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The Death of the Social Contract and the Enshittification of Jobs

by

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ABSTRACT

This paper employs the concept of “enshittification”—the systematic degradation of a service or product in the pursuit of profit—as a powerful metaphor to analyze the decay of the US labor market in the postwar era. Situating this process within Hyman Minsky’s theory of capitalist development, it argues that the current phase of *money manager capitalism* has accelerated a pervasive “bait-and-switch” dynamic that has emerged since the 1970s. The “bait” was the postwar social contract, which promised but never guaranteed economic security through tight full employment and access to good jobs for all. The “switch” was the neoliberal policy shift that dismantled labor protections, weaponized unemployment (via the NAIRU doctrine), and fostered financialization, leading to stagnant wages, precarity, and household indebtedness. The “trap” is the worker’s inescapable dependency for survival on a job within a system that uses the threat of unemployment as a policy tool. The paper identifies the erosion of four key forces—competition, regulation, interoperability, and worker power, all of which held the tenuous postwar contract together—as the drivers of this enshittification. It concludes by articulating how the federal job guarantee proposal can act as a systemic circuit breaker capable of reverse reengineering the labor market. The job guarantee is not only an alternative to precarious employment and the NAIRU policy framework, but also a comprehensive de facto regulator that introduces much needed competition for labor by firms in the economy. The paper evaluates how the program can introduce countervailing forces to arrest the degradation of the labor market and establish a new standard for good jobs, thereby laying the foundation for a renewed social contract.

Keywords: Enshittification; Job Guarantee; Social Contract; Money Manager Capitalism; Labor Market Precarity; Financialization

JEL Classifications: J01; J08; J38; J64; B52; E24; B26

INTRODUCTION

One of the most powerful metaphors of our time is Cory Doctorow's (2025) "enshittification," which was crowned Macquarie Dictionary's word of the year in 2024 (Shepherd 2024) and was included in the Merriam-Webster Dictionary.¹ It describes the gradual but reliable process by which online platforms degrade the quality of the service or product they offer their users, as a consequence of profit seeking.

Doctorow has identified a specific, recurring cycle of decay that plagues digital platforms and has situated it with uncanny clarity within the context of the evolution of capitalism. This particular version we are living in is characterized by high concentration among tech companies, limited regulation and virtually nonexistent anti-trust policy, a business model predicated on fees and rents, rather than value generation, and weak worker and consumer power. Call it techno-feudalism (as Doctorow does, borrowing Varoufakis's term) or call it rentier capitalism. This historical, regulatory, and structural context is the lens that allows us to understand why tech platforms perverted the internet's early democratizing forces. In its early days, the internet served as a digital public square, where people could discover communities, share music and photos, and connect over common interests. It enabled the swift discovery of information from previously inaccessible sources and connected people who were oceans apart. The platforms that provided this connectivity have since become giant monopolies via a process of bait and switch, which Doctorow describes as:

1. *Bait*: Lure in users with a great, often subsidized, service.
2. *Trap*: Use that captive audience to attract businesses (sellers, creators, advertisers).
3. *Switch*: Exploit those groups by degrading the experience for everyone to extract maximum profit, ultimately making the platform unusable.

In short, the playbook is to seduce users, trap businesses, and then exploit both. The real trouble starts when users become locked-in and have no way of opting out of this enshittified environment.

¹ <https://www.merriam-webster.com/slang/enshittification>

“Enshittification” is also used as a shorthand for the pervasive decay of essential services under corporate monopolies. It describes the maddening experience of seeing the things we value systematically degraded for profit.

We see it in healthcare, where the fundamental goal of seeing a doctor is complicated by an insurance bureaucracy designed to deny claims and restrict access. We see it in housing, where the dream of homeownership slips away as corporate entities like Berkshire Hathaway buy up entire communities, pricing out families. We see it in utilities, where monopolies charge ever-rising delivery rates for essential power, leaving customers with no alternative and no recourse when they make a billing error.

Now, a new layer of digital enshittification is being added. The very platforms that manage these services are being optimized not for user benefit, but for extraction. Their algorithms make it easier for insurers to automatically deny your claim, for lenders to add hidden fees to your mortgage, and for airlines and energy companies to dynamically raise prices in lockstep. This is no longer mere corporate greed; it is a systemic, technology-fueled erosion of our basic economic foundation. Enshittification encapsulates the many ways in which people are fed up with economic reality. But for Doctorow, this is not necessarily a frustration with capitalism *per se*, but with *this* particular version of modern capitalism.

I. VARIETIES OF CAPITALISM

To understand how we arrived at this specific stage of capitalism, I turn to the work of Levy Institute economist, the late Hyman Minsky,² which provides a useful lens. Minsky’s theory of capitalist development offers a taxonomy for analyzing a market economy’s evolution based on several criteria: what distinctive activity is being financed, the source of that finance, which enterprise or entity is being financed, and which group holds the greatest economic power (Minsky and Whalen 1996; Whalen 1999).

² https://digitalcommons.bard.edu/hm_archive/

In the era of *merchant or commercial capitalism* (roughly 1700 to 1830), goods production and transportation were at the heart of economic activity, largely financed by commercial banks, who funded proprietorships and partnerships. Economic power was evenly dispersed among merchants and the bankers who financed them. With the arrival of the Industrial Revolution, this phase evolved into *industrial capitalism*, where investment banks financed industrial expansion by large industrial corporations, who now held the most economic power. This stage morphed into *banker capitalism* (from the late nineteenth century to the Great Depression), where the primary economic activity being financed was industrial consolidation—the rise of trusts and mergers—and together, corporations and investment bankers continued to hold sway over economic decisions. This era culminated in the roaring 20s and ended after the 1929 crash.

Out of the ashes emerged *managerial capitalism (aka welfare state capitalism)*, which was shaped by post–Great Depression government reforms and lasted through the 70s (c. 1933–79). This was a market system that was largely held together by large-scale government policies for macroeconomic stabilization. Not only did fiscal and monetary policy take center stage in ensuring growth and stability, but with the New Deal reforms, the state put in place regulations and economic safety nets for working families who had never before held significant economic power. This *managerial* stage of capital was also defined by macroeconomic coordination between the state and corporations, who initiated large-scale investment programs. The pivotal source of finance was the government, mainly the Reconstruction Finance Corporations (RFC), which provided loans directly to banks and other financial institutions, financed infrastructure projects and small businesses, and eventually expanded by funding large corporations during World War II before being officially disbanded in 1957. After the war, the US Central Bank and Treasury remained a key source of finance as government procurement, infrastructure investment, and social services continued to dominate the macroeconomic landscape. This period, known as the Golden Age of the American economy, was defined by unprecedented stability and the creation and the rise of the US middle class.

This stage was short-lived. For reasons Minsky documented in detail, the economy started becoming financialized again. The guardrails of *managerial welfare-state capitalism* were dismantled, which brought an era of deregulation, eroding worker power, rapid increase in

inequality, and a rise of the money manager class. This transformation produced *money manager capitalism* (c. 1980 until the Global Financial Crisis), which shifted economic focus from production, employment, and investment toward stock market gains, leveraged buyouts, and corporate asset stripping. These very activities attracted large-scale capital from institutional investment funds, fueling the growth of international corporations that became themselves increasingly financialized. Consider international conglomerates like General Electric—which produces industrial goods while managing an enormous financial asset portfolio—or Amazon—which operates large-scale credit card services—blurring the line between their core businesses and banking.

Following the 2008 market crash and subsequent consolidation, the economy entered a phase best described as *international money manager capitalism* (c. 2008–present). This system is now financing the AI boom, leading to breakneck tech asset price appreciation many believe is a bubble. Given the investment frenzy that surrounds it, it could produce a crisis that dwarfs even the 2008 global financial collapse.

This financial context is what makes Doctorow’s concept of enshittification so resonant. This is not a straightforward bait-and-switch perpetuated by a few monopolies but rather a systemic outcome; it is a process enabled and accelerated by the immense financial gains that await platform (and other) companies in a globalized financial economy. As Doctorow situates his analysis within the evolution of capitalism, it is important to integrate Minsky’s financial dimensions to reveal why the process is so pervasive. The financialization of the economy is the engine that allows enshittification to be applied to so many aspects of our economic life. Not all varieties of capitalism are created equal, and this financially driven, tech-fueled version is particularly pernicious.

II. THE ENSHITTIFICATION OF ESSENTIALS

The dynamic of enshittification is not unique to the digital realm; it is the innate lifecycle of any private monopoly controlling a human essential. For necessities like healthcare, housing,

utilities, and transportation, this process is arguably better described not as bait, trap, and switch (Doctorow's sequencing of platform enshittification), but as a *trap, bait, and switch*.

The “trap” is a fundamental feature of a monetary economy: the brutal fact of necessity itself. One needs a roof over one's head, power for the home, and treatment for illness, all of which must be purchased on the market. When a handful of corporations consolidate control over these markets—through mergers, regulatory capture, or the high barriers to entry inherent in infrastructure—they create a natural trap. The user is not lured by a good deal but is born into a captive state. There is no meaningful “business elsewhere” when dealing with a single regional electric utility, a healthcare system dominated by a few hospital networks, or a rental market controlled by a handful of corporate landlords.

The “bait,” as I will argue later, was the postwar social contract's promise of a social wage, which included adequate provisioning of these essentials via public policy. But because they were provided through private rather than public means, access was never guaranteed to all. Housing and healthcare are not considered basic human rights in the US, leaving millions uninsured and unhoused, and in instances where provision was near-universal, such as with utilities, these resources were gradually deregulated and transformed from natural public monopolies into private ones.

Since a captive audience is always secured (remember the “natural trap” is necessity—people need housing, healthcare, water and electric power to survive), the monopoly—declaring itself too essential to fail—works to erode the regulations and guardrails that kept its pricing and labor practices in check. It then enters the final stage: the systematic erosion of service in the name of cost cutting and the pursuit of profit. This is the slow, grinding enshittification of daily life. A corporate landlord, knowing tenants have no affordable alternatives, will defer maintenance, and steadily raise rents to extract maximum value from the human need for shelter. A consolidated hospital system, shielded from competition, will bill exorbitantly, cut nursing staff, and prioritize expensive procedures over comprehensive care, all to boost shareholder returns. The utility company, granted a state-sanctioned monopoly, will lobby to limit rate oversight and invest

minimally in grid improvements while maximizing service fees, knowing its customers cannot choose another provider for electricity or water.

In these essential sectors, the platform is the market itself, and the enshittification is measured not in cluttered interfaces but in the quiet, cumulative deterioration of quality, affordability, and human dignity. The cycle is often slower and more heavily regulated than in the digital world, but the underlying mechanism is identical: leveraging absolute dependency in order to shift value from the captive user to the shareholder, and thus leaving a system that is more expensive, less functional, and more unreliable than the one it replaced.

The enshittification of essential services by traditional monopolies is now being accelerated and refined through the integration of specialized AI platforms. In the electricity sector, utilities are deploying AI-driven demand forecasting and dynamic grid management not to enhance reliability, but to justify the implementation of real-time pricing models and surge charges for consumers during peak periods. In housing, the rise of AI-powered property management platforms enables large corporate landlords to automate rent collection, issue fees for minor lease violations detected by automated systems, and algorithmically handle eviction filings with unprecedented speed and scale, reducing tenant interactions to a series of automated, often inflexible, transactions. In healthcare, AI is not only used for claims adjudication but also for “predictive” patient management, where algorithms may flag certain treatments as high-cost and steer providers toward cheaper alternatives, potentially impacting quality of care. Across these sectors, AI-powered customer service is replacing human support that once helped people navigate complex systems. These new tools are often designed for deflection, using natural language processing to route users through endless troubleshooting scripts rather than providing direct solutions. The result is a more efficient and discrete form of enshittification. Algorithmic systems raise prices for consumers, lower costs for the monopoly, and automatically suppress complaints all at once.

III. THE GREAT LOCK-IN: FROM THE SOCIAL CONTRACT TO THE ENSHITTIFICATION OF WORK

The pervasive logic of enshittification, evident in our digital platforms and essential services, finds its most damaging expression in the labor market itself. Here, the “user” is the worker, for whom a dignified, well-paid job is the primary means of securing life’s essentials. In a modern economy where all necessities must be purchased, a well-paid job is the fundamental prerequisite for acquiring everything else—from housing and healthcare to utilities and food. Yet, paid work has always been a site of large-scale degradation—a process that predates but is now accelerated by digital platforms. To understand how we came to be locked into this precarious reality, we must first recognize that the labor market was never a natural, self-correcting force but a constructed one, shaped by political choices that offered a semblance of security once and then deliberately dismantled it.

As Doctorow argues, there was a time when the internet functioned better, not because there were better bosses (the same people who ran the “good/fun/useful” internet at its inception are in place now), but because the old system had guardrails: regulation, worker power, and interoperability.³ This is true for the labor market as well. That it has become more precarious has nothing to do with corporate CEOs becoming more exploitative over time, but has everything to do with the gradual abandonment of the social contract with during the era of *money manager capitalism*.

The social contract in the postwar period was based on an understanding and explicit policy that the workers, who were also the consumers of industrial output, would enjoy good wages which would rise with productivity gains. The government would provide a comprehensive safety net, including comprehensive education for a skilled workforce and other public goods (infrastructure, utilities, roads). It would provide large-scale contracts to firms, which in turn would accept collective bargaining; and both government and corporations would guarantee retirement security.

There was a missing piece in the social contract, however: there was no guarantee of a good job. The primary support that government would extend to the unemployed was unemployment insurance. But the postwar economy benefited from strong government and private investment,

³ Interoperability: the ability of software systems, devices, and apps to communicate and work with each other.

and unemployment was generally not considered the core problem of *managerial (welfare state) capitalism*—a policy mistake that led to the precarization and enshittification of work later on.

Merchant capitalism initially presented itself as a liberating force from the rigid bonds of feudalism and the predetermined destiny of one's birth. The ability to sell one's labor for a wage offered an escape from the lord's land and the father's trade, promising mobility and self-determination. But this new freedom was, from the beginning, coupled with profound economic insecurity. *Industrial capitalism* chronicled by Dickens and *banker capitalism* as described by Minsky did not exactly liberate the masses; both systems entrenched their poverty. Industrial booms and busts, and depression after depression in the late 1800s amplified by rapid financialization, meant that mass unemployment and hardship were the norm for the majority of American families. This in turn ensured that workers would accept any employment condition, at any pay. Though workers did organize during the progressive era, they did not stop the fundamental volatility and economic insecurity of the prevailing economic order.

It was from this series of crises culminating in the Great Depression that a new social contract was forged. The state stepped in, not as a neutral observer, but as an active agent in redefining the terms of work. The vision was clear and clearly articulated in Franklin Delano Roosevelt's New Deal reforms: a "good job" would be the bedrock of a stable society. This was operationalized through a suite of policies—the minimum wage, the eight-hour day, weekends of rest, unemployment insurance, and eventually, the promise of retirement security. For a critical segment of the workforce—primarily white, male industrial workers—corporations more or less signed onto this contract. The model of lifetime employment offered a "family wage"—a single income sufficient to purchase a home and a car, and to support a family, crowned by a guaranteed pension. This was, for a brief historical moment, a powerful brake on the enshittification of labor. It established a core tenet: policy must establish a standard below which work would not be allowed to fall.

This model was always incomplete and inherently unstable. It systematically excluded vast swathes of workers from its protection, and in particular domestic and agricultural laborers. It promised full employment based on cooperation between unions, businesses, and government

that never endured. The American political landscape was uniquely hostile to a strong labor movement. Without a labor party and with only tenuous support from Democrats, major unions were plagued by conflicts of interest and mixed allegiances. This problem was compounded by deliberately weak labor laws designed to placate the racially segregated South. As a result, unions never represented more than a third of the workforce. Often, their strategy was one of “business unionism,” which focused on securing private benefits for their own members through individual bargaining with employers, rather than building a broad political coalition for universal social policies. Consequently, the drive for universal policies that would strengthen the social safety net like national healthcare, paid vacation, or a guaranteed job, as articulated in Roosevelt’s Second Bill of (Economic) Rights, never consolidated into a dominant political force.

Ultimately, unions could not withstand the corporate counter-offensive that began in the 1970s and accelerated in the 1980s. The rise of large monopolies and the re-financialization of the economy with the rise of *money manager capitalism* created a new paradigm, one that worked for the few, not the many. As firms were gobbled up in a wave of mergers and acquisitions, the worker’s power to *opt out* evaporated. There was no longer a competing factory in town offering comparable terms. The alternative to a bad job at a mega-corporation was not a better job elsewhere; it was unemployment and low-wage service sector work.

The final blow came from the economics profession: unemployment was transformed from a social ill to be cured into an explicit tool of macroeconomic policy. The natural unemployment rate and the non-inflationary rate of unemployment (NIRU, the predecessor of the NAIRU) doctrine that emerged in the late 60s and mid-70s (Friedman 1968; Modigliani and Papademos 1975) informed Federal Reserve policy which explicitly used unemployment as a tool to fight inflation, deliberately weakening labor’s bargaining power. This was the ultimate lock-in: workers, facing monolithic employers, could not opt out for another firm, and the only alternative was a state of joblessness that was now officially sanctioned as necessary for the health of the economy.

The result has been a decades-long enshittification of working life. Precarious, unstable work has become the norm for a large and growing share of the workforce. Today, a significant portion of working families relies on low-wage jobs with unpredictable schedules and no benefits. Almost half of the workforce earns below \$25 per hour—with a disproportionate impact on women and people of color—while the federal minimum wage remains at a poverty level of \$7.25 per hour.

Housing costs further illustrate the strain. In 2022, 50 percent of all renters and nearly 25 percent of homeowners spent over 30 percent of their income on housing⁴ (Harvard JCHS). Additionally, one in four renters is severely cost-burdened, spending over 50 percent of their income on rent (ibid.). Consider that, in the two years following the pandemic, median home prices rose by 40 percent (or four times *faster* than they did during the two *speculative* years that preceded the Great Recession),⁵ while median nominal incomes grew by a mere 9.7 percent.⁶ (Federal Reserve)

This gap between earnings and essential costs is a long-term trend. During 1999–2024, family health insurance premiums (worker contributions) have risen by over 308 percent,⁷ while median real and median nominal household earnings have risen only 16 and 100 percent respectively.⁸ The “living wage” gap is now pervasive; in many metropolitan areas, the cost of essentials for a family of four exceeds the national median income (EPI),⁹ and a true “living wage” is out of reach for the majority of Americans (MIT Living Wage Calculator).¹⁰ This precarity created a fundamental contradiction: incomes became too low to purchase the very output that corporate firms were producing.

Money manager capitalism provided a “solution” to this demand problem, albeit a perverse one. As the economy became increasingly financialized, it created a host of new financing instruments—from credit cards and payday loans to treating home equity lines of credit as

⁴ https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf

⁵ <https://fred.stlouisfed.org/series/MSPUS>

⁶ <https://fred.stlouisfed.org/series/MEHOINUSA646N>

⁷ <https://www.kff.org/interactive/premiums-and-worker-contributions-among-workers-covered-by-employer-sponsored-coverage-1999-2024/>

⁸ <https://fred.stlouisfed.org/series/MEHOINUSA672N> (NOMINAL) vs (REAL)

<https://fred.stlouisfed.org/series/MEHOINUSA672N>

⁹ <https://www.epi.org/resources/budget/>

¹⁰ <https://livingwage.mit.edu/>

ATMs, alongside an explosion in student loans. This indebtedness allowed workers to plug the gap between their stagnant wages and the rising cost of essentials like housing, healthcare, and education. In effect, school debt, medical debt, and increasingly predatory mortgage debt became the life support system for a failing labor model. Workers were not just locked into bad jobs; they were locked into a lifetime of servicing debt, incurred to simulate a standard of living the social contract had once promised but their wages could no longer deliver. All these debt instruments were readily available to cash-strapped consumers and were later securitized into ABS and CDOs, traded in a financial system that would trigger in 2008 the worst financial crisis and longest jobless recovery in US postwar history. Workers lost their jobs but not their debt overhang. Fraudulent foreclosures caused many to lose their homes, equity, and assets. Student loan debt was never meaningfully reformed, and medical debt continued to climb. The consequences persist today: 75 percent of adults worry about unexpected medical bills; 62 percent report skipping medication or care; and 29 percent of seniors have been contacted by a collection agency for medical bills (Cottrill et al. 2024).

The COVID-19 pandemic and the extraordinary government spending that followed created brief relief. The injection of direct aid and the temporary tightening of the labor market gave workers a fleeting taste of autonomy. For a moment, they enjoyed the flexibility to reassess their working conditions but this was a temporary respite, not a transformation. The underlying precarity and the structural power imbalance never went away. Consequently, the public did not develop a lasting appetite for the income support it had briefly enjoyed; the deeper, persistent economic insecurity that remained—the lousy jobs, inadequate paychecks, and rising prices of essentials—continued to matter most.

The assault on worker protections was accelerated during the Trump administration with the decimation of federal government agencies and the rights of federal workers. Fire-at-will policies are the norm, and the decades-long attack on unions continues despite recent organizing wins during the Biden presidency. The lock-in is now nearly absolute and neither workers nor small businesses are thriving in this environment.

The postwar social contract was inherently unstable, paving the way for the lock-bait-switch process that followed. Its “lock,” as described earlier, was necessity itself—the fundamental need to find a well-paid job to survive, a condition exacerbated by a labor market that does not guarantee access to decent employment for all. This natural lock-in was later worsened by a government macroeconomic policy (based on the NAIRU) that explicitly targeted a positive rate of unemployment rather than guaranteeing full employment.

While the postwar era enjoyed a period of stability, this was an aberration. *Industrial* and *banker capitalism* from the late nineteenth and early twentieth century were plagued by depressions. The tight labor markets during *managerial (welfare state) capitalism* prevailed only briefly and as a consequence of large-scale government spending and investment during World War II and the immediate postwar period. This was never a permanent guarantee.

The social contract functioned as “bait” because it promised economic security and decent jobs that American families had never experienced before, but was based on the expectation of ongoing cooperation between the state, businesses, and labor to sustain it. Worse, labor’s primary leverage was unions, which were destined to struggle and could not deliver job security because the constant threat of unemployment undermined their bargaining power. This arrangement served to pacify working families who after having experienced a full-employment economy during wartime had come to expect it during peacetime.

The “switch” occurred with the policy shifts under Volcker and Reagan. The idea that it was a fool’s errand to pursue full employment was already part of the economic canon, which gave policymakers the needed ammunition to bust unions and use mass layoffs as a way to fight inflation. Coupled with labor market deregulation and rapid re-financialization, the economy shifted to its *money manager* stage, resembling the more volatile eras of the past. Mass public sector layoffs under the Trump administration are an extension of this paradigm: job insecurity is not an unfortunate consequence of shifting economic winds, it is the objective of public policy. The result is the system we see today: runaway inequality, household indebtedness, weak labor power, and the rise of a modern precariat—completing the lock-bait-switch dynamic that has led to the enshittification of the labor market.

The social contract is now a distant memory, but when it worked, it was held by the four forces that Cory Doctorow identifies in his book as the very same forces that gave us the “good internet.”

IV. THE FOUR FORCES PREVENTING ENSHITTIFICATION

For Doctorow, the “good internet” worked not because it was run by “better bosses” but because the old system had guardrails: competition, regulation, interoperability, and worker power. The same was true for the social contract. The social contract was not based on the goodwill of employers to do right by their employees and guarantee family wages and lifetime retirement benefits. A significant portion of the working families in the postwar era were able to access good jobs because the above four conditions prevailed.

Competition: Tight labor markets in the postwar era meant that workers had employment options readily available. In conditions of full employment, it is firms who are competing for workers, not the other way around. When those firms competed amongst themselves for a skilled labor force, workers fared better: they had more options to opt out of bad jobs. Employers understood this and invested in their workers, trained them, retained them, and promised them lifetime retirement after years of service.

Regulation: The government reinvented itself after the Great Depression, guided by the understanding, in FDR’s words, that an unemployed and insecure workforce is “the stuff of which dictatorships are made.” Consequently, major regulatory reforms established the 40-hour workweek, minimum wages, and overtime pay, while also strengthening bargaining power through the National Labor Relations Act of 1935 (NLRA). This landmark act enforced collective bargaining and created a formal system for arbitration and dispute resolution. Although firms resisted, a tight labor market initially curtailed their ability to refuse settlements. Yet, union density peaked as early as 1959, a decline driven largely by sustained corporate campaigns of union avoidance via anti-union consultants, lobbying, and legal loopholes. These efforts, too,

were held in check by tight labor markets until the oil shock of the 1970s and subsequent policy responses that created mass unemployment, shifting the balance of power decisively.

Unemployment was once again the most powerful anti-worker tool firms have at their disposal. Union membership began declining in the 70s and the threat of unemployment was not only used by firms to push back on worker demands but was now a sanctioned policy of the government. The idea of the natural rate of unemployment was born, later formalized as a policy tool (the NAIRU) that prescribed job losses to fight inflation. Regulation was no longer on the side of working families; indeed, macroeconomic policy was decidedly working against them.

Interoperability: This is a tech term for the ability of software systems, devices, and apps to communicate and work together. In the realm of paid work, interoperability means being able to take one's skills and expertise to the next employer. After all, the one thing workers genuinely own is their experience, know-how, work ethic, and the ability to apply these skills to various contexts. Yet labor laws have handicapped this essential power: the freedom to take one's capabilities to a competitor. Non-compete clauses have proliferated, from restrictions that prevent employees from taking their skills to a rival, to anti-piracy agreements that block them from hiring former colleagues, and to non-solicitation agreements that forbid recruiting a company's clients (who, in many cases, were originally cultivated by these very same employees). Adding insult to injury, workers are often being asked to sign nondisclosure, non-disparagement, and binding arbitration clauses, alongside (perhaps the most egregious) "training repayment agreement provisions" (TRAP), which require them to pay their employers thousands of dollars if they quit (Harrington 2022).

Beyond the pernicious nature of these rules—which can literally trap workers and prevent them from using the only substantive capital they possess—this enforced non-operability means workers cannot collaborate freely with colleagues, clients, and firms across industries. This creates a fundamentally inefficient model where knowledge and skill transfer are restricted. Such interoperability is suppressed by design, as firms prefer an environment defined by precarious, irregular, and contract-based freelance labor—a system held together by the constant threat of

unemployment. These firms benefit from a labor force that is ready and able to work, yet has limited job options and no real market power.

Worker power: This brings us to the root of labor market enshittification: the systematic erosion of worker power both within companies and across the economy. Working families now face fewer employment options, reduced mobility between jobs, and diminished control over their work lives—including schedules, hours, and earnings. They endure longer commutes and receive paychecks that can no longer cover essential costs like education, healthcare, housing, and retirement—benefits once promised but never adequately delivered by the social contract.

But what makes this process especially harmful is that it is self-reinforcing, mirroring Doctorow’s dynamic of platform decay. As competition for workers declines, employee leverage and bargaining power wane. This, in turn, gives firms the expanded capacity to weaken labor regulations further and offer ever-worsening employment conditions. This erosion further diminishes worker power and weakens competition, creating a self-accelerating race to the bottom that is sustained by the threat of unemployment, poorly paid employment, and insecure work. The enshittification of jobs is now complete, built on the bait-and-switch of the postwar social contract.

Amid this decline, what is missing is a public reexamination of a basic yet fundamental question: “What should paid work actually look like and what conditions should it provide?” Survey after survey shows that people value work. They find in it meaning, dignity, and social connection. Yet working life increasingly fails to deliver these things. People are overworked, burned out, and, most critically, even “good jobs” often cannot cover life’s basics. Work has been so degraded that it no longer fulfills its core economic and social function.

It is time to return to a New Deal–level question: “What makes a job good, and how can we guarantee that everyone has access to one?”

V. REVERSE ENGINEERING THE LABOR MARKET: THE ROLE OF THE JOB GUARANTEE

For Doctorow, the key question is “Can we reverse-engineer the internet?” For me, it is “Can we reverse-engineer the job market?”

How do we create a world of decent work that is readily available to all? We know that people are driven to contribute, to connect, and to do meaningful work. The mission is to reverse-engineer a labor market that aligns with these instincts, ensuring that every job delivers the core components of economic security and well-being.

The postwar social contract was built on two pillars: job security for those of working age and income security for the retired. But the framework was flawed. It left caregivers and others engaged in unpaid household work behind. It never provided widespread job security—except by accident. World War II had so stimulated the postwar economy with incomes, spending, corporate profits, and public sector contracts that it delivered growth and tight labor markets for a couple of decades. But there were no assurances and no policies that would guarantee a good job to those who needed it—whatever their circumstances—which was the original aspiration behind the social contract.

There never was a framework for guaranteed jobs. There was only a provision for unemployment insurance, but no meaningful employment safety net or jobs strategy. An inkling of such a framework existed during the New Deal—projects like the Civilian Conservation Corps (CCC) were so popular that many believed it was the duty and obligation of the government to provide jobs to all who needed one. It is striking that an approach born out of the New Deal has continued to enjoy strong popular support over the years according to various public surveys in the US and abroad.¹¹

The essential mechanism for escaping any “lock-in” is a genuine, readily available *opt-out*. In the context of the labor market, this can be accomplished by the job guarantee proposal (JG): a

¹¹ <https://www.jobguarantee.org/resources/public-support/>

citizen-driven, publicly funded policy that provides a baseline of employment at a living wage, with a standard benefits package. As I have argued in my work (Tcherneva 2020), the job guarantee would establish a permanent, non-negotiable labor standard for the entire economy. It would necessitate that employment offered in the private or public sector does not fall below this decency floor. It would help decommodify labor while supporting key sectors like the care economy, climate remediation, and community renewal (see also Tcherneva 2022a and 2022b).

As of this writing, many economists still do not believe unemployment is a grave problem. In the post-COVID years, firms persistently complained that they could not find workers (though what they really meant was they could not find workers willing to accept low wages). The ability to refuse a bad job was, for a time, sustained by the temporary relief of COVID-era programs. The notion that the economy returned to full employment firmly took hold with even left-of-center economists who celebrated the swift job market recovery.

Unemployment, though, has always persisted in distressed communities—in the flooded Midwest, coastal areas ravaged by storms in the South, and regions scorched by fires in the West. And most importantly, when the next recession arrives—and it is coming—the first and immediate casualty of corporate profit losses will be workers. Mass layoffs will roll through the economy, spreading their scarring effects like an epidemic (Tcherneva 2019).

Today's unemployment is not of the Great Depression kind. There are no long breadlines, there is no widespread homelessness, and there are no endless queues at the unemployment office. Unemployment has become largely invisible, in part because the relative wealth of the US economy masks its most severe consequences. Many unemployed Americans have roofs over their heads (even as they struggle to pay bills), many have access to food support (due to significant, even if unreliable government food subsidies), many receive income assistance such as unemployment insurance (even if it is meager and temporary), and many depend on other family members who have jobs (even if they are low wage). Yet the scarring effects of joblessness remain, impacting the unemployed, their children, and their families, effects which are intensified by ever-increasing precarity in the labor market.

So, the task before us is twofold: to eliminate the threat of unemployment, and to establish a standard for a good job—a floor below which no working person should fall.

I argue that the job guarantee is the policy that can reverse-engineer the labor market, eliminate the threat of unemployment, and establish a public option for jobs. The Job Guarantee acts as a systemic circuit-breaker, restoring the vital countervailing forces of competition, regulation, interoperability, and worker power that have been systematically dismantled over recent decades.

First, the job guarantee brings back genuine competition to the labor market. In the postwar era, the implicit social contract was underpinned by tight labor markets, where the demand for workers often outstripped supply. This created a powerful incentive for firms to compete for talent not just on wages, but on the overall package: stable schedules, benefits, pensions, and dignified working conditions. A job was, for many, a pathway to a secure middle-class life. The neoliberal pivot, with its weaponization of the NAIRU, intentionally broke this model. It created a permanent pool of unemployed job seekers, transforming the labor market from a seller's market (of labor by workers) to a buyer's market (of labor by firms).

The job guarantee breaks this dynamic. By offering a permanent, publicly provided employment opportunity to anyone ready and willing to work, it establishes an effective floor for the entire labor market. It becomes the *de facto* minimum standard for employment. No private employer can offer a job that is inferior to the job guarantee option—in pay, benefits, or conditions—and expect to attract workers. If a fast-food chain or a warehouse offers poverty wages, unpredictable hours, and a hostile environment, workers now have a federally backed alternative. They can walk away. This pushes private firms to *compete upwards*, to improve their offers to lure workers away from the public option. The job guarantee, therefore, does not just create jobs for its participants; it actively incentivizes the private sector, engineering a race to the top in job quality and re-establishing the kind of competitive pressure for labor that defined the more equitable postwar period.

Secondly, the job guarantee is regulation in its most potent and direct form. Traditional labor market regulation involves complex legislation—minimum wage laws, overtime rules, safety standards—that are constantly subject to political attack, corporate lobbying, and enforcement

challenges. The job guarantee bypasses this fraught political terrain by being a de facto regulator. It establishes a living wage set above the poverty line as the new baseline compensation. It provides the crucial benefits that constitute the foundation of social security: healthcare (potentially through an improved Medicare-for-All system or a guaranteed public option), contributions to Social Security, paid sick leave, and family leave. By its very existence, it regulates the market from the bottom up.

Furthermore, this regulatory function is profoundly human-centered. The job guarantee is not a punitive workfare program but an empowering employment guarantee. It includes essential wraparound services like childcare, transportation assistance, and counseling; it offers training and skill-building not as a condition for receiving benefits, but as an integral part of the job itself, investing in human capital for the long term. This model of regulation is proactive and enabling, creating the conditions for genuine workforce participation rather than merely policing bad employer behavior after the fact.

This leads directly to the third countervailing force: *interoperability*. In today's precarious economy, workers often find themselves trapped in dead-end jobs with skills that do not transfer. The uberization of jobs, along with the myriad labor contract entrapments listed above, affects precisely those at the low end of the wage spectrum. The job guarantee is explicitly designed to break these dynamics and improve worker mobility. Its projects are targeted not just at providing work, but at building skills that are explicitly aligned with areas of profound social need. A job guarantee program could train workers for the care economy—in healthcare, eldercare, and child services—sectors that are chronically understaffed yet desperately needed. It could prepare a workforce for the green transition, equip people with the skills to install solar panels, retrofit buildings for energy efficiency, and manage reforestation projects.

By functioning as a continuous training hub, the job guarantee creates a skilled and adaptable workforce. It provides a bridge for workers transitioning from declining industries into emerging ones. For the employee, it offers a path for career advancement and mobility. For society, it delivers a pipeline of trained personnel to tackle our most pressing challenges. This interoperability ensures that the job guarantee is not an isolated program but an integrated,

dynamic component of the economic ecosystem, constantly upgrading the nation's human capital and facilitating a just transition to a new economic structure.

Finally, and most fundamentally, the job guarantee establishes a foundation for genuine worker power. In an economy where the threat of joblessness is ever-present, the leverage to negotiate is often reserved for a small group of highly skilled professionals. For everyone else, the fear of default, eviction and hunger, is so powerful that it directly leads to the acceptance of suboptimal work arrangements. The job guarantee changes this dynamic by providing a permanent, dignified alternative. It empowers all workers, particularly the most vulnerable, with a viable exit option from positions that offer poverty-level wages, unsafe conditions, or chronic instability. This public option rebalances the labor market, away from the employer who controls job opportunities to the worker who now has the freedom to choose. This restored power to say “no” is the bedrock upon which the other three forces rest. It is what incentivizes competition, it is what makes the job guarantee's regulatory power effective, and it is what gives workers the security to invest in new skills for interoperability. By ensuring a permanent employment option, the job guarantee helps reorient the labor market toward voluntary agreement and mutual benefit, reducing the role of economic pressure.

The enshittification of work is a political choice, not an economic inevitability. The job guarantee offers a comprehensive blueprint for reversing it. By establishing a public option for employment, it reintroduces the healthy competition, smart regulation, fluid interoperability and worker power into the labor market. This creates a system that prioritizes stability and economic security, ensuring that the economy works for the benefit of everyone, not just a narrow set of corporate interests. It is the essential institution for de-commodifying labor and building a well-balanced economy that supports the public purpose.

VI. CONCLUSION

The degradation of work follows Cory Doctorow's enshittification cycle with devastating precision. The “trap” is the inescapable lock-in of a system where survival depends on finding

paid work; a dependency that was deliberately solidified when unemployed workers became an official tool for inflation control. The “bait” was the postwar social contract that dangled the promise of a family-sustaining job—a promise built on a fragile framework that ultimately gave working families neither a genuine guarantee nor adequate power to enforce it. The “switch” unleashed an era of labor market deregulation, the severing of wages from productivity gains, and the rise of precarious work—all sanctioned by government policy. A federal job guarantee directly breaks this cycle by providing a permanent, public opt-out. It establishes a universal basic employment option that prevents employers from extracting value by degrading work itself.

Without a job guarantee, the end-users of capitalism—workers—remain captive participants in their own exploitation. The job guarantee is the circuit-breaker to the enshittification of work. It transforms the unemployed—a source of economic insecurity and downward pressure on wages—into a standing workforce mobilized to build resilient communities and a sustainable future. It provides the genuine opt-out that allows workers to say “no” to poverty wages and degrading conditions, not by falling into the abyss of joblessness, but by stepping into a guaranteed role of dignity and purpose. The job guarantee is not a utopian dream; it is the essential, missing pillar of a social contract that has been broken. Until we rebuild it, the enshittification of our working lives will only continue its corrosive advance.

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