

Contribution to the Recovery with a Human Face Network, 2 June 2011 (<https://sites.google.com/site/recoverywithahumanfacenetwork/>)

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Recovery cannot succeed unless *the precariat* is understood.

As globalisation took shape, neo-liberals concocted a Faustian bargain, which reached its moment of truth in 2008. An open economic system promotes labour market convergence. With wages in emerging economies a fiftieth of those in OECD countries, that had to mean sharp falls in the latter. This was politically intolerable.

So a Faustian bargain was made. In return for flexible labour market policies – promoted by the IMF, World Bank, OECD, US administrations and sundry economists – the decline in wages and benefits was offset in ways designed to slow the transfer of industrial jobs to emerging market economies, through subsidies, tax credits and cheap credit.

A consequence was growth of a class that defines the global market economy. That class is the precariat. As argued in a new book, it has become the prime mover in the Global Transformation. Not yet a class-for-itself, it is a class-in-the-making, with relations of production unlike those of the proletariat, captured by the word flexibility.

For two decades, centre-right and social democratic governments accepted the Faustian bargain. Instead of addressing inequalities intensified by globalisation, all went along with the ‘competitiveness’ doctrine, supporting what they portrayed as their national capital (financial above all) against ‘foreign’ capital. This entailed a splurge of subsidies to corporations and to consumers.

Economists and politicians were complicit. Easy credit for house buying was among the most wilful acts, since once the Faustian bargain ended, dispossession beckoned. The tired social democrats are as much to blame as neo-liberals. The drubbings they are receiving are deserved, as they were unwilling to tackle inequality.

One cannot imagine ‘recovery’ or a re-embedding phase of the Global Transformation without understanding the precariat. Historically, transformations occur only when the emerging mass class has mobilised for collective action. Welfare states evolved only because of collective action by national working classes and the unions and political parties they forged. But the proletariat is fading – single-skill, full-time jobs, with family wages, unionised, with social insurance benefits. That is not coming back as a norm.

The precariat consists not just of millions facing short-term jobs interspersed with periods of unemployment or labour force withdrawal, with fluctuating wages and no benefits. It consists of people unable to construct occupational careers or identities, without a social memory on which to draw or a shadow of the future hanging over deliberations with others. They have bits-and-pieces lives and fear becoming a lumpen precariat, living in the streets as Bag Ladies or their male equivalents.

A combination of anxiety, alienation, anomie and anger makes the precariat the dangerous class. Part of it is potentially progressive. This is dominated by frustrated educated youth. Here

a dialectic is working itself out. In plain English, neo-liberals are being hoist with their own petard. Their model of 'competitiveness' dictated that every country should make itself more competitive and every individual more 'employable' and 'skilled'. Capital wanted this, since it meant more human capital and downward pressure on wages.

But if more people acquire more schooling, while the labour market is churning out flexible jobs without career potential, the result was bound to be discontent, particularly as the commodification of schooling meant that costly certificates offered a false promise of a secure career. Youths have to spend more to obtain less.

Frustrated youth comprise the progressive vanguard of the precariat. They are growing restless, especially since the Faustian bargain exploded. Budgetary cuts are eroding the commons and the precariat's living standards. Stirrings on the edges of global capitalism are harbingers of momentous events. The middle east uprisings were the first revolutions in history to be led by the precariat, technologically-savvy youths with nothing to lose because they had nothing to gain in the existing global economy, in which their rulers were in league with the world's financial elite.

The progressive precariat is stirring everywhere. In Greece, there is the 'den plirono' movement, in which youths are refusing to pay for public services on the grounds that the elite are protected by the IMF-Eurozone austerity deal. In Italy, Germany, Spain and Japan, EuroMayDay parades are moving the precariat from a 'primitive rebel' stage to one in which a progressive agenda is taking shape.

However, progressives should be worried about other parts of the precariat, which makes it really dangerous. Many of the less educated, including many fearing falling into the precariat, are bewildered to the point where mainstream politics are seen as irrelevant to their fears and needs. This makes them listen to sirens of populism, particularly neo-fascism.

The book's main message is that unless progressives demand sharp reductions in the inequalities thrown up by globalisation much of the precariat will be lured onto the rocks by the populist sirens. Ironically, the first victims will be in the precariat, the migrant 'strangers'.

Guy Standing, *The Precariat – The New Dangerous Class*, is published by Bloomsbury.