

# THE FUTURE OF SOCIAL DEMOCRACY

## Speenhamland, automation and the basic income: A warning from history?

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Basic income may not be the ideal response to automation and technological unemployment envisaged by its proponents. In fact, it risks embalming our current economy – defined by low-skilled, low-paid, and unrewarding work – for longer than would otherwise be the case.

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Proposals for a basic income have a long history, in which they have issued from all corners of the political spectrum: right, left and centre. But what marks their contemporary specificity is the link with a post-work, potentially ‘post-capitalist’ society. Propelling this conversation is the growing prospect of widespread automation, possibly of a large number of both blue- and white-collar jobs. Technological unemployment is predicted to follow, as robots replace workers. The argument goes that basic income responds to the retrenchment of the welfare state at the precise point jobs become scarcer, replacing the wage with an alternative payment independent of productive work.

But the solution is perhaps not as straightforward as this. Events in a pub in Berkshire two centuries ago let us know where the relationship between automation and the basic income might lead – and what it portrays is not a pretty picture. Through the famous reforms instituted at the Pelican Inn, Speenhamland, a prototype basic income was paid to those displaced by technological unemployment. But the payments preserved in aspic a fraught set of social relations, best seen, as we will suggest, in the example of the handloom weavers displaced by new weaving machines. By ensuring a minimum level of subsistence it kept in place the misery of the state of things as they were, foreclosing their escape.

This historical example throws up evidence of unintended consequences concealed in current thinking around the basic income on the UK left and elsewhere. Basic income is no panacea. We conclude by assessing how introducing a stronger element of class struggle into contemporary visions of a future of automated worklessness might make their best consequences more realisable, and their worst less likely than is implied in current prescriptions for the provision of a basic income.

## **The ever-new is also the old lying close at hand**

Today, proponents of basic income see replacing labour with technology as less a threat than an opportunity. Moreover, among policymakers and mainstream theorists, the underlying assumption is that technology drives productivity enhancement and thus brings an automatic improvement of living standards. In a rehash of the orthodox Marxist dialectic between the forces and relations of production, radical advocates of basic income in turn argue that these benefits can only be shared if the social crisis of technological unemployment is solved with the provision of basic income.

As we shall see, this presentation of the progression of history through the productive forces of a given society pushing against the social relations under which production takes place is misguided. Postcapitalist theorists like Paul Mason put a lot of faith in the capacity of technology to deliver change. But technology is subject to the social context of its use. The simplistic positing of human progress through the development of the forces and relations of production whitewashes both the dialectical co-constitution of the former in the latter and the latter in the former, and the continuing conditions of contradiction and antagonism that render them contingent.

As this short reflection will consider, what the example of Speenhamland demonstrates is not the ‘dynamic’ side of the dialectic posited by Mason, where history unfolds on the path of progress, but what Adorno called its ‘static’ side, where the future stagnates in the persistence of the present. Adorno wrote that ‘at every

moment the ever-new is also the old lying close at hand. The new does not add itself to the old but remains the old in distress'.<sup>1</sup> Speenhamland suggests that the schemes for propelling history with automation and basic income may remain 'stuck' in precisely such a way. History unfolds not along a straight line but turns in on itself like the layers of an onion, with each stage becoming increasingly pathological.

## **The Labour Party and Poor Laws old and new**

Carried along on the pipedream of a development of the relations of production through the development of its forces, today we find the Labour Party at the centre of debate about free money and new machines. Inspired by the upswell in opinion behind the popularisation of the postcapitalist ideal through bestselling works like those of Mason and Srnicek and Williams, Labour has made tentative steps towards the embrace of a postcapitalist imaginary based in automation and the basic income, most notably in Corbyn's recent conference address extolling the 'new settlement between work and leisure' afforded by automation. This follows John McDonnell's suggestion of 'Socialism with an iPad' and Corbyn's previous commitment to exploring the implementation of a basic income.

This dovetails with its uptake in social-democratic think-tanks such as the Fabians and policy research institutes like the Bath Institute for Policy Research. Pilots and modelling exercises proliferate. Though sceptical of Corbyn, the intellectual forces behind centre-left policymaking have made themselves at home in the new ideological room he affords. Indeed, a recent exchange in *Renewal* between Neal Lawson of Compass and Mat Lawrence of the IPPR charts the course of this translation from the radical fringe to all wings of the social-democratic centre left.

The debate in the Labour Party over a new approach to securing the self-reproduction of workers in the face of instability echoes some of the historical conditions that led up to a debate that took place at the inception of the Labour Party as we know it. In 1908, the Minority Report of the Poor Law Commission, written by Labour MP and future leader George Lansbury and leading Fabian Beatrice Webb, proposed the end of the Poor Laws and the implementation of new social policy protections against poverty. It was pivotal in coaxing the Fabians away from attempts to influence the Liberals and into the Labour fold, producing the uneasy class and ideological compromise with which the Labour Party still contends today.

The Poor Laws with which the report tussled granted limited support only on the assumption of individual responsibility for the fate of being poor, purporting to reward the actions of the recipients in seeking to rectify it. Their institution in 1834 responded to the failure of an earlier set of Poor Laws conceived in a place called Speenhamland, Berkshire, where, in 1795 at the Pelican Inn, local magistrates

decided upon a series of provisions to grant ‘parish relief’ to the poor and unemployed. This granted something like a proto-basic income to people out of work. And, crucially, it intersected with increasing automation and technological unemployment, carrying untoward consequences instructive to proponents of the basic income as a means to guarantee tech-aided postcapitalism today.

## World history knows no spectacle more frightful

The Speenhamland regulations give some glimpse of the contradictory outcomes basic income-style payments might achieve with reference to automation. And two great critics of political economy, Marx and Polanyi, are on hand to guide us through the realities of what happens when workers are paid not to work, and machines step in to take up the slack. The result was far from utopian.

As we shall see, this cautionary tale from history suggests that basic income may not be the answer without being part of a wider policy platform that harnesses labour struggle to address the complexities of concrete circumstances in the workplace and economic life.

Working from the Royal Commission Report of the Poor Laws which the Speenhamland reforms instituted, Marx recounts how the payment of ‘outdoor relief’ (i.e. not conditional on attendance of the workhouse) to compensate low-paid workers according to their subsistence needs measured in bread led, not to the liberation of hand-loom weavers from painful competition with the power-loom, but exacerbated and strung out this competition in a deleterious way.<sup>2</sup>

Marx begins from the basis that machines present themselves as competition to the worker. By means of this competition, the valorisation of capital using machines rests on the destruction of workers’ ‘conditions of existence’. This is because the worker lives by selling their labour power. And, in a division of labour, this labour-power is tied to the specialised use of a single tool. If a machine steps in to handle this tool, the worker’s labour power can be driven below its value. Crucially, it is through the selling of this labour power at its value that the worker acquires the means of living. Between handicraft and manufacturing, Marx writes, workers thus went under, or flooded other areas of industry, increasing supply to the extent that the price of other workers’ labour power similarly dived beneath the value required to reproduce themselves.

But what role did the ‘outdoor relief’ of Speenhamland play? Well, by making possible the paying of lower wages because the support of parish finances could be relied upon to take up the slack, employers used the Poor Laws to save on their outgoings and make a greater profit. There was no reason to replace workers with

machines all at once because the cost of labour was so low. This prolonged workers' struggle against the incipient tendency toward automation via the power-loom. There was scant consolation to be derived from the temporariness and gradualness of the displacement of human labour by machines. As Marx suggested, '[w]hen machinery seizes on an industry by degrees, it produces chronic misery among the workers who compete with it'.

Even where a rapid transition takes place, events are felt with an acute force. But where these temporary instances, the pain is long and drawn-out, for, as Marx suggests, the nature of technological change is such that overhauls are constant and repeated. The struggle of the English hand-loom weavers illustrates the human cost of gradual automation. Marx wrote that '[w]orld history offers no spectacle more frightful'. Prolonged by the Poor Laws and the provision of parish relief to support or supplant altogether sub-minimal wages, the hand-weavers' 'tragedy dragged on for decades', locked in a competition with power-weaving machines they could not escape for the generous philanthropy of the state.

Employers benefitted from keeping workers on at low cost in the last vestiges of the old ways of working. Or, from being able to cast them adrift with impunity, safe in the knowledge that the parish would pick up the bill, whereby the unemployed 'cringing wretch [...] lives on the debasing bread of charity'. The result of all this was that '[m]any of the weavers died of starvation [or] vegetated with their families for a long period on 2 d a day'. As Marx quotes a report stating, 'the competition between the handloom and the powerloom is maintained out of the poor-rates'. The effect of this prototype basic income was to prolong the misery of technological unemployment, pickling in history a condition which, were it not for the payments, workers might have been able to struggle against and escape more swiftly. There is every chance the basic income, implemented today, would do the same, keeping the cost of labour competitive with machines so that employers kept workers hanging on for longer than otherwise would be the case.

## **Like potatoes in a pit**

Speenhamland also placed limitations on the commodification of labour. Karl Polanyi famously critiqued the measure for obstructing the full formal freedom of workers to sell their capacity to labour to employers as equal parties to a contract, and hence holding up the development of capitalist social relations in semi-feudal England. Without a market in labour, workers have no independent means to acquire and bargain for the individual source of money that comes with the wage, relying instead on the patronage of the parish. And, in a society already organised around the buying and selling of life's necessities as commodities, the inability to

commodify one's labour power obstructs the ability to exchange the wage for the things that one needs to live.

A crisis in the commodification of labour, therefore, is simultaneously a 'crisis of social reproduction', in other words, of the capacity of humans to reproduce the conditions to go on living and working, individually and collectively.<sup>3</sup> If the basic income proves only to be enough to prevent this, and not enough to comfortably live on, then a nightmare combination of prolonged competition with machines and the infringed commodification of their labour could follow.

Later historians have reiterated and expanded upon these criticisms. Hobsbawm and Rudé called Speenhamland 'a disastrous alternative to the simple increase in basic wage-rates'.<sup>4</sup> E.P. Thompson described it as a system that had 'a single tendency: to destroy the last vestige of control by the labourer over his own wage or working life'. The costs of labour became increasingly paid through poor rates, rather than wages, and 'the southern labourer had been reduced to total dependence on the masters as a class'. Thompson quoted a labourer in a Speenhamland county who said that the farmers 'keep us here [on the poor rates] like potatoes in a pit, and only take us out for use when they can no longer do without us'.<sup>5</sup>

Inspired by Polanyi, the political economist Wolfgang Streeck suggests today we witness a crisis of labour's commodification sparked by the self-same conditions the basic income purports to solve. Commodification has preceded so completely that labour, and its ability to be successfully commodified, has been undermined by unhealthy habits of overwork and the fetishisation of work for its own sake. In response, capital takes steps to institute 'a new allocation of time between social and economic relations and pursuits', and a 'new time regime with respect to labour' based around flexible working, home working, the blurring of leisure and work and so on. This is out of recognition that, in order for the commodification of labour to proceed apace new 'limitations must arise' that 'centre on the increasingly demanding claims made by the employment system on human labour'. The basic income is but one of a suite of policies targeted at the resolution of this crisis. But it risks swinging the balance in the other direction, rendering impossible the commodification of labour in a world still organised on the basis of the commodification of everything else.<sup>6</sup>

Speenhamland was an experiment in a kind of basic income today proposed: one that heals over the contradictions of a changing capitalism. Commentators including Coppola and Skidelsky have drawn the link, positively or negatively, between parish relief and the basic income.<sup>7</sup> Its legacy and relevance to the example of basic income have long been contested by others. (Blaug 1963; Baugh 1975; Block and Somers 2003, Bregman 2016). But these reassessments of the Speenhamland system have been mostly directed towards effectively refuting the arguments of Thomas Malthus and the Royal Commission Report. Malthus and the Royal

Commission, like right-wing opponents of basic income or welfare systems in general today, rested their criticisms of relief systems like Speenhamland on the grounds that they undermined the poor's self-discipline and willingness to work. A more detailed look at the historical record, conducted in a 2003 study by Block and Somers, suggests that parish reliefs did not, in fact, hurt incentives or productivity in the manner assumed by its liberal critics.

The distinct argument made by Marx and Polanyi that Speenhamland acted as a wage subsidy and hurt the bargaining power of labour – is not, however, so clearly refuted by these newer assessments. In fact, while aligning himself with the 'revisionist' account of Speenhamland, George Boyer argued that it was used by employers to maintain workers while wages declined, discouraging rural labourers from migrating to the cities where they would have higher wages and greater bargaining power. On top of this, they used it to secure idle labourers for occasional work in a context of rapidly accelerating seasonal unemployment. It can be imagined that basic income would serve a similar function for employers who are increasingly turning for forms of insecure and temporary employment of workers. Finally, even if the Speenhamland reliefs did not have some of the direct effects ascribed to them, at the very least they failed to prevent an increasingly desperate situation for the rural labouring communities who received them. While parishes faced an increasing fiscal burden as employers used 'the Poor Law to pass some of the cost of securing a peak-season labour force on to the non-labour-hiring taxpayers', living standards for rural labouring families declined in the context of falling or stagnating wages and deteriorating employment prospects.<sup>8</sup> Areas in which Speenhamland was most extensively in place were among the worst affected in the country.

## Implications for the politics of basic income

What the tale of Speenhamland shows is that basic income may not be the response to automation and technological unemployment its proponents suggest. In fact, it may embalm the current low-skilled, low-pay, low-enjoyment economy for longer than would otherwise be the case. For the basic income to have the synergistic impact with automation its proponents desire, it would have to be coupled with other state policies to regulate into existence new forms of class struggle over new technology and the economy as a whole so that the desired ends – of a new and radically restructured relationship with working life – could be achieved without the human costs unwittingly wrought by the ostensibly generous provisions of parish relief under the Poor Laws. Emboldening class struggle by, for instance, stimulating and supporting the creation of new kinds of worker organisation and liberalising anti-union laws, would address productivity from a system-wide perspective largely unaddressed in tech-utopias of the right, left and centre.

The irony is that at the precise time proponents of postcapitalism are heralding a new age of technological advance, persistent low productivity is a major problem and a barrier to growth. As R. J. Gordon has recently argued in his landmark *Rise and Fall of American Growth* (2016), innovation could be grinding to a historical halt rather than propelling the world forward into a gleaming future. One *Financial Times* contributor has recently quipped that ‘the problem is not too many robots, but too few’.<sup>9</sup> This is because what happens in the workplace is not a silo, and wider trends impress themselves negatively upon productivity at this level.

Today, employers raise value by exploiting workers not through productivity increases but over the terrain of an extended working day and weakened terms and conditions. Non-enforcement of employment regulation aids them, as the state enables such policies and practices and trade unions defend contractual rights in only a slender few sectors. This easy means of turning a fast buck on the backs of low-paid, precarious labour disincentivises business investment in productivity-raising measures. Why spend money on new technology when you can shaft a worker for less? Interestingly, it is this paradox that confronts the sunny optimism of the postcapitalist literature, its dreams carried atop a wave of automation that the social basis of contemporary capitalism stifles at source. Short of technical superintendence, the skills of workers suffer in turn, a self-fulfilling prophecy likely only to prolong and worsen the productivity crisis in which Western economies are mired. Meanwhile, the monies saved from investment in skills and productivity allow firms to add to huge surpluses accumulated only so as to spend on share buybacks and shareholder dividends. In line with Thomas Piketty’s theory, the accumulation of capital is growing faster than the real economy, worsening the disparities in power and wealth between capital and labour.

In this respect, the productivity crisis is directly expressed in the widening inequalities to which the world is subject. Automation, even augmented by a basic income pitched at just the right level on which to scrape by, runs the risk of hollowing out the labour market further. It runs the risk of automating precisely the skilled jobs in, say, car production, that pay well and reward skill, creating a surplus of cheap labour elsewhere that will be increasingly soaked up in the un-automatable provision of services and luxury consumption to the rich who sit pretty on a glut of accumulated wealth that still lacks profitable routes of investment. The world economy, meanwhile, will remain hooked on low-wage production in poorer countries, where the cost benefit of replacing workers with machines is minimal at best.

The only productivity that counts, therefore, is a factor of wider pressures that stem from the uneven hand employers have over their employees in a society riven by class division. It is the control and power employers wield over low-paid, precarious labour that stymies the kind of business investment necessary for greater productiv-

ity. Class struggle, as President Roosevelt realised with his spur to organised labour in the New Deal years, is one of the few effective promoters of productivity gains. The more workers struggle for higher wages and a better work-life balance, the cheaper and more necessary seems the implementation of new technology. The irony is that the postcapitalist prospectus presumes to accomplish full automation without this conflictual prehistory – a contradiction in the very terms on which the whole platform presents itself.

In a society constituted in antagonistic class relations, it seems strongly likely that for the foreseeable future the gains of automation will be shared unequally. It is supposed in most imaginaries that robots will replace those for whom work is most menial and unfulfilling – unskilled repetitive work with scant reward or status accrued to it. However, the precise feature that renders this work so desirable to escape from the perspective of the workers beholden to it – its low pay, which is simultaneously its low cost to the capitalist – is precisely that which makes it less worthwhile to automate. Why pay a robot more when a human can work for less? Why shell out on new technology to extract marginal productivity gains from workers who could not be paid any less for the little they do produce? Owing to their higher cost, it is just as likely that we will see more professional, technical and intellectual labours liberated from the wage relationship first of all.

Confronted with work that is highly paid but automatable, capitalists may be more motivated to explore the cost-effectiveness of technological replacements than they would when confronted by service workers slaving in bullshit jobs with race-to-the-bottom wages. But the workers unlucky enough to be stuck with all the unabolished bullshit jobs would find themselves locked in a state-supported competitive struggle with robots, the basic income acting as a hand-out to stay in the game and survive, in work or on standby, only so long as capital needs you.

In this, they may find themselves much like the handloom weavers who were embalmed in competition with the powerloom by the apparently generous provision of parish relief in the late eighteenth century Speenhamland reforms.

Stressing the dynamic side of history's dialectic and not its static side, the optimistic outlooks of those pinning their hopes on technological development to deliver us from lives of drudgery run up against the prospect that, if not complemented by substantive changes in power relations and social and economic organisation, machines will only serve to increase 'technological unemployment' at one end and embalmed servility at the other, and, with the further weakening of bargaining power of labour relative to capital, the prospect of more poverty and drudgery still. What is therefore needed is an intensification of labour organisation and active class struggle should the post-work dreamers within the Labour Party wish to have their way. The most sophisticated among their ranks, like Nick Srnicek, recognise this

(see Mayo, Srnicek and Davies 2017). But more work must be done to move the conversation past mere conformity with a technological unfolding that may or may not happen.

What the example of Speenhamland and the hand-loom weavers shows is that without this, the payment of a basic income in the context of automation may not strengthen the hands of workers after all, but weaken it. History has a habit of playing tricks on us. Way back when, the reaction to the purported failure of Speenhamland burdened the country with the Poor Law Reforms, a cold-hearted and repressive husk of social policy that swung too far in the other direction. Those in the Labour Party proposing the basic income today should be careful what they wish for. From the basic income springs the sense that we have been here before. Events at a Berkshire pub two centuries ago foretell what can go wrong.

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## Notes

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