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Automation: Beyond a Universal Basic Income

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Automation: Beyond a Universal Basic Income

Section 1: Predatory Automation
One of the enduring chestnuts of futurists and the Luddite-minded is that technology and automation are taking the jobs of human beings.¹ And the rise of the robots is only getting worse. This paper will not examine the merits of this view; rather the presented argument: a) assumes that the view is relevant enough to be included within serious political and economic debate; and b) offers an alternative to the Universal Basic Income (UBI) as the solution to the pathologies of job-stealing automation. Even if the paper’s proposal would be impractical, it functions as a thought experiment to better motivate analytic reflection of the attending issues.

The common view is that technological innovation can replace human beings in organizational positions that the human needs to earn an income. To the extent that technology is more productive and less costly than human labor, profit-seeking corporations will always replace the human.² Of course as a general view this is overstated, as not all new technology replaces a human. I point out that the identification of problems worth solving can grow at a greater rate than the technological capacity to solve them. If identification does grow at a greater rate new jobs are created, and in principle without limit. Indeed one standard by which to judge civilizations is by the triviality of the problems they choose to leave unaddressed.

In my reading futurists give too little attention to this optimistic view. But the paper will be charitable to the views futurists do take and popularize. Martin Ford for example voices two concerns about automation.³ First, neither robots nor the displaced humans can purchase what is

¹ This literature abounds, thereby keeping many futurists employed. Little of this literature is strictly applied philosophy however. One popular presentation of the threats of automation can be found at: http://www.zdnet.com/article/the-future-of-jobs-automation-technologies-robotics-and-artificial-intelligence/
² We assume that this general claim is not defeated by corporate altruism.
being produced. If we safely assume that the very wealthy robot owners will not make up enough of the lost consumption, a robustly automated economy will suffer a stubborn aggregate demand shortfall.4 Second, artificial intelligence is a unique technological threat because it can displace highly positioned institutional decision-makers in addition to the decision-takers below them.5 Thus the harms of predatory technology are at once both personal, to the displaced humans; and public, insofar as a consumption shortfall threatens the entire economy.6

The literature’s favored solution is to replace the aggregate demand lost from human displacement by a universal basic income.7 UBI proposals are defended on many fronts.8 The two most discussed variants are to either give each citizen the same modest annual income; or to give larger payments to citizens who pass a low income means test. In both cases persons would earn an income without working.

There are two primary objections to any UBI policy: it is too expensive to tax-fund;9 and it redistributes income in a way that is undeserved. The literature presents this second concern incorrectly.10 It is not that the UBI incentivizes persons to no longer seek productive work: the UBI is needed because there are no positions left to fill. A UBI has no net labor disincentive effect; rather it redistributes the leisure which otherwise accrues to the very wealthy.

Ford’s contribution to the UBI debate is to structure the income means test such that it incentivize independently valuable activities (beyond the consumption it supports). He suggests training and education.11 Incentives can legitimate an institution to the extent that they satisfy

4 Ford (2015); p. 196.
5 Ibid.; p. 240.
6 Ibid.; p. 205.
7 Ibid.; p. 257.
8 UBI literature abounds. See for example: http://basicincome.org/basic-income/
9 Ford (2015); p. 271.
11 Ibid.; p. 263.
the two moral obligations to optimize aggregate outcomes and to satisfy personal desert.\textsuperscript{12}

Better aggregate outcomes can result when persons act in anticipation of a UBI payment. And a UBI policy satisfies desert if it provides an income proportional to that person’s valuable acts. Desert would be violated if the UBI payment was disproportional. But there are also legitimate institutions to which desert simply does not apply. Those institutions do not violate desert. The point is that personal payments can be justified for reasons that do not involve desert.

This paper goes beyond the typical futurist response to predatory automation by suggesting a macro-scale institutional innovation justified by morally relevant “care”.

Section 2: The Proposed Institution

Begin with the observation that people work for three macro-categories of formal organizations: corporations, which seek profit; tax-funded state agencies, which commands their employees to carry out public policy; and what I call DGOs.\textsuperscript{13} DGOs are organizations with a mission to “do good” for human beings. Charities, non-profits, foundations and the like make up the DGO sector. Familiar specific examples include the Red Cross, Creative Commons, and the Ford Foundation. For-profit corporations seek to satisfy voluntary transactional relationships. But DGOs are designed to satisfy caring relationships.\textsuperscript{14} DGOs value caring acts intrinsically, unconditionally, and exclusively.\textsuperscript{15} Financial transactions are not involved either because the recipient of the caring act cannot pay or because payment would be morally problematic.\textsuperscript{16}

\textsuperscript{12} Naturally there is broad literature on consequentialism and desert theory. See for example: https://plato.stanford.edu/entries/consequentialism/; and https://plato.stanford.edu/entries/desert/.

\textsuperscript{13} The focus is on corporations only insofar as sole proprietorships and partnerships are less relevant to the expansion of predatory automation.

\textsuperscript{14} This is intended as a psychological motivation. The argument does not require an “ethics of care” justification of these motivations or any resulting institutional authority. Politically, care arguably qualifies as a comprehensive doctrine. See John Rawls, \textit{Justice as Fairness: A Restatement} (Harvard University Press, 2001); section 11, p. 32.

\textsuperscript{15} We leave aside the metaethics concerning how right intentions, good acts, good outcomes, and good character relate. The sections that follow touch on these matters as is relevant.

\textsuperscript{16} The paper does not explore the theoretical elaboration of “morally problematic” payments, reserving our focus for the institutional thought experiment.
Most of society’s caring acts are done by informal groups such as families, friends and associations. DGOs deliver the caring acts that require more institutional coordination. The claim is that these cases are significant but under-served in modern capitalist democracies. One reason is that DGOs presently earn their revenue only from persons willing and able to privately gift them. The paper’s proposal is for the state to give every citizen a tax-funded account with which they too can financially gift DGOs. The account funds can only be used to gift DGOs; they may not be used for any other purpose. Each citizen’s gift account is equally funded, and democratic decision-making determines the level of universal funding. The proposal’s central aim is to have universal citizen gift accounts greatly enhance the DGO sector as a complement (or replacement) of the state funding a UBI. Expanding DGO funding also implies a proportional reduction of public policies that support for-profit corporations and state agencies.

Futurists overlook that state agencies and non-profits can also employ automation. But the argument assumes that predatory automation would replace human positions most rapidly in profit-seeking corporations and less rapidly in DGOs and state agencies. While the effect of ever-evolving automation is a net job loss, it is more relevant to say that the effect is a redistribution of where the income-earning positions are in the economy. But both net job shifts and net job loss cause economic, cultural and political pathologies worth responding to.

Section 3: Framework
The proposed response is to enhance the DGO sector, even though the taxes necessary to fund the gifting accounts would proportionately reduce the UBI and the capacities of the other two sectors. The claim is that the resulting mix of corporations, state agencies and DGOs would be

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17 Such groups do not seek and would not be eligible to receive DGO account gifts. 18 We leave aside the possibility of black market payments back to gifters. Considerations such as this are theoretically relevant only if they are fatal to practice.
both more effective and more legitimate. A vital polity will sell enough TVs and repair enough roads, but it should also deliver enough blankets to the homeless.

The obvious objection to the DGO proposal is that it would be more efficient to just give the homeless a UBI income to buy their own blankets. This frees them from reliance on less than certain DGO funding, follow-through, and agendas. Section 4 offers a reply to this concern.

To summarize the potential benefits of universal citizen DGO gifting accounts:
1) Social relationships would be more caring and less transactional and less commanded.
2) Humans displaced by predatory automation could find employment with DGOs.¹⁹
3) Some displaced persons could be recipients of DGO service. Indeed any citizen with an urgent need not met by other institutions will be in a better position to have their needs met by the enhanced DGOs.
4) Citizen DGO gift accounts transform and expand democracy because they give each citizen more direct influence over more relationships and outcomes.

Managing one’s DGO gifting account would be partially like voting and partially like managing an investment portfolio. Each citizen would employ their own values in making their account gifts. Importantly however, the accounts distribute both positive and negative dollars. This enables citizens to effectively prevent organizations that do less good, if not outright bad. A DGO will attract positive dollars if their services are popular, but they would be able to repel negative dollars only if their services are justified. The next section expands on this claim.

DGO accounts are funded by taxes on corporate profits and the resulting better supported personal incomes. Below we will examine the concern that the necessary taxes would be politically, economically and institutionally untenable.

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¹⁹ “Could” also means that this claim is incorrect when DGO gift accounts are underfunded.
All institutions are coordination focal points by which to organize purposeful human activity. The citizen DGO gift account system redistributes institutional authority and resources away from corporations and state agencies. The aim is to provide a better mix of formal opportunities and capacities to carry out personal life plans. Civilization is (and should remain) human lives becoming better over time. Automation is simply one material link of civilization’s long chain of historical progress. As argued below, institutions are thus legitimate only to the extent that they support and distribute civilization’s heritage in a way that affirms each human being’s moral status. Capitalism is illegitimate if it allows the owners of automation to monopolize the fruits of this heritage. In effect, the citizen DGO gift account system redistributes the opportunities to live more purposeful human lives on the back of robots.

Section 3: Elaboration
The traditional view is that a high unemployment rate means that for-profit corporations or state agencies are too small.²⁰ Neither institution employs enough persons simply because they lack the necessary authority and resources.²¹ This paper’s alternative view is that stubborn unemployment means that the DGO sector is too small. An optimal economy requires the correct mix of dynamic informal activities, corporations, state agencies, and DGOs.

Importantly, invigorating the DGO sector also requires that new DGOs be easier to found, i.e., that barriers to entry be low. Lower costs of entry would increase risk-taking and social innovation. Examples of startup DGOs are boundless. They might include a service that visits housebound elderly persons with meals, social connections and entertainment. Or groups of philosophy graduate students could compete for gifts to serve as neighborhood ethics boards.

²⁰ We leave aside the political rhetoric and ideology that tax-funded state agencies are always too large.
²¹ To clarify, automation layoffs represent a corporation’s choice to switch their authority over a productive “position” to authority over a productive resource.
Anyone may simply register and compete for gifts without the need for particular state authorization. Both universal and equally-sized DGO accounts and liberal terms of founding work together to equalize the influence and authority of citizens.

One problem with universal funding is that it could promote DGOs that not only do too little good but do outright wrong. Consider for example a posse of alcoholics who form a DGO and use their personal accounts to fund their beverage purchases. Two features can prevent or at least workably minimize such abuse. First, no one can fund their own DGO with their own account. Funding must earn the endorsement of critically distanced fellow citizens. Second, because DGO accounts distribute both positive and negative dollars gifting would be amply reflective. Even DGOs that attract significant positive funding must provide reasons to overcome the negative funding by citizens who disvalue their service. The claim is that two-track (positive and negative) funding could overcome passion with reasoned judgment better than would positive dollars alone. To the extent that this is true DGOs would win and lose funding more for justified reasons than for rationalized reasons.

DGOs that fail in the competition for gifts would either remain modest or cease to exist. The assumption just defended requires that there be a positive relationship between the moral value of what DGOs deliver and the funding they earn. For example, in addition to increasing employment opportunities, a properly invigorated DGO sector would change the nature of work. For many workers, being a cog in the production of mere things and instrumental services is alienating. But to be able to found, finance and work for DGOs provides the option to authentically serve one’s own values of care.

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22 The proposal does not prohibit self-funding one’s own solely self-regarding projects.
It is possible to question the claim that the values that motivate particular gifts will always justify the resulting outcome. Although it is easy to present the motivation as “care”, in fact a broad variety of motivations and justifying reasons are relevant. Each should be judged by a suitable standard of “the good”.\textsuperscript{24} Two questions are relevant to the legitimacy of citizen gifting. Can a liberal public provide and recognize legitimizing conceptions of the good? And if not, are the failings on this score nonetheless morally permissible? Subsequent sections will speak to these two questions.

**Section 4: The Unnecessary Objection**

It can be pointed out that individual DGO accounts are unnecessary because a universal UBI can function in the same way, and for cheaper. Citizens can simply gift any of their UBI, as they presently can with any earned income. As well, a UBI would allow the needy to directly purchase desired services.

There are three insightful replies. First, universal gifting accounts would almost assuredly provide more aggregate gifting than would discretionary private gifting. Second, universal accounts would procedurally redistribute influence across citizens because, unlike discretionary gifting, it is irrational to not gift all of one’s account dollars.\textsuperscript{25}

Additionally, universal citizen gift accounts would keep the purpose of DGOs a manifest element of public debate and culture.\textsuperscript{26} A critic of universal accounts could point out that universal and equal votes are actually not necessary because the sum of each citizen’s other opportunities to influence politics greatly exceeds the influence of their vote. But votes are more than instruments of influence. They validate the citizen’s status, and assure that each citizen is

\textsuperscript{24} Rawls; section 43, p. 140.

\textsuperscript{25} The argument leaves complex matters of distributive justice aside. But the burden of proof lay with the critics who are troubled by how uniform gifting accounts would change citizen influence from the status quo.

\textsuperscript{26} Here I follow Rawls in passage 32.4 on p. 112.
worth listening to in public debate. Universal and equal DGO gifting accounts would do this for ongoing public debate about the value of care better than would private gifting of UBI income.

Section 5: Two Taxation Objections
An obvious concern is that tax funding a DGO gift account for each citizen would be unworkably expensive. This can be read merely as a political projection: given real but contingent conditions any adequate tax would simply not be politically viable. But the concern is more interesting on an economic theory level.

Taxes always modify the behavior of the actors positioned to pay the tax; the impact of avoidance can be as relevant as the intended institutional outcomes. The objection is that all possible ways to tax fund the citizen accounts would be self-defeating. Taxing automation (by taxing corporate profit) removes the motivation to innovate and invest. Corporations and investors will simply move on to their more attractive opportunities. For this reason alone the DGO proposal is unworkable in practice and thus irrelevant theoretically.

The reply is that the concern applies to the limit case but not to realistic cases. It is an open question whether tax policies can be designed so as to not fatally disincentivize new automation. At issue is identifying the equilibrium condition between the opportunities of adequately funded DGOs and the opportunities foregone from taxation. The paper will not examine various possible tax schemes, leaving it as an exercise for the reader.

A second practical objection is that the tax dollars that fund DGO accounts could be better employed by different institutions and policies. But any objection to the DGO proposal on tax grounds must be equally applied to the alternatives, which include both the UBI and the non-UBI status quo. Tax-funding DGOs resembles tax-funding public schools in that educational outcomes are justified by values that alternative institutions cannot satisfy.
Section 6: The Unworkable Means Objection
Even if macro-level considerations are not fatal, institutional-level considerations could be.

The first difficulty is that citizens are too uninformed and of poor judgment to make the proper gifts to the proper DGOs.\textsuperscript{27} When gifting is solely privately funded there is self-selection of the kinds of persons who gift, and the extent to which they engage in due diligence. Crowd-funding by its nature facilitates poor decision-making. Too much of the information from DGOs would be self-serving propaganda that must be skillfully translated for proper decision-making. These are the familiar deficits that keep claimed democracies in fact “mobocracies”.

A related worry is that even if the public could pick up the skills to use the provided DGO information well, they would be swamped by the public pitches. The existing torrent of commercials for Ford F-150’s and HR Block tax preparation will be joined by a torrent of DGO pitches for pet rescue and supporting artist communes. Accordingly, it is regretfully better for the public to stay focused on own private lives and projects. Tax-funded state agencies and private DGO gifting should remain solely responsible for supporting institutionalized good acts.

There are two replies to the unworkable means objection.

First, like other marketplaces, cost-effective brokers and organized gifting proxies would evolve in the DGO marketplace. Citizens that use middlemen would have fewer and less specialized decisions to make. As well, new public norms and understandings would arise and evolve so as to both lower the costs and increase the quality of citizen judgment.

Second, the burdens placed on citizens to make DGO funding decisions is equally an investment in improved public discourse. The information and judgment necessary for account gifting can also be employed in other demanding economic and political decision-making.

\textsuperscript{27} The insufficient skills concern also applies to citizens founding new DGOs.
A different kind of concern with the debate motivated by DGO accounts is that some citizens will use the debate as a cultural weapon. For some citizens, public life is and should remain a place of battle.\textsuperscript{28} Institutions should be used as a tool to bludgeon “the other”; to treat institutions as sites for seeking well-reasoned outcomes is to be a sucker. The concern is not that this view is morally justified (as it clearly is not), but that all responses to the problem impose too high a moral cost. Even significant benefits from the DGO system will not be enough to overcome this pathological moral hazard.

The reply is that the proposal’s benefits do justify risking this pathology, especially if the more caring careers and public debate that result uniquely uplift public culture.

\textbf{Section 7: Normative Legitimacy}

Posit that productive robots produce profits, and that the innovators, managers and capital providers alone deserve the profits. Taxing these parties would be both inefficient and a violation of property rights. But this view rests on overly narrow assumptions. Corporations do not create automation out of whole cloth; in an important sense technological innovation is the material edge of the evolving knowledge and opportunities handed down by previous generations.\textsuperscript{29} The normative claim is that the (qualifying) fruits of automation should be shared for the same reasons that the fruits of a language are shared.

This view implies a standard that institutions are legitimate only to the extent that they support civilization’s heritage in a way that affirms each human being’s moral status. The

\textsuperscript{28} Curiously, recognizing an obligation to objectify others might qualify as a comprehensive doctrine. What is problematic to Rawlsian theory is that this attitude explicitly rejects even a modus vivendi.

\textsuperscript{29} That previous generations did not intend their heritage to result in corporate automation does not imply that the general idea of a heritage is a figment of circular reasoning.
argument posits the liberal view that all persons have equal and adequate moral worth.\textsuperscript{30} The task is to defend the concept of “heritage” as relevant to judging institutional legitimacy.\textsuperscript{31}

A civilization is not a mere population; it is a population that manifestly accepts the necessary obligations and burdens to steward valuable knowledge and opportunities, be they informal or formal. These endure only if the norms that support them endure. As such, a heritage is a dynamic general capacity, i.e., the capacity to create, prevent, utilize, improve and terminate practices. The evaluative focus is thus on the personal obligations of stewardship, and on the personal claims of particular persons situated within particular institutions.

The suggestion is that some portion of the productive value of automation belongs equally to all persons as stewards of economic progress. The equal moral worth of persons means that each is an equal claimant to the qualifying portion of that value. When a four-person track team wins the first place ribbon, the same ribbon is fittingly given to each team member. The slowest runner gets the same ribbon as the fastest runner, as each runner occupied and fulfilled an identical role. Their different running capacities are relevant in other ways, say in designing their training program. Of course a well-functioning economy cannot violate the laws of economics: the robot innovators, managers and investors are entitled to the minimum compensation necessary to motivate their unique contributions. But beyond this they effectively pilfer the fruits rightfully owed to each human steward. Citizen DGO gift accounts are legitimate insofar as they support and reward civilization’s heritage.

\textsuperscript{30} Defenses of this posit abound. See for example Rawls, section 7, p. 18.  
\textsuperscript{31} There is literature that examines nearby concepts, such as “social dividend” and “asset-based egalitarianism”. See Ford’s (2015) discussion on p. 266. My view of legitimacy however is intended as a more general framework for justifying all such particular policies.