

ON TECHNOLOGY INNOVATIONS, DIGITALISATION AND SOCIAL SECURITY IN THE 21ST CENTURY

Interview with Henning MEYER

ABSTRACT:

The interview focuses on Henning Meyer's view on technology and digitalisation in the terms of jobs and social security. It deals with insecurity of the technology age where the people are not capable of comprehending the fast development. While discussing the topic, Henning Meyer presents his view on the possible solutions to the insecurity in the meaning of job or activity guarantee. The interview also addresses issues of education in the technology era. At the same time, it focuses on the recent crises in Europe – including refugee crisis, the Brexit and 'Eurozone' crisis with the focus on the role of social democracy in these crises.

KEYWORDS:

basic income, digitalisation, industry 4.0, technology, European Union

Ivan Lacko (I. L.): *I saw this cartoon the other day. There is this first grade kid in a classroom who was asked what job he would like to do. And he said: "I want to be a philosopher." And they all ask why and he says: "Because by the time I grow up all the other jobs will be done by robots." Do you think that in the 21st century it is important to be a philosopher? Do people need to realise what is going on and why it is going on?*

Henning Meyer: People are struggling to realise what is going on. What is rarely talked about is the velocity of the change. I am 38 but if you think back 20 years ago when I was 18 there was no Internet, no e-mail. So the whole way of social interaction and structure has completely changed over the last 20 years. To get some perspective, I always try to think as my grandmother who is 98 (she was born in 1918), so what she has seen in her lifetime is amazing, but especially the last 20 to 30 years. So there is the great velocity of the changes and a lot of the political insecurity that we see everywhere has to do with that and people feel overburdened and even though they might not have exact socio-economic experience now, you can see the fear that things are getting worse or more insecure in people. Even though they have a good job now there is no longer the confidence that they or their children will have one in the future. So in that sense everybody should be more philosophical but at the same time I would say we need solutions. They might not be very easy but there are solutions.

I. L.: *But what are these solutions? And do they have something to do with digitalisation? Because many people ask to what extent can digitalisation be good for people, not just in terms of employment, but generally speaking.*



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Henning Meyer: Most of the technical innovation is better for people than for business. The way we communicate has completely changed. When I first moved to the UK in 2001, I bought these telephone scratch cards to make cheaper phone calls to Germany. Now I only do Skype and Facetime video calls with my parents and friends everywhere. How this has enabled social interaction across space is amazing. Also video-conferencing used to be very, very expensive until only a few years ago. It is actually doubtful that much of it has a direct productivity impact. Peter Thiel, who is a libertarian, said: “We wanted flying cars, but we got 140 characters on Twitter.” So a lot of these technology changes are more social in how people interact with each other than in purely economic hard-core productivity increases. Regarding digitalisation: I don’t like the term ‘Industry 4.0’ because the implication of technology in industry is nothing new at all – it has been going on for decades. The first robotics was in mass production in the 1980s and there has been constant change [ever since]. One of the qualitatively new things is that cognitive work can be automated more than before and that you have the connectivity and senses that allow us more innovation. Technology has changed more in the way people interact with each other than in how the economy works, so it is as much a cultural impact as it is an economic one.

Veronika Pizano (V. P.): *Could digitalisation be positive in, for example, nursing jobs? Maybe they will be better valued because the care factor of the jobs will not be replaced by robots soon? We will not have doctors, because robots can diagnose and operate, but we will have better valued nurses?*

Henning Meyer: Yes and that depends on how we as a society will deal with that. Why are nurses paid so poorly at the moment? Because that is the market rate of what they do even though the social value of what they do is much higher. And I completely agree that jobs that are based on human interaction and social capital, creativity and problem solving capacity are that ones that are unlikely to be automated. So you could, for instance, have robots pushing around the beds, but you wouldn’t want to have palliative care done by robots. Because human interaction is a large part of what makes that service valuable. Because we have ageing societies, public job guarantees should first and mostly focus on this sector because it creates public policy tools that can incentivize job creation you can value for other reasons. In societies that are ageing we know we need more care and health care and elderly care going forward. At the moment there is a market failure because there is a mismatch between demand and supply.

V. P.: *So there should be a job guarantee tool in governments’ economic policies? Is it something like basic income?*

Henning Meyer: The pure economic argument revolves around basic income and what it does. I don’t like the idea for three reasons: Basic income essentially reduces work to income – it discards all of the social aspects of work. The idea is to keep people as functional consumers. So people have money to demand the products because, economically speaking, the digital revolution is a supply-side revolution. So you can produce at a massive scale but somebody still has to buy the stuff. So in order to enable people to continue to buy, people advocate for basic income. From public policy perspective it is just money ‘out of the window’. It is very bad use of scarce resources. If you think that 30 % are unemployed and are dependent on basic income, because it is universal basic income, you still pay 70 % basic income as well. The idea is you get it back in taxes. But if you look at how effective the tax system is, especially in how it gets the money back, you will be forgiven to think that a lot of that money will be lost. And also in the UK you couldn’t implement it because of the free movement – since Germany implemented the minimum basic income at 1500 so everybody would go there. Therefore thinking about a job guarantee in a sense of an activity guarantee is better because it’s cheaper and it also depends on how you tax and recapitalize and bring back into public ownership some of the dividends. And basically what it does is it decouples the payment of an activity from the content of an activity. And let’s face it; a lot of the jobs are what they vulgarly call ‘bullshit jobs’ or ‘shit jobs’, so nobody will cry when they go away. They will cry if they have nothing to do instead.

V. P.: *But isn’t basic income a way to end inequality?*

Henning Meyer: Imagine everybody is at the basic income level, but the progressive idea is that basic income secures your life. You can do what you do and if you choose to work extra, you can. But if the whole premise is the jobs are no longer there, you cannot choose to work a few hours on top. That means you are stuck at the basic income level. The ones who have marketable skills to work in that labour market will run away so inequality would be shifted up, but because inequality is relative and not absolute, you wouldn’t solve the inequality problem. You would basically just create a new Precariat at the level of the basic income and the gap to the rest would most likely widen. So that’s one of the reasons why I don’t like basic income. Because it doesn’t solve the inequality problem; it just shifts it. A libertarian view of basic income is to get rid of the welfare state. Because it says: now everybody’s got money so if you want to have unemployment insurance, insure yourself; if you want pension insurance, you buy private pension insurance, private health insurance. So they want to get rid of the welfare state. And I am in favour of the welfare state because it serves a good function. Also even if 75 – 80 % of the people use their time well, 20 % wouldn’t. They would probably sit in front of the TV; maybe have a drug use problem and so on. We have seen that. And for these people you would need the welfare state because it is no longer there in the libertarian model, what would you do with these people? Disregard them, just leave them? I don’t think you can do that as a society. I want to keep citizens active and if you manage to get a distinction and a way of ‘divorcing’ the financing of an activity (in this case, job is even a wrong term) from the content of the activity, you can activate people and then you can have better social values.

V. P.: *So social care and health care are the obvious areas for a job guarantee?*

Henning Meyer: Yes, because you have a public job guarantee rather than basic income (you just throw the money out to keep the economy going) and you have instruments to incentivize – very clinically – job creation in one area. If then your priority is to improve the value of social care, you can do so. You can have public work programmes, create parks, create infrastructure, but also arts and culture, for example a symphony orchestra. No symphony orchestra has been economically viable, but its social and cultural value is beyond question. You can fund this sort of things – theatres, social activities that bind a community together. There is no limit as long as you ‘divorce’ the funding of the activity from the content of the activity. It is really up to you. And I am not worried that we would run out ideas or worthwhile things to do. You can do coaching for children, you can do more sports, and you can also do the things that will not be automated. In a sense we are back where Keynes was in the 1930s when he was thinking about the economic situation of his grandchildren. He thought that we will only be working 15 hours per week because of productivity gains. The productivity gains were there but we have not decided to trade in the added value for more leisure time.

V. P.: *Can we expect any change in the balance between working time and leisure time?*

Henning Meyer: The standard distinction between wage, labour and leisure time will open up. I think we are going to see at least four sections. We will have traditional wage labour. Probably one of the redistribution effects will be that people will work less. There is no need to work 40 hours a week, you can work 30. So wage labour will remain a part of the economy, but there will be for-profit and non-for-profit in the digital commons. Let’s say you will do Uber-driving and Airbnb renting at the same time – this is basically sharing economy for profit. But you go on Wikipedia and write an article – this is the digital commons and you actually provide your services for free for the common good. And then you have the traditional leisure time. People will be more flexible in what they do depending on what their life circumstances are. They might want to work more in their 20s, less in their 30s when they have children, and again more in their 40s. I think the whole concept will become more flexible.

I. L.: *In your view what is the best way in which we can use technology in the years to come for the well-being of humanity?*

Henning Meyer: Just look at how medical research is transformed simply by the fact that you now can easily connect data sets and that research teams are working on similar things across the globe. If you wanted to

publish an article, it took two years for it to appear in print; then somebody else picked it up and wrote a reply. It took 4 years from the initial idea to the feedback. The speed of the research cycle has dramatically increased. I would urge to use the collaborative capacity the new technology provides, especially in research. To try to go after really big problems. Health problems, pandemics and so on. On the other hand, many of our social interactions are improved by the technology. It doesn't replace human interaction – I wouldn't advise people to just play on their iPhones rather than go to a pitch and play football themselves. But it's a good way to stay in touch with your friends and family across the globe. It can help to turn societies into more cosmopolitan societies. Because if you look at the Facebook profiles of your friends from all those countries, it is amazing how you can interact with them. I was in a high school exchange programme in the United States when I was 16. Only when Facebook came around 10 years ago, I caught up with all the people I knew back then. If you find healthy ways to complement the physical and personal social interaction with technology, it can enrich our lives.

I. L.: *Talking about the speed at which these things are happening made me think of preventive social state and how investments should be made into things that will, in time, provide for a good society as a whole. One of these is education. How does the education system have to change or adapt? Do we need a reform?*

Henning Meyer: I personally would like to see reforms. But from what I gather the concept of the curriculum hasn't changed that much and is still too much focused on memorising facts rather than being capable in terms of problem solving, creativity and interpersonal skills. In this day and age access to information is not a problem. Turning information into knowledge – that is a problem. And especially given what might be a working skill now might be redundant in ten years' time. Therefore you need to put a much bigger emphasis in the education system on the capacities and capabilities that will most likely serve you well throughout your professional career, e.g. on interpersonal skills (person-to-person relationships will always be important in business, economy and society), problem solving, creativity. These are three core skills that will be very hardly automated and most likely to be the elementary parts of many of the good jobs that are remaining in the future. I am also in favour of things like exposing pupils to coding earlier. Computer code is effectively an international language and some basic technology literacy is important, just like financial literacy. That would be some of the things that I would change in the education system.

I. L.: *Many people say that empathy and social responsibility are growing more important in technology. That there is a risk children will be more individualistic, egoistic and narcissistic, rather than aware of the social context.*

Henning Meyer: That depends on how you manage it. Technology should complement human interaction. That's what I would like to see as part of interpersonal skills. That will be also important in future emotional intelligence.

V. P.: *According to your theory, out of the five filters that moderate technological revolution,¹ the first one – the ethical filter – stops some of the activities or development already in the bud. But isn't it so that this filter is adapting and changing and some of the technologies are shifting our morals?*

Henning Meyer: Absolutely. All of the filters are changing. For three of the five the lever is a political decision. It is the political decision-making process that decides what is ethically acceptable and what is not. In the US they have recently been cloning human and swine cells embryos. And killing them after 10 days. I don't think that would be ethically acceptable in Europe. But it is acceptable there. It is a balancing act of public policy and of the society [defining] what can be allowed. Especially in biotechnology a lot of stuff is going on. If you talk to the people like Anthony Giddens, they are already talking about cyborgs when technologies are implanted into

¹ The five filters are: ethical, social, corporate governance, legal and productivity filter. Source: MEYER, H.: *Five Filters Moderate the Technological Revolution*. Released on 15th July 2016. [online]. [2016-09-04]. Available at: <<https://www.socialeurope.eu/2016/07/five-filters-moderate-technological-revolution/>>.

your bodies. It might be helpful to regulate illness, e.g. if you have diabetes and you have a kind of computer implanted under your skin to regulate your blood sugar. That's all good. A six million dollar man – that is going to be a different story. It is subject to constant change and it has to be constantly updated but it is effectively a social and societal decision expressed by the political system as to what is acceptable in the society and what is not.

I. L.: *In your experience, to what extent are politicians ready to handle this? In Europe, for example, are governments even worried?*

Henning Meyer: As far as I can see, not many governments are up to speed to that. The German government is. They have started the big project Arbeit 4.0 [Work 4.0] which is the biggest government sponsored system worldwide. So the whole system hinges on jobs and you see the world of jobs changing completely and you see the potential implication it has on the welfare system and pensions. And people are slowly virtually waking up to that. In Europe we have so many crises at the same time and these more slow-burning but important medium- to long-term issues, like climate change, are unfortunately taking the backseat. I hope we can make progress otherwise again I am not sure how we can measure this scientifically in any shape or form. It's just a gut feeling or subjective observation but the change is very fast. And that is partially what is also driving insecurity in people and that has repercussions for the politics as we can unfortunately see in many places all over Europe now. Where insecurity is on the rise, fear-driven politics (and political debate) is the result.

I. L.: *There is more and more research about the whole process of digitalisation and using technology for the good of society. Do governments use the research?*

Henning Meyer: They rarely do. Even though there is some very good research out there. The *Second Machine Age* book explains how innovation actually works. If you put, for instance, the ideas about innovation from this book together with Marianna Mazzucato's *The Entrepreneurial State*, you could see how the states should connect and keep bigger stake and how you can actually re-socialise some of the dividends rather than give them away for private profit only. But these are actually pretty big systematic changes and they would have to be preceded by a broader discussion. But it is a good thing that the discussion is becoming more widespread. There is also another book called *Mind Change* written by neuroscientist Susan Greenfield. She basically shows how the brain is the only organ that is physically adapting; it physically changes depending on your experience and how you interact with technology. So it actually has a proper physical impact as well. And then obviously it is important what this means for public policy makers, for the economy, for companies in the economy, for people individually. These are all separate questions that are linked. They will keep us busy.

I. L.: *Regarding technology and data collection, there is this Orwellian fear that data can be potentially abused, or that this might lead to a society where what is offered on the market will reflect the data that was collected in the first place. So people who have marginal interests that are not part of the major demand will be totally marginalised and there will be less variety in the end?*

Henning Meyer: I would say two terms are important. One is selective privacy which basically means that you would have to have a proper distinction what is individually traceable. Or something that aggregates data where there is no individual connection whatsoever and it can be guaranteed. But I think when generally aggregating data, you can do a lot of especially medical research – you can spot patterns, cross-sections of the whole population of the subject. That again is good for improvement in research that I would personally like to see. But it would have to be absolutely clear that it is aggregated data and it cannot be traced back to the individual. The other one is data sovereignty, which is basically that people need to know what data is collected about them and where it is being used. At the moment most people are not aware of what is being collected about them and that cannot be right. There needs to be education, awareness and approval.

V.P.: *You mentioned the crises in Europe – the most recent one is the Brexit. What is your view of it?*

Henning Meyer: The reason why I am fearful is that an exit from the European Union is now being portrayed as a silver bullet for pretty much everything. For immigration, for pressures on the health service, housing problems, for all sort of things that went wrong. And suddenly people believe all you have to do is leave the EU and all of this will resolve. Brexit is a precedent and it is important to set a detouring precedent at that. But at the same time it just reveals what the EU has been suffering from for a long time. I think the whole idea of single speed integration has been a mirage for a long time. We published a paper in 2013 saying we need to institutionalise a multispeed Europe. There is a Eurozone and we have Eurozone integration requirements because of single currency. That means sooner or later we will have to institutionalise this. But now we have to accept that EU member states will never want to join the Eurozone and we have to build a system in which they also feel that they have a place. We have to rebalance the EU. Given that there is so much intra-European focus on what is called migration – which is actually the wrong term because it is citizens' mobility – we will probably have to do something about this as well. One of the things that I proposed a few years ago was that some of EU funds should be rekindled, that we can create something like a migration fund. If you have a lot of people – no matter where from – entering local communities suddenly, they are not enough nursing places, school places, there is pressure on hospitals and so on and so forth and even though there is clear economic evidence there is benefit to migration, money is usually not channelled into public services in the areas where you need to improve and increase public services because of the influx of people. So creating an EU migration fund where the EU basically puts some of the money where its mouth is, but is basically saying “OK, we accept that the application of freedom of movement can create hotspots where public services are coming under pressure. But it is a value that we hold dear, it is a part of the single market, it creates economic dynamism and you want to keep that, but in order to help local communities cope with at least short-term pressures, there is funding.”

I.L.: *At the same time there has been so much debate about the euro and the resilience of the Eurozone.*

Henning Meyer: I am actually more worried about the euro because we have to have a change of mind. At the moment if you look deeper beyond the actual policy measures, it all points to a lack of trust in the governance system of the currency zone as a whole. In Germany they talk about Greece like about a kid whom you give a credit card and then they run away. That basically shows that there is lack of trust in the decision-making procedures. Which is a fundamental problem. In the immediate future it will be important to be adaptive, to set a detouring precedent, but at the same time be adaptive to some of the concerns. Brexit will just be the biggest hit but there have been rejections of the euro in constitutional treaties in France, the Netherlands, the Lisbon treaty, in Ireland. So we have had lot of warning shots. We will have to think differently about this. The whole idea of fiscal policy in Europe goes in a completely wrong direction. The other day I shared meeting in Athens foundation with Greek finance minister Efklidis Tsakalotos and Mark Blyth who wrote a book about austerity. We all agreed that in order to pursue a progressive policy in the future, we need to recapture the idea of fiscal policy as a tool.

I.L.: *So is time coming for social democratic governments all over Europe? Because of the onset of all the extremists and radicals in many countries, for example, in a country like Slovakia, social democratic ideas have been totally misinterpreted and abused.*

Henning Meyer: I think time is really running *out* for social democratic government. It's not just that the right kinds of ideas are lacking in terms of what politicians are proposing. The ideas are there, we have been working on ideas for years. It's just they have not been picked up by politicians. That is one thing. And also, because when social democrats were in government they implemented a lot of things that are now being seen as detrimental. There has been a general lack of trust in them to bring a positive change. That created a toxic mix if you link the technology where people have a general feeling of insecurity and at the same time feel that

the political system is no longer responsive and they cannot effect any change of what is happening. This makes them vulnerable to demagogues like Trump, or the Brexiteers in the UK, or the FPÖ in Austria. I hope we can turn this around, but at the moment all the dynamic seems to go in the other direction.

The interview took place at the conference “Social partnership and job world culture” in Bratislava in June 2016.

Prepared by Veronika Pizano and Ivan Lacko

