 million. Social income was cut. Taxpayers are also footing more of the bill for health care, amounting to a subsidy to corporations. The ACA expands eligibility for Medicaid to anyone with an income up to a third above the federal poverty level. So a low-wage firm like Walmart can reduce labour costs, while public spending is raised, distorting fiscal policy by increasing pressure to cut other spending in compensation.

While the precariat has lost non-wage benefits, the salariat has gained them, increasing the income and psychological distance between them. In the USA, the salariat has increasingly benefited from equities,

which derive from profits, rather than wages or salaries. One-third of American workers derive part of their income from shares. About half the American population has a financial interest in Apple shares, as they have investments in broad index and mutual funds. Between 2005 and 2011 Apple's share price rose nearly tenfold, and in fiscal 2011 the company's employees and directors received stock worth \$2 billion and exercised stock options worth \$1.4 billion. A related trend is that many firms have converted themselves into worker-owned businesses. About one in ten workers partly owns the firm for which they labour, and the number is rising. To classify these workers as in the proletariat would be misleading, as would calling them 'capitalists'.

Other countries may not be so extreme, but the trend to receiving more from non-wage sources is the same. It applies in Germany, where regular employees have been gaining more from shares than from wages. As this trend becomes more pronounced, the salariat will become more detached from the precariat beneath it.

Fragmentation of state benefits

Labour costs reflect a combination of wages and non-wage payments. To the extent that firms can reduce these costs, they can become more 'competitive' and make higher profits. For workers, income security depends on wages, enterprise benefits and state benefits. These constitute the main components of social income. The precariat has lost in all respects.

China has been reconstructing its workforce's social income. By 2012, 326 million rural residents had been enrolled in a public

pension scheme, joining 300 million urban workers. This released enterprises from making pension payments, lowering labour costs at a time of rising wages. Other emerging market economies, such as Indonesia, have also shifted part of the social income onto the government, helping to keep labour costs down.

Meanwhile, in OECD countries, governments have responded to globalization by cutting benefits and making them harder to obtain. This has increased inequality, since the benefits cut most are for low-income groups, and since benefits comprise a higher share of their social income. Famously, in 2011, Newark's mayor set out to live on the weekly SNAP food stamps. He failed. Yet over 47 million Americans, many in jobs, have to rely on them. Meanwhile, millions have lost social rights by being put in flexible labour statuses. Thus, in Japan the big shift of the workforce to temporary status has been associated with a decline in the proportion of the unemployed entitled to unemployment benefits.

Every OECD country is experiencing similar trends. To appreciate the unfolding tragedy, we should recall what the pursuit of flexibility has unleashed. If labour is made more insecure, fewer workers can make regular contributions to social security. Without contributions, they cannot obtain insurance benefits in times of need. Social rights are lost. This is what has happened. In the UK, a committee to review the tax system reported in late 2011 that national insurance had lost its purpose.

In response to the collapse of social insurance, governments in OECD countries have had to raise more of the money needed to pay benefits from taxation. They have also had to use alternatives to contribution records to determine eligibility, which has reinforced the shift to means-testing. When social assistance was a residual

form of social protection, means-testing was based on subsistence needs and measures like a percentage of average wages. But as wages declined, and as the precariat's wage income became more volatile and harder to calculate on a longer-term basis, assistance benefits based on subsistence tended to rise as a percentage of earnings. So, in a warped use of words, politicians justified benefit cuts by saying they wished to 'make work pay'. State benefits fell along with wages.

In 2013, justifying cuts to working-age benefits, the UK's Work and Pensions Secretary of State, Iain Duncan Smith, said:

Working people across the country have been tightening their belts after years of pay restraint while at the same time watching benefits increase. That is not fair. The welfare state under Labour effectively trapped thousands of families into dependency as it made no sense to give up the certainty of a benefit payment in order to go back to work.

But benefits had not risen; real wages had fallen. Profits and salariat income had risen in real terms. There was no belt-tightening there. As for benefits being a 'certainty', a majority of the unemployed were not receiving any unemployment benefits at all.

However, the new cuts in state benefits hit middle-income earners as well as those in and below the precariat. The Children's Society calculated that planned reductions in benefits would cut the incomes of 40,000 soldiers, 300,000 nurses, 150,000 nursery and primary schoolteachers, 510,000 cashiers, 44,000 electricians, and over a million secretaries and administration assistants. While the government claimed to be aiming the cuts at 'scroungers' and 'skivers', they were set to hurt many people labouring hard for low incomes.

Tax credits, a defining feature of the globalization era, have posed a particular problem in the austerity era. Their fiscal cost rises as downward pressure in the labour market intensifies. Much of the welfare system, far from subsidizing 'idleness', has been geared to 'making work pay' in a more direct sense. Over a range of benefits, cutting their cost means reducing the income associated with labour. In the UK, the squeeze on the precariat has been intensified further because the government has pledged to protect state pensions, which account for over half of social spending. A commitment to cut state benefits overall has meant putting more of a squeeze on workers, including cuts in tax credits.

In sum, social income has been restructured, while wages are increasingly insufficient to escape from economic insecurity. For the precariat, income from labour will be inadequate for a dignifying standard of living. Wage income will have to be supplemented by state, private or community benefits. But at present, essential state benefits and community benefits are being taken away. This will not change until the precariat acts to change it.

Concluding reflections

The Faustian bargain postponed the decline in wages and social income that is part of the Great Convergence. The austerity era has accelerated it, through beggar-my-neighbour cuts in wages and benefits coupled with tax cuts and more subsidies for capital. There will be no recovery of living standards and economic security for the precariat until a new progressive strategy is devised to redistribute income and the key assets of modern society.

The second decade of the twenty-first century is the endgame of the neo-liberal experiment. The plutocracy – and the elite feeding off it – is falling into arrogant criminality and political manipulation. The salariat has done well, but many in it find they must put more aside to support adult children and grandchildren. Further down, the precariat is expanding. As it and the underclass grow, so governments will try to control their anomic protests while penalizing them.

Two points are clear. Raising employment does not necessarily lead to less poverty, as even Germany has found, with its rising number of ‘working poor’ (Seils 2013). And average wages are unlikely to rise in OECD countries, and will not rise for the precariat. Those claiming jobs are the route out of economic insecurity are defying the logic of globalization, or are being naïve or dishonest. Wages for the precariat will continue to fall.

The social situation is increasingly ugly. That should erode any residual confidence that the neo-liberal project can be sustained. Among the warning signs has been a rise in social protests, including riots. Populist politics should give more concern. The atavistic part of the precariat has been drawn into supporting neo-fascist agendas in countries like Greece and Hungary. And the far right has drawn others to the right. It is creating a bitter divisiveness. It is generating more denizens, and demonizing more people: migrants, welfare claimants, the disabled, minorities, youth... the list grows longer. We need a counter-strategy oriented to the needs, aspirations and insecurities of the precariat. What is blocking that from emerging?