

## The Precariat -- the Social Democratic Challenge

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For the first time in history, the mainstream political left across the world has no progressive agenda. It has forgotten three principles. First, every progressive political movement is built on the anger, needs and aspirations of the emerging major class. Today that class is the precariat.

The ugly part of the precariat was seen in the fires of London and the riots across England in August, 2011. It is not an underclass, but unless we understand it, those fires will be the first of many, just as the ‘occupations’ that spread from Tahrir Square and Wall Street in 2011 will grow.

A second principle is that every forward march towards a more equal and equitable society involves new forms of collective action. Unions must adapt and reach out to new groups, not simply be tired instruments for obstructing change.

Third, every forward march has involved three overlapping struggles. The first is for *recognition*, a struggle by those in the emerging group to have an identity. This advanced dramatically in 2011, shown across European cities in which millions started to see themselves as part of the precariat, and were not ashamed to say so or to demand to have their insecurities and interests taken into account.

The second struggle is for *representation*. Here, we have yet to make much advance, but the demand by the precariat for involvement in decision-making bodies and on social policy platforms is growing. To take just one example: The precariat is beginning to demand that it should be represented in bodies determining conditions for entitlement to state benefits.

The third struggle is taking shape too. We are in the midst of a Global Transformation, facing absurd inequalities and chronic insecurity. In that situation, the forward march of progressive politics must be built around a struggle for equality of control over the key assets of the economy on behalf of the emerging class. In today’s open tertiary society, those assets are not the ‘means of production’ of the old socialist project. We will come back to them.

First of all, politicians must understand what the precariat is, why it is growing and what it wants. A fuller answer is given in a new book, *The Precariat – The New Dangerous Class*. But essentially the precariat has emerged from the liberalisation that underpinned globalisation. Politicians should beware. It is a new dangerous class, not yet what Marxists

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<sup>1</sup> This draws on *The Precariat – The New Dangerous Class*, published by Bloomsbury; it can be ordered online. Guy Standing is Professor of Economic Security, University of Bath, and, with Senator Eduardo Suplicy and Professor Claus Offe, co-president of BIEN (Basic Income Earth Network). Professor Standing is presenting *The Precariat* at a public lecture at Sao Paulo University on June 29.

would describe as a class-for-itself, but a class-in-the-making, divided into frustrated and bitter factions, but united in insecurity and fear.

Part could turn to the extreme right, and is doing so; part could drift into anarchic behaviour, as we have seen in London, or political disengagement; part is looking for green social democracy, but cannot find it. The challenge is to forge an agenda and language that draws a majority into an edifying progressive consensus.

The precariat is approaching a common consciousness of vulnerability. It consists not just of those in insecure jobs, although many are temporaries, part-timers, in call centres or in outsourced arrangements. It consists of those who feel their lives are made up of disjointed bits, in which they cannot construct a desirable occupational narrative or career, combining forms of work and labour, play and leisure in a sustainable way.

Because of flexible labour markets, in which occupational communities have been dismantled, the precariat cannot draw on a *social memory*, a feeling of belonging to a community of pride, status, ethics and solidarity. Everything is fleeting. They realise that in their dealings with others there is no *shadow of the future* hanging over them, since they are unlikely to be dealing with those people tomorrow. The precariat mind is one without anchors, flitting from subject to subject, in the extreme suffering from attention deficit disorder. But it is also nomadic in its dealings with other people. Because it has no occupational life, the less educated part is lashing out, as in the seemingly mindless riots in England in August. It disregards the future, because it perceives it has no future to lose.

Although the precariat does not consist simply of victims – since many educated youth in it consciously challenge the labouring ethic of their parents – its growth has been accelerated by the neo-liberalism of globalisation, which put faith in labour market flexibility, the commodification of everything and the restructuring of social protection away from universalism towards selectivity, targeting, means testing and behaviour testing.

In the UK, no government did more to expand the precariat than the Labour Government of 1997-2010. But it was far from alone. Other governments across Europe went the same way, as did the Democrats in the USA. Recently, socially democratic governments of Spain and Greece pursued flexibility policies that fanned the youthful discontent that is lashing out at all mainstream politics. We saw it in the *den plirono* ('refuse to pay') movement in Greece and the *indignado* protests in Spain, as well as in the EuroMayDay parades that have spread from Milano and Hamburg to Tokyo and several dozen other cities in recent years.

Yet the left is adrift. A reason is not hard to find. The political defeats being experienced across Europe today are the result of the Faustian bargain social democrats made in the 1990s and early part of this century. That bargain varied from country to country. In Germany, for instance, more corporatist elements were preserved than in Anglo-Saxon countries. Ironically, the Scandinavian countries went fastest, being where social democratic institutions were most entrenched. But the essence of the bargain was that while, in response

to globalisation and open economies, governments pursued policies of labour market flexibility, urged by the IMF, OECD, World Bank and many economists, those being tipped into the precariat were allowed to enjoy a short-term orgy of consumption. The Faustian bargain was roughly as follows.

Labour flexibility exposed workers to insecurity and declining real wages and benefits – since wages in emerging market economies were a fraction of OECD wages, and because a system of open economies must involve convergence. So, governments slowed the decline in worker incomes by tax credits, labour subsidies and cheap credit. All this was a temporary fix, in which beneficiaries were given short-term relief while flexible labour relations took shape. Meanwhile, the social-insurance base of the welfare state was eroded, and a system emerged based on means-testing, behaviour-testing and targeting limited benefits on those deemed to be the deserving poor. A base of social solidarity was tossed away.

The Faustian bargain could not continue. It ended in the crash of 2008. And, as austerity budgets have become the norm across Europe and North America, the precariat is growing and becoming angrier in its deepening insecurity.

Whether in Germany, Britain, Scandinavia or Spain, the new generation of egalitarians and social democrats must now build a strategy to appeal to the precariat, if they are to revive and be relevant to the emerging mass movements.

Unless a new progressive strategy emerges very soon, a large part of the precariat could be lured by populist sirens onto the rocks of neo-fascism. We have seen across the industrialised world a growth of the far-right. It was led by Silvio Berlusconi, who when re-elected Italian Prime Minister announced that his objective was to defeat ‘the army of evil’, by which he meant migrants in the Italian precariat.

In doing so, he signalled why the precariat is the new dangerous class. Chronically insecure people lose altruism, tolerance and respect for non-conformity. If they have no alternative on offer, they can be led to attribute their plight to strangers in their midst.

Neo-fascism is unlike its 1930s predecessor, in that today a global elite of absurdly wealthy and influential individuals is steering an ideology wanting a shrinking central government, falling taxes on high incomes, and authoritarian control over recalcitrants, non-conformists, collective bodies and ‘losers’ in the market society, including the designated disabled and young unemployed.

Over the past two decades, social democrats fell prey to the charms of the elite, as much as centre-right parties did. Some rushed to appease the elite, hoping to obtain their financial and other backing, rather than reach out to the precariat. When the elite shifted opportunistically to support the political right more forcefully, social democrats were left to face a disillusioned precariat that sees no reason to support them. That is a tragedy that comes from not adhering to the values that have guided progressive politics for generations.

That is the past. Now, the only way to arrest the neo-fascist drift is to forge a new politics of paradise that offers the precariat what it aspires to achieve. That agenda, like all previous progressive agendas, must be class-based. It must look forward, not be atavistic. It must be egalitarian at its core and respond to the emerging class.

Progressives should not rely on notions of ‘the squeezed middle’. It is unclear what the middle is in globalisation’s fragmented class structure. Focusing on a squeezed middle suggests there is not a ‘squeezed bottom’. A squeezed middle conjures up an image of a misused toothpaste tube. It is another refusal by the lukewarm left to confront structures of inequality, in a way that would respect the traditions of generations of progressive thinkers.

And the ‘squeezed middle’ imagery could be turned against social democrats, since nothing did more to create the problems for lower-income earners than the Faustian bargain they accepted. Better to shift paradigm than to seek belated virtue inside a model social democrats helped to construct. And in that respect, they must learn that more ‘jobs’ is not the answer either. People put in labour well below their competence or aspiration will not be friendly towards the left, if it thinks that jobs are the answer to the precariat’s predicament.

Meanwhile, the spectre of neo-fascism points to a politics of inferno. We see it in the US Tea Party, in the English Defence League, in the resurgence of France’s National Front, in the True Finns, so successful in Finland’s general election, and the Swedish Democrats, and in Berlusconi’s venality in Italy.

In response, progressives must risk by being mildly utopian. Today’s social democrats resemble once-great footballers who become rigid with fear of making mistakes. They must look up and forward. What is needed is a reinvention of the trinity of equality, liberty and fraternity. A politics of paradise will be built on respect for principles of economic security and all forms of work and leisure, rather than the dour labourism of industrial society. The precariat understands that, and politicians on the left should listen.

This leads back to the principles of progressive politics. In every Transformation, when society and the economy are restructuring, the forward march is defined through collective struggle for control over the key assets of the productive system. There must be an egalitarian basis of this struggle, even if equality is never achieved. It is the direction – the journey – that matters. Committing oneself to the journey is what defines a progressive. That was lost in Europe in the last period when social democrats held office in many of its countries. It was not just that they did little to reduce inequality; they allowed it to rise.

What are the key assets over which the new struggle will take place? Whereas land was the main asset in feudal society and the ‘means of production’ were what the working class and social democrats struggled in the 20<sup>th</sup> century, the key assets in what the book calls the Global Transformation are fivefold.

The first is *economic security* itself. Put bluntly, a growing number of people of rich societies have no security at all while the affluent luxuriate in it. Insecurity is known to foster

extremism, particularly authoritarianism. It chips away at the human instincts of altruism, tolerance, reciprocity and social solidarity. Security is a conservative urge. So, insecure people look for familiar anchors and therefore vote atavistically. With this insight, the political left must offer a robust policy of economic security if it is to appeal to the precariat. Conditional means-tested benefits, workfare and subsidised mini-jobs are shameful. We must be bold and realise that in open market societies in which flexible labour is common, much of the insecurity is uncertainty ('unknown unknowns'), which is uninsurable.

Neither social insurance nor means-tested social assistance will reach the precariat. Social insurance only works tolerably well in an industrial society, where most workers are in stable full-time jobs and where contributions roughly correspond to contingency needs. That is not the future anywhere. Means-testing has never worked; it always results in low take-up rates, with the most insecure groups having a relatively low probability of receiving assistance. Invariably, it leads in the direction of arbitrary rules and workfare.

The only way to provide sufficient economic security is to do so *ex ante*, through providing every legal resident in society with a basic income as a right. This is what great utopians have advocated, the likes of Thomas More, Tom Paine and Bertrand Russell, and has been supported by distinguished economists and other social thinkers. It is what the precariat is demanding.

Critics scream that it is unaffordable, would reward idleness and slow economic growth. We may soon find we cannot afford not to have it. The idea that every person should receive a modest monthly payment is gathering legitimacy. Perhaps unexpectedly, it is doing so fastest in middle-income market economies, such as Brazil, where there is a law on the statute books committing its government to an unconditional basic income for all. Already over 50 million Brazilians receive a monthly cash transfer under the *bolsa familia*; the number is rising. Brazil is one of the very few countries that has reduced inequality in the 21<sup>st</sup> century, has repeatedly voted for progressive politicians and has done relatively well since the financial crisis.

A progressive strategy for the precariat must involve more equitable control over other key assets of a tertiary society – quality time, quality space, knowledge and financial capital. There is no valid reason for all the revenue from financial capital going to a tiny elite who have a talent of making money from money. The only way to reduce income inequality in an open market society is to ensure an equitable distribution of financial capital.

As argued in the book, quality *time* is also a crucial asset. We need policies to equalise access to it. Again, there is no reason for the rich having so much more control over their time than the precariat. But the latter has to allocate so much time to handling bureaucratic demands, to chasing one short-term insecure job after another and to learning new bags of tricks called 'skills' that could become obsolescent before they have a chance to use them. Similarly, there is no reason to have a society in which the affluent have access to technical advice on how to run their lives profitably while the precariat cannot do so. These are forms of inequality that are structural, not derived from merit or laziness.

Why should the elite and salariat have access to so much of the *quality space* while the precariat faces a steady shrinkage of ‘the commons’, as they see parks, libraries and community facilities wither in front of them? The great industrial city of Manchester has announced the closure of almost all its public toilets. This sort of ‘public saving’ attacks the precariat. In general, we need a progressive strategy to rescue the commons.

Why should the precariat have their dwellings exposed to ruin while those of the rich are protected? In cutting public spending in towns across the USA, some fire services are limiting themselves to protecting the insured, leaving the uninsured to burn.

Why is it that the salariat can obtain much cheaper credit than those without long-term employment contracts? We know the reasons, but these are cumulative inequalities that do not stem from merit or diligence. The precariat observes with growing anger. The politicians had better respond or we will reap a harvest of discord. We can do better.

Finally, there is that other principle that social democrats appear to have forgotten. This is that every Transformation, a progressive surge has been achieved through new forms of collective action or associational freedom. It is action that takes place in the public domain. In the late 18<sup>th</sup> and early 19<sup>th</sup> centuries, the new class coalesced in coffee houses in Germany and in clubs in London, while occupational guilds demanded vocational freedom. A century later the working class coalesced in trade unions and in working men’s clubs. Today, the precariat is coalescing in internet cafes and in public squares.

The social democrats in the recent past lost touch with mass movements, and retreated into public relations. This left them open to an opportunistic corruption, as was demonstrated by the socialists of Craxi in Italy and in the sordid money-making activities of leading figures in Britain’s New Labour, with lying on expenses and with selling themselves to corporate interests. A lesson is that progressive leaders must come from or relate to the emerging class and to its *modus vivendi*. Until they understand the fears and insecurities and dreams of the precariat, they will flounder themselves.

Last year’s fires and riots across English cities were a wake-up call. The political right demonised the rioters and resorted to coercive measures; the middle class quietly approved. None could condone what happened. But curbing the symptoms of a divided society in which the precariat is deeply insecure is no solution at all. The centre left must offer a politics of paradise, if a politics of inferno is to be avoided. We can do better, and we will.