

Funding the Future

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This is one of a series of posts that will ask what the most pertinent question raised by a prominent influencer of political economy might have been, and what the relevance of that question might be today. There is a list of all posts in the series at the end of each entry. The origin of this series is noted here.

Mark Carney, the former Governor of the Bank of England who is now the Prime Minister of Canada, is someone with whom I had differences over his stewardship of the Bank of England. But he is also remembered for a sharper, more political intervention.

In 2016, *he argued* that whole communities were being “left behind” by globalisation, automation, and the relentless pursuit of efficiency. The system’s accounting, he suggested, was faulty: the books balanced for capital, but the social costs were invisible.

This underpins what I am calling the Mark Carney Question: when technological change and automation eliminate jobs, producing efficiency gains and higher profits, how do we account for the hidden social losses — and why are they absent from our measures of economic success?

1. The promise and peril of automation

Automation and AI are heralded as the engines of the future. The promise appears obvious to the proponents of such moves: the goal is more output with less labour, cheaper goods, and (maybe) more leisure. In theory, entire societies should benefit from this.

But the peril is equally clear:

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Jobs might well vanish, especially routine and middle-skill ones, and there is no

guarantee that alternatives will be created.

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Incomes of displaced workers will shrink.

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Local communities that are impacted will lose spending power.

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The dignity and identity that come with employment will be eroded.

** Claims on the government will increase as the income divide increases.*

** Social stress will grow.*

** Extremism will be encouraged.*

Firms will book the savings that they have made as profit. The economy will record it as a benefit of higher productivity. GDP will increase. But, for those who will have lost their livelihoods, the gain will be illusory. The official accounts may show a surplus; however, the lived experience will likely be a deficit.

2. GDP's blind spot

GDP, the sacred measure of modern economics and neoliberal politicians, is profoundly ill-suited to capturing these dynamics. It counts output. It does not ask who gains and who loses. If one factory automates and sacks 10,000 workers, GDP records the cost savings as increased efficiency. The social consequences are invisible.

Nor does GDP measure the indirect effects:

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The lost taxes from unemployed workers.

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The increased welfare costs of supporting them.

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The decline in local demand as spending collapses.

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The knock-on health impacts of unemployment and insecurity.

In aggregate, society may be poorer, even as GDP suggests it is richer. This is the illusion Carney pointed to: a set of accounts that flatter capital while erasing labour's losses.

3. The distributional distortion

The Carney Question is, at root, about distribution. Automation creates winners and losers. The winners are owners of capital — shareholders, executives, asset managers. They pocket the savings. The losers are workers, families, and towns that depended on those jobs.

In a well-governed system, redistribution would correct the imbalance. Tax the winners, support the losers, reinvest in new opportunities. But under neoliberal rules, redistribution is treated as distortion. The result:

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Profits surge, labour's share falls.

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Inequality widens.

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Regional divides deepen.

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Social resentment grows.

It is no accident that populist politics thrives in the very places hollowed out by automation and globalisation. Economic exclusion breeds political revolt.

4. The accounting illusion of capitalism

Company accounts record the efficiency gains of automation as reduced labour costs. National accounts record the same as higher productivity. Neither records the social costs of job loss.

This is not a neutral omission. It is a structural bias. By design, our accounting frameworks prioritise capital and ignore society. The balance sheet of a company is closed once profits are distributed. The balance sheet of a nation is closed once GDP is tallied. But the balance sheet of a community — of lost dignity, rising insecurity, mental ill-health, fractured families — is nowhere recorded.

The Carney Question demands that we expose this illusion. Efficiency is not efficiency if the hidden costs exceed the visible gains.

5. From climate to labour: stranded assets and

stranded workers

Carney's most famous intervention before becoming Canadian Prime Minister was his warning of a "tragedy of the horizon" on climate change: markets discount long-term risks, treating them as irrelevant until it is too late. Fossil-fuel investments risk becoming "stranded assets."

But there is a parallel. Automation creates stranded workers — whole cohorts rendered obsolete without pathways to re-employment. Just as markets fail to price climate risk, they fail to price social risk. The accounts remain rosy until collapse occurs.

We would not accept an oil company ignoring its decommissioning costs. Why do we accept a tech firm ignoring the social costs of mass redundancy?

6. The politics of invisibility

Why does this blindness persist? Because invisibility serves power. To capital, it is convenient that GDP registers gains while masking losses. To governments, it is easier to boast of efficiency than to confront the human toll.

This invisibility entrenches a cruel dynamic:

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Workers are told they must "retrain," even when no equivalent jobs exist.

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Communities are blamed for being "left behind," as if decline were their fault.

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Welfare systems are stigmatised, not strengthened, to deal with dislocation.

The result is a politics of blame directed downwards, rather than accountability directed upwards.

7. What would honest accounting look like?

The Carney Question implies a radical task: we need forms of accounting that capture social reality. That could mean:

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Social impact accounting. This would require firms to disclose not only financial savings from automation, but also job losses, regional impacts, and retraining commitments.

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Broader national metrics. Replace GDP with indicators of well-being, distribution, and resilience. If unemployment rises and communities decline, it should be visible as economic damage, not hidden behind aggregate growth.

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Redistributive policy. Tax automation gains through windfall levies or higher corporation taxes, earmarking revenue for universal services, job guarantees, and local investment.

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Public investment in transition. Just as climate change requires state-led green investment, automation requires state-led social investment — in education, care, and green jobs.

Inference

The Mark Carney Question cuts to the heart of twenty-first-century capitalism. Are we content to let our national accounts flatter supposed efficiency while concealing exclusion? Or will we demand an economy whose books are honest, registering not just profits but the impact of activity on people?

Automation is not destiny. It can liberate or it can impoverish. But left to current accounting, it will do the latter, enriching the few while stranding the many. The challenge is to rewrite our economic scorecard so that the costs borne by workers and communities are counted as real.

Carney's warning remains urgent, and also unanswered: a system that ignores the social losses it creates is not efficient, but brittle. And brittleness, in economics as in politics, eventually breaks. That is the risk we face whilst this question remains unaddressed.

Previous posts in this series

- * [**The economic questions**](#)
- * [**Economic questions: The Henry Ford Question**](#)

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [**here**](#).

One word of warning, though: please ensure you have the correct MP. ChatGPT can get it wrong.

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