What to do when machines take our jobs? Give everyone free money for doing nothing

April 5 2016, by David Tuffley, Griffith University

Credit: AI-generated image (disclaimer)

It was Groucho Marx who said, "While money can't buy happiness, it certainly lets you choose your own form of misery." Quite true, but what if there's no money coming in from work because your job's been taken over by a machine?

Low wage earners appear to be most at risk from automation. In February 2016, the Council of Economic Advisers (an agency within the Executive Office of the US President) issued an alarming report predicting that an 80% or greater chance exists for people on basic incomes of US$20 per hour or less to be made redundant by smart machines in the foreseeable future.

After them come the mid-range workers. Clearly, we need strategies to address any job losses arising though increases in automation.

Theoretically, just about any job that can be described as a process could be done by a computer-controlled machine. In practice though, many employers will decide that keeping a human in a job is preferable to automating it.

These are jobs that involve some degree of empathy. Imagine telling a robot doctor what ails you in response to "please state the nature of your medical emergency".

Free money for all – seriously?

But what about those people whose jobs are lost to automation? What if new jobs aren't created to replace them? What are they to do if they can't earn a living anymore?

This time it's Karl Marx, not Groucho, who comes to mind with the idea of giving people a universal basic income (UBI). This is raised as a possible remedy to any misery caused by rising unemployment from job automation.

Put simply, a UBI is a pump-priming minimum income that is unconditionally granted to all on an individual basis, without any means test or work requirement. It eliminates the poverty traps that the poor fall

into when welfare payments have many conditions and are administered by large and inflexible bureaucracies.

The suggestion of free [money](#) is sure to raise many peoples' hackles. Yet, this seemingly outrageous idea is being taken seriously enough to be trialled by a growing number of governments around the world, including that of [Finland](#), the [Netherlands](#) and [Canada](#).

Meanwhile, [Switzerland](#) will hold a referendum in June on whether to include a flat monthly payment of 2,500 Swiss Francs (A\$3,380) to all adults, and a reduced flat payment of 625 Swiss Francs (A\$845) to children.

Some commentators, such as former US labor secretary Robert Reich, consider a form of guaranteed national income to be "[almost inevitable](#)".

And the US libertarian think-tank, the Cato Institute, last May published an analysis on the [pros and cons of a guaranteed national income](#). It makes for interesting reading.

The Dutch experiment

In the Netherlands, the provincial capital of Utrecht is planning a trial that it calls [See What Works](#). This model is showing other governments how to go about their own trials. Four types of UBI will be tested over two years.

The first type gives people a basic income of around 850 Euros (A\$1,250) per month, requiring nothing in return, no reciprocal obligation. People are allowed to earn as much additional income as they desire.

The second gives people the UBI, but requires them to do volunteer

community work to qualify for the full 850 Euros (A$1,250). Non-volunteering recipients receive a reduced amount.

The third type offers additional money for volunteering, while the fourth gives people the 850 (A$1,250) but does not allow them to do any work. A control group rounds out the trial.

What about welfare?

Under existing welfare arrangements, some people are already being paid even if they don't work.

Non means-tested income would encourage people to work to supplement their basic income, an arrangement that would suit the rising class of freelance and casual workers in today's information economies.

A basic income is described by some advocates in Silicon Valley as venture capital for poor people. They see it as enabling a pool of creative talent which has good ideas but not the means to pursue their projects and create the dynamic new industries that will be key to future prosperity.

Where will the money come from?

Advocates suggest that much of the funding currently going into welfare, state pensions, tax credits and various poverty alleviation schemes could be redeployed to fund a UBI to achieve better results.

More savings can be made by reducing the size of the government bureaucracies that administer them. Big government becomes smaller government.

The shortfall would need to be funded from tax revenue, and therein lies the rub. Raising taxes is never popular, particularly with those already saddled with heavy tax burdens.

But one thing is for sure: automation will continue to change the nature of employment, forcing economic restructuring whether we like it or not. There is pain ahead, and no avoiding it.

As counter intuitive as it might seem to those of us with a traditional work ethic (myself included), a UBI is worth exploring as a simple solution to a complex problem.

We must not underestimate the value of untapped human capital; people with the desire and capacity to be engaged and creative. If they do not need to take a menial job to cover their living expenses, they will have time to do more interesting things that are of benefit to society.

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