

# Rise of the machines: Is a universal basic income the answer for mass unemployment?

By business reporter [Michael Janda](#)

Updated about an hour ago Wed 5 Jul 2017, 8:37am

**Related Story:** [How artificial intelligence will reshape our lives](#)

It's just over three decades since Dire Straits immortalised their satirical free money formula in song. Money for Nothing.

**YouTube:** [Money for Nothing music video](#)

Sadly, not all of us are skilled at Hawaiian noises or banging on the bongos like a chimpanzee, so we're not going to make it as rock legends on MTV, which itself has been usurped by YouTube anyway.

But what if you didn't have to be a rock star to get money for nothing?

What if, instead of humans installing microwave ovens and moving refrigerators, robots did it for us, and then we got paid to do nothing?

Much of the discussion about artificial intelligence and machines is cloaked in fear - the fear that they will take our jobs and leave the masses unemployed and destitute.

But what if there are some jobs - like custom kitchen deliveries and moving colour TVs - that we'd rather like them to take?

"I think we should embrace automation. The only problem we've got now is we're not embracing it," argued author and former BBC economics editor Paul Mason.

**"We're paying people with degrees to make coffee. We are replacing machine car washes in Britain with hand car washes, where six guys with rags can undercut a machine."**

It's long been a dream of futurists that machines might take over odious and repetitive tasks so that people might work less and enjoy more leisure.

## WHICH JOBS WILL AI TAKE OVER?



[Machines have long been replacing blue collar factory workers, but now artificial intelligence is threatening white collar jobs.](#) The difference in the past couple of decades is that machines are becoming increasingly capable of assuming not just manual roles, but mental tasks as well.

But this dream could turn into a nightmare if the fruits of the machines' labour are retained exclusively by their owners.

It's a nightmare that renowned physicist and cosmologist Stephen Hawking sees unfolding before his eyes.

"The outcome will depend on how things are distributed," [he replied in a 2015 Reddit AMA \(ask me anything\).](#)

**"Everyone can enjoy a life of luxurious leisure if the machine-produced wealth is shared, or most people can end up miserably poor if the machine-owners successfully lobby against wealth redistribution.**

"So far, the trend seems to be toward the second option, with technology driving ever-increasing inequality."

A universal basic income (UBI) paid for by higher taxes on the wealthy, especially those whose wealth is derived from capital not labour, is a key plank in the first option.

Tech billionaire Elon Musk is an advocate, even though he would probably be one of those most heavily taxed.

"I think ultimately we will have to have some kind of universal basic income, I don't think we're going to have a choice," he told a global summit in Dubai earlier this year.

Troy Henderson is doing his PhD on universal basic income and, even though he's sceptical that robots and AI really will lead to mass unemployment given historical experience with major technological change, he said there are still good reasons to introduce a UBI.

"A reduction in poverty levels, a reduction in inequality, an increase in income security and also an increase in personal freedom," he argued.

"I'd also say it is a way of redistributing value in the form of money from over-remunerated forms of work, such as banking for example, to under-remunerated forms of work, such as looking after kids or looking after elderly parents, which today is disproportionately done by women."

## **MONEY FOR NOTHING DOESN'T COME CHEAP**

But that's precisely the major sticking point around a universal basic income ... money.

Giving everyone money for nothing doesn't come cheap.

"If you wanted to replace the current system with just a level of payment that was about the level of Newstart, we'd be talking \$240 billion a year in spending," estimated Professor Peter Whiteford from ANU's Crawford School of Public Policy.

One option would be to reduce some of the more generous existing benefits, such as the aged and disability pensions, to the level of a UBI.

But that probably wouldn't be popular.

"If you set it at the level of Newstart you would be cutting the benefits for pensioners by 40 to 45 per cent," argued Simon Cowan from the Centre for Independent Studies think tank.

Even with those savings the net cost would still be huge.

**"You would still have to find something like a \$170-190 billion in order to fund this scheme," Mr Cowan estimated.**

The overall spend for the Australian Government this financial year is about \$450 billion, and it already has a sizeable budget deficit, so it would need to raise nearly 50 per cent more tax revenue to fund even a very basic universal income.

That could lead to some eye-watering tax rates for those still working.

"You'd be talking about everybody having a marginal tax rate of about 60 cents in the dollar," Professor Whiteford reckoned.

But it's zero sum game. For every higher-income person paying more tax, there'd be a lower income person made better off, with most people in the middle about the same.

## **WILL WE WANT TO WORK IF WE'RE PAID TO DO NOTHING?**

The second big obstacle to UBI is the question of whether anyone will want to work at all - a question tested in North American trials in the 1970s.

"If you were an adult male it didn't make much difference in the amount of work you did, mothers tended to spend more time with their children and young people tended to spend more time in education," Professor Whiteford said.

The Netherlands, Finland and Canada's most populous province, Ontario, are currently running their own trials.

Approximately 250 Dutch are set to receive around \$1,400 a month, 4,000 Canadians will receive up to \$17,000 a year and 2,000 unemployed Finns will be paid about \$840 monthly, regardless of whether they earn anything else or not.

But Finnish basic income researcher Otto Lehto from Kings College London says the Finnish trial, run by a centre-right Government, is too limited in scope.

**"The idea of basic income has always been to really be universal and applicable to people at different points in their lives and in different employment situations," he said.**

"The experiment will not test out whether self-employed people, students, entrepreneurs or so on will benefit."

But even if the trials prove that most people still want to work when they don't have to just to survive, will the better off want to pay a guaranteed wage for those who don't?

On this front I think Pink Floyd offers more insight than Dire Straits.

"Money, it's a crime. Share it fairly but don't take a slice of my pie ... if you ask for a rise it's no surprise that they're giving none away."

*This is part two of a three part special by The Business and Business PM which looks at how automation will reshape the Australian workforce.*

<http://www.abc.net.au/news/2017-07-04/universal-basic-income-money-for-nothing/8676834>

Submitted By: Ruth Edge – Cardinia Shire Council