

Book Review

Ryan Avent

The Wealth of Humans: Work, Power and Status in the Twenty-first Century
New York, NY: St. Martin's Press, 2016

Reviewed by Donald R. Officer

In this well-argued book, *The Economist* writer Ryan Avent lays out a bleak vista stretching forward as far as the jaundiced eye can see. What's mostly missing in this melancholy scenario is jobs. Looking back over the decades, the most insightful economists of the twentieth century just did not see this coming. What they did foresee was a steady attrition of all work susceptible to automation, globalization and other concomitant efficiencies coming on stream. Commenting during the bleaker thirties, John Maynard Keynes exhibited more than a little concern over what could happen to a future society inundated with a great surplus of leisure time to spend! Some of you may remember those fanciful, gee-whiz worries of decades past.

But even if you count unemployment as a form of leisure, the surplus we really need worry about is inequality. Most essential commodities and many services are in oversupply worldwide. However, we remain far away from solving the social problem of distribution. In the oft-quoted words of science fiction writer William Gibson (2003), "The future is already here; it's just not very evenly distributed." Because of the way contemporary society continues to organize itself, inequality, joblessness, gluts and the absence of meaningful growth continue to coexist.

In the UK imprint of this book, the second half of the title reads *Work and its Absence in the Twenty-first Century*, which summarizes the author's theme. There is much more to say though than that, including surprises which may make you angry if you are not among the favoured few in the highest income percentiles. Among those surprises may be the discovery that automation and robotics are not alone in the systematic, structural replacement of skilled work. You might have to give way to other workers very close to home, but less protected or qualified. Paradoxically, a better educated workforce, once a rising tide to raise generations of good careers, has created an accreditation glut. Employers can demand higher levels of qualification for entry level positions, yet pay successful applicants much less than before. We've all seen this.

The picture gets even bleaker. While job seekers contort their lives into mangled pretzels to look good on their résumés, others, whose only significant contribution to the world might be the inheritance of a strategically located tract of land or the chance purchase of an under rated block of shares, are arbitrarily set for life. The *Huffington Post* (Tencer, 2016) reports that if you owned an average house in Canada last year, it probably earned more than you did. Rising housing costs destroy neighbourhoods, force endless hours of commute time and sooner or later hobble innovation. Workers compete against their own interests just to gain access to the wealthy, while simultaneously sliding downwards and away. Capitalists naturally collect

exorbitant “rents,” in the broader, economic sense of the word, or make capital gains on every asset they possess or control and which everyone else really covets. They do this routinely because they can. You may despise such exploitive people, but your own success may require that you have access to them.

Governments and central banking agencies often make unequal conditions worse without introducing real offsetting benefits. This can take the form of “throwing good money after bad” (supporting dying enterprises rather than investing in growing ones), giving large enterprises unconditional bailouts, and pursuing interest rate suppression—arguably the worst growth killer. When wages are depressed by low demand for labour, central banks are persuaded to keep interest rates low hoping to help the unemployed and underpaid subsist. In turn, investors sit on their money or turn to whatever high-yield low-risk opportunities remain. Unless an angel fund or public initiative underwrites needed riskier options, nobody goes there. Governments, already subsidizing everyone through conservative interest or tax policies, are not keen on supporting badly needed innovation or critical upgrades so they do not move nearly as quickly as they should. We start to see horror stories appear on the news like London’s Grenfell Tower fire (Walker and Grierson, 2017). Authorities gamble with public safety as inspection budgets are tied to shrinking revenues.

It’s the system, of course, that creates the income disparities, so nobody in particular is really to blame for the inequities — unless some of the players are gaming it. Contemporary millionaires and billionaires largely work hard to keep and grow their wealth. As they see it, what a great favour they do their employees, subcontractors and clients in providing (albeit modest) incomes when paid opportunities in general are so few. The machinations and maneuvers of the one percent and their supporting casts of clever professional enablers drive markets steadily up even though the body politic derives little nourishment from digesting juicy stock reports.

In the real economy, where most of us live, little seems to be happening despite the booming sales of Lamborghinis and monster new-builds in the posher neighbourhoods. Of course, we all hate falling behind or missing out, so we finance. That’s when those flat wages really start to burn. Status is unevenly dispersed too. Frankly, some of the middle class are more blessed than others. That’s just the way of compound interest. Moreover, we all rely on faith in all kinds of professional or managerial authority to keep things on target. True, favoured elites usually do their jobs well enough; however, even functional authority requires demonstrably impressive pay levels and a pricy bit of showing off to be convincing or command trust.

Avent, writing in early 2016, couldn’t overlook the rising tide of the disgruntled and reactionary “alt-right.” In this book, the author touches on the resentment expressed in Brexit, the Trump phenomenon, such uncompromising continental movements as French rightist Marian Le Pen’s National Front Party or the illiberal democracies of Hungary and Poland. He also discusses the shielded middle, technocrats and such ilk, who keep their hall passes. For example, he gives a nod to Chris Hayes’ *Twilight of the Elites* (2012) in the same sentence where he mentions Thomas Piketty’s unexpected best seller, *Capital in the Twenty-first Century* (2014). Although praising these efforts, the author treads lightly here. He does not refer to right-of-centre researcher Charles Murray’s *Coming Apart* (2012) with its disturbing research on newly obvious

forms of segregation. Avent's own reflexive nervousness is barely stifled as he reveals the output of journalism copywriting machines already grinding out understandable reportage that meets media standards.

In other words, he too, in other words, like most of you I'd suppose, is technically (in both senses of the word) vulnerable to the disruptions of the vanishing employment market. All the while, the great, lurking suspicion held by many clinging to the lower rungs of the economy is that, while real work as we know it evaporates at *every* level, the elites in management, the professions and, oh yes, especially well-funded government bureaucracies are finding ways to use their authoritative leverage to hang on before it all disappears. Gatekeepers and bridge trolls everywhere quietly act in sly desperation to keep their cherished, well-remunerated positions intact. It has happened before.

Curiously, Avent overlooks public servants as card carrying members of the elites. Of course, the bottom echelons of government do not qualify except as minor collaborators, but mandarins surely do. The low public profiles our senior bureaucrats have traditionally succeeded in maintaining might not offer very effective camouflage in the age of "gotcha" reporting with its insidiously slanted stories, fatefully spiced with toxic or disturbingly misleading fake news.

A book like this cries out for fresh, dynamic ideas to disturb the pond scum of our dead pool, false productivity economy. Not long ago, I heard Mike Labbé, social entrepreneur and founder of Options International, speak to Ryerson University graduates about his successful (on his terms) non-profit housing initiative. Put simply, by self-funding and not taking the kind of profits that perpetuate crushing shelter costs for our poorer citizens, he has found a potential solution to a wicked problem. There are many ways a willing, solution oriented government could facilitate similar workable choices.

A fairer way to look at Avent's overview is as extended investigative journalism. Here is the situation and that which contributes to its discouraging continuance. Emma Jacobs (2016), *The Financial Times* reviewer of *The Wealth of Humans*, assumes this and so critiques the book noting the author is strong on high level analyses, but not on illustrations of daily life on the mean streets of big cities or of anxious households joining the growing tally of twenty-first-century wealth sweepstakes losers. But the *Times* review does credit Avent for not ascribing our jobless woes to the digital revolution the way nineteenth-century social critics once blamed industrialization.

That too was an ugly spectacle, particularly in the early years of the industrial revolution. We could hardly call a postmodern equivalent to the squalor of factory towns and blight of child labour simply a necessary price to avoid "...the fierce social battle that will determine who gets what and by what mechanism." That fight is "only just beginning" and, as Avent states, none too happily. Throughout the book he implies the struggle for redistribution of power is virtually inevitable. So be it. As for me, I am with Mike Labbé when he says frankly that by moderating plain greed as a social good or imperative, we can both stop encroaching destitution and generate decent-lasting jobs that suddenly become viable. The Options International CEO is not optimistic about anything coming from the public sector, if only because any administration can be overturned by a fickle electorate made unhappy when plutocrats kick back and offload their new

tithes on consumers. That is always the risk with democracy. Maybe we need to do a better job at civic and financial education. Maybe we need to stop spoiling ourselves. We might hope *The Wealth of Humans* biggest service to government will emerge from how the book carefully highlights fundamental weaknesses in twenty-first-century economies.

Government, indeed society as a whole, could play a transformative role with the right mindset. On this point, however, the author appears most pessimistic: the ability of the powerful to take advantage of globalized markets to hold the commanding heights while constantly working on ways to remain there regardless of any intervention. Perhaps chauvinistic trade policies will be forced on every nation. Ironically, this localization of financial policy actually weakens national governments. Finance ministers and central bankers may look stronger, but it's all optics, they will look like bigger fish once they again operate in much smaller ponds. So maybe we must embrace short term gain to dilute long term pain. Trump thinks so.

Without positive, realistic and, above all, committed hands-on involvement in structural innovation by our political representatives, the potential of the already highly invested social capital of our workforce to grow both the economy and the capacities of all citizens will continue to stagnate, seriously underperform or deteriorate entirely. Structural innovation in this instance simply means updating the organization, policy and authority delegation patterns within government that respect the country of origin in granting new patents, tax relief or funding. In Canada's case, an example would be the funding of innovative initiatives without the insistence on both retention of patent rights and focus on commercialization by Canadians of Canadian innovations without or at least before foreign involvement. If Canada, for example, doesn't take a more forceful stand on such basic matters, the country will enter the NAFTA renegotiations forced on us by the Trump administration with our hands already tied!

Maybe the moneyed powers that be recognize, as this author does, that social capital resides with the individual, but does not transfer well outside the institutional environment of any given workplace. Like the lace makers and weavers of preindustrial Europe, today's workers are perhaps beyond realistic economic rehabilitation. Perhaps this is why Ryan Avent does not write about governance as a positive player, but his closing sentences intimate what he believes in a way that leaves few doubts about where he stands on the gravity of our situation:

Face to face with the unknown, it is hard to know what to feel or what to do. It is tempting to be afraid. But, faced with this great transformative force, we shouldn't be frightened. We should be generous. We should be as generous as we can be.

About the Author:

Donald R. Officer is a former public servant and retired teacher. He facilitates on topics of public and professional interest while writing, coaching and consulting on practical applications of social science research. He can be reached at Donald.officer@gmail.com

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