

Money and Work Unchained

By Charles Hugh Smith

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Introduction

Do we understand work and money? Most of us would probably answer “yes.”

- Work is what we do to earn money.
- Money is what we earn from work, and what we use to buy things we want or need.

But is that all work is—a way to earn money? And is that all money is, something we use to buy things?

Or do we just think we understand work and money simply because they are commonplace features of everyday life?

Work is actually much more than a way to earn money, and money is much more than a means to buy things. The two are key to understanding *wealth*, which is also much more than just *an abundance of money*.

Money and work are also key to understanding *capital*, which is more than the conventional definition of tools, commodities, stocks, bonds and real estate.

The title of this book is *Money and Work Unchained*. You may assume I mean unchaining money *from* work, but in reality, money is already

disconnected from work. Consider the following: if I borrow \$1 billion at 1% interest, and invest this money in a bond yielding 3% interest, I would earn \$20 million annually (2% of \$1 billion) just for typing a few computer keystrokes.

The privilege of borrowing a large sum of money at low interest rates earned me the money, not my labor. Clearly, money is already unchained from work.

Work is also already unchained from money, as a great deal of useful work isn't paid. Indeed, a large part of all the work performed on Earth isn't paid.

What we'll be exploring is *unchaining work from our preconceptions of work* and *unchaining money from our preconceptions of money*. By freeing work and money from the shackles of our assumptions, we're free to design a more productive, sustainable and fair society with a much broader distribution of *real wealth and capital*.

So why is it important to free money, work, wealth and capital from our current conceptual assumptions?

The world has entered an age of accelerating automation that is rapidly replacing human labor. The common assumption is that this will free humans from the burdens of work, and enable millions of people the luxuries of leisure and artistic expression. This is the dream embodied by Universal Basic Income (UBI), the increasingly popular proposal to give everyone a monthly income without any strings attached.

But where will the money come from to pay us all to no longer perform productive work?

To infer that the money will come from automation's profits or by borrowing the money from future taxpayers makes erroneous assumptions about the nature of money, profit and wealth.

The danger is that if we don't fully understand work, money, wealth and capital, we may find ourselves in a *behavioral sink* of purposeless despair with no income at all. Rather than entering a paradise of paid

leisure, we might find ourselves in a nightmare of social dysfunction that extends far beyond financial destitution, deep into a toxic poverty of purpose and meaning.

This book poses a thought experiment: let's assume we don't really understand work and money, and that we'll discover their nature by asking a series of questions:

- What is work?
- What role does work play in human life?
- How is work connected to money, capital and wealth?
- Once we have a better understanding of work, where does this take us?

Then we'll ask the same questions of money:

- What is money?
- What role does money play in human life?
- How is money connected to capital, wealth and work?
- Once we have a better understanding of money, where does this take us?

We also need to investigate the connections between money, work, capital and wealth:

- What are the connections between work, money, capital and wealth?
- Once we understand the connections, where does this take us?

The process of asking these questions reveals a startling truth: we naturally assume our conceptions of work and money are like laws of Nature—that our concepts are reflections of immutable characteristics of work and money.

But the reality is that our concepts are *not* laws of Nature—they are *social constructs*. And once we reach a different understanding of work and money, we can adopt entirely different social constructs that will improve our lives and communities in a sustainable fashion.

Section One: Work

I. The Complex Wealth Created by Work

What is Work?

What is work? The commonly accepted definition is “work is what we do to earn money.” But since not all work is paid—a subject we’ll explore in the next section—in order to truly understand work, we have to ask: other than its connection to money, what else sets work apart from the rest of human activity?

We could start by noting the obvious: that work is different from leisure. We know watching TV isn’t work, but what differentiates watching TV from work? Our first answer is: *work is what someone pays us to do*. But this isn’t very helpful, as a great deal of work isn’t paid. Furthermore, it’s not always obvious whether an activity is leisure or work.

Very few people get paid to watch TV, and those few who are paid—TV critics, for example—aren’t paid solely to watch TV; they’re paid to assess the content of the TV programs and prepare their assessment for media distribution.

Since nobody pays me to do yardwork around my own house, is that a leisure activity rather than work? But if I do the exact same task for my neighbor who pays me, then does this same activity becomes work?

Take a craft hobby such as assembling a quilt or fashioning a piece of furniture. The process of making a quilt or cabinet as paid work is very similar to the hobbyists’ activity. If I give the cabinet I made away, then my labor was leisure, but if I sell it, then does my labor qualifies as work?

Clearly, commercial value has a role in certain kinds of work, but it doesn’t help us understand the nature of work or what sets it apart from other activities.

Work has a different structure than leisure. This may seem obvious, but what makes the same activity leisure in one setting and work in another? It's not simply a matter of getting paid.

The working TV critic may appear to be no different than the person being entertained, but the process of assessing the program, comparing it to past series and competing offerings, is quite different from being entertained.

We can start by observing that work generates an *output*: some goal is reached, and the work yields some measurable value. In other words, work is focused on *production rather than consumption*. The product may have *utility value*, i.e. it's useful, or others may value the result for other reasons.

By this definition, making a quilt or piece of furniture is clearly work, regardless of the commercial value of the finished item. Both have utility value, as the quilt keeps us warm at night and the cabinet serves to store things. If the quilt and cabinet are well-made and attractive, they may also provide an aesthetic value to those using them.

We all understand utility value and aesthetic value, but what other kinds of value are created by work?

Consider two swimmers in a pool. Both are doing the same activity, but one is swimming for enjoyment, while the other is training for a team race. The first activity is leisure, the second is something different than leisure. But is it work? The swimmer who is training isn't being paid, nor is she producing a tangible item with utility or aesthetic value. Nonetheless, her training seems more like work than leisure. This example illustrates that work has intangible, invisible qualities—in this instance, *an intent and goal that sets it apart from leisure*.

The first swimmer's intent and goal is to relax via a leisurely swim; the swim's output isn't being measured, and its value to others isn't a consideration. While others may derive some value from her choice to take a swim rather than enjoy some other form of leisure, that isn't the goal or *organizing purpose* of her swim.

The point here is the *value* of an activity may be invisible to observers: the leisurely swimmer may place a high value on the relaxation and fitness benefits of her swim. Her swim may well benefit her family members and society via its health benefits, but this is quite different from the value others place on the other swimmer's training.

The second swimmer's intent and goal is to improve her lap time and endurance to increase her chances of winning team races, and this is the *organizing purpose* of her swim. She may or may not enjoy her time in the water, but her pleasure isn't the *organizing purpose* for the activity; that is not why she is swimming, nor does it inform the *structure of her swimming*.

The first swimmer can stop whenever she chooses, or switch strokes at whim; the *organizing purpose* of her swim is personal relaxation, and that purpose defines the structure of her activity: she swims for whatever time she chooses, and stops when her mental and physical state suits her.

Her activity generates health benefits, but these don't define the structure of her leisurely swim. If improved health was the *organizing purpose*, then the structure of her swim would include metrics such as her pulse rate increasing to a desired range, and her swim would have to be of a minimal duration.

In other words, if the organizing purpose is improving health in some measurable way, this requires an *intentional, sustained effort* and *measuring the output* of her activity.

This is not to say that the value of the leisurely swimmer's activity is somehow less than the value of the competitive swimmer's workout, any more than the hobbyist's furniture is less valuable than the paid craftsman's furniture. The point is that *work is structured differently from leisure*; it has a different *organizing purpose* that requires a much different *structure* than leisure activities.

There is another key difference between the leisurely swim and the training swim: the *social value* of each swimmers' activity.

The competitive swimmer's time in the pool is structured not just to reach benchmarks such as faster lap times. Her membership on a team means that the *organizing purpose* of her time in the pool is to help her team win competitions. *The social value of the team is the core organizing purpose* of her training. The team is not just individuals who happen to compete on the same roster. The output of each member's training has value to her teammates, her coach and the team's sponsors in ways that are different from the value that others derive from the leisurely swimmer's time in the pool.

Both swimmers generate *social value*. The leisurely swimmer's physical and mental health is improved, benefiting her family and friends, and lowering the odds of chronic lifestyle diseases that burden society with higher costs of care.

The competitive swimmer's effort has value to a range of other people and institutions. If the swimmer's training results in her winning key races, her career may advance; this is a personal gain. But her coach's career—and the monetary rewards that accrue to winning coaches—may also advance. The team accrues value from her winning races, as do institutional backers of the team (a university or corporate sponsors, for example). Each member of the team gains value from her winning races as well, as there is potential career/commercial value in belonging to a winning team.

If her wins create a financially lucrative career in swimming, that result will also enhance the finances of her family.

The point here is two-fold: many other people may obtain value from each swimmers' efforts, and the *social value* created by their activity is complex and far-reaching. Secondly, *the social value of the team effort is an integral part of the second swimmer's organizing purpose* and the structure of her time in the pool. There is no equivalent formal social value in the structure and organizing purpose of the leisurely swimmer's time in the pool.

The leisurely swimmer doesn't enter the pool thinking, I'm doing this so I'll be a better spouse, Mom and colleague as a result of being fitter and more relaxed; the *organizing purpose of her swim is private*.

The competitive swimmer enters the pool remembering her coach's advice and her role in the upcoming team competition. She may be feeling the sting of a loss resulting from her previous performance. The *organizing purpose of her swim is social, i.e. the team's collaborative efforts to win competitions*.

One way to understand the difference is: *the competitive swimmer is needed* by the team, coach and sponsors. The group needs the competitive swimmer's best efforts and most diligent training. If the competitive swimmer shortens her training or slacks off, she has let the team down.

The leisurely swimmer has no comparative social need driving her activity. She can leave the pool early, or skip a day without feeling she has let someone else down. Nobody needs her to swim her best or be diligent about in her time in the pool.

That *being needed is the source of dignity and self-worth* is poorly understood in our socio-political-economic system. Yet this dynamic is core to being human: we crave not just social connections and the affection of others, but to be *needed and valued*. *Contributing to a purpose greater than ourselves* in ways that are valued is the glue that binds our most meaningful social relations.

Being on the team gives the competitive swimmer a *positive social role*, a publicly recognizable identity in an organization that plays a role in the community at large. In other words, being a team member is not only an *internal state* of belonging and awareness of being needed, it is a *social state* in which others know that she is on the team and that this membership is meaningful because it entails obligations to work hard, support her teammates, follow the coach's program, and so on—in other words, *contribute to a purpose greater than herself*.

A key characteristic of positive social roles is *membership in service of a purpose greater than oneself*.

The fundamental human need for a positive social role is also poorly understood in our socio-political-economic system. The system recognizes physical and financial need, and responds to these basic needs with social welfare programs such as housing vouchers, medical care and more expansively, Universal Basic Income (UBI), a proposed solution to the automation of work that we'll analyze in a later section.

But the equally fundamental need for positive social roles that provide purpose, meaning, dignity, self-worth and identity is not recognized.

Feedback is intrinsic to the team's social structure: the coach is recording the swimmer's lap times and giving her tips on improving her performance, her teammates are encouraging her, and so on. If her performance is not her best effort, she will likely receive negative feedback.

The point is that there is a wealth of social connections and consequences to her training. These social ties may profoundly influence her training and the sacrifices she is willing to make to train so diligently, and her efforts may profoundly impact members of many groups—her family, her team and her school. The structure of her training serves an explicit social purpose as well as a personal one.

Most importantly, she understands that others are depending on her: she is needed, and her best efforts are highly valued. Her sense of dignity, self-worth and identity come from being a valued contributing member of the team. Losing a competition may hurt her pride, but the core source of her self-worth is her contributions to the team. What would wound her is feeling that she let her teammates down, that she could have performed better.

These *social elements of duty, obligation, responsibility and sacrifice* differentiate the social aspects of the two swimmers' activities. The leisurely swimmer could decide not to go to the pool and no one would feel let down. She might privately chide herself for being lazy, but she

doesn't belong to a group that depends on her *sustained effort* yielding positive results.

The competitive swimmer, in contrast, has a duty as a team member to train hard and try her best to win her races. In joining the team, she accepted the responsibility to train hard *for the benefit of the team*. Though it may be unstated, she also accepted the obligation to follow the coach's instructions and encourage her teammates.

These social obligations are core to the team's functioning. If the team members feel no duty to the group and the other members, no obligation to perform well to reflect positively on the team and no responsibility to conform to the coach's program, the team falls apart: it is a team only in name. The sole pursuit of self-interest does not generate social value or serve a purpose greater than oneself.

Something else about the training swimmer's *intentional effort* is invisible to the casual observer: *the accretive nature of her work*. It takes time and consistent effort to build endurance.

This process of generating accretive results is *path-dependent*: the swimmer must advance one step at a time towards her goal. Swimming once for a few hours doesn't magically build endurance, nor does it provide enough practice time to improve the output of each stroke and kick. The swimmer cannot leap from A to Z—she must methodically advance her endurance and speed one step at a time.

The risk that all this work will come to naught is also invisible to the casual observer. The leisurely swimmer isn't wondering if her effort will be fruitless; the value of her swim is reaped in the present by the activity itself. But the swimmer in training is devoting so much time and effort to the goal that the possibility of poor results—losing all her key races—weighs heavily.

Both swimmers have *opportunity costs*: they could have chosen to do some other activity instead of swimming. The decision to go to the pool required each swimmer to relinquish other activities and goals. This foregoing of other options is the *opportunity cost* of choosing to swim.

The *sacrifice* made by each swimmer is also invisible. The leisurely swimmer may have given up the opportunity to meet friends for a meal, or the opportunity to earn additional money. The swimmer in training has far higher opportunity costs, as training requires sacrificing other options not just for one afternoon but for months or even years.

The rewards for each activity also differ. The leisurely swimmer is rewarded by the activity itself, while the training swimmer must defer the rewards of winning competitions, possibly for years.

In the financial world, we speak of *risk and return*: to reap high returns, we must accept more risk. Higher risk can lead to steep losses, so the potential cost of putting so much effort into a risky venture is high.

The training swimmer might devote years of effort to training and still lose her competitions. In seeking the high returns of winning, this swimmer had to accept the high opportunity cost and the risk that all her effort could come to naught. The high opportunity cost and risk are built into the decision to compete.

This brings us to another aspect of *sustained effort*: the productive skills, habits and values that the competitive swimmer acquires as a result of her training. If this swimmer trains hard and still loses her competitions, casual observers may consider this disappointing result a failure. Since the swimmer received no recognition for all her hard work, observers might conclude that she would have been better off investing all that time and effort in some other pursuit.

The positive results (i.e. the output) of her training, participation in the team and her competitive experiences are invisible to these observers. In their view, since she lost her competitions, all her effort was wasted. Yet in reality, the value created by her training is enormously significant, and has profound career and economic consequences. By training diligently, she acquired the enduringly productive *soft skills* of self-discipline, defining and pursuing long-term goals, monitoring her performance objectively, following her mentor's guidance, collaborating

with her teammates, accepting negative feedback, and focusing on self-cultivation by advancing her skills.

In my book *Get a Job, Build a Real Career and Defy a Bewildering Economy*, I list eight essential soft skills needed to navigate the *emerging economy*—what many characterize as the *Fourth Industrial Revolution* or the *digital revolution*. These are not *hard skills* such as welding or writing software code; these are soft skills that create value in every field of endeavor.

These soft skills are *human capital*--not just the knowledge of a specific subject, but emotional, intellectual and social skills that can be productively applied to any endeavor. The social skills the training swimmer learns by participating on the team add to her *social capital*, and include the collaborative skills she gained as well as the connections to others she formed.

Such connections can have big career and economic consequences. Even if she loses competitions, her coach might recommend her for a job based on her positive contributions and perseverance, or a teammate who knows her work ethic might pass on a career-advancing opportunity.

Human and social capital have durable economic value. So even though the swimmer didn't gain the rewards of becoming a professional athlete, she still acquired human capital from the sustained effort of training, and social capital from being a team member.

There is another value to consider: the value of self-expression, of feeling acutely alive to the pleasures of swimming and competition, not just in the physical sensations of propelling oneself through the water, but of being fully oneself, of expressing something essential to one's selfhood.

Though our current system doesn't attribute much economic value to self-expression, instead viewing it as a luxury reserved for a handful of financially successful writers, artists, musicians, composers, etc., it's clear that work that aligns with one's sense of identity and purpose—

what we might summarize as our *life's work*—is qualitatively different than work performed solely out of a sense of obligation.

This alignment of identity, selfhood, mission and purpose can have career and economic consequences, as the person whose work is core to their being will continue their sustained pursuit of long-term goals even when the immediate rewards are meager. This self-generated devotion powers accretive learning that is lost to those who quit if rewards are not forthcoming early on.

Another key difference between the two swimmers is the competitive swimmer's efforts may have a *career or commercial consequence*: if she wins key races as a result of her diligent training, she may launch a professional career, her coach might get a raise, and the team might attract new commercial sponsors.

The Taxonomy and Ontology of Work

We began with the question, what is work? We are now in a position to provide some answers.

Work is not simply either/or, that is, an activity is either work or leisure; there is a complex *taxonomy of work* in which some activities have features of both work and leisure and varying levels of social value.

Work is not just an activity, it is a *state of being*; there is an *ontology of work* that encompasses an entire *internal world* of intent, purpose, goals, self-worth, identity, dignity and an awareness of being a valued contributor and *belonging*, i.e. *membership in service of a purpose greater than oneself*.

But the *ontology of work* is not only internal, for it also encompasses a complex *external network* of social connections, roles and obligations that generates far-reaching social value.

In other words, work is a *state of being that encompasses internal states and structures in the lived-in real world*. Work is an internal construct of intent, goals, identity and positive social roles and a *specific*

way of experiencing the world around us: relating to people, learning skills, using tools and *expressing agency in the world*, that is, actively engaging life as a self-directed participant.

Though work encompasses an internal state of being, work is not just *in our heads*; *work has an external structure in the real world*, a structure that is different from that of leisure.

When we deprive people of work, we deprive them of much more than their income, which could be replaced with Universal Basic Income (UBI). We deprive them of the wealth of social and personal value that work generates. In other words, we deprive them of the opportunity to *build capital and wealth*.

I purposely chose the example of the swimmers because it wasn't muddied by money: neither swimmer was getting paid to swim, so whatever characterized the competitive swimmer's training as *work* had nothing to do with being paid to swim.

To further illuminate the taxonomy and ontology of work, let's consider another example: a person who earns money painting houses who also paints landscape canvases as an unpaid leisure activity. In addition, this person volunteers in an after-school arts program for children.

It seems simpler to explore this in the first person, so let's say I'm this painter and volunteer.

Since I'm paid to paint houses, this clearly qualifies as *work*. But as we've seen, it isn't just the payment of money that makes this *work*. My labor in a crew performing highly structured tasks has all the characteristics of work we've identified:

- Produces an output; its organizing purpose is production, not consumption
- Produces utility value and aesthetic value
- Produces readily identifiable social value to others
- Requires an intent to reach a specific production goal

- Is guided by a specific structure of working with others, performing tasks in a certain order, etc.
- Requires intentional, sustained effort
- Produces output that is measured for quality and quantity
- Generates feedback as an integral part of the organization of production
- Is needed by the crew/company and owner of the house to reach the goal
- Requires the accumulation of path-dependent skills
- Generates human and social capital
- Provides a positive social role, identity and membership in a purpose larger than oneself

We can now conclude that if an activity fulfills these functions, it is *work* even if it isn't paid. Even if I volunteer my painting labor on an unpaid crew, my activity is definitively *work*.

If an activity fulfills some of these functions, it fits somewhere into the *taxonomy of work*.

At this point, we need to introduce another key characteristic of work: *it addresses scarcity and need*. The house needs to be painted, or its metal surfaces will corrode, its wood will rot and its aesthetic value will suffer. The owner needs it painted so the property will retain its value and desirability to potential buyers.

At first glance, it may seem like there is an abundance of labor to perform this task: just about any able-bodied person can brush paint on a surface.

But the amateur's skills are not up to the task. The professional painter has learned that roughly 90% of the work is in preparing the surface for paint; the application of paint is only the last (and generally easiest) step in a multi-step process.

While one person can perform all this labor on a house, if time is a consideration then a crew of painters will get the task done much faster than one individual. This multi-person work flow requires organization,

record-keeping and management. These skills are not easy to acquire, so they are intrinsically scarce.

If the owner hires an amateur, what guarantee will the owner have that the work will be completed according to high quality standards? Can the owner count on the amateur coming back to repair any defects that appear weeks after the job has been finished? Who will pay for the medical care of the amateur should he fall off a ladder and injure himself?

These considerations limit the number of individuals and organizations that can meet all these additional requirements; local painting crews who meet all these requirements are relatively *scarce* because the skills and capital needed are much higher than those available to amateurs.

The owner who is willing to accept the risks that the job will be poorly executed and have to be redone, that the painter won't repair defects, that potentially costly medical care could fall to the owner, etc., might hire an amateur. The owner who doesn't want to accept these risks will hire a painting company.

The number of painting companies with the skills, capital and financial ability to absorb all these risks is intrinsically limited, as these attributes are all costly to acquire and/or maintain. As a result, their work has *scarcity value*.

As a general rule, *profits flow to what's desirable, needed and scarce*. If a town has a relative over-supply of professional painters, the price of having a house painted will fall, as the scarcity value of painting skills has been diminished by the relative abundance of skilled painters.

Conversely, if there are only a handful of professional painting contractors in town, that *scarcity* earns a premium in the marketplace.

Note that scarcity alone does not generate a price premium; the good or service must be desired and/or needed. Let's say I'm the only worker in town who can carve ornate letters in marble. My skillset is extremely scarce. But if nobody desires or needs ornate lettering carved in

marble, I can't charge a premium for my skills. Without a need to fill, a demand for this specific skill, I can't charge any more for my time than a common unskilled laborer.

Going back to our example of a painter performing three separate activities, let's consider my art activity of painting landscapes. This is a private activity, not a social one, as I paint alone. While I find fulfillment in painting landscapes, and I pursue this avocation with diligence, there is no desire or need for my canvases, as amateur landscapes are in over-supply; the town is awash in amateur paintings, and amateur painters are happy to give their output away just to clear the clutter of canvases piling up at home. But such is the over-supply, it's difficult to even give one's paintings away.

Unfortunately for me, there is essentially zero scarcity value to my output of landscape paintings. So even though my labor has many of the characteristics of work listed above, it isn't filling a need or scarcity.

It also isn't generating much social value. I work alone, and nobody depends on my production or my development of more advanced artistic skills. While I may derive a positive identity from creating art, this is an internal state, which is quite different from a *positive social role*. I am not a member serving a purpose greater than myself, nor am I contributing social value to the community.

We can now discern the outlines of the *taxonomy of work*, and shed more light on the *ontology of work*: Work fulfills the core psychological, social and economic needs of humanity.

My private activity painting landscapes may have the attributes of diligence, sustained effort, accumulation of skills, and so on, but it lacks *social and economic output*. It may fill my internal need for artistic expression, but it doesn't fill any social role or meet any economic scarcity.

It has a place in the taxonomy of work due to its output, sustained effort, etc. that differentiates it from watching TV or a leisurely activity

organized around consumption, but it also has features of leisure activity.

In other words, it is not a substitute for my work on the crew painting houses. Ontologically, psychologically, socially and economically, it cannot substitute for my positive social role on a crew performing needed work.

This is why the loss of a job is so devastating. It's not just the loss of income, which may be partially replaced by unemployment insurance; it's the loss of the positive social role, of serving a purpose greater than oneself, of being needed, and contributing to a team effort that is devastating. Losing one's job isn't just an economic loss, it's a terrible psychological and social loss—and I would go further and say it is an *ontological loss*, the loss of a state of being that fulfills our core needs.

If I'm laid off from my house-painting job, I can withdraw to my little studio and paint more landscapes, but this doesn't compensate for what I've lost or dispel my grief. I miss my colleagues on the crew, our banter and jokes; I miss the satisfaction of a job well done; I miss the occasional word of praise from my supervisor or the home owner, and I miss telling friends about the projects I'm helping to complete. I miss my social network and socializing with my workplace "family."

Even if unemployment (or Universal Basic Income, should it become policy) matched my lost income dollar for dollar, that wouldn't change what troubles and saddens me: my loss of a positive social role, my no longer needed and valued, that I'm no longer contributing to something larger than myself, the loss of the opportunity to practice my craft, the loss of my social connections with my colleagues and customers, and the loss of all the other *wealth that only work generates*.

Even if I could paint landscapes, watch TV and scroll through social media for eight hours—and I can't, because they're simply not rewarding enough--these activities don't fulfill me in the same way my work did.

With this understanding, we can finally understand that the money earned by work is like the last coat of paint applied to a surface: 90% of the value is generated by other processes. Paying people to perform no work at all cannot substitute for the psychological, social, economic and yes, ontological wealth generated by work.

If you've lost your job, or seen a loved one lose a job, you know the debilitating effects of this loss. The loss manifests in many ways: difficulty sleeping, depression, loss of self-worth, the rise of mental-health and physical symptoms of distress and illness, erosion of well-being and the temptation to lash out at others.

Handing this person money actually further debilitates the unemployed person, as they realize they are now a charity case rather than a dignified and valued contributor to society.

Let's consider my third activity, volunteering in an after-school arts program for children. Here I take my interest in self-expression and painting into a classroom setting where adult volunteers create a hands-on curriculum for the children to learn how to use various mediums and materials, and practice expressing themselves through art. The school and community cannot fund the program beyond providing materials, but the school, parents and community have made it clear that they value the program and our efforts to maintain and improve it.

Once again, I'm not paid for this activity, but I'm fully engaged by the curriculum development, collaborating with other adult volunteers and parents, helping and encouraging individual children, coordinating a showing of the children's artwork, and so on.

My labor has the attributes of work (output, sustained effort, feedback, etc.) plus it has the social components that my private production of landscape paintings lacked: it generates social value to the children, their parents and families, the school and the wider community; the program's purposes is larger than myself, and *I am needed and valued*, as the number of adults with the necessary art and social skills and the

willingness to devote themselves to the program in a sustained fashion is limited.

What I contribute is desirable and scarce and therefore valuable, even if my labor and the project don't generate any income.

I gain a *positive social role* by contributing to a valued community program that is widely praised.

The only aspect of work left unfilled is being paid, i.e. *financial compensation*. If funding were available, the work of the core volunteers who run the program would be paid. It isn't the value of the work that's missing—it's the funding to pay for this work.

But just as the competitive swimmer opened economic opportunities via her work ethic and contributions to the team, my unpaid role might well open doors to paid positions working with children in art programs.

But even if I don't earn a single dollar from my work in the program, I will have earned a great deal of *non-monetary wealth* for my work.

We can discern a progression here: the higher my activity advances in the taxonomy of work, the greater its value to me and to others as it fills the needs and scarcities of the community. My work in the after-school art program is rewarding in ways that my solitary efforts in my private studio could never fulfill, as there is little social value being created by my solitary production of artwork that fills no need, and little in the way of positive social role generated by solitary production of items with zero scarcity value.

While my own painting might fulfill my internal desire for self-expression, that doesn't fill the social void within me, or my need to be needed, or my desire to contribute something meaningful to a purpose larger than myself.

Scarcity and need define what's valued by the community. Leisure can pursue whatever it chooses, but the rewards of work are reserved for those who address needs and scarcities within their community.

Need as a Driving Force

The core dynamic in both leisure and work is *need*: leisure and work fulfill primal human needs. The leisure swimmer may need her private time in the pool to maintain her equilibrium in a life dominated by caring for others. The training swimmer might see membership on the team as her best chance to escape poverty.

Abraham Maslow is justly famous for his 1943 proposal of a *Hierarchy of Needs* which places the physiological needs of shelter, food, etc., at the bottom of the *Human Needs* pyramid, followed in ascending order by security/safety, love and belonging (broadly speaking, social needs), esteem needs (pride, sense of accomplishment, positive identity, respect of others, dignity) and at the apex of the pyramid, *self-actualization*, a term psychologists use to describe the flowering of purpose, meaning, creativity, morality, acceptance of others and the fulfilling of one's potential.

Maslow's hierarchy demonstrates that humans are not merely consumers of goods and services that satisfy their physiological needs. Humans need *purpose, meaning, social connections and positive social roles* as well as recreation, respite, play and leisure for self-cultivation.

Providing people with the means to satisfy their physiological needs but little else still leaves them deeply impoverished, as their higher needs will remain unfulfilled.

We've noted that *leisure and work have different structures*, as work and leisure *fill different human needs*. Our intuitive understanding of this is expressed in sayings such as *all work and no play makes Jack a dull boy*.

In an economy of rigid production roles and working hours, leisure is scarce and so we place a premium on leisure time. It's thus natural for those in highly demanding economies to assume that all human needs would best be met if we were all *paid for leisure and no longer had to work at all*. In this view, work would become optional; there would no longer be any financial need to work.

This is the foundational narrative of Universal Basic Income (UBI): once we pay everyone for leisure rather than for work, financial need vanishes and we would be free to pursue our higher needs through leisure.

But this narrative overlooks the reality that *leisure cannot fill the same needs as work because it has a completely different structure*. Indeed, if we observe people who have no work and no financial need to work, they often exhibit manifestations of profound unhappiness: a panoply of physiological symptoms and psychological ailments, low self-esteem, social dysfunction, anxiety, depression—all the signs of a *behavioral sink* resulting from a poverty of positive social roles, belonging, and sources of pride and dignity—in other words, the outputs of work.

Their higher social and esteem needs are not being met, and this generates a behavioral sink of aimlessness, dysfunction and unhappiness.

The conventional view within highly structured and demanding economies is that work is largely unfulfilling and exhausting, and Utopia is the replacement of work with 100% leisure. This is the idea of retirement: that work is replaced by leisure, and that the individual is finally free to pursue their higher needs.

But if we recall the example of the housepainter who lost his job and attempted to replace work with his solo artistic hobby, the substitution of leisure for work fails to provide the same social and esteem satisfaction he'd received from work. Since work and leisure have different structures and fill different needs, this is not a surprise; in fact, it's the only possible result, given the structural differences between work and leisure.

The housepainter regained the social and esteem fulfillment he'd lost in his (unpaid) arts education community work. Once again, it's critical to emphasize that his arts education *activity has all the characteristics of work*. Indeed, it is the program's structure of work that fulfills his social and esteem needs that his leisure hobbies left unmet.

In the conventional view, *leisure is reserved for the privileged*; the wealthy who don't have to work can dabble in the arts and enjoy life. It follows that *leisure is the key ingredient of happiness and the most important benefit of financial wealth*.

But if we examine the lives of the most educated and successful people, we find that the privilege they possess is not leisure but *the freedom to choose work they enjoy and find fulfilling*—what I earlier termed our *life's work*. The real privilege is not 100% leisure but the opportunity to pursue work that fulfills our higher needs for social connections, belonging, esteem and self-actualization.

As a general observation, people who are free to continue pursuing work they find deeply satisfying and engaging live longer, healthier lives than those who have only leisure and few opportunities to fill their higher needs.

Although it runs counter to the conventional view, *enforced leisure is a particularly destructive form of poverty*. How do I define *enforced leisure*? Enforced leisure is a structural lack of opportunities to find our *life's work* that fulfill our higher social and esteem needs. Privilege is having the freedom to choose from a wealth of work opportunities, to mix and match meaningful work and leisure to fulfill all our needs.

Proponents of Universal Basic Income often suggest that people will use their newfound leisure to pursue artistic expression: composing poetry and music, writing novels, creating art, etc. We all understand the idea and its appeal: people would blossom creatively if only they no longer had to work.

But if we examine the lives of esteemed artists, composers and writers, a group we can broadly characterize as *creatively self-actualized*, the one common factor is a *highly structured life's work manifesting a voracious appetite for producing output*. Goethe managed a sprawling business for many years while producing a prodigious output of writing, Rachmaninoff maintained a busy schedule of performing while

composing and Mahler held the demanding position of conductor while composing his major symphonies.

Whether they were paid or not for their artistic production, these *creators pursued a highly self-organized, disciplined work regime*. While leisure meets human needs for recreation and play, *the structure of leisure is incapable of yielding the same results as disciplined, sustained-effort work*. The highest human need, self-actualization, is served by activity that meets our definition of work.

While these creators may have worked on their compositions alone, they were embedded within a social structure of other artists, musicians, writers, mentors, patrons, critics, journalists, agents, galleries, salons, publishers, and so on; they were not working in solitary but within a complex *social structure that supported their work*.

The point is not the level of accomplishment they achieved; the point *is the fulfillment of social and esteem needs requires a structure that is completely different from a structure of leisure*. While creating art in isolation may fulfill a need for self-expression, it lacks the social connections and structure required to fill the higher social and esteem needs.

While the idea of freeing people to become artists is abstractly appealing, observation suggests few individuals have the requisite drive and access to a *social structure that supports their efforts* to meet their social and esteem needs via a leisurely pursuit of art. As in our example of the housepainter who pursued his landscapes painting when he no longer had to work, the leisurely pursuit of creative endeavors cannot be a replacement for the loss of social and esteem value generated by work because each has a different structure and serves different needs.

The notion that eliminating the need to work would result in universal human fulfillment and happiness is based on a profound misunderstanding of human needs and the sources of fulfillment. While humans need leisure, they also need meaningful work, and relatively few individuals exhibit the sort of self-organization that characterizes

creators who generate not only artistic output but a sense of purpose, meaning and identity that has no need for social connections, belonging, etc.

In the abstract, we affirm that every human has the potential for self-actualization and creative expression. But in the real world, the self-organization and drive needed to generate a stand-alone art that fulfills all our needs is scarce. The vast majority of humans thrive not in isolation, creating a world of their own imagination, but in *social structures that fill their core social and esteem needs*—in other words, *structures of work*.

Deprived of opportunities to belong to such social work structures, humans fall into disillusionment, despair, aimlessness, anxiety, depression, and dysfunction.

If we understand the hierarchy of human needs, then we understand that a poverty of opportunities to contribute and earn dignity—that is, opportunities to fulfill our core social and esteem needs—is a poverty that a Universal Basic Income check cannot dissolve. A lack of opportunity to choose work that is fulfilling is *enforced leisure*, a form of spiritual, psychological and social impoverishment that a stipend of money can't address.

The true measure of privilege isn't just leisure—it's having the freedom and opportunity to choose meaningful work and leisure to fulfill all our needs, not just those satisfied by leisure.

Put another way, what we desire is agency—the power to control our own life's work.

The common-sense conclusion is that the entire spectrum of human needs *requires the agency to choose opportunities for work and leisure*, as each has a different structure and fills different needs.

Work doesn't just fulfill the higher social and esteem needs of individuals—*work also meets the needs of the community*. While I have focused on the inner needs of individuals in this section, *the unfilled*

needs of the community make work necessary and thus fulfilling to individuals. Unnecessary work is unfulfilling, a dynamic we'll explore in the next section. What makes work necessary? *The community needs the work done to survive and thrive.*

In a market economy dominated by a strong central government that employs (directly and indirectly) a third of the work force, we assume all needs will be met by the marketplace of profit-maximizing private companies or by the public-sector government. But if we compare wealthy communities and impoverished communities, we find that neither the market nor the government serve each equally; the impoverished community has many unmet needs. The wealthy community has fewer unmet needs because its residents address the needs left unfilled by the market and the state with private wealth and volunteer labor.

The impoverished community's needs are unmet because it lacks the money to pay people to do the work that's needed. The profit-maximizing market and the state can't fill all the unmet needs of communities that lack a foundation of private capital and wealth. Clearly, we need a new mechanism that can address the unmet needs of impoverished communities. We'll explore the outlines of a *new self-funding community economy* in the book's final section.

What Makes Work Fulfilling?

While I have focused on the positives of work, we all know that much of the work people are paid to do is unfulfilling. A number of social commentators (David Graeber et al.) have written about *BS work*: work that employees know is unnecessary and therefore offers them little fulfillment. Many other dynamics can render work unfulfilling: a constantly rotating work force that deprives workers of the opportunity to form social bonds with colleagues; precarious employment; dysfunctional work places; the awareness of being a replaceable cog in an uncaring machine, and so on.

What differentiates fulfilling work from unfulfilling work?

We've already sketched out how work satisfies our social and esteem needs in ways that leisure cannot. Satisfying work has these characteristics:

- We contribute value to our community or "tribe" (team or group).
- Our work serves a purpose greater than ourselves.
- Our work fills a scarcity, and makes a difference in a positive way.
- We belong to a team and our contributions are valued by the team.
- We make personal sacrifices to benefit the team/group.
- Our work adds to our human and social capital; we are improving our skills and gaining social value.
- We have the opportunity to help others in meaningful ways.
- We are actively engaged in the group effort as a self-directed participant, i.e. we have *agency*.

Work with all eight attributes provides us with a positive social role, pride in our labor, the dignity of being useful, needed and valued, a positive self-worth, and hope for further gains in skills and social capital.

Work with none of these attributes is deeply unfulfilling. Work with just a few of these characteristics is mostly unsatisfying, and work with a majority of these characteristics is generally fulfilling.

Once again, the concept of a *taxonomy or hierarchy of work* is useful: work that has all eight attributes is at the top of the hierarchy as it meets our higher social, esteem and self-cultivation needs. Work that has few or none of these attributes is intrinsically unfulfilling because it's incapable of filling our social, esteem and self-actualization needs.

As we've noted, the privilege we should seek to make universal is not leisure alone, but *the agency to pursue both leisure and opportunities for work that has all eight of these characteristics, i.e. meaningful, fulfilling work.*

The Impact of High-Touch / Low-Touch on Work Fulfillment

One of the concepts that helps illuminate the *taxonomy of work* is the *high-touch, low-touch spectrum*. I used this concept in my book *Get a Job, Build a Real Career and Defy a Bewildering Economy* to explain why certain kinds of labor are more easily automated than others, and why they don't generate as much economic and social value as other types of labor.

The core concept here is that certain kinds of work offer little in the way of *social value*, i.e. the connectedness that humans crave as part of our hierarchy of needs. These kinds of work are *low-touch*, as they offer little opportunity for meaningful human contact.

Work that offer a wealth of opportunities to create social value, connectedness and cooperation is *high-touch*.

The dynamics of the high-touch low-touch spectrum help us understand what makes work fulfilling:

-- Low-touch work is particularly vulnerable to being automated, as the value created is not social. As a result, software or robotics can produce the same value as human beings, for example, a factory assembly line.

-- This lack of social value makes low-touch work more likely to be unfulfilling to employees.

IN assembly-line work, the worker has little contact with fellow employees, and essentially zero contact with customers / clients. The labor and the products have both been *commoditized* by mass production, that is, the employees are interchangeable—shifts change and the line-up of each crew changes without disrupting production—and each product is interchangeable with all the others that come off the line.

Opportunities to form meaningful bonds and generate social value are few; friendships might form during lunch breaks, but these employee bonds are often broken by re-assignments, layoffs, etc.

This kind of work is not just physically exhausting, it is a *social-value desert*, and thus inherently unfulfilling. This is why Henry Ford's first assembly line factory suffered very high rates of turnover—workers quit because the work was tedious, unrewarding and unsatisfying. This is why he had to up the rate of pay to the then unheard of wage of \$5 per day—to retain workers who would otherwise quit to seek more satisfying work elsewhere. In effect, Ford had to bribe workers with higher pay to tolerate the inhuman work.

Just as low-touch production work is unfulfilling, low-touch transactions / interactions don't provide much social value to customers, either. Common examples include ordering a fast-food meal or checking out at a grocery store. Our interaction with the human being behind the counter is brief and not something valuable enough that the company can charge extra for being served by a human rather than a machine.

The employees are as interchangeable as the fast-food meals and products lining the shelves.

The vast majority of consumers accept (or may actually prefer) having a low-touch transaction served by an automated system. Rather than wait in line, many of us prefer to use the self-checkout or airport ticket kiosk. Most of us would be happy to bypass the entire time-wasting process of waiting in line to be served by a human in a low-touch transaction such as renewing our license at the Department of Motor Vehicles.

If ordering a fast-food meal is low-touch, dining at a swank bistro is high-touch. Most people would hesitate to pay swank prices for food delivered by a robot to a table in a bland booth. In other words, we're paying not just for the food but for a high-touch experience: a knowledgeable wait-person, a sommelier, an atmosphere rich with conversation, people-watching, etc.

On the factory floor, a permanently assigned team of employees who have the opportunity to work closely with clients and who have *agency*, i.e. the opportunity to become self-directed contributors to the production process, have a much more high-touch work environment

than assembly-line workers with no permanent team membership, no meaningful relationship with clients and no agency (control over their work or the output of the team).

Since high-touch work produces social value, it cannot be fully replaced by software and robotics, for the *social value of human connectedness is the key output of high-touch work*.

As noted above, a product or service becomes a *commodity* when the output is interchangeable and it can be produced interchangeably in a variety of places. Technical support is a commodity, for example, as the software and/or employees providing the service are interchangeable. The Internet has greatly facilitated *digital commoditization*, as digital products and services can now be distributed at near-zero cost anywhere on the planet with an Internet or mobile phone connection.

These commoditized services are *low-touch*, as the social value created is low. The more the interaction can be standardized, the more easily it can be automated.

The net result of commoditization and automation is that many low-touch, low-skill jobs are being eliminated, and those that are left remain inherently less fulfilling due to their low social value.

Many commentators view this elimination of unfulfilling work as a boon to humanity, as workers are freed to seek more fulfilling jobs.

While we all welcome the passing of unfulfilling drudgery jobs, the mass movement of less skilled workers into higher-skill, higher-touch (and therefore more fulfilling) jobs is influenced not just by the skill level of the work force but by *cost/price*.

The Impact of Cost

As a general rule, the economic value of low-skill/ low-touch labor declines as automation eliminates these jobs as a function of simple *supply and demand*: there is a relative abundance of workers with

sufficient skills to do low-touch work, and a scarcity of demand for these workers (i.e. fewer jobs).

As Immanuel Wallerstein and other socio-economists have found, the cost of labor rises with urbanization and as the work force demands more financial security: more secure old-age pensions, better healthcare and education, and so on.

This trend of higher costs for labor and labor overhead (disability, old-age pensions, healthcare, unemployment insurance, etc.) increases the incentives for employers to automate low-touch tasks as a means of reducing their production costs.

Again as a general rule, the result is that the cost of commoditized, low-touch services declines while the cost of high-skill, high-touch services rises.

Another factor driving costs for high-touch services is ever-expanding requirements for additional credentials and regulatory compliance. Many if not most high-touch services now require graduate-level diplomas and professional licenses and fees.

For example, a set of commoditized house plans can be purchased for \$150 on the Internet. Hiring an architect with whom you establish a professional relationship will cost 10 times more for some limited consulting and 100 times more for a customized set of architectural plans and specifications.

Consider the future of medical care. Many observers expect software/robots to perform routine care tasks such as checking on patients to make sure they're taking their prescribed medications. This is a low-touch interaction.

While ill people won't mind interacting occasionally with a helpful robot, what they really want is a human being to stop in and express some concern for their condition. This is the high-touch connection we all want.

Low-touch is no substitute for high-touch; a hospital robot greeting us with a computer voice is not a substitute for a human doctor or nurse offering the high-touch interaction we value so highly.

As consumers, we typically won't pay extra for low-touch services provided by humans when a cheaper automated option is available: the value of the human interaction must be worth enough extra to justify a higher cost.

Employers must be sensitive to this dynamic if they want to make a profit and keep customers happy. If consumers will pay extra for a human salesperson, then salespeople will be available. But if consumers aren't willing to shoulder the higher costs of human labor, human labor in low-touch endeavors will disappear as a financial necessity.

While we won't pay extra for human labor in low-touch services, we may not be able to afford high-touch services as wages stagnate and costs of these services soar.

There are many drivers for this upward trend in the cost of delivering high-touch services such as healthcare: not just higher labor costs but the additional expenses of regulatory compliance, liability insurance, oversight, management, taxes, increased capital expenditures for new technologies and so on.

For a variety of reasons I've covered in my blog and other books, wages for the bottom 95% of households have been stagnating in the 21st century, even for highly educated workers. Add in the rising costs of living and servicing debt (student loans, mortgages, auto loans, etc.), and the amount most households can pay for high-touch services is severely limited.

Governments are also limited in how much they can pay for these services. Rapidly rising debt loads limit governments' ability to borrow more money every year to pay for increasing social welfare expenses. The net result is both private and public-sector trends are threatening the affordability and availability of the high-touch services we all value.

If these trends continue—and there is no plausible reason to expect them to reverse—high-touch services as they are currently configured may well become unaffordable for the bottom 95% of households.

We may find that the bottom 95% of households will only be able to afford services such as healthcare provided by low-touch automated systems, while the high-value, high-touch human interactions will only be affordable for the top 5%. While it's tempting to assume higher taxes can rectify this, if costs rise at a faster rate than income, higher taxes on the top 5% will not be enough to catch up with runaway costs.

All these dynamics interact in perverse ways. While the eradication of unfulfilling low-touch labor via automation is welcome in terms of freeing people to seek more fulfilling work, the higher credentialing and regulatory demands on high-touch work limit the number of workers who can meet these stiff requirements and the number of paid positions available in these fields.

Since government rely on wages for a significant share of its revenues, declines in employment and wages cause tax revenues to decline, crimping government's ability to provide increasingly unaffordable high-touch services.

The hope of many observers is that government can “tax the robots” to raise the revenues needed to provide high cost services to everyone. But these hopes are not realistic; whatever is commoditized has little pricing power and therefore generates little profit. Software and robotics are rapidly being commoditized, meaning they are interchangeable components produced in interchangeable locations.

Profits flow to what's scarce and in high demand. As software and robotics are commoditized, they become abundant. Owners of these robots cannot charge a scarcity premium, as everyone else can buy the same robotics and download the same (and often free) software.

Commoditization drives prices and profits down to a bare minimum—a dynamic Karl Marx described in the 19th century. Rather than increase

tax revenues, the commoditization of the tools of automation will lower profits and tax revenues.

The other hope of many—Universal Basic Income (UBI)—runs aground on the same shoals. The high cost of providing a monthly stipend to every household is not affordable to any government facing lower tax revenues and soaring debt loads, and the modest level of UBI stipends leaves recipients with little access to high-cost, high-touch services.

There is one ray of hope in this bleak snapshot of macro-trends: not all high-touch labor requires high skill levels and multiple credentials. If we designed an economy that recognizes this, we could transform both the opportunity for fulfilling work we need and deliver the high-touch services we desire.

Consider the difference between a highly trained nurse and a worker with no specialized medical skills but an ample array of social skills who visits elderly people in their homes to relieve their isolation and check that they're comfortable.

The nurse can provide high-touch, high-skill service, but at a relatively high cost. *The social-value worker* does not need much training, as the value of her visit is social, not medical. Yet absent a medical emergency, the social value of a leisurely high-touch visit exceeds the value of a brief visit by a medical professional.

If we revisit our example of the housepainter volunteering in the after-school arts program, we find the same dynamic: a high-cost, multiple-credentialed artist-educator is not only unaffordable to the school district, at the beginners' level of young students, the social value of this costly mentoring is not much greater (if at all) than the social value generated by an experienced, enthusiastic amateur: it's not the skill level of the mentor that generates the social value, it's the time, enthusiasm, caring, etc. invested in the children that generates the high-touch value for the students and the adult volunteers alike.

What if we could pay the housepainter and other volunteers for their work? In the present-day economy, this would require the government

to collect more tax revenues and increase the educational-oversight bureaucracy, which would further increase costs. In our centralized hierarchical status quo, the bureaucratic tropism is to demand more credentials, more licensing, more fees, and so on, a process that only makes the program more unaffordable and thus impossible to fund.

There is another way to pay the adult volunteers for their high-value work, one that doesn't rely on government tax revenues or centralized bureaucracies. To truly understand such a radically different alternative, we must first ask a simple question with a complex answer: how do we value work?

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