While automation has risen...

...saving time on domestic chores...

HOUSEWORK WORKING HOURS PER WEEK, PER HOUSEHOLD OF TWO

Only counting the following three household chores: Preparing meals, laundry, and cleaning.


SHARE OF US HOUSEHOLDS WITH BASIC ELECTRICAL APPLIANCES

Washer Refrigerator Vacuum Freezer Dryer Dishwasher Water Heater Microwave

100% 90% 80% 70% 60% 50% 40% 30% 20% 10% 0%


...a revolutionary reduction in working hours still looks some way off.

WEEKLY WORK HOURS

Work hours full-time production workers (male and female) in non-agricultural activities.

1870 1880 1900 1920 1940 1960 1980 2000

60h 50h 40h 30h 20h 10h 0h

United Kingdom United States Germany France

For most economists, John Maynard Keynes is the brightest star in the firmament of dismal scientists.

In papers published between the first and second world wars, he did everything from foreshadowing hyperinflation and the collapse of the Weimar Republic to predicting and helping trigger Britain’s withdrawal from the gold standard. With his ‘General Theory’ he also created the basis on which governments run economies today by inventing macroeconomics.

But one thing Keynes got wrong was his prediction that automation would usher in a life of leisure. In the 90 or so years since he made the claim\(^1\), however, working hours in the Organization for Economic Co-operation and Development (OECD) have been broadly stable at roughly 40-hours-a-week. This is strange since in other spheres of life, the adoption of labor-saving devices has cut working time.

But perhaps this is just temporary. If the advent of the fourth industrial revolution\(^2\) (Industry 4.0) ushers in true automation then, all things being equal, productivity should rise – as should wealth. People would then be in a position to ‘buy’ more time away from work and Keynes’s vision of a leisure-filled future would finally be within reach.

\(^1\) In his 1930 publication Economic possibilities for our grandchildren, Keynes pointed to a 15-hour working week as being sufficient to fund “a life of abundance”.

\(^2\) The first industrial revolution witnessed the advent of steam power. The second industrial revolution brought electrification into the mainstream. In the third industrial revolution, advances in computing and connectivity ushered in global communications and the Internet. Today’s fourth industrial revolution (Industry 4.0) refers to the current transformation of the economy and production through digitization, big data, the Internet of Things, machine learning, automation, robotics and artificial intelligence.

_Shamik Dhar, chief economist, BNY Mellon Investment Management_
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