

Notes on Full Employment, October 11th 1993.

1. Full Employment has once more been re-adopted by the Labour Party as one of its prime economic goals. With each new upturn of the economy - throughout the OECD - showing higher levels of unemployment, two questions arise. First, is full employment still a desirable, let alone an achievable, goal. Is the issue rather one of guaranteeing everyone an income, with work being a major instrument to this end. The welfare state was originally a way of maintaining workers when they were temporarily out of work. It has now also become a means of supporting those who are unemployed in the long term, and represents a redistribution of spending power through state taxes and welfare budgeting. Schemes for guaranteed incomes are framed within this perspective, and extend the current structures of the welfare economy rather than transforming them. In the developing world there are informal structures of redistribution which partially serve the same ends. In parts of Francophone Africa for example it is estimated that each wage earner has 8 dependents to support. Much of this informal structure is founded on the household and kin relations.

2. In the developing world there has been a growing romanticism focussed on the informal sector - as a sphere of survival, redistribution and innovative work. The reality is too often more parallel to the economy of a prison camp, equally innovative, equally tough on those whom Primo Levi called the survivors and the damned.

3. In contemporary Britain there are limits to both informal and formal mechanisms. The kinship structures of informal distribution are continually weakening. The formal welfare system is being threatened by the sharpening of global competition which created a downward pressure on pre tax wages, and by a growing resistance by wage earners to fund non wage earners. Some non wage earners are active participants in the informal economy - defined as an economy operating outside state surveillance - and see income support as a supplement to informal income. Others, with no access to formal or informal remunerated work, find themselves isolated, stigmatised, and impoverished because of the downward pressure on welfare support payments.

4. In the seventies there was a movement against work. The journal Zero Work argued that what people wanted was not work but income. There are many young people who share this perspective, seeing work as a necessary condition for living rather than the Puritan inversion. All we need note here is the difficulty of supporting such a social vision by the redistribution of money income through the state. There are limits to the extent to which those in money producing work will support, by welfare transfers, those who are without it.

5. For these reasons full employment should remain a central goal of social policy: it seeks to retain the link between income and paid work, and to recognise work - whether waged or paid by directly through sales - as a principle form of socialisation, Unequal access to work - of which unemployment is only one form - remains one of the most basic sources of inequality in the contemporary world.

6. To pose the issue in terms of inequality is, however, to restrict it to a quantitative problematic. The dangers of this can be seen in job programmes which are assessed purely in terms of job numbers, regardless of the quality of the work in question, and the link between the new jobs and the overall conditions of the economy. We need to find a way of discussing full employment in terms both of the quality of employment, and the relationship between paid work and the rest of social life.

7. Looked at historically, there are changing boundaries between paid work and unpaid time, changing links between them, and between those in and outside the commodity economy.

Work and time.

8. There are two rhythms that need to be traced: the rhythms of work and the rhythms of living. In early capitalist society the rhythms of work were heavily determined by the seasons. The medieval shepherd's calendar was little altered until the late 20th century. Accounting determined its forms of reporting by the agricultural year. Labour was hired and rent was paid by the seasons. Many of the service industries followed this pattern - law, education, entertainment and even rudimentary health.

9. Mass production homogenised time. Large fixed capital needed continuous utilisation. For steel and some chemical plants (glass making for example) this was a technological necessity. For the mass assembly industries the necessity was economic. There was therefore a steady growth in shift work. When paid holidays were introduced many industries shut down for the holiday period. The synchronisation of working time meant a synchronisation of leisure time. This applied to the day, and the week as well as the year. When external factors led to fluctuations in demand, a range of measures were introduced to stabilise that demand (from HP, to macro management, export expansion and so on.). Even in those industries without continuous working there was a given working day and working week, which had as its shadow, the week-end of Saturday Night and Sunday Morning.

10. The rhythms of living - of birth, child rearing, caring, cooking, and dying - were subordinate and often contradictory ^{with} the demands of industry. The tension between them was negotiated through the household, and the sharp contrast between women's time and men's time. The two coincided in the serving of meals. The factory hooter was a sign for men to end work and women to produce the results of theirs. Only in war time when women were drawn into the economy were social institutions developed to carry out the functions of social reproduction, day nurseries, public canteens, hospitals for the ill and the elderly, workers playtimes.

11. Lifetimes, too, were given a parallel stability. School leaving age signalled the start of paid and unpaid work, just as retirement signalled its end. Even today in Japan women enter paid work until they are married and are then required to return to the home.

12. The rhythms of mass production are now changing as are the institutions of synchronisation. Large production plants are shifting the emphasis from full utilisation of machine capacity to multi product flow and stock reduction. Developments in machine technology and the labour process have seen plants in many sectors shift to the idea of manufacturing as servicing, producing to order rather than producing for stock. We can think of machine makers, construction companies, film makers, or pronto modo in Italy. The key question here is a core workforce which designs, innovates, and provides a stable spine to the manufacturing operations, and a peripheral workforce, temporary, not necessarily part time (often over-time) networked and so on. What we would need to trace is the pattern of working hours over say a year and how this pattern has changed relative to 1970.

13. Another movement with similar results is the increased intensity of labour, squeezing out pockets of non working time during the day. In some

industries this has meant the growth of split shifts (as in public transport) and flexitime (as for example in some local government work). The question here - historically - is whether there has been a change in the material base of production, or whether capital is taking advantage of a recession and weak labour markets to introduce intensification measures. It is not enough to talk of these changes in terms of numerical flexibility. We are concerned with temporal flexibility which will include numerical flexibility.

14. We need also to trace the rise of service industries as against manufacturing. Commodities store up a service as it were; they allow a time shift for the service and can be shifted easily over space. With the move to cut stock holding, and tailor production to specific requirements this 'buffer' characteristic of the commodity diminishes (though in food there is a tension here - between cook chill on the one hand and deep freeze on the other; we can probably observe this tension in most industries.). Instead we have services which by definition require synchronisation of production and consumption. (work on this distinction of manufacturing and services in terms of the synchronisation of time shift of consumption). The question then becomes when the service is required - and how rhythms of consumption have changed.

15. In some producer services there has been an expansion in 'unsocial working hours'. All maintenance work can take this form as it is directed to off peak and down time (from motorways to cement factories). In finance the issue is world working time, hence the night shift workers in the city, and the early hours now required of stockbrokers.

16. In consumer services there are many seasonal occupations (like tourism), or services which have an uneven working week (like food, - see the dual economy of food; or shopping (75% of business between Friday lunchtime and Saturday evening. Pressure from shops to stay open longer in the day and now over the week-end. The extent of the demands of the night economy (used to be reflected in Fleet Street, now exemplified by strength of demand for night buses and for night entertainment (Friends Centre teach in).

17. Shopping leads us into the interface between production and reproduction, between living and working time. The rise of single person households, and of women's participation in the labour force, means that women are less and less able to perform the role as the synchronisers of alternative times, though this is still demanded of them and women's stress levels (in developed and developing countries) have increased accordingly. (see HC on the Dominican Republic). Hence the demands for expanded institutions of synchronisation (day care,) and the growth of industrial reproduction (catering, improved machinery in the home - see Gershuny on time budgets, hotels and tourism, supermarkets). In all these cases the new industrial service must find ways of providing the service in non paid- working- time.

18. We could trace other changes in the chronology of work: over the year, as over a life time. In each case there is a rhythm of work and a rhythm of living, the domination of the former becoming weaker the longer the period in question. Many of the old structures of the labour contract, however, are geared to an old view of lifetime employment: occupational pensions for example, above all in the state sector. Freeing up pensions is at the heart of freeing up lifetime work patterns and the 'curriculum vitae'.

Work and space.

19. Alongside the changing rhythms of work, there are changing circuits of space. Some refer to periods of living: young people going to the city, then to the suburbs during child rearing, back to the city in middle age, and the country or seaside in retirement. But there are shorter term circuits also. First there has been a growth of commuting (** check on this). Second, in many jobs there is a growth of turnover not simply between employers, but within an organisation, and this commonly goes with a change of place. We can think of shop managers, or salesmen and women. We can also think of those whose service requires mobility - the army of financial consultants, accountants, those working in the cultural industries, managers in multinationals, all those to be seen in trains and aeroplanes during the week. Among manual workers there is also massive spatial mobility - following work across England, the engineers hired on contract by the Brighton engineers, indeed contract staff generally. (can we calculate how many jobs are mobile in this way).

Time, space and welfare

20. The question that arises is how employment itself, the supportive welfare structures and full employment can be reworked to run with these changes. In particular, we have seen the massive growth of temporary and part time work, self employment, unemployment, early retirement, and educational courses. Because welfare is built round 'normal' stable, full time jobs, welfare provisions have not been extended to many of the new workers. How could we rethink provisions for work and welfare to take this modern labour flexibility (some of which is preferred because of the rhythms of living) and remove its quantitative and qualitative disadvantages. It is against this background that we should discuss full employment.

Full employment.

21. Are there any ways in which full employment can be restored? It has been a goal of many governments, in both developed and developing countries. Only in the planned economies of Eastern Europe has full employment been achieved - in Russia it has been maintained consistently since 1930. But the manner of achievement has carried with it many other economic problems, which have now brought these economies down.

Leaving aside the Soviet model for the moment, there are three broad approaches to the restoration of full employment:

- organising the capitalist market economy in such a way that employment expands. This is the traditional concern of Keynesianism, and a range of supply side policies. It was also the idea behind the GLC's strategy of restructuring for labour, where it argued that there were many ways in which particular commodities and services could be produced, and the quantity of employment would be affected by which way or system was chosen (for example in energy, transport, health, food and so on).

- developing a twin economy which is independent of the market economy, subject to its own laws, synthesised with its own currency, and able to offer employment to all those seeking it. It would begin with small sterling payments from state funds, but these would be less than the level of social security now paid out.

- redistributing work time. This has been discussed in terms of limiting overtime. The proposals could go further - following the lines of the Sheffield City Council model where workers took a cut in their working time and their pay rather than accept redundancies in a city of already high

unemployment. The Belgium Government passed a law in 1983 saying that new public sector recruits should work for 80% of the normal time and 80% of the pay in their first year. In Norway employees aged 64 or over can work half time with half their pension until full retirement at 67. Phillips moved to a 38 hour week in 1985, and the Dutch government imposed a 32 hour week on reduced wages in the same period.

In this note I want to concentrate on the last of these.

22. At its simplest, a 10% cut in labour time and wages ought to allow an increase in employment of 10% of the labour force. This amounts to a redistribution of working time. The question is, how to get there. At face value, a direct redistribution of work would be more acceptable than a redistribution of income between those in work and those without it, because it removes the sense of one group working for others who are not working. It would be an example of reconnection, in this case not through tax but through giving up a modest portion of rights to income as a permanent wage earner.

23. There might also be attractions for some workers - more time even with less pay at times of the week, year or life when they wanted it - say for child rearing. At the macro level, a tightening labour market would also offset the effects of a reserve army of the labour bargaining strength.

24. Inversely, for the same reasons employers would be against it. On the other hand, for macro reasons if it led to a cut in taxes, a more equal distribution of income and therefore an increase in internal demand, and higher productivity among those who were working less, then there are good basic incentives for the employers. However, in both cases there should be initial incentives for employers and employees who take part in the scheme.

25. The scheme should be open ended and not put up as a blueprint. Rather it should be started with pilot firms who agree to negotiate the scheme with their unions. What a firm would undertake is to maintain a given level of hours by employing new workers to replace those who were giving up 10% of their working time and wages. From the firm's point of view this would involve the extra expense of recruitment and training. This should be funded by the government (as a deduction from corporate tax) and would have the virtue that training funds would be going to train workers who would have a guaranteed job at the end of it. In Canada this could be done through Jobs Ontario Training. The initial incentive should probably be greater than these direct costs, and treated as the equivalent of an investment allowance, since this amounts to an investment in labour.

26. From the trade union end, workers would be offered the incentive of an activity card which would give those taking the time reductions cheap access to a range of public service facilities off peak. The material point here is that many utilities and other services have large spare capacity off peak (because of the disjunction between service use and service provision, again the result of the organisation of the working day and working week), so that extra use incurs near to zero marginal cost. The government can negotiate low rates of fund transfer to the public sector operations involved, and hopefully can anyway involve them in the scheme (railways for example, or urban government, telephones, cultural facilities such as swimming pools). Because of their power over usage the government can also negotiate cheap rates with the private sector (such as off peak holidays). To have an activity card is to enter into a privileged club with a quite different self image than unemployment and the dole. Here those with an activity card are contributing to the solution of the employment problem by giving up their wage. The

activity card should itself become a prize object to get hold of, and in time could be used more widely (as have town cards in the UK) for the elderly, those recuperating from illness and so on.

27. There are a number of difficulties which have to be addressed however. The first is that firms are in the continuous process of job reduction. This cuts across any undertaking to maintain total hours employed. Those taking the time reduction may feel they will be more vulnerable to redundancy if they are not present full time working in the firm. The solution will vary with the case. For example part of the collective bargain would be about productivity changes and total hours required. In as much as the former operated there would be a split of the productivity gain between labour and management. The hours agreed to would be the figure to which the firm was committed in the scheme.

28. It would also be possible to attach to the scheme further job expansion schemes, such as spin offs by the core firm along the Japanese Bunsha model. In the Bunsha system, the core firm invited one of the best workers to form another company. He or she is allowed to take with them three or four of the existing firm to make the new core. The original core firm gives time for the new team to prepare for their new production, and brokers the finance. The same idea could be promoted within firms participating in this scheme. For more generally, in the field of new job creation through firm formation, spin offs from large firms are often the most successful. The old large firms are the nurseries for the new SME's. Hence the value of arranging the employment schemes through the large employers. (see voluntary corporate venturing. ICI)

29. Second, firms might feel their productiveness would be undermined if certain personnel went on fewer hours. What would be central to the scheme is that it is not settled centrally. What should be negotiated is the general terms of the scheme. Then groups within the firm could be asked to discuss this and come up with ideas on how it might apply to them. It would be critical that teams of workers thought out the most appropriate form according to the work and specialisms involved. For some it might be a re-organisation of the working day or working week., For other they might take it at a given time in the working year. For still others it would be a question of sabbaticals. In the latter case the worker would work a normal week, but be paid 10% less and this would be accumulated and paid out as a 90% salary during the sabbatical. Workers could have the right to cut more than 10% of their time in order to have a longer sabbatical. The key is that it would be a flexible structure with the form of time reduction determined by the particular labour processes involved and the arrangements agreed by the team responsible for production.

30. There would clearly be particular difficulties in jobs where there was a shortage of labour. In these cases the scheme need not operate. For any replacement of a short time worker would involve recruiting from other firms. But there is always an opening for apprentices and first time entrants, so that again the way the scheme would work is likely to produce unexpected consequences (in the case of Silicon Valley type computer engineers a pre-emption of burn out and improved health levels for example.)

31. Third, workers might feel that they would lose out in their career prospects if they were absent. This has always been a problem for part time women workers. There is no general answer - only the question posed to which a range of alternatives can be offered. The Banks in the UK and high tech companies have experience of this with women who take time off for child care. They are either provided with tasks they can do part time at home while remaining on the career ladder, or in the case of the banks, are brought in

for two weeks a year during their absence, and kept up to date, with re-entry guaranteed at levels which would have obtained had the person in question continued to work full time.

32. Fourth, there are a range of labour conditions and welfare problems which may arise, such as promotions, pensions, protection against dismissal, and similar rights which would have to be adjusted by the government to accommodate these changes.

33. Overall, firms and unions should be encouraged to be creative. Part of the settlement would be to have a monitoring study done of the process - similar to that negotiating between the CAW and Subaru in Ontario. This would constitute a form of monitoring for all parties concerned, and in particular study the way in which reduction of working time affected productivity, and health.

34. It would also be good to offer a prize for the most imaginative and successful schemes in different classes of firm. In the agricultural revolution much use was made of competitions at annual fairs and shows a stimulus to improve breeding. The same could operate with the new labour practises.

35. The schemes could include plans for circulating people into different jobs but with a base employer. They could be seconded for a certain time into quite different areas as part of horizontal circulation of people in order to learn in different environments. Thus workers in large firms could work for a time in small firms, at the reduced rate, and with the activity card. The aim would be a more coherent joint planning of career paths than is common with some large employers.

36. One place to start would be the public sector. This often makes up one third to a half of an areas employment structure and could therefore have an immediate impact on employment in any area. In the public sector there are pressures to cut, but for the most part there is a more stable labour force, for whom these kinds of working time reduction could be acceptable, particularly if certain quid pro quos were given in the course of the negotiations.

37. An expected effect might be that lower paid workers would not take the offer of time reduction but professionals would, particularly where there are two earner families. The result would be a more equal distribution of income in the firm.

38. The introduction of a scheme of this sort might well have the effect of an extensive exchange of pieces in a chess game. It would open up areas previously closed to negotiation. One would be the link between working conditions and health (which should form part of the research review). Another would be incentive systems. A third would be job guarantees in exchange for some mobility. Firms could be encouraged to offer 10-15 year contracts, within which there would be more flexibility including say five years of secondments.

39. The key feature is that it is a decentralised system, for which the state sets the parameters in discussion with both parties, and the parties themselves negotiate the terms that are relevant to each labour process and industry. The state is the enabler and monitor not the operator.