

## Chapter 72

# Machines and Technological Unemployment: Basic Income vs. Basic Capital

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### ABSTRACT

*Recently, economic studies on labor market developments have indicated that there is a potential threat of technological mass unemployment. Both smart robotics and information technology may perform a broad range of tasks that today are fulfilled by human labor. This development could lead to vast inequalities. Proponents of an unconditional basic income have, therefore, employed this scenario to argue for their cause. In this chapter, the author argues that, although a basic income might be a valid answer to the challenge of technological unemployment, it fails to account for some ethical problems specific to future expectations of mass unemployment. The author introduces the proposal of an unconditional basic capital and shows how it can address these problems adequately and avoid objections against a basic income. However, the basic capital proposal cannot replace all redistributive social policies. It has to be interpreted as a supplement to either a basic income or more traditional redistributive policies.*

### INTRODUCTION

In the coming decades, a large number of jobs that, nowadays are performed by humans, may be taken over either by intelligent software or smart robotics. On the one hand, this will lead to a substantial growth in real income; on the other hand, it will eradicate employment opportunities for many people. One broadly discussed ethical and political challenge in light of this technologically-caused unemployment makes reference to ideas of distributive justice. If a large number of jobs are rationalized and replaced by machines, productive power will almost exclusively lie in the hands of capital owners, whereas people who are dependent on paid labor to make a living will be deprived of their capability of doing so. It is obvious that the former group of people, the capital owners, most probably remains very small compared to the latter.

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So-called “technological unemployment” (Klimczuk-Kochańska & Klimczuk, 2015) can therefore be said to cause a problem of inequality that calls for distribution according to principles of justice. Proponents of an unconditional basic income grant (BIG) have employed these expectations to argue for their cause (Walker, 2014; Hughes 2014; Bruun & Duka, 2018). A BIG grant is a distributive scheme in which every citizen is paid a periodical salary that is unconditional, upon the additional income the person acquires through the labor market.

My intention in this chapter is to critically reflect this proposal and to introduce the account of an unconditional basic capital grant (BCG) to counter the problem of technological unemployment. In contrast to a BIG, the BCG consists of a single payment to every citizen that allows him or her to make an investment early in his or her life; for example, to make investments on the financial market, to launch a business, or to pay for education costs. Although there has been a lively debate among proponents of a BIG and those of a BCG (Alstott, & Van Parijs, 2006), the BCG has not yet become subject to the debate around technological income. I will defend a BCG that is not meant as an alternative but as a viable supplement to other redistributive policies with respect to the ethical challenges of technological unemployment.

I proceed in three steps. First, I attempt to provide an overview of different scenarios on labor market developments due to automation. Since they range from highly pessimistic to overly optimistic expectations, I will sketch them, on the one hand, in a utopian and, on the other, in a dystopian framework. Second, I will outline the shortcomings of both these views, establishing what I call a “more realistic” view on future labor market developments. This view acknowledges the threat of technological mass unemployment but it also maintains the thesis of a complete eradication of paid labor. The section concludes with lessons to be learned from the utopia and dystopia with respect to how we should evaluate the ethical implications of technological unemployment. Third, I will discuss two policy proposals to deal with the challenge of technological unemployment—BIG and BCG. I argue that a BIG can address some ethical issues while it is unable to deal with others. A BCG in contrast may be able deal with these problems more effectively. Thus, the chapter concludes that the challenge of technological unemployment is best met by a BCG.

## **SCENARIOS OF A POST-WORK SOCIETY**

What will happen in the near future when a large number of jobs cease to exist due to automation? Expectations of future labor market developments range from pessimistic scenarios of poverty and vast inequalities to future societies of abundance and a liberation from all sorts of material necessities. In this section, I aim to sketch these scenarios in order to outline how certain fears and hopes might be based on unrealistic assumptions. Nevertheless, the picture of the different scenarios gives us some insights with regard to the question of how to address the challenge of automation and unemployment with the help of different policy options. The overview reveals some societal processes we may already observe today. Furthermore, it shows which anticipations might be justified. I will first draw the picture of a so-called post-work utopia in order to elucidate the great prospects automation holds for our society. I then contrast this idea with what I call the post-work dystopia. I argue that the idea is probably too pessimistic. The section concludes with some lessons to be learned from different future expectations.

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