

Deliverable no. D 6.7

Work Package 6

Policy Brief - 1

Lead beneficiary: SSSA



Whither the evolution of the contemporary social fabric? New technologies, old socio-economic trends and the crucial role of policies

This Policy Report builds on a broad diagnostic of the current major trends in international growth, employment, income distribution in their interactions with the patterns of technological change that we could term ‘intelligent automation’.

We start from major trends, namely

- globalization and the Emergence of China as the World’s Factory;
- (nearly) stagnant wages since the ‘80s and the divergences between productivity, growth and wage growth;
- a surge in corporate profits and top level incomes;
- a trend toward winner-taker-all dynamics, especially in the more information-intensive part of the economy, and a drive toward the ‘rentification’ of the economy;
- the polarization and casualization of work.

All these tendencies preceded the emergence of a wave of ‘intelligent automation’, now underway, affecting not only industry but also services, which are likely to be deeply affected by it.

In many respects, our societies are now at the crossroad, having the rare historical opportunity to ‘choose’ where we are heading in terms of constellation of paradigms. There are two extreme archetypes. The first we will call the *Blade Runner* scenario – after Ridley Scott’s 1982 science fiction film: it consists of a sort of techno-feudalism in which a highly sophisticated but tiny ruling class exists alongside an enormous lumpenproletariat of very intelligent but largely obedient people enforcing power and income distribution in favour of the rich and powerful. Indeed, one drawback of the aforementioned film is that it does not portray an even more extreme scenario: a class of ignorant and greedy rentiers sharing power and wealth with the techno-feudal class, and a lumpenproletariat basically made up of almost subhuman slaves without citizenship or rights.

At the opposite extreme, the alternatives range from Keynesian (1931) progressive and liberal proposals that remain within the scope of capitalist society, to the *Communist Manifesto*, which advocates the reorganization of entire societies based on the Marxist creed “from each according to his ability, to each according to his needs”. Under this archetype, new technologies will free people from boring, degrading and alienating work and enable them to spend most of their time at leisure, playing, satisfying their curiosity, learning and enjoying life. We are now in a position to consider this a workable utopia, at least in developed economies.

The route our societies shall take will largely depend on the policies and the institutions we shall build.

Our advocacy is clearly in favour of an inclusive and equalitarian society that collectively share the benefits of technological advances.

However, in order to achieve such an objective, we must re-design policies and institutions in multiple domains, including

- the governance of labour relations, the distribution of working hours, the forms of workers’ control over corporate strategies;
- income distribution, with a re-assessment of the importance of conventional and non-conventional forms of taxation – like web-taxes and Tobin-taxes on financial transactions; the possibility of forms of ‘universal income’;
- the strengthening of a universal and public welfare system;

- a tight regulation of the information-based 'natural' monopolies;
- a direct state intervention shaping the rated and directions of innovation, by mean of ambitious 'missions' inspired by environmental sustainability and social equality.

The related paper – which follows – has been published on the *International Labour Review*, Vol. 158 (2019), No. 4.