

Maximising Individual Wealth

The Digital Age Handbook

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SAMPLE

Chapter 1. Background to the New Employment Structures

Summary

This chapter aims to show how many individuals, from varied backgrounds and displaced either by technology or economic distress, can regain their feet and create a new life. It explores many past initiatives and how the best of these may be adapted to the future that will lead to investment opportunities.

Introduction

By mid-2016 it is evident that few politicians have a true understanding of the economic and climatic perils facing their nation. Neither do they seem to grasp the policies associated with deflation except in general terms. This is a tragedy because the rapid advent of the Digital Age (DA) will present them with the prospect of rising unemployment that could extend to over 45% in the transition; something that would lead, unless foreseen and anticipated, to civil unrest – even revolution.

At the same time the ability of the state to underwrite idleness is rapidly diminishing during a recession so alternatives must be found – almost certainly, for many, in self-employment. This is along the lines of the futurist Alvin Toffler who foresaw, in his book *The Third Wave*, a sort of high-tech dispersal of talent present in the Guilds of the 17th century before the concentration of the Industrial Age.

Furthermore, there will be many who would normally have thought of retirement but whose income will have been depleted by political action to devalue the currency in the hope of staving off deflation. Altogether any programme will probably need to incorporate more than one third of the population until a new equilibrium can be found.

This chapter sets out the background to any support programme and suggests how this may be implemented at minimum cost, but first it is important to evaluate the likely employment patterns of the Digital Era which could be set out under five headings:

- Manufacturing 10%
- Supporting services 40%
- Government 2%
- Agriculture 2%
- Self-employment 46%

The high proportion of self-employment arises from the twin forces described in the Introduction of debt deflation and technology that will lead to a rapid shake-out of traditional employment patterns over the relatively short time-scale of a generation or less. This will ensure a very rapid reduction of taxed income that will oblige governments to reduce costs along the lines set out in the *Global Recovery Manual** and, unless the measures described in this chapter are implemented, this will cause the major social problems suggested earlier. But before these can be implemented we first need to understand the legacy of the welfare state.

The Human Cost of the Welfare State

A study in April 2007 by The London School of Economics showed there were 1.2 million people in Britain who are what they called NEETs (not in education, employment or training) – twice that of Germany and France; to this end deflation has probably added another million unfortunates. The report estimated that this cost the taxpayer £3.65 billion a year to which a statement from the Royal Bank of Scotland added £1 billion for the cost of crime and £18 billion for a lifetime of lost earnings. In all, the lack of political initiative cost the taxpayer \$20 billion in 2007 which would be well over £40 billion by 2016.

Some of those classed as NEETs would include between two and three million children (between 10 and 15% of homes) living in houses without anyone being in work – something that could only increase as the recession described in the Introduction takes hold. There are also around over three million claiming disability allowances.

Quite apart from the welfare state being progressively unable to support them as government revenues decline, there is the human cost to the nation of up to 10% of the unemployed being debarred from making any contribution to the social or economic life of the country.

These people whom politicians have ‘swept under the table’ as being too difficult to deal with can be just accommodated in economical good times through transfer payments and policing. But with a major downturn, these unfortunates could be left to their own devices leading to an unacceptable increase of crime such as gang-wars in America, stabbings in Britain and riots in France. Without a sense of guidance some of the least advantaged could become radicalised to make terrorist attacks on a society that has chosen not to listen – this is quite apart from so-called ‘martyrs’ whom some cleric has encouraged to believe that paradise awaits those who kill innocent infidels.

This potential employment time-bomb is not singular to Britain, it is bound to hit all westernised countries where a radical decline in the prospect of producing such commoditised products as cars, computers and other manufactured goods will generate levels of unemployment not seen for 80 or so years.

How to navigate a large minority of the population through an extremely difficult period which will see differentials of income widen dramatically is today's problem – and a new opportunity to provide the means to value the individual.

Employing those out of work stems back at least to Ancient Egypt when farmers, unable to till their land while the Nile flooded, were put to work building pyramids and temples. While the skilled building and fashioning work was done by masons, engravers, plasterers and painters, the humping was an unskilled task relegated to the farmers. The manhandling work on the tombs and monuments stopped when the river subsided and it was time to plant seed once again.

In biblical times Jesus showed how individuals could be responsible to two masters. When asked whether it was lawful to pay taxes to the Romans he asked his interviewer to produce a denarius which had the face of Caesar on one side. Jesus replied, give unto Caesar what is his due and God what is His.

A similar duality which did not involve loyalties was adopted early in the 13th century when the great cathedrals were built in France, England and Italy during what is known as the Medieval Warming. There was then adequate rainfall, the crops yielded a good harvest, and the farmers were recruited to handle the heavy work. Remarkably for the period, Salisbury Cathedral was built over some 35 years in a period of good growing weather. Building slowed in the early decades of the next century when poor weather required the farmers to till even the poorer land. It virtually stopped during the black death 20 years later to be revived later with the much plainer Perpendicular Gothic.

200 years on, the first Poor Laws were passed in England in 1597/8 and 1601 to help those made destitute by the appalling weather when the population had just recovered to the same level as before the *'great dying'* – as the Black Death was known. The responsibility to organise help was delegated to the church wardens who were required to house and put the destitute to work in the fields while apprenticeships were found for the children.

So successful was this programme that it was copied in many other countries. It continued to be a charitable issue in England until 1834 when the cost of support was so great that stringent admission requirements were introduced to admit only the demonstrably needy to the workhouses.

Although the Industrial Revolution created many jobs there was a major work hiatus in Germany late in the 19th century when industrialisation took place over a generation – compared to four generations in Britain. Fearing civil unrest Otto von Bismarck, the German Chancellor in the latter part of the 19th century, introduced a mild form of the welfare state to provide help for those who suffered the most. His ideas were taken up and expanded by Lloyd George of the Liberal government in Britain in the early 20th century; a process that curtailed many charitable organisations.

The next serious attempts to alleviate unemployment were made during the 1930s in Germany and America for very different reasons: in the former, as a prelude to re-armament, in the latter as a make-work programme to deal with jobless figures of 25%. It is worth examining these to help formulate future plans.

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