

The rise of the superstar (digital) economy and the case for a universal basic income

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ABSTRACT

This paper argues that the structural logic of the digital economy is to widen inequality, not only through its increasing automation of jobs but also in its efficiency in delivering ever greater profits to a smaller number of already-enriched organisations and individuals. Remedial actions that might be taken to mitigate the effects of some of the digital economy's structural flaws are interrogated here, with a particular focus on universal basic income (UBI) and stake-holding schemes. The paper considers whether the digital economy's inherent problems are of such magnitude that some sort of financial support for workers to buttress long periods of idleness, or to enable them to take risks in increasingly volatile and unstable global markets, is both desirable and politically feasible.

KEYWORDS: Universal basic income, digital economy, automation, joblessness

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A universal basic income in the superstar (digital) economy

- The structural logic of the digital economy is to widen inequality, not only through its increasing automation of jobs but also in its efficiency in delivering ever greater profits to a smaller number of already-enriched organizations and individuals. A universal basic income (UBI) is one way of mitigating the worst effects of this on workers, by providing some sort of financial support for them to buttress long periods of idleness, or to enable them to take risks in increasingly volatile and unstable global markets.
- *Ethics and Social Welfare* article:
<https://www.tandfonline.com/doi/full/10.1080/17496535.2018.1512138>

THREE PROBLEMS WITH THE DIGITAL ECONOMY

- 1. Scaling up and the superstar economy
- 2. Automation and the rise of bullshit jobs
- 3. Tech giants using their excess capital to colonise other markets

SCALING UP AND THE SUPERSTAR ECONOMY

- Sherwin Rosen (1981) wrote about the emergence of the 'superstar economy', whereby key markets were dominated by a small number of extremely wealthy individuals
- Think of entertainment:
- nineteenth century actors for did not have to compete with global superstars. That changed in the twentieth century with the effective creation of 'winner-take-all' markets where it makes more sense to pay global superstars huge amounts of money to star in your film rather than the riskier strategy of hiring cheaper, relatively unknown, actors (Frank and Cook 1995, 72-74)

SCALING UP AND THE SUPERSTAR ECONOMY

- The Internet has exacerbated this tendency by enabling the most successful people in fields like software design, online retail, finance and the entertainment industry to drive smaller, local operators to the margins
- Consequence: rise in inequality in digital markets and the stagnating of wages among the 'middle-classes'
- Figures from the International Labour Organization in the years 2006 to 2013 indicate the average growth of real wages across the developed countries of G20 as being negligible (ILO 2015, 5)
- Report on the global labour force shows that there has been a downward trend in the rate of overall growth (excluding China) since 2010, with an increase of only 0.9% in 2015 (ILO 2015, 7)

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Instead of making it possible to create more wealth with less labor, automation might make it possible to create more wealth without labor. Photograph: Paul Hanna/Reuters

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AUTOMATION AND THE RISE OF BULLSHIT JOBS

- While automation may or not cause the loss of many thousands of jobs, it will reinforce the superstar economy
- Even where jobs are not lost, as more 'productive' functions are taken on by the machine, humans take a larger proportion of what David Graeber refers to as 'bullshit jobs'
- In many industries, more capital will be generated with fewer workers:

Table 5.1 Statistics for employees', revenue and profits of Global 500 corporations in the digital economy, 2011

Company	Employees	Revenue (millions \$)	Revenue/employee
General Motors	202,000	135,592	\$671,248
Ford Motor Co.	164,000	128,954	\$786,305
Apple	49,400	65,225	\$1,320,344
Amazon.com	33,700	34,204	\$1,014,955
Google	24,400	29,321	\$1,201,680

Source: CNN Money (2011); cited in White (2014)

TECH GIANTS USING THEIR EXCESS CAPITAL TO COLONIZE OTHER MARKETS

- The tech giants have used their excess capital and market power to move into other industries, including manufacturing
- For instance, Google's development of fully automated vehicles could well pose a threat to a large industrial corporation like General Motors and by extension the 225,000 people who work for it (Fortune 2017)
- The same goes for other industrial markets too. Thus, the threat to jobs is much more profound than concerns about book and record stores being closed down by online platforms
- It is that these large social media corporations will use their excess capital to disrupt industries not only in their own sector but in all others too.

HOW MIGHT WE IMPLEMENT UBI?

- 1. Political argument
- 2. Learn from existing schemes
- 3. Lanier's scheme?

1. POLITICAL ARGUMENT

- We have already seen a rise in 'non-productive' or 'bullshit' jobs. Automation will exacerbate this tendency
- A UBI will cut bureaucracy in that it will end most, if not all, means testing welfare schemes
- It will further save money as a result of the reduction in anxiety-related health issues brought about by the making the jobs market less precarious

“The Malibu Surfer” (Birnbaum 2011)



2. LEARN FROM EXISTING SCHEMES?

- While existing schemes cannot really tell us too much about some of the more ambitious national proposals, they can challenge the 'Malibu surfer' stereotype
- They can also give us inspiration for a range of different means of funding UBI
- This can involve using natural resources – as with the Alaska Permanent Fund – or the mining of capital resources rather than general taxation

Welcome to Jaron Lanier's Music



Click [here](#) for Jaron's BIO



Jaron playing the saxophone, with the virtual cybersaxophone in the background.



Portrait by [Dean Chamberlain](#) of Jaron in his studio with some of the many instruments he plays.

Thanks for visiting my recent music/music in progress page. What kind of music is here? Not what you're used to, but here are some recommendations. If you like pleasant acoustic music- the sort of stuff they play at Starbucks, no insult intended- try Daredevil first. If you like electronic music or movie soundtracks, try some of the tracks from the Science Fiction project. But if you like to listen to music intensely on good equipment, not while you're driving or working, but as the sole activity of the moment, then give a listen to some of the tracks from "Proof of Consciousness," especially the harpsichord suite.

3. JARON LANIER'S SCHEME?

- Everyone who makes a contribution to Internet content should receive a micro-payment
- This money could come from the excess profits of social media companies
- Why not invert this by taxing the excess profits of platforms that generate most of their revenue from user generated content and use it to fund a UBI?
- How to determine what is 'excess' profit would need to be determined. In principle, though, this would be more palatable to the wider public than simply funding such a scheme through general taxation, and also help to establish in the public mind a very clear link between the digital economy and widening inequality and joblessness.