

## **Opinion: Should we tax robots that take our jobs?**

By Yanis Varoufakis, Project Syndicate, adapted by Newsela staff

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Ken makes a living operating a large harvester for farmer Luke. Ken's salary is taxed by the government, so it sends income tax and Social Security payments to the government. Those taxes help pay for government programs for less fortunate members of his community.

However, Luke is about to replace Ken with Nexus, a robot that can operate the harvester longer, more safely, in any weather, and without lunch breaks, holidays or sick pay.

Bill Gates is an American businessman who became wealthy from running software company Microsoft. He thinks that Nexus should pay income tax, or Luke should pay a hefty tax for replacing Ken with a robot. Gates thinks it would ease inequality and help with the effects of displacing people.

And this "robot tax" should be used to finance something like a universal basic income (UBI). Gates's proposal, one of many versions of the UBI idea, would pay money to every person in the country, so that no one is poor.

### **Glitches In The Approach**

The point of automation, or turning work over to machines, is that, unlike Ken, Nexus will never ask for a pay raise. Indeed, Nexus will never get paid at all and so will never pay an income tax.

A way to mimic an income tax on behalf of Nexus is to use Ken's last annual income as a guide. Then, make Luke pay income tax and Social Security charges equal to what Ken paid.

There are three problems with this approach. For starters, Ken's income would have gone up over time had he not been fired, but the reference salary cannot change for a robot, unless the government tax officials come up with their own estimate.

The government tax office and Luke would then end up clashing over estimates of the extent to which Ken's pay would have changed, had he kept his job.

Second, robot-operated machines that have never been operated by humans are coming. Since humans have never operated these machines there will be no human income to act as a guide for calculating the taxes these robots must pay.

Finally, it is hard to justify forcing Luke to pay "income" tax for Nexus but not for the harvester that Nexus operates. After all, both are machines, and the harvester has cost far more humans their jobs than Nexus has. The only justification for treating them differently is that Nexus is more independent.

But to what extent is Nexus independent in a way that the harvester is not? However advanced Nexus might be, it can be thought of as independent only if it develops consciousness, whether on its own or with the help of its makers.

Only if Nexus achieves that leap will "he" have earned the "right" to be thought of as distinct from the harvester he operates.

But then humanity will have spawned a new species and a new civil rights movement demanding freedom for Nexus and equal rights with Ken – including a living wage and benefits.

### **A One-Time Tax May Cause Problems**

Assuming that robots cannot be made to pay income tax without creating new potential for conflict between the tax authorities and business, what about taxing Nexus when Luke buys him? That would, of course, be possible: The state would collect a one-time, lump-sum tax from Luke the moment he replaces Ken with Nexus.

Gates supports this option to making robots "pay" income tax. He thinks that slowing down automation and charging taxes to counter technology's effects is a sensible policy.

But a one-time tax on robots would only cause robot producers to bundle robots within other machinery to avoid taxes. Nexus would be designed to be a part of the harvester, making it impossible to tax the robot separately from the parts that do the harvesting.

The problem of separating Nexus and the harvester “he” operates would make it impossible to agree on how a robot tax should work.

### **Easy to Use, Simple To Justify**

Why make life more complicated than it already is? There is an alternative to a robot tax that is easy to use and simple to justify: a universal basic dividend (UBD), financed from the money companies make.

When companies offer their stock for sale on the stock market, they are selling shares in their company. Whoever buys them becomes a part owner of the company. Some of a company's shares could go into a special account called a public trust. When the company makes money, everyone in the country would make money. Basically, society would have a share in every company, and the profits would be shared evenly by all citizens.

The whole of society would begin to share the benefits. There would be no new tax, no complicated tax rules, and no effect on how welfare and other public programs are paid for. Indeed, as higher profits and their sharing via the UBD boosts incomes, more money would become available for social programs. Coupled with stronger labor rights and a decent living wage, the ideal of shared prosperity would receive new interest.

### **Forget About Taxing Nexus Or Luke**

The first two industrial revolutions were built on machines produced by great inventors who made them on their own and often got little in return. Those great inventions were then bought by business leaders who demanded rights to the income “their” machines generated. Today’s technological revolution is marked by the increasing socialization and automation of the production of wealth – not the old-school days of individuals making inventions in their garages. A practical response would be to socialize, and share, the property rights over the large income streams that follow.

In short, forget about taxing either Nexus or Luke. Instead, place a part of Luke’s ownership in the farm in a public trust, which then provides a payment to everyone.

In addition, we must make laws to improve the wages and conditions of working people, while our taxes provide Ken with new work or unemployment benefits.

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### **Directions for Response:**

***This week you need to write a response of TWO paragraphs. This should be done on a separate sheet of paper and follow this format:***

- 1) **1st Paragraph:** Write a summary of the article. Make sure you:
  - a) Use your own words
  - b) Choose only the most important details
  - c) Pay attention to the order of the details you include
- 2) **2nd Paragraph:** Respond to what you read with YOUR own thoughts. You can follow ONE of the strategies we’ve been using:
  - a) **DISAGREE** with something (we should tax whoever replaces people with robots, for example)
  - b) **AGREE** with something and provide additional reasoning (we should find some way to slow down the spread of technology)
  - c) write a **DEFINITION** (what is the government’s responsibility in supporting people’s wellbeing)
  - d) **SHARE** a personal experience and how it shaped your thinking on the issue.