



The Future of the Labor Supply WHO WILL WORK AND UNDER WHAT CIRCUMSTANCES?

AUTOMATION & BASIC INCOME DEBATE

The Dialogue of Continents Forum

September 4th, 2018

Heikki Hiilamo



OH...HAVEN'T YOU HEARD?—
THE INDUSTRIAL REVOLUTION
IS OVER... WE WON....



“Robots are coming” claim

Automation* will continue to increase insecurity in the labour market

- > Technological unemployment (uncertain)
- > Job/wage polarisation (quite likely)
- > Proliferation of non-standard employment (likely but not necessarily a bad thing)

* “Ever increasing computing power, Big Data, the penetration of the Internet, Artificial Intelligence (AI), the Internet-of-Things, and online platforms” (OECD 2016)

Labor market context in Europe

Slow but steady deregulation

Labor unions stick to old positions, resists dramatic changes in basic social security

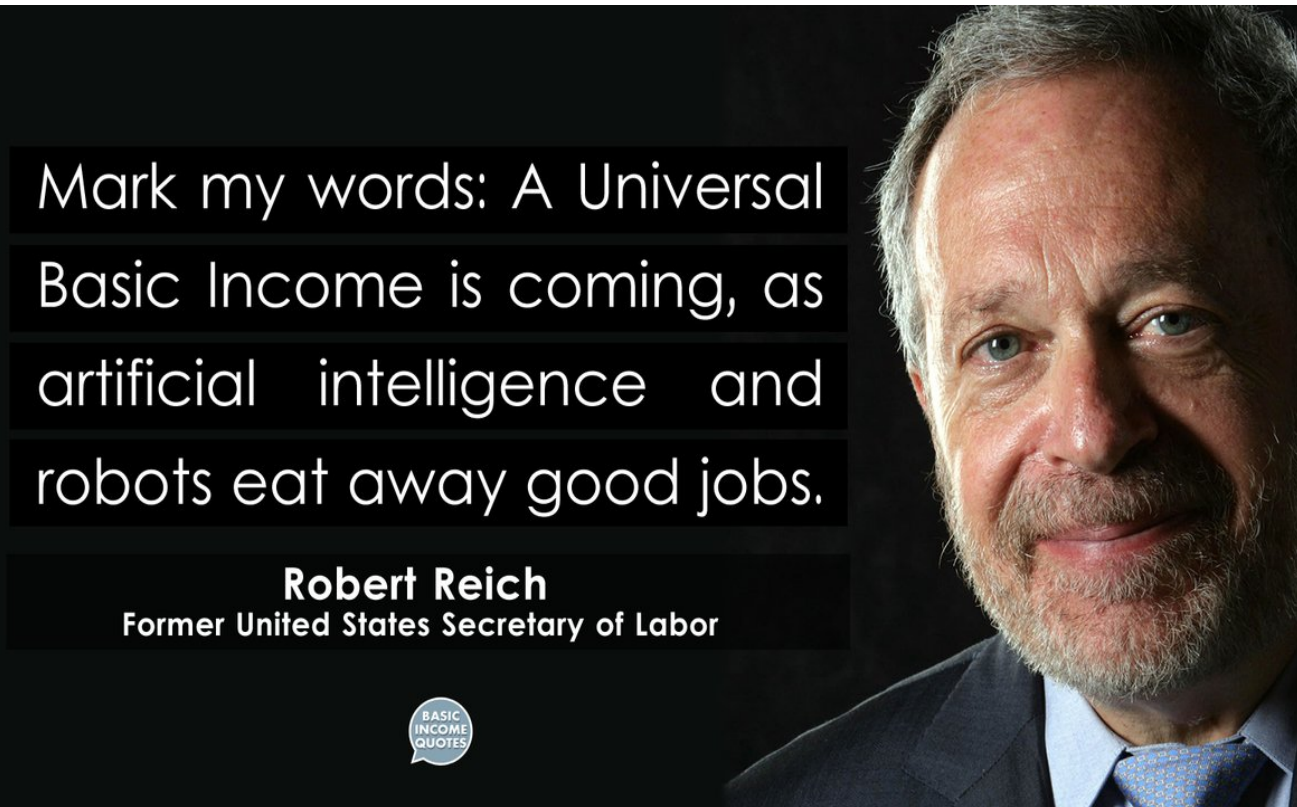
Growing wedge between insiders and outsiders

Long-term unemployment, especially among low-educated, remain high



I think there's a pretty good chance we'll end up with a universal basic income, or something like that due to automation. I'm not sure what else one would do. I think that's what would happen. People have time to do other things, and more complex things, more interesting things, certainly more leisure time.

Elon Musk, Founder and CEO of Tesla and SpaceX



Mark my words: A Universal Basic Income is coming, as artificial intelligence and robots eat away good jobs.

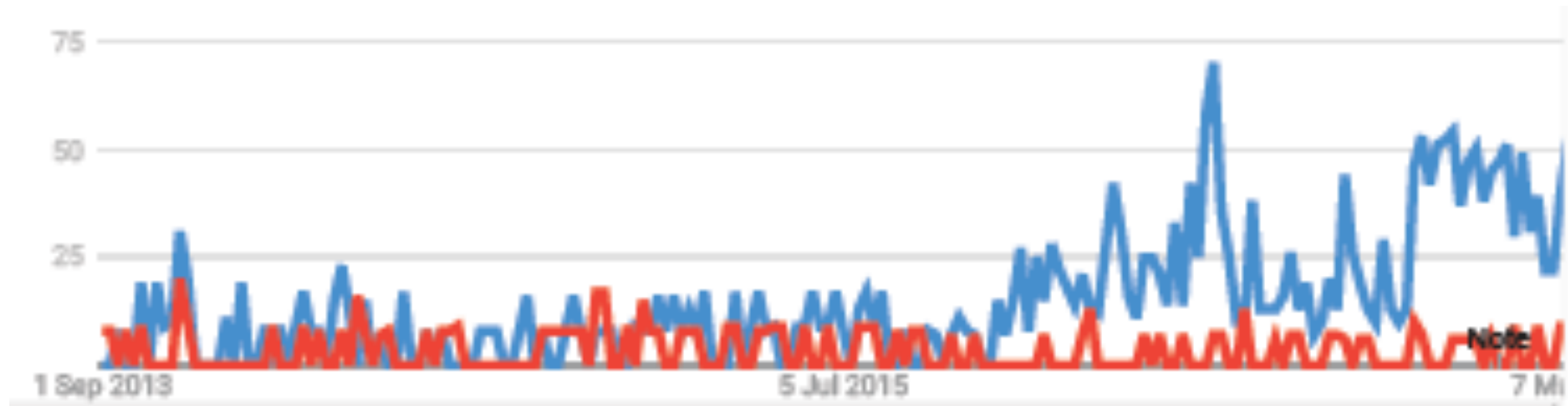
Robert Reich
Former United States Secretary of Labor

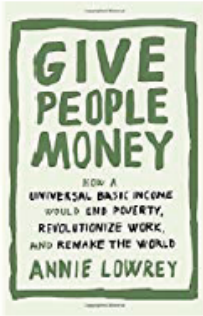


Discussion about basic income

- Series of experiments in the 1970s in the US and Canada, then interest faded
- Considerable attention in Europe among activists and academics since the 1980s
- Over the last few years politicians and business elites have taken interest in basic income (fear of automation)

News interest in Google for “**basic income**”
and “**social assistance**” over last 5 years





Sponsored ⓘ
Give People Money: How a Universal Basic Income Would End Poverty, Revolutionize Work, and Remake the World Jul 10, 2018
by Annie Lowrey

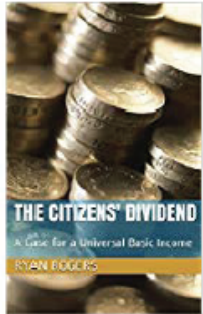
A global look at universal basic income—a stipend given to every citizen—and why it might be necessary in our current age. ★★★★★ 33

Hardcover
\$15³⁴ ~~\$26.00~~ ✓prime

Save \$0.94 with coupon

Get it Wed, Sep 5 - Fri, Sep 7
FREE Shipping on eligible orders

Other Formats: Audible Audiobook



Sponsored ⓘ
The Citizens' Dividend: A Case for a Universal Basic Income Jul 13, 2018
by Ryan Rogers

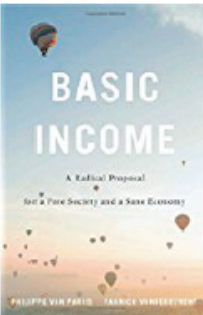
Could giving people free money make society better? This book explores the concept of a universal basic income.

Borrow for free from your Kindle device. [Join Amazon Prime](#)

Kindle Edition
\$0.00
Read this and over 1 million books with [Kindle Unlimited](#).

\$3⁶² to buy
Get it TODAY, Aug 30

Paperback
\$9⁹⁹ ✓prime
FREE Shipping on eligible orders
In Stock



Basic Income: A Radical Proposal for a Free Society and a Sane Economy Mar 20, 2017
by Philippe Van Parijs and Yannick Vanderborght

Hardcover
\$18³⁹ ~~\$29.95~~ ✓prime
Get it Wed, Sep 5 - Fri, Sep 7
FREE Shipping on eligible orders

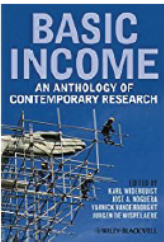
More Buying Choices
\$11.85 (120 used & new offers)

Kindle Edition
\$21¹⁴
Get it TODAY, Aug 30

★★★★★ 9

Free with Audible trial

Other Formats: [Kindle Edition](#)



Basic Income: An Anthology of Contemporary Research Aug 5, 2013
by Karl Widerquist and José A. Noguera

Hardcover
\$161¹⁶ ~~\$200.95~~ ✓prime
Get it Thu, Sep 6 - Mon, Sep 10
FREE Shipping on eligible orders
Only 1 left in stock - order soon.

More Buying Choices
\$157.15 (18 used & new offers)

★★★★★ 1



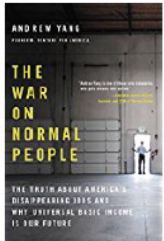
Basic Income: A Guide for the Open-Minded Aug 29, 2017
by Guy Standing

Hardcover
\$20⁴⁷ ~~\$28.00~~ ✓prime
Get it Wed, Sep 5 - Fri, Sep 7
FREE Shipping on eligible orders

More Buying Choices
\$3.42 (83 used & new offers)

Kindle Edition
\$14⁹⁹
Get it TODAY, Aug 30

★★★★★ 2



The War on Normal People: The Truth About America's Disappearing Jobs and Why Universal Basic Income Is Our Future ...
by Andrew Yang

Hardcover
\$23¹⁰ ~~\$28.00~~ ✓prime

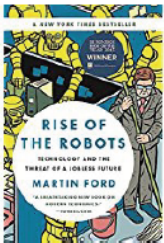
Save \$1.42 with coupon
Get it Wed, Sep 5 - Fri, Sep 7
FREE Shipping on eligible orders

More Buying Choices
\$16.42 (95 used & new offers)

Audible Audiobook
\$0⁰⁰
Free with Audible trial

Other Formats: [Kindle Edition](#), [Paperback](#), [Audio CD](#)

★★★★★ 43



Rise of the Robots: Technology and the Threat of a Jobless Future
Jul 12, 2016
by Martin Ford

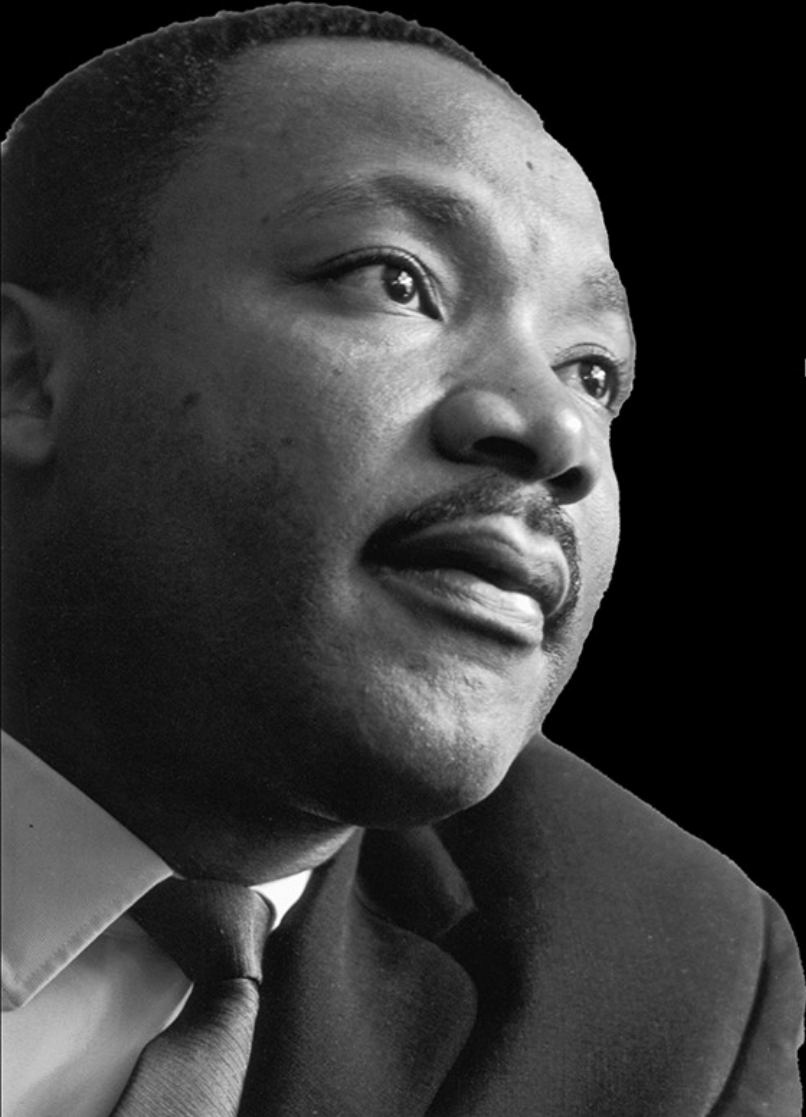
Paperback
\$11⁵⁵ ~~\$17.99~~ ✓prime
Get it Wed, Sep 5 - Fri, Sep 7
FREE Shipping on eligible orders

More Buying Choices
\$5.66 (87 used & new offers)

Audible Audiobook
\$0⁰⁰
Free with Audible trial

Other Formats: [Kindle Edition](#), [Hardcover](#), [MP3 CD](#),

★★★★★ 351



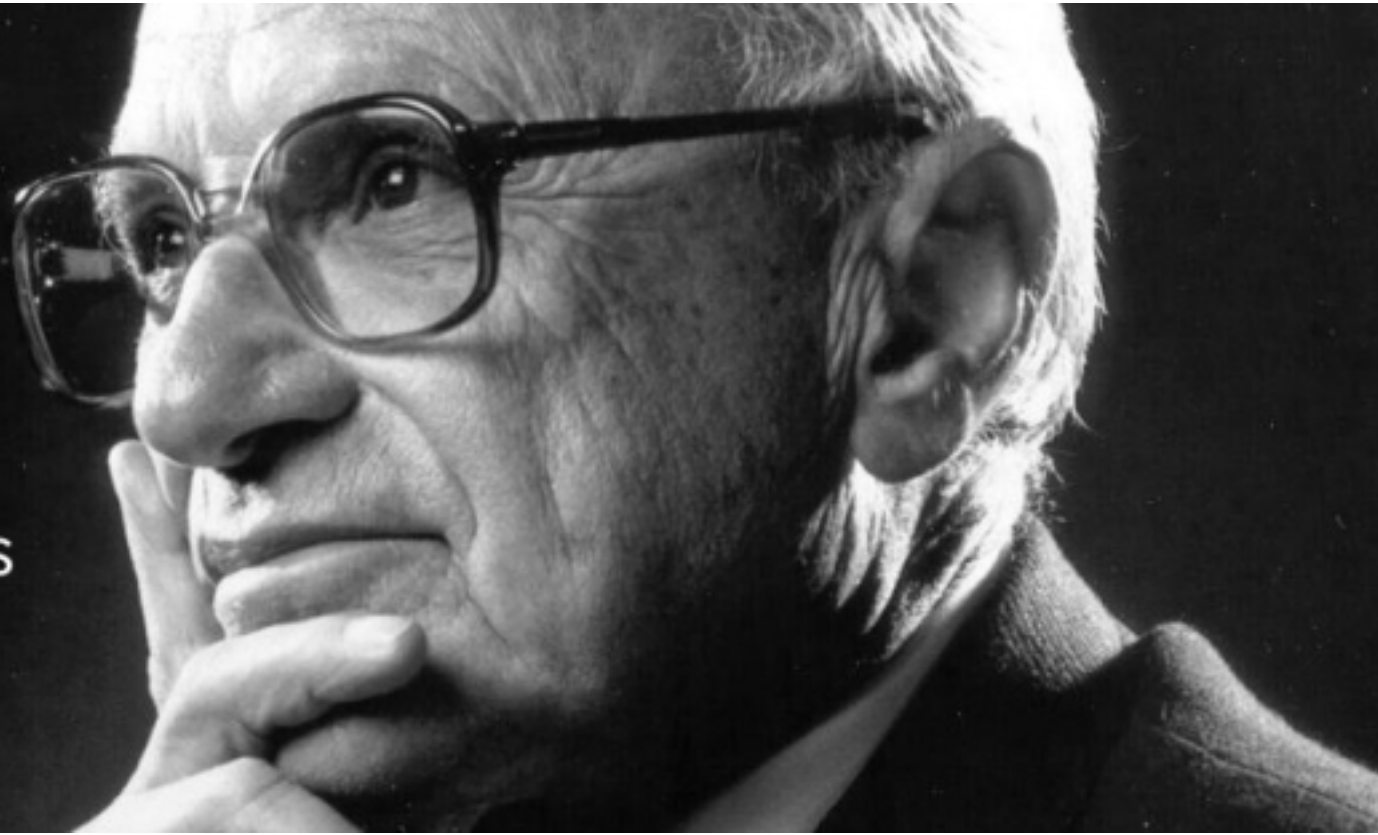
**“The solution to poverty
is to abolish it directly
by a now widely discussed measure:
the guaranteed income.”**

“Where Do We Go from Here: Chaos or Community” 1967

Martin Luther King Jr.’s last book

“We should replace the ragbag of specific welfare programs with a single comprehensive program of income supplements in cash [which] would provide an assured minimum to all persons in need, regardless of the reasons for their need.”

- Milton Friedman [1980]



How much BI would be?

Neo-liberal approach:

So little that everybody should be forced to get extra income from work

- .
- .
- .
- .

Communist approach:

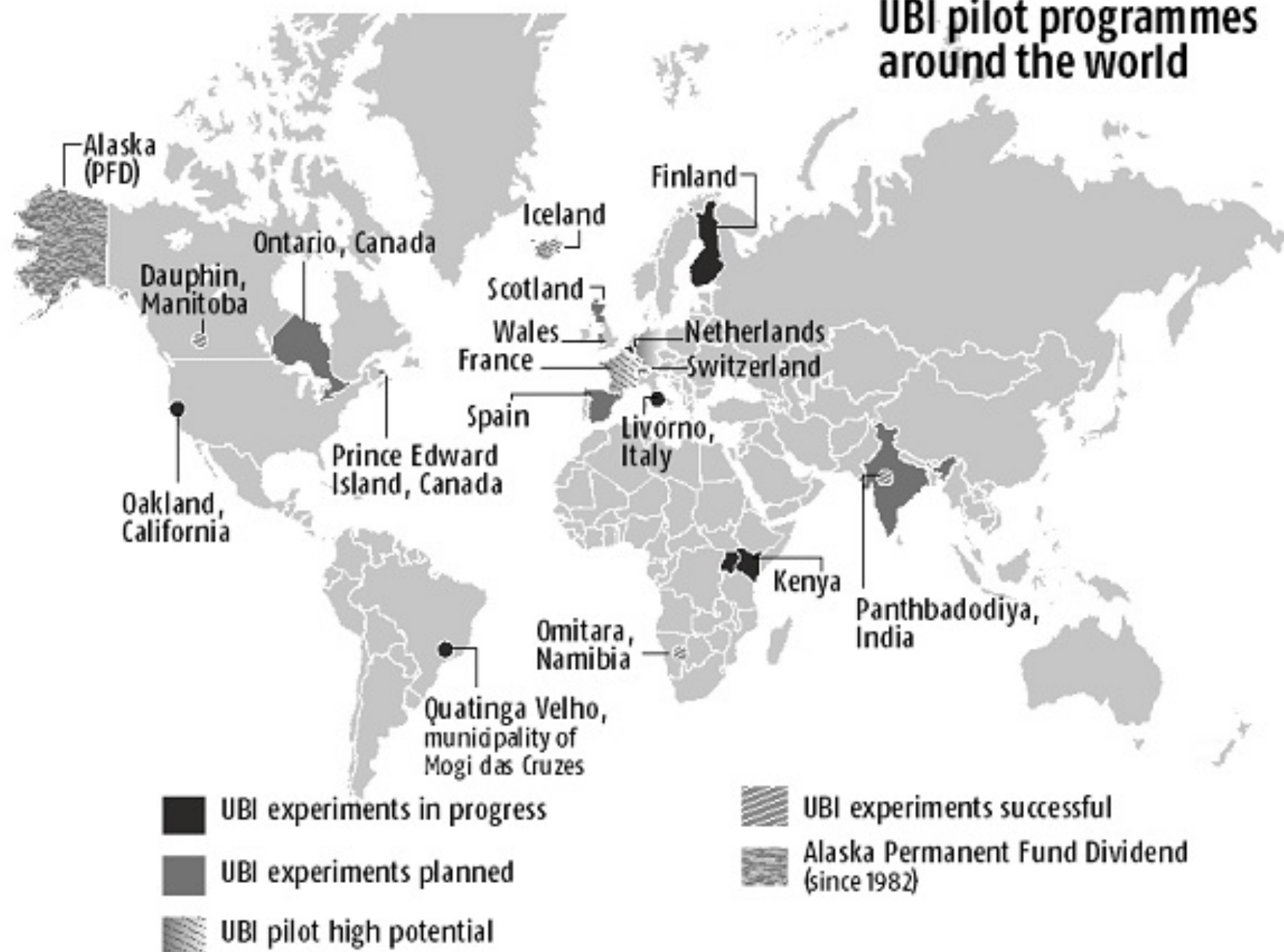
So much that nobody should be forced to work against his or her will

But tough criticism against basic income

- Too costly
- Benefits the “leisure class”
- Decrease employment rate (house wives, students)
- Destroys or threatens the earnings related social security
- Leads to low benefits and poverty (OECD study 2017)
- Contributes to social exclusion

A number of experiments have been rolled out across the world

UBI pilot programmes around the world



Prime Minister Juha Sipilä's government programme 2015 (True Finns, Centre Party, Conservative Party): the basic income pilot study will begin



Premier Kathleen Wynne and Finance Minister Charles Sousa tout basic-income pilot in 2016
– a project to help poor



Premier Kathleen Wynne and Finance Minister Charles Sousa tout basic-income pilot in 2016
– a project to help poor



VC Sam Altman (2016): “We’d like to fund a study on basic income—i.e., giving people enough money to live on with no strings attached”

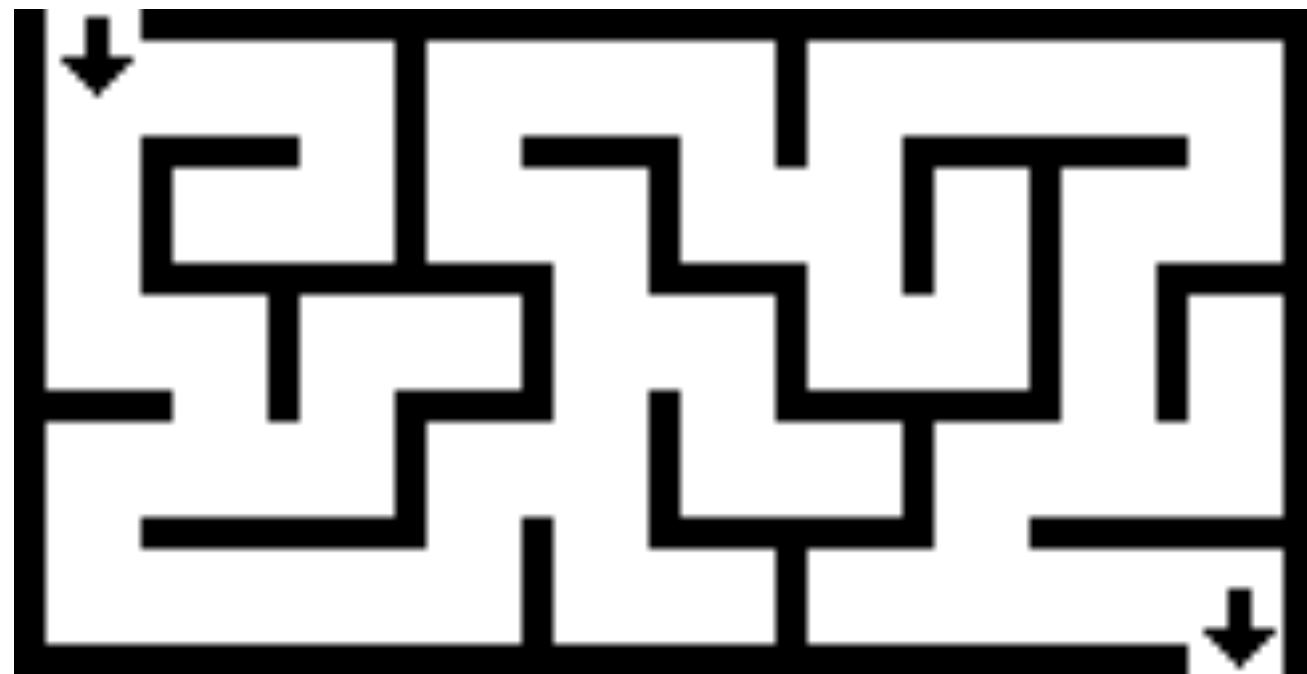


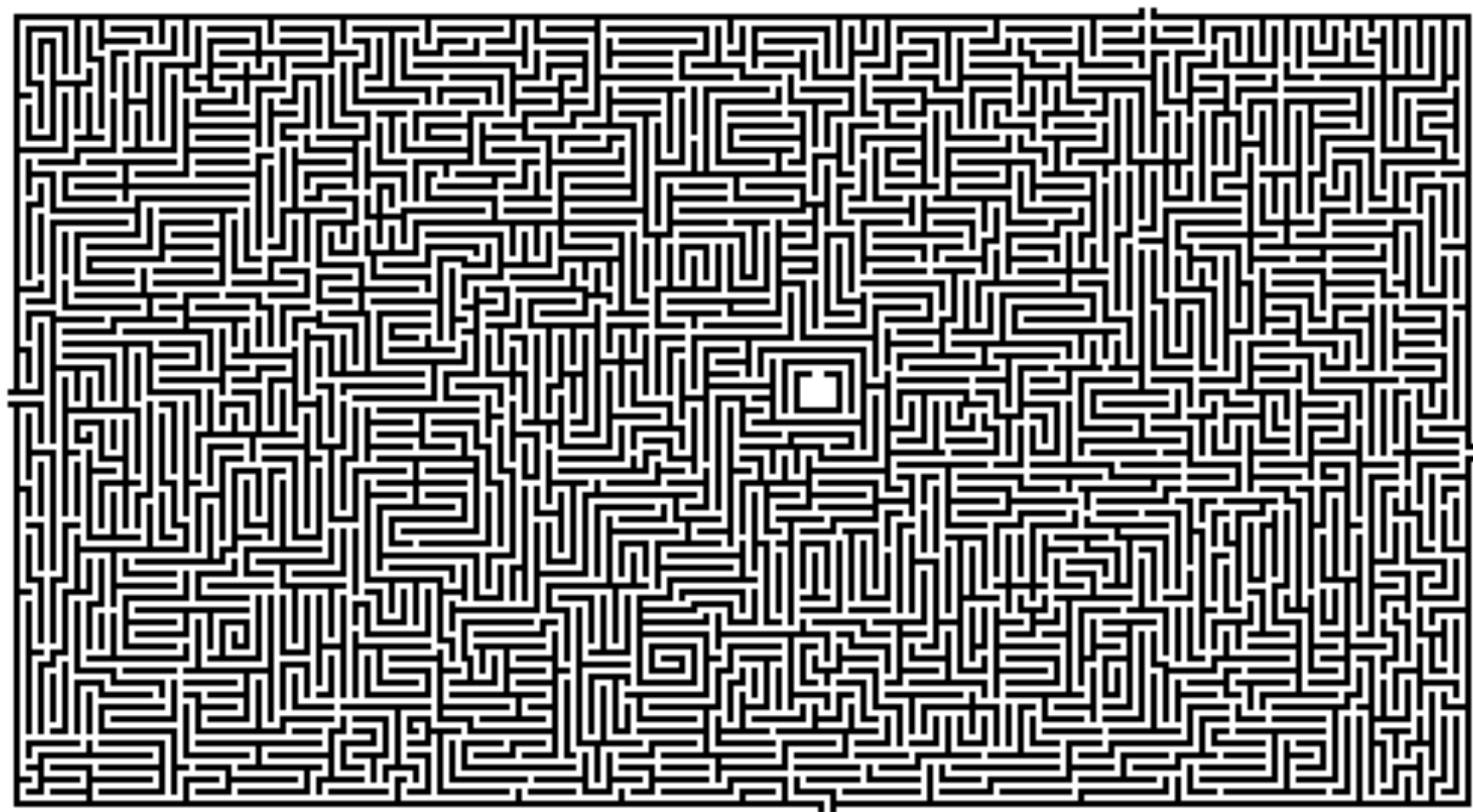
Experimental settings in 3 basic income experiments

	Size of the experiment group/control group	Benefit level, USD/month in experiment group/control group	Target population	Duration
Finland	2,000/173,000 Mandatory enrollment	645/645	Unemployed individuals between 25y and 58y	2 years, 2017-2018
Canada (Ontario)	4,000/2000 Voluntarily enrollment	1,130/305 (Ontario Works) 1,600/468 for couples	18-64 olds low-income individuals and couples, 12 m residency	3 years, beginning 2017, (called out in August 2018)
United States	1,000 + 2,000 Voluntary enrollment	1,000/50	Young workers	5 years, beginning 2018

Basic income experiments

- Basic income has become a serious political proposal, no longer a “philosophical pipedream”
- But the experiments do not test UBI (not possible to evaluate dynamic, system level effects)
- Experiments will inform policymakers on behavioral effects of changes in the basic social security system





“Robots” can be used to deliver social security?

Will the problems of overlapping income transfers (bureaucracy trap) be solved automatically with new technology?

Major reforms already implemented (Hartz, Participation Act, Universal credit in UK)

Big data solutions: Finnish online income register 2020

Support for a Universal Basic Income by country (European Social Survey 2016)

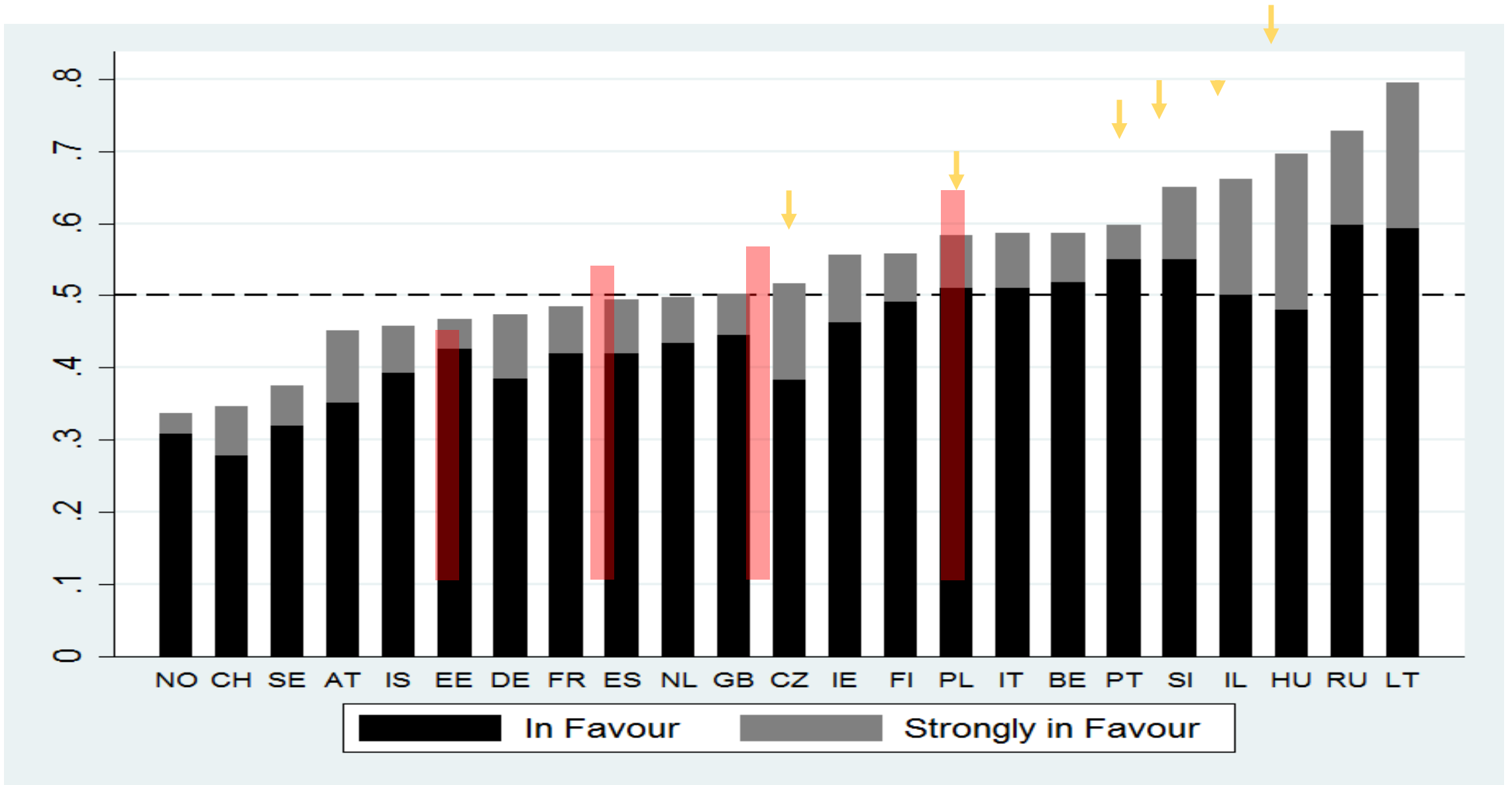


Table 1. Support for six various basic income models and participation income in Finland

Basic income model	Good idea	Neither good nor bad idea	Bad idea
Partial ^a basic income of €560 a month	51%	20%	21%
Partial ^a basic income > €560 a month	33%	20%	39%
Partial ^a basic income < €560 a month	27%	27%	37%
Full ^b basic income of €1500 a month	25%	17%	66%
Partial ^a basic income of €560 a month	24%	17%	51%
Full ^b basic income of €1000 a month	20%	20%	51%
Participation income ^c	78%	11%	7%

^a Maintains eligibility for housing allowance and earnings-related benefits.

^b Withdraws eligibility for housing allowance and earnings-related benefits.

^c Eligibility for social assistance and basic security benefits requires participation in activation measures that can be defined by the unemployed in a more autonomous manner than currently (e.g. voluntary work, studying, caring for close relatives or leisure activities).

Source: Pulkka & Hiilamo (2017)

Revolutionary change or gradual steps towards UBI?

Universal & individual entitlement to social security

Combining benefits (BI and housing subsidies)

Less bureaucracy

Less means-testing

Utilization of new technology to deliver social security