

Essay

The Doughnut Economy

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What makes a doughnut interesting is the hole in the middle. With the disappearance of the middle class, middle management, and the middleman, our economy now has more holes in it than a box of Krispy Kremes.

We owe much of this to the marvels of technology. Computers, the Internet, and automation enable us all to do so much *more*. In most cases, we are relying on fewer people to do the same amount of work.

With the rise of industrialization of the early 1900s, we had the time and the resources to form the institutions that made this country great. In particular, we created a public education system that created a more level playing field for everyone. Large corporations flourished, along with their pension plans and offers of lifetime employment.

As we step into the *post-industrial* era, many of the early advantages of industrialization are behind us.

Without a solid middle, more people are being forced to live on the edge. Doughnut holes have a way of making us all dig a little deeper into our pockets.

The 40-hour workweek is becoming less relevant as we see more subcontractors, temps, freelancers, and self-employed. The U.S. Government Accountability Office estimates that these “contingent workers” now make up a third of the workforce.

The traditional career ladder has been replaced by something that more closely resembles a patchwork crazy-quilt, as people stitch together multiple sources of income in a way that is flexible and covers their needs. When our ideas of “working life” and “retired life” become increasingly blurred, we are left with a security blanket that seems to get smaller with each passing year.

The upside of this new work reality is that it should (theoretically) give us opportunities to take a series of “mini-retirements” as we reinvent and retool ourselves for our next career. Fortune seems to favor the flexible. And as the world spins more rapidly, so must we adapt to ever-changing roles.

However, there are a few things that help put my anxious mind at ease. The first is that **doughnuts are getting less expensive**. We’ve automated the process of making doughnuts and almost everything else.

Tracking some of the technology innovations in fast food, there is now something called the Burger

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Bot, which can serve one freshly made burger every 10 seconds. The University of Texas employs a robotic barista (the “Briggo”) that serves coffee to 10,000 students a day, all without complaining or snarky commentary.

Less money spent on labor means fewer jobs. Alternatively, it may also lead to cheaper food with better-quality ingredients. Technological deflation is part of the reason behind \$2-per-gallon gasoline. Even health care inflation has temporarily hit the “pause” button following the passage of the Affordable Care Act. For those on a fixed retirement income, price deflation is a good thing.

We are also getting much better at sharing our doughnuts. If we can share more, we’ll all need less. This is part of something happening now called the “sharing economy.” For some, this may mean a return to multigenerational households. For others, it might lead to renting out a spare bedroom for additional income.

I’m encouraged by such innovations as “time banking,” which enables people to donate their time and expertise in exchange for free help with gardening, cooking, or maintenance. It is a great way of building stronger communities and providing for everyone according to their needs and abilities.

Another alternative form of finance can be found at Prosper.com, which serves as a matchmaker between those who have savings with those who

need funding. In many cases, borrowers and lenders can *both* find better interest rates than through traditional sources.

Doughnuts will be on the Internet, along with everything else on our grocery list. Armchair shoppers will have many reasons to celebrate. If we look at technological possibilities a few years down the road, we are also going to see some remarkable improvements in health care through the “Internet of things,” in which our well-being can be monitored in real time by physicians. Google and CVS are both engaged in initiatives to develop inexpensive wearable sensors. These devices can monitor useful personal data regarding balance, glucose levels, body temperature, and heart rate.

In the future of automated cars, it is quite possible that your Toyota Prius may become the chief breadwinner of the house, as a sort of on-demand Uber taxi for neighbors. You might be playing tennis, while your car picks up the grandchildren from soccer practice.

Yes, these are very interesting times! What keeps me awake at night are some of the very things that enable me to sleep soundly. We all benefit from technological progress, even if we find ourselves temporarily displaced by it.

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Essay 6, June 2015

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