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Reimagining Equity and Egalitarianism: The Basic Income Debate in Australia

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Reimagining equity and egalitarianism calls for rethinking traditional welfare responses to poverty and economic security in Australia. Similar to other advanced Western democracies, Australia has pursued policies underpinned by neoliberal economics in an effort to curtail perceived excesses in public expenditure over the past three decades. In response to these policy settings, commentators and policy activists have increased their attention to the potential of a universal and unconditional basic income scheme to address economic insecurity. This paper positions basic income within the context of Australia’s welfare state arrangements and explores the potential of the scheme to respond to economic insecurity, particularly precarious employment and poverty traps created by a highly targeted social security system.

Key words: social policy; basic income; egalitarianism; neoliberalism; poverty

The persistence of poverty, increased income inequality within wealthy countries, and greater economic insecurity associated with labor market restructuring and automation has spawned new interest in basic income proposals. This article responds to the call for reimagining a just society where a universal basic income scheme helps to mitigate risks (risks inherent in the life course such as precarious employment, disability and illness, natural disasters), and shocks or hazards (including the global economic downturn, global warming and natural disasters) (Standing, 2009). In these circumstances, households and individuals are exposed to a high level of economic insecurity and uncertainty, which in turn impacts their capacity to
sustain an adequate livelihood. Economic security and equality are necessary conditions for freedom and a just society. An egalitarian society suggests inclusive income support is available for all and is established as a right, rather than grounded in deserving and undeserving poor ideals. Equity in the redistribution of wealth includes upholding social rights and justice, particularly in terms of collective benefit (Farelly, 1999). Reimagining equity in Australia along the lines of inclusive and just income support policy, as opposed to neoliberal policies, is possible within the realm of a basic income scheme.

This article explores the historical dimensions and more contemporary global influences shaping the Australian policy landscape and the current positioning of basic income debates to understand the potential for the introduction of a basic income scheme in Australia. Recently, the Australian polity has shown some renewed interest in basic income amongst social justice advocates and policy commentators, which has sparked debates about the political likelihood of introducing such a scheme. The contours of this debate will be explored here, looking at both contemporary and historical influences.

A Spotlight on Australia’s Income Support Policy Trajectory

Federation in 1901 saw the union of six British colonies under the newly established Australian Commonwealth. Federation marked the period of time in which Australia became an independent nation and was afforded power to govern in its own right. The newly enacted Commonwealth of Australia Constitution Act (1900) provided the Commonwealth with the statutory power to enact the invalid and old-age pensions paid to people with disabilities and older persons (Daniels, 2004). The invalid and old-aged pensions were the first national approach to the provision of income support. Prior to this, the provision of invalid and old-age pensions rested within the realm of the individual states (New South Wales, Victoria and Queensland). The Chifley Labor Government, which came to power in 1945, enacted significant changes to the provision of social security. The time of Prime Minister Chifley and the Labor Government heralded the introduction of
expansionist policies for extending the coverage of the needs-based income support entitlement system, via social security (Mays, 2015a). Greater emphasis was placed on full employment policies as the means for producing a strong economy (Mendes, 2003). Similarly, during the early 1970s, the Whitlam Labor Government pursued full-employment policies in which unemployment benefits were paid to those persons deemed to be unemployed (Tomlinson, 2000, 2007).

However, since the mid-1970s, there has been a move away from policies which pursue full-employment to reducing unemployment to at least 4-5% (Taphouse, 2001). Unemployment benefits were scaled back and tighter eligibility restrictions were applied to the benefit. Social protection became associated with genuine need and an earned right (Mendes, 2003). The Fraser Government policies increased regulations and unemployment benefit recipients were subject to work tests (Mendes, 2003; Stilwell, 2002). Successive governments since the 1980s have similarly abandoned the idea of full employment, instead turning to neoliberalism as the panacea for responding to unemployment levels, poverty and economic growth (Stilwell, 2002).

Modern conceptions of the Australian welfare state couch the model in terms of the liberal welfare regime, given the strong preference for a residual safety net of highly-targeted income support payments and a punitive approach to governing poverty (Esping-Andersen, 2000). The archetypal example purporting high levels of commodification is closely aligned to the models of the United States of America, Canada and the United Kingdom (Esping-Andersen, 2000). Australia is similarly characterized by high levels of market-based provision, poverty and long-term unemployment. Other scholars have suggested that the characterization of the Australian welfare state as 'liberal' downplays some unique characteristics and that it is more accurate to talk about Australia as having developed a "wage earner's welfare state" (Castles, 1985). The notion of a wage earner's welfare state emphasizes the central role given to high minimum wages in redistribution, a generous social wage, and a robust system of industrial rights. These aspects were supported by the substantial use of protective tariffs to bolster wage levels in
manufacturing, urban service, and a strong concern with the regulation of labor supply through controlled migration (Castles, 1994). In large part, wage policy substituted for social policy in both Australia and New Zealand. This model of social protection worked well for many citizens during much of the twentieth century, but certainly not for all. Critical accounts of the wage earner’s welfare state have emphasized that this model of redistribution was only ever a partial victory for the working classes, given that it both indirectly and directly excluded women, people with disabilities, and Indigenous citizens from these benefits (Bryson, 1992). Many of these same citizens with a precarious attachment to the labor market made some gains during the 1960s and early 1970s as workplace discrimination was challenged, but then they fell behind again, as the connection between education and employment tightened in the 1980s and 1990s, and the responsibility for managing life risks such as unemployment, sickness, disability, and old age were further individualized (Marston, Moss, & Quiggin, 2010).

The so-called ‘welfare settlement’ (Smyth, 1994) of the postwar period between socialism and capitalism was weakening at the close of the twentieth century, particularly as big business no longer had to rely on any one individual government to supply a workforce. Companies could choose to locate their manufacturing base offshore where labor could be sourced more cheaply. While capital became more mobile, labor—at least non-professional labor—remained much more constrained by time and space as economic globalization gained pace.

Australia is a country that has been subject to a host of globalizing forces, particularly the fast flows of capital across national borders and a transformation of monetary and fiscal policy in light of the discrediting of Keynesian economic principles and policies during the mid to late 1970s. However, like other advanced economies, the joint impact of technical change and the internationalization of markets made it increasingly difficult for the economy of Australia to generate a sufficient number of jobs that were profitable, while providing those who held these jobs with a decent wage (Smyth, 1994).

Australia has witnessed a decline in secure full-time employment, and greater casualisation of jobs, with almost 40
percent of paid employment in Australia being of a casual nature (Australian Bureau of Statistics, 2014). A casual job is one where the hours for the employee can vary from week to week, so there are no set hours of work and there are none of the conditions that part-time workers and full-time workers have, such as sick leave and recreation leave. Research has shown that casual jobs are associated with low levels of training, poor career opportunities and adverse occupational health and safety outcomes (Marston, McDonald, & Bryson, 2014). Despite a changing labor market, the income support system for those without sufficient employment is still based on outdated assumptions that unemployment is a temporary phenomenon (Fraser, 2010). The income support system benefits paid by governments remains inadequate in the face of low wages, deregulated markets and high inflation (Mays, 2015a). Whiteford’s (2011) recent study indicates that since 1996, social security payments in Australia for the single unemployed have fallen from 23.5 percent of the average wage for males to 19.5 percent. The unemployment benefit in Australia is the Newstart Allowance, which is a taxable payment and is subject to stringent income and assets tests, together with work activity requirements (Mays, 2015a). The level of Newstart for a single person has also fallen from around 54 percent to 45 percent of the after-tax minimum wage.

Labor market changes have been accompanied by a pejorative discourse since the mid-1990s towards the income support beneficiaries of the welfare state. In broad terms, a structural understanding of unemployment has been replaced by the idea where the problem of unemployment is understood as the problem of the unemployed (Marston et al., 2014). The late 1990s saw the introduction of welfare reforms by the government addressing unemployment and poverty through coercive means. The new approach, akin to workfare in the United States of America, was known officially as "mutual obligation"policies where the unemployed had to meet activation and administration requirements in order to continue to receive unemployment benefits. If they failed to do so, they faced a financial penalty in the form of a reduced payment. The "activation" test is an activity and participation requirement representing conditional participation in low-waged
or unpaid work and labor market training (Marston et al., 2014). If a recipient was deemed to be in breach of a "mutual obligation" activity, then a period of non-payment resulted. The underlying rationale of these penalty procedures comprised assumptions that non-payment periods were a protective mechanism intended to prevent or deter against further breaching and engender individual self-reliance (Marston et al., 2014). However, the social security legislation stipulated that breaches only result from failing activity test or administrative requirements if “no reasonable excuse” was provided (Mays, 2012). The difficulty of this clause was determining what actually constituted a reasonable excuse for breaching an activity, especially as the recipient was compelled to undertake prescribed mutual obligation activities.

Underpinning the Commonwealth Government’s standpoint in the 1990s was the interaction between conservative and neoliberal ideologies that purported the need to further address the perceived high numbers of welfare recipients and inadequacies of the system. Policy speeches and documents, media articles and policy practice focused on individual deficiencies and behavioral change rather than changes to the social and structural conditions (Mays, 2015a). Such discourses had a profound effect by perpetuating a coherent world view which suggested that unemployment resulted from individual causes alone. Yet the "culture of poverty” theory ignored the reality that increases in income support recipient numbers originated from labor market policies favoring economic gains, deregulation, fiscal austerity and downsizing, over social objectives and full employment (Mays, 2015). This then leaves little room for counter arguments that offer an alternative. Highly "targeted” income support policies denote notions that recipients have provided no real contribution to the workforce, and income assistance is provided because of their so-called inability to work or access employment (Tomlinson, 2000). The basic income scheme offers an alternative to the existing system in the form of an unconditional grant that is paid by the government to all permanent residents at regular periods.

Basic Income in Australia: The Debate so Far

Basic income in Australia attracted political attention in
early parliamentary debates, with universal rights and security introduced onto the political agenda during the 1900s, 1930s-1950s. Australia’s early history suggests that there was some exploration of the basic income proposal. For example, in the 1930s in Australia, political advocates highlighted the desire for a universal payment for older persons. Parliamentary documents during this time are replete with references to the debates on universal income support and rights. In effect, the universal proposal was not taken up due to political concerns of cost and the feasibility of introducing universal measures (Kewley, 1980). In parliamentary debates, economic considerations and the need for incentives tended to counter any suggestion for the introduction of universal proposals (Kewley, 1980). Fiscal priorities and incentive arguments challenged the universal policy discourse.

Most notably, it was the Henderson Poverty Report 1975 that is the most prominent explicit reference to a basic income scheme in response to poverty. Professor Ronald Henderson, in the early 1970s, used principles of universalism to develop the Henderson Policy Line, a comprehensive and useful poverty measurement tool (Commonwealth of Australia, 1975a, 1975b, 1975c). The poverty measurement tool generated a connection between the extent of poverty, income levels and primary problems (such as inadequate job opportunities and income support levels). A corresponding measurement tool was also designed to help decision-making around setting of income support levels. The report was highly contentious, given that for the first time in Australia poverty was measured according to relative need and actual level of disposable income, and this was expressed in monetary terms. Yet, Henderson’s contribution was significant, given the innovation of the conceptual framework and the call for a guaranteed minimum income deriving from tax revenue (Commonwealth of Australia, 1975a, 1975b). In response to Henderson’s work, the Whitlam Labor Government, elected in 1972, explored the feasibility of income support based on social and economic rights in the form of a guaranteed minimum income (Saunders [SPRC], 2005). However, the Whitlam Government was removed from power in 1975, and with it went any political momentum for implementing an unconditional basic income in Australia in the 20th century.
At the start of the 21st century, there has been a revisiting of the arguments for and against a basic income in Australia, which in part has been spurned on by local economic conditions and an inadequate income support system, as well as the global social movements calling on the need for an unconditional basic income in response to global poverty and climate change. In wealthy countries, such as Australia, a basic income would be less radical than it first appears, since it would mean consolidating many existing transfer schemes and replacing others that are riddled with complexity and arbitrary and discretionary conditionality (Standing, 2011).

Recent policy discussions, media articles and research papers have reinvigorated proposals for basic income in Australia. Marston (2015) in his article in *Arena Magazine* and *The Sydney Morning Herald* (White, 2015) and similarly Mays’ (2015b) radio interview on ABC during International Basic Income Week (Australian Broadcasting Corporation [ABC], Annie Gaffney’s Program on Friday 18 September, 2015) served to advocate for and raise awareness around the feasibility of basic income. Notably, these media reports present basic income as a valid alternative to the Australian targeted income-support system. An online opinion piece on the Australian Broadcasting Corporation’s (ABC) show "Religion and Ethics" by Thomas Wells (Thursday, July 17, 2014), advocated for a universal basic income (UBI) based on the crisis of capitalism and the robot economy.

Basic Income Australia formed in 2015 and is made up of a range of individuals and citizens from all walks of life. One of the aims of the group is for the introduction of a universal basic income in Australia by 2025. There are also other groups running Facebook campaigns and petitions for the introduction of basic income trials in Australia. This level of activity provides an indication of the renewed interest in civil society for basic income. It is unclear whether any of the political parties in Australia will take up the cause. The Australian Greens have a commitment to a basic income in their political platform, but they have so far not been very public in their support for the scheme. With the proposal gaining momentum nationally and globally, Australia is uniquely positioned to contribute to debates about the merits of such a scheme.
What will be needed is a greater degree of sophistication in the debate.

Arguing about the Costs and Benefits of a Basic Income

Basic income runs counter to dominant neoliberal approaches to meeting social needs (Raventós, 2007) and welfare paternalism on the part of the state. Any call for income support provisions that are sustained by an egalitarian society contains ethical justifications. The ethical pursuit of a universal, unconditional, and inclusive income support provision (basic income) available for all permanent citizens contains a moral commitment for collective benefit, progressive taxation, and transparency toward an inclusive and socially just income support provision (Raventós, 2007). A basic income is basic in the sense that it is intended to provide every citizen (rich or poor) a decent standard of living through the provision of a tax-free payment set at a modest rate and without any means test or work requirement attached to the payment (Birnbaum, 2012). Two of the first questions that get asked about basic income are: at what rate should it be set? and is it affordable? These questions are often asked whenever the topic comes up in Australian media or commentary. Most studies suggest that it is important to consider national capacity and context; suffice it to say that the rate at which the payment is made should be able to recast the relationship between labor and capital and the commodification of everyday life. Calls for a basic income need to specify a move away from the argument that remunerated work is the only necessary condition that produces material wealth and well-being. These arguments fail to account for other socially and economically valued occupations that are unpaid, such as volunteer work or household duties (Gorz, 2010).

It is the unconditional characteristic of basic income that allows for other activities, which contribute to making a good society, to be acknowledged and valued. Often it is the unmeasurable that provides richness and opportunity. To quote Andre Gorz (2010) on how a basic income frees the production of the self from economic valorization and enables full development of persons: "Only the capacities that exceed any
productive functionality … render a society capable of posing questions about the changes going on within it and imprinting a meaning on them” (p. 28). In this sense, basic income only becomes a critique of the dominance of labor when it is: (1) set at a sufficient level to enable a sufficient standard of living independent of dependence on paid labor; and (2) that it neither demands nor remunerates anything. Payment of the grant would be to individuals, rather than family units (Standing, 2002, 2011, 2014; Van Parijs, 1997, 2001, 2007) and could be made in either monthly or fortnightly installments. Depending on available resources, a basic income could also be paid to children, at a reduced rate. The basic income would be non-taxed, it would be retained regardless of how much is earned through labor, and all earned income would be taxed at the standard rate. If the state wanted to limit the amount going to those with the most affluent incomes, it could rake it back through higher taxes on higher incomes and closing tax loopholes that allow the very wealthy to minimize their taxable income. The introduction of a basic income and equitable reform of the tax system go hand in hand. The usual objection is that the introduction of a basic income would discourage paid employment and encourage "idleness."

The idea of a basic income tends to generate intense debates with criticism in social policy and political landscapes. Feasibility and affordability arguments deride basic income schemes as leading to higher inflation or creating worklessness. These criticisms have been subject to numerous counter arguments in the basic-income literature (Arcarons, Raventós, & Torrens Mèlich, 2014). In essence, these arguments reflect competing conceptions of human behavior and what moves people to act. Basic income advocates would argue that the grant provides a means for professions and occupations rather than simply work. Proponents of a basic income, such as Guy Standing (2011), argue that:

The vast majority would not be content to live off just a basic income. They want to work and are excited by the possibility of improving their material and social living. To hound a tiny majority for their laziness is a sign of our weakness, not our merit. (p. 174)
Yet, this is precisely what social security systems in Australia do. The social security policies are based on the small percentage of people that are perceived to be "abusing the system." A disproportionate amount of resources are devoted to detecting and prosecuting so called "welfare fraud," as compared with detecting and prosecuting individual tax fraud.

In contrast, a basic income deviates from the well-trodden path in Australia of "targeting" social security benefits. The features of social justice underpinning the proposal makes the basic income approach emancipatory in nature, in that it transforms not only income-support systems, but also other social institutions around care, education, and leisure. The psychological effects of an unconditional and universal grant cannot be underestimated. The literature is replete with examples of the negative consequences on well-being and sense of self, self-identity, and personhood surrounding behavioral conditional-ity and increased targeting of welfare recipients (Marston et al., 2014).

Welfare recipients over time have been subject to repeated negative associations with receiving a pension or benefit, such as being known as dole-bludgers, malingerers and being workshy. Negative constructions heighten the vulnerability of already vulnerable groups, which often have limited bargaining power or access to full-time, secure, and generously remunerated positions. Attaching a moral value and ethic to paid work subscribes to a narrow productivist conception. As well noted in other studies, this is not a new phenomenon, as it dates back to the English Poor Laws of the 1600s and 1800s. Similarly, de Gurando’s On Public Charity, 1839, (cited in Goodin, 2001) work centered on idleness and the expectation that citizens with capacity would not remain idle:

When an able-bodied pauper is not employed, or when he [sic] is not employed to his full capacity, he must be given help in the form of work, and only in that form. ... If society must assist the unfortunate, it owes nothing to the idle. The pauper who refuses work he is able to do, when that work is offered to him, has no right to receive as aid what he could have derived from his labour. (p. 189)
In this extract, a connection is formed between productive and nonproductive citizens such that policies should embed incentives to prevent idleness. Work is organized around the capitalist principles of productivity, self-reliance and profit maximization. Any group outside of the labor market is excluded and marginalized. As Katz (1989) argues, "contempt for the poor and support for capitalism have always gone hand in hand, when people are measured by how much they produce, then those who are seen as producing little or nothing are judged the harshest of all" (p. 136). Therefore, understanding the way the income support system is situated within the broader political economy of the welfare state is critical in the call for a basic income.

The unconditional nature of basic income means that there are no behavioral conditions or classifications attached to the income-support provision. Rather, what is perpetuated is the idea of personhood and livelihood, which promote positive social, political, economic, cultural, and psychological effects. Those minority groups positioned at the lower end of income distribution (such as people with disabilities, younger people, Aboriginal or Torres Strait Islander people, culturally and linguistically diverse people, and women) can receive some form of support that is free from stigma, classification and moral distinctions about "deserving" versus "underserving poor." This ethical justification as a philosophical foundation of basic income is just as important as the economic dimension and the amelioration of poverty and inequality. The ethical basis forms the underpinning conception of a "good society," which is one that is concerned with the fair distribution of burdens and benefits within that society.

A basic income does not respond to all of society's problems in relation to social protection. A useful way to think about the universal approach to income support is to view basic income as part of the package. Basic income provides one way forward from social protection debates and policy responses burdened by neoliberal philosophy. As such, the basic income proposal provides Australia with the potential for a "better way" forward from the neoliberal trends that have dominated the countries' political boundaries during the past four decades. Basic income is counter to the neoliberal
tendencies in social protection policies which emphasize cost cutting and market models (Standing, 2011). Any design, implementation, and monitoring of a basic income requires forging alliances between scholars, activists, policy-makers, and politicians of varying persuasions to present a united front for reform. Popular support among a broad coalition of interests for a basic income derives from the fact that it would address poverty and stigma simultaneously. It treats people equally, helps limit inequality, and increases collective solidarity through risk pooling. Therefore, redressing the consequence of policy and income support does not preclude the need for other social policies such as health, disability, housing and education. An augmented approach that is part of public policy and political deliberations is necessary.

Conclusion

Politicians, academics, and policy activists are confronted with large and complex policy problems (such as climate change and economic insecurity) requiring a new way of thinking about income support for economic security. Policy studies (Mays, 2012, 2015a; Tomlinson, 1987, 1989) have detailed the range of political obstacles that function to prevent the implementation of a basic income in Australia. As noted, globally and nationally, poverty gaps and inequalities are widening, rather than closing (Drakeford & Davidson, 2013; Saunders & Wong, 2013). As an alternative redistributive strategy, the basic income proposal plays a role nationally and globally in transforming inequalities (Ackerman, Alstott, & Van Parijs, 2012). For Australia, basic income offers a strategy to challenge neoliberal approaches to the existing social security regimes (Raventós, 2007). Increased attention has been paid to the basic income proposal in international policy spheres following the global financial crisis. This increased attention has provided the impetus for further exploring the feasibility of the basic income proposal in Australian public and political discourse (Richardson, 2013).

The conditions at the start of the 21st century are favorable for Australia to make significant contributions to the basic income proposal debate. Reimagining equity argues for a
return to egalitarianism through basic income as a redistributive strategy that redresses income inequality and poverty consequences (Wilkinson & Pickett, 2009). The right to a decent income and access to resources is central to living a good life and is especially critical for vulnerable groups such as people in poverty, children and young people, single parents, and people with disabilities. The politics within a single nation will ultimately determine the way a basic income model is implemented. Transitioning to a basic income requires strategic planning to ensure it is introduced as an unconditional citizenship right (Standing, 2011, 2014). Reimagining equity and egalitarianism seeks to conceptualize the relevance of the basic income grant relative to the Australian welfare state. Considering the social, political, and economic feasibility of the basic income scheme is one way forward, as is framing topical issues relevant to contemporary basic income debates.

There is an urgent need to explore the potential of basic income to forge a new public policy synergy and alliances between different progressive social movements. For advocates of basic income, identifying where the efforts needed to be concentrated during such a transition is critical, as is strengthening the profile of basic income on the political agenda. Uniquely positioning the basic income proposal within the context of Australia, we have proposed a return to egalitarianism through basic income as a redistributive strategy that redresses income and status inequality and poverty consequences (Wilkinson & Pickett, 2009). The right to a decent income and access to adequate resources is central to living a good life and is especially critical for vulnerable groups such as people in poverty, children and young people, single parents, and people with disabilities. Proposing a new redistributive strategy based on equality and egalitarianism represents a major public policy challenge. Yet, it is time to embrace boldness in thought and policy action. Business as usual is not an option if we are to address major public policy challenges such as poverty and climate change.

References


