EXPLORING THE BASIC INCOME GUARANTEE

BASIC INCOME IN AUSTRALIA AND NEW ZEALAND

Perspectives from the Neoliberal Frontier

Edited by **Jennifer Mays, Greg Marston** & **John Tomlinson**

Basic income is one of the most innovative, powerful, straightforward, and controversial proposals for addressing poverty and growing inequalities. A Basic Income Guarantee (BIG) is designed to be an unconditional, government-insured guarantee that all citizens will have enough income to meet their basic needs. The concept of basic, or guaranteed, income is a form of social provision and this series examines the arguments for and against it from an interdisciplinary perspective with special focus on the economic and social factors. By systematically connecting abstract philosophical debates over competing principles of BIG to the empirical analysis of concrete policy proposals, this series contributes to the fields of economics, politics, social policy, and philosophy and establishes a theoretical framework for interdisciplinary research. It will bring together international and national scholars and activists to provide a comparative look at the main efforts to date to pass unconditional BIG legislation across regions of the globe and will identify commonalities and differences across countries drawing lessons for advancing social policies in general and BIG policies in particular.

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Basic Income in Australia and New Zealand: Perspectives from the Neoliberal Frontier
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palgrave
macmillan

First published 2016 by
PALGRAVE MACMILLAN

Palgrave Macmillan in the UK is an imprint of Macmillan Publishers Limited, registered in England, company number 785998, of Houndmills, Basingstoke, Hampshire, RG21 6XS.

Palgrave Macmillan in the US is a division of Nature America, Inc., One New York Plaza, Suite 4500, New York, NY 10004-1562.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

ISBN 978-1-349-71028-7
E-PDF ISBN: 978–1–137–53532–0
DOI: 10.1057/9781137535320

Library of Congress Cataloging-in-Publication Data

Names: Mays, Jennifer, 1968– editor. | Marston, Greg, 1970– editor. | Tomlinson, John, 1942– editor.
Title: Basic income in Australia and New Zealand : perspectives from the neoliberal frontier / edited by Jennifer Mays, Greg Marston, John Tomlinson.
Description: New York : Palgrave Macmillan, 2016. | Series: Exploring the basic income guarantee | Includes bibliographical references and index.
Identifiers: LCCN 2015031630 |
Subjects: LCSH: Income—Australia. | Income—New Zealand. | Australia—Social policy. | New Zealand—Social policy. | Welfare state—Australia. | Welfare state—New Zealand. | BISAC: BUSINESS & ECONOMICS / Economic Conditions. | BUSINESS & ECONOMICS / Economics / Comparative. | BUSINESS & ECONOMICS / International / Economics. | BUSINESS & ECONOMICS / Economics / Theory.
Classification: LCC HC610.I5 .B37 2016 | DDC 362.5/820993—dc23 LC record available at http://lccn.loc.gov/2015031630

A catalogue record for the book is available from the British Library.

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Preface

Many Australians and New Zealanders receive pocket money as children from their parents. Some receive vast fortunes through inheritance, or receive land or other property that way, without doing a day's work or labor for it. Yet such lucky people tend to be at the forefront of opposition to providing everybody with a basic income on the grounds that it would be "something for nothing." If they are against providing a basic income, they should in all consistency be against pocket money and inheritance.

In introducing a book devoted to basic income, one is inclined to ask potential readers to approach it with as open a mind as possible. Having worked on the subject for many years, this writer is painfully aware of the hasty reactions by critics and a subsequent tendency of recidivism among those critics after they have conceded a point or two in its favour. The next time you meet them or open up the subject, they tend to repeat the same objections that they had conceded were prejudice before.

Before proposing a justification, let us be clear about what a basic income means. A basic income would be a modest income, paid in money, paid at regular short intervals, typically a month, paid to each person as an individual, and paid equally to women and men, with a smaller amount for each child. It would be unconditional in behavioural terms, although the term "unconditional" can be ambiguous.

Among advocates of a basic income, some would say that every legal resident of a country should receive it; some, that only national citizens should. There are various proposals for phasing it into reality, some that would exclude recent migrants to the country or include them gradually, initially not providing them with it and then, over several years, building it up for them, too.

Much debate has gone into determining what should be the level. Some advocates believe the level should be set to be equal to the median income of the country. Others, including this writer, believe it should be less than that, and that an optimum approach would be to start at a low level and plan to increase it as economic growth and fiscal policy allow.

The amount should provide everybody with basic security, that is, enough to cover modest basic needs, such as food and rent for modest housing. It should be enough to make a difference, but not so much that it provides total security.

Lots of objections have been made—affordability, effect on labor supply, inflationary impact, and so on. Although they have been refuted many times, many are considered afresh in this book in the context of Australia and New Zealand. Rather than rehearse them here, let us just reflect on the potential justifications.

A basic income would not be a panacea, and very few advocates believe they could replace public services and selective means of support for those with special needs. Indeed, most advocates suggest that a basic income would be a bottom tier of a social protection system, with top ups for those with disabilities or frailties connected with pregnancy, age, or chronic illness.

A basic income should not be depicted as the solution to income poverty, although it would be an effective way to combat the worst forms of poverty. There are other policies that could address poverty, albeit probably not as well. Rather, the primary justification for a basic income is a claim for ethical justice.

Australia and New Zealand were pioneers in the development of welfare states at the end of the nineteenth century and in the early years of the twentieth century. Their social security schemes were progressive for their time and place, in which industrial capitalism was taking shape and where the emerging working class consisted of proletarians in full-time wage labor.

The schemes were always sexist and laborist, in being linked to the performance of labor or the avowed willingness to perform labor. They were never very redistributive in reducing inequality, but they prevented the labor market from becoming a major cause of growing inequalities.

Since the 1980s, the welfare system built up in the preceding decades has gone into terminal decline, with wholesale resort to means-tested social assistance and to the generic approach known as workfare. This has happened as class fragmentation has characterized both countries, as it has across the world during what should be regarded as the Global Transformation.

As argued elsewhere, the ethical justification for a basic income is that the income and wealth of each one of us is due far more to the efforts and endeavors of our ancestors than to anything we have done ourselves. But we cannot attribute our general income to specific ancestors. The wealth built up in any community could be said to be the result of the collective investment by past generations of Australians or New Zealanders. As such, we should say that everybody deserves a share in the returns, and paying a basic income is like a social dividend.

There are other ethical justifications, including the libertarian argument that a basic income would enable people to make more rational choices and the progressive argument that it would reduce the inequalities ground out of a global market system. There are also instrumental arguments in its favour, including the demonstrable fact that it would overcome or substantively reduce the poverty trap inherent in a means-tested welfare system and would actually promote more work and labor, not less.

It would also encourage people to shift their work and labor a little to more reproductive and resource-conserving activities, away from resource-depleting labor. Advocates have not yet made the case strongly enough that a basic income is essentially an ecological policy in an era of frightening environmental threat.

In short, this is the most opportune time for a basic income. Everybody who has an interest in moving to a more socially, economically, and ecologically sustainable society is welcome to join the thousands of us who have formed and built BIEN—the Basic Income Earth Network—and participate in what is a growing global campaign.

Guy Standing

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Acknowledgments

In the process of writing and compiling this book we have been helped by numerous colleagues and friends. Unfortunately not all people can be mentioned, so to those we miss, thank you for your support. However, first and foremost, we are most grateful to Danielle Davidson, who worked closely with us and gave us valuable help and an all-star effort in editing the collection. She was always there to provide wisdom, insight, and helpful suggestions on the text—always with a smile! To our Head of School, MaryLou Fleming, who gave her unwavering support to help us bring the book to its completion—thank you! We would also like to thank the postgraduate and undergraduate students and lecturers who came along to the basic income workshop at the Australian National University in Canberra (March) to offer suggestions and very helpful feedback. Their enthusiasm was inspiring and their insights were timely and helped shape the text. We are also indebted to Guy Standing for his valuable contribution to the text—the Preface—and extremely helpful feedback during the workshop. We would also like to thank Karl Widerquist for his belief in our ideas from the antipodes. To all of the contributors of this volume, we thank you for patience and fortitude in developing and finalizing your drafts. Finally, it is the people in the background who are the unsung working-class heroes of the text. For your patience, unconditional goodwill, and humour, we would like to thank you. To our families and partners, your unfailing support makes it all possible! Finally, we would like to thank Sarah Lawrence, Allison Neuburger, Jon Reitzel and others from Palgrave Macmillan and Deepa John for commissioning, facilitating, and expertly guiding the publication.

CHAPTER 1

Neoliberal Frontiers and Economic Insecurity: Is Basic Income a Solution?

Jennifer Mays, Greg Marston, and John Tomlinson

Introduction

Australia and New Zealand have similarities and differences in regard to their cultural, social, and economic makeup. Both countries share a colonial past, dispossession of the indigenous populations, and common features regarding the model of social protection that developed during the nineteenth and twentieth century. In comparative welfare state studies the two countries are often grouped together, along with the United States, Canada, and the United Kingdom, in what some scholars refer to as a "liberal welfare state" model. This welfare state model describes the strong preference for market-based solutions in meeting social needs (commodification), a residual safety net, and a punitive approach to poverty (Esping-Andersen, 2000; Grover & Piggott, 2013). Other scholars have suggested that the characterization of Australia and New Zealand as liberal welfare states downplays some unique characteristics and that it is more accurate to talk about Australia and New Zealand as having developed a "wage earner's welfare state" (Castles, 1984). 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, wages policy substituted for social policy in both countries. 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 become more mobile, labor—at least non-professional labor—remained much more constrained by time and space as economic globalization gained pace.

Australia and New Zealand are countries that have 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 economies of Australia and New Zealand to generate a sufficient number of jobs that were profitable, while providing those who held these jobs with a decent wage (Van Parijs, 1992). Both and Australia and New Zealand have witnessed a decline in full-time jobs, increased part-time employment, an increase in casual employment, and a rise in long-term unemployment. Consequently, the income support system of benefits paid by governments in both countries to people experiencing unemployment has proved inadequate in the face of these changes. Recent research by the social policy researcher Peter Whiteford (2011) shows 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 level of Newstart[1] for a single person has also fallen from around 54 percent to 45 percent of the after-tax minimum wage. With paid work failing to deliver on the promise of economic security and the income support system failing to keep people out of poverty, it is time for a new approach, one that meets the principles of adequacy, affordability, and security, while addressing the unintended consequences of neoliberal policy solutions.

Within an international context, Australia and New Zealand have been at the forefront of subscribing to a particularly aggressive model of neoliberal reform, particularly since the 1980s with trade liberalization, privatization of government-owned entities, and the application of contestability and competition to remaining government services (Ramie & Wailes, 2006). These economic reforms were accompanied by attaching pejorative connotations to the income-support beneficiaries of the welfare state. In broad terms, a structural understanding of unemployment gave way during this period to the problem of unemployment being understood as the problem of the unemployed (Marston, McDonald, & Bryson, 2014). The problem with the enduring influence of neoliberal philosophy enacted in Australia and New Zealand is the profound impact on social protection and the significant ideological and philosophical shift away from collective benefits. This book argues that there is a need for a transformational redistributive strategy that enables both individual freedom and economic security. A premise of this book is that the existing system of income-support targeting and greater conditionality in income-support arrangements in Australia and New Zealand is exacerbating income inequalities and economic insecurity.

The alternative to the existing system explored through the chapters in this book is basic income—a term that features consistently throughout the book—which, at its simplest, is an unconditional grant that is paid by the government to all permanent residents at regular intervals. Historically, the notion of a guaranteed minimum income was used in Australian and New Zealand policy debates, however further conceptual developments have led to the application of the more inclusive term "basic income." The grant is called "basic" because it is something on which a person can safely count, a material foundation on which a life can firmly rest, promoting real freedom for all by providing the material resources that people need to pursue their aims (Van Parijs, 2007). In rich countries, such as Australia and New Zealand, 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, p. 171). Basic income runs counter to dominant neoliberal approaches to meeting social needs (Raventós, 2007) and welfare paternalism on the part of the state.

The past four decades has been dominated by progressive debates and modelling of the basic-income proposal across Europe, North America, and Latin America. A series of successful trials of basic income in Africa and India have led to the basic-income proposal achieving a higher profile (Ackerman, Alstott, & Van Parijs, 2012; Arcarons, Raventós, & Torrens, 2014; Birnbaum, 2012; Caputo, 2012; Honkanen, 2014; Richardson, 2013; Yunker, 2013). Yet, Australia and New Zealand are often overlooked as contributors to the basic-income global narrative, despite the fact that discussion about basic income has been a feature of policy debates on what to do about poverty since the 1970s in both countries. The book responds to this gap in the existing basic-income literature to provide a distinct standpoint in the exploration of basic income within the contemporary social policy landscape. In this part of the world, serious political discussion about basic income has been muted in the wake of the hegemony of neoliberal solutions to social and economic challenges, including the dominance of the austerity discourse in the wake of the global financial crisis. And yet it is precisely these types of crises that have sparked renewed interest in the merits of basic income in other parts of the world. As the contributors to this book show, a basic-income proposal responds to issues of increased income and job insecurity, widening inequalities, and stigmas through a redistributive approach that is simple and transformative.

Defining Basic Income

A basic income is basic in the sense that it is intended to provide every citizen[2] (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). One of the first questions people ask about basic income is at what rate should it be set. We do not intend to deal with this question in the introductory chapter as 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. The demand for a basic income must signal from the outset that dependent work is no longer the only way of creating the necessary conditions for material well-being or the only type of activity whose social value is acknowledged (Gorz, 2010, p. 130). The unconditional nature of basic income becomes one of the means of developing an infinite number of enriching activities that are a kind of wealth that is neither measurable nor exchangeable by any predetermined yardstick. To quote Andre Gorz (2010, p. 28) 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." 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, 2004, 2014; Van Parijs, 1997) 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 the most affluent income 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." Other claims against a basic income are that it could be inflationary, would be unaffordable, and a tax on those that do provide labor. These criticisms have been rebuffed numerous times in the basic-income literature. In essence, these arguments reflect competing conceptions of human behavior and what moves people to act. Proponents of a basic income, for example, such as Guy Standing (2011, p. 174), 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."

Yet, this is precisely what social security systems in Australia and New Zealand do, particularly in regard to designing policies that are based on the small percentage of people that are seen as "abusing the system"—as in the case of the disproportionate amount of resources that are devoted to detecting and prosecuting so called "welfare fraud," compared with individual tax fraud. In contrast, a basic income deviates from the well-trodden path in Australia and New Zealand 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 conditionality and increased targeting (Murphy et al., 2011). Persistent pejorative discourses associated with income provision (for example the so-called dole bludgers) and the dogged targeting by governments contributes to the perpetuation of myths, stigma, and marginalization, which in turn heightens the vulnerability of welfare recipients. The centring of the paid work ethic and moral virtue mean that public worth is narrowly defined in terms of a productivist paradigm. This is, of course, not a new process. As Katz (1989, p. 136) 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."

In a basic-income proposal there is an absence of conditionality, behavioral conditions, or classifications imposed on income-support provision. Therefore the approach perpetuates positive social, political, economic, cultural, and psychological effects to notions of livelihoods and personhood. This in turn helps to ensure that those minority groups marginalized 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 a host of complex classifications that are fundamentally underpinned by a moral distinction about "deserving" versus "underserving poor." It is important to lay out these foundations and related philosophical justifications for basic income, as it is not enough to simply spell out why a basic income is a more effective way of fighting poverty or income inequality. Proponents of a basic income must also engage in a public discussion about the ends and not just the means, that is, they need to articulate the reasons how basic income fits into a conception of a "good society," one that is concerned with the fair distribution of burdens and benefits within that society.

Ethical Justifications for Basic Income

The idea of a universal basic income is not new; it is at least 150 years old. In 1848, while Karl Marx was finishing off the Communist Manifesto, the Brussels-based Fourierist author Joseph Charlier published *Solution of the Social Problem*, in which he argued for a "territorial dividend" owed to each citizen by virtue of our equal ownership of the nation's territory (Van Parijs, 2007). Throughout its history support for a basic income usually comes from two related but distinct philosophical traditions, libertarianism (liberty) and egalitarianism (equality). These two philosophical traditions provide a continuum to explain and explore why commentators and writers from very different political persuasions have come to support the idea of a basic income.

For a classical libertarian, individual freedom is everything. Therefore the just distribution of a nation's wealth and resources is one based on voluntary transactions. From this point of view it would seem to be against the idea of individual freedom to suggest that such distribution should be based on a set pattern or formula, which would inevitably involve the state in administering resources. For a classical liberal, people have different talents and abilities and therefore they have the right to the full product of one's labor, which will vary depending on what other people are prepared to pay for those talents and skills. However, this transactional account of individual liberty misses what people own in common, the natural resources of the earth that existed before people starting exploiting these resources for capital gain. However, working out the value of this natural wealth is unlikely to make much of a difference. A far more significant increase would occur if all the wealth produced by earlier generations could be viewed as a common inheritance (Van Parijs, 1992). But would the value of this collective wealth be sufficient and how would this inheritance be shared equally?

There would need to be some criterion for determining the material means required to conduct one's life in a way that enabled people to have self-determination over their goals and the means to achieving them. It is this conception of freedom that is close to Isaiah Berlin's (1969) conception of negative liberty and positive liberty, where the former means freedom from unwarranted interference and coercion and the latter means freedom to live a "good life," which implies a need to have a certain level of resources to be free. For example, a poor person may have "negative" liberty (freedom from imprisonment, unwarranted seizure, protection of privacy) but not "positive" liberty (freedom to control and determine his or her own fate). It goes without saying that virtually no one would ever claim to be "against liberty," but people can quite easily imagine different definitions of the idea of "liberty" itself. A basic income can be argued for on the grounds of positive liberty, but we would also need a conception of means that is able to differentiate between groups in society, as some groups will need more to enable them to live decently. It is in this conception that libertarianism (a basic right to live a life free from poverty) meets egalitarianism (a socially just means of distributing wealth and resources).

Various analyses arguing for a basic income, such as Baker (1992), Standing (2011), Van Parijs (1997, 2001, 2007), and Widerquist (2013), recognized the utility of egalitarianism within a democratic and affluent state, arguing that the different levels of resources for different groups would need to be worked out through public deliberation and social agreement. In basic-income spheres, increased attention has been paid to undertaking social and economic modelling (Casassas, Raventós, & Wark, 2005, 2007; Raventós, 2007) to demonstrate the potential of the proposal to present as an egalitarian and collective redistributive strategy. This is especially important in a world dominated by crisis tendencies in which transformations of modern welfare states, particularly social security and labor market programmes, have been driven by neoliberal philosophy under the guise of welfare reforms (Collard, 2013). Other theoretical analyses such as Tomlinson (1987, 2000, 2007, 2008) (basic income and East Timor) and Goldsmith (2004) (basic income and the Alaskan context) explored the viability of basic income in developing and also developed countries. These works are useful for contributing to understanding the challenges involved in the transition to a basic-income model at the national and global level.

The growing attention of basic-income proposals on international contexts (Cunliffe & Erreygers, 2005; Farelly, 1999; Galston, 2000; Lerner & Clark, 2000; Phelps, 2000; Raventós, 2007; Standing 2002, 2009; Van Parijs, 2000) is consistent with the need to reconceptualize social justice beyond the nation-state. Nancy Fraser (2010, p. 25) explains this point in relation to the need to rethink the Western welfare state so that other political spaces emerge in which social workers can act as policy activists:

> The idea that state-territoriality can serve as a proxy for social effectivity is no longer plausible. Under current conditions, one's chances to live a good life do not depend wholly on the internal political constitution of

> the territorial state in which one resides. Although the latter remains undeniably relevant, its effects are mediated by other structures, both extra and non-territorial, whose impact is at least significant.

We can elaborate on the example that Fraser uses to make this point. While capital flows to parts of the world where the labor is cheapest, those made dependent on that capital through the sale of their labor are unable to leave when that capital takes flight. The shoe and clothing factories in Indonesia where people live in conditions of abject poverty in labor camps is an apt illustration of this predicament. It also helps to illustrate the connections that make territorial justice struggles (such as national antipoverty campaigns) difficult to sustain. In the face of rising living costs in developed countries, consumers may demand lower prices for goods. The workers that produce those cheap goods are demanding better wages and conditions. Not only are the parties to the justice claim in dispute, so is the arena/s in which these justice claims heard and debated. Offshore interests, such as multinational companies, try to influence domestic debate, even as nationalists and local democrats seek to territorialize them. Similarly, the offshore workers economic interests are to dismantle protectionist trade barriers, while the domestic trade unions seek to resist neoliberal encroachment and protect local jobs through higher prices for imported goods. Modern interpretations of the basic-income proposal represent a progressive alternative relevant to redressing widening global inequities and poverty driven by neoliberal transformations. Both Australia and New Zealand are grappling with the intended and unintended consequences of these transformations.

Australia and New Zealand: Historical and Contemporary Challenges

Australia and New Zealand's early history suggests there was a dabbling into the idea of a basic income. Indeed, during the 1930s in Australia, the political will of the time suggested a need and desire for a universal payment for older persons. The reluctance on the part of politicians appears to have been based on concerns surrounding the cost and feasibility of introducing universal measures (Kewley, 1980, p. 7). Later parliamentary discussions were held around the type of income-support method to adopt. Economic considerations often overrode the desire for universal citizenship rights (Kewley, 1980, p. 20). The presumed need for incentives featured strongly in parliamentary debates.

Fiscal priorities are not the only concern for dismissing such a universal model. The presumed need for incentives featured strongly in parliamentary debates. Commonwealth leaders challenged the universal policy discourse through the use of incentive arguments. The Whitlam Government, during the 1970s, attempted to pursue alternative income-support policies based on social and economic rights and in the form of a guaranteed minimum income (Saunders, 2005a, 2005b, [SPRC]).[3] As an anomaly, the Australian Blind Pension continues to the present day as a universal payment in the form of guaranteed income support that is unconditional and not subject to means-testing.

Basic income in this region has undergone a renewed interest in terms being a relevant income support proposal. This increased exposure has played out in public and mainstream media, such as Brian Donaghy's (2008) news item "Basic income for all," which was broadcast on *Radio National's* (Australian Broadcasting Corporation [ABC]) Perspective Program on Monday, July 14, 2008.[4] Donaghy (2008) argued that basic income was a sound alternative to the Australian targeted approaches to an income-support system. In a similar vein, an online opinion piece on the Australian Broadcasting Corporation's (ABC) show *Religion and Ethics* by Thomas Wells (Thursday, July 17, 2014) called for a universal basic income (UBI) by citing the crisis of capitalism and the robot economy.[5] With the proposal gaining ground in this region and globally, Australia and New Zealand are in a unique position to add to debates and contribute as a progressive player in the basic income and mainstream arenas.

In this book, it is argued that all permanent residents living in Australia and New Zealand should qualify for payment. This stance is based on a number of reasons peculiar to Australia in the knowledge that there are ongoing debates in many countries as to whether recently arrived migrants should qualify for a basic income. This is not a recent debate. Dennis Milner in 1920 suggested that people who had come from Ireland should have a six-month waiting period prior to qualifying for an income guarantee. More recently, there has been M. Howard's (2006) article on basic income and migration, exploring the issue of whether migrants coming into countries such as Australia and New Zealand should be paid a basic income. More contemporary works, such as Tercelli (2013), similarly considered rulings on legal residents and time limits (e.g., grants being paid to individuals over 18 years of age) to gain entitlement to the provision.

Prior to examining migration, asylum seekers and refugees require consideration, given the particularities of the Australian and New

Zealand context. Migrants, whether shifting from one region to another or from one country to another, are most likely to have the greatest financial need in the period shortly after arrival. Assuming that recently arrived migrants are assisted at the time of their greatest need sets them up to make a greater contribution in the future rather than leaving them to flounder in unnecessary poverty. The suggestion that recently arrived migrants should not have similar entitlements to survival income as long-term residents, because they have not made any contribution to that society is a common catchcry. But what such an assertion fails to acknowledge is that migrants may well have made a prior contribution to their country of origin, and in any event the real issue is that migrants' contribution to their new country should be measured over their lifetime, not in their first five minutes in their new country. In any case, the argument that migrants should contribute before they are assisted assumes that *every* long-term resident of a country *has made a made a prior contribution*; this would be a difficult, if not impossible, proposition to sustain. The argument of contribution is grounded in neoliberal principles of productive and active citizenship.

Standing (2014) highlights the counterargument, suggesting that, were a country to introduce a basic income, it would attract migrants from countries where such income guarantees did not exist. In both Australia and New Zealand (except for travel between these two countries), before someone can become a migrant they must obtain an entry visa. Even if people desired to enter our countries to obtain a basic income, they could not do so without meeting highly restrictive migration requirements (e.g., migrants with family members who have a disability have been refused entry). Australia and New Zealand's current prosperity has been built on the back of generations of migrants and refugees. Yet this is seldom recognized nor acknowledged. If a country were to introduce a basic income, governments assume it would attract migrants from countries where such income guarantees don't exist. Basic-income proponents, such as Standing (2014), reject this notion. In both Australia and New Zealand, people who are accepted as refugees *from offshore countries* are, upon arrival, immediately entitled to social assistance because they are recognized as likely to be in great financial need.

In the early days of the settler occupation of Australia, the Indigenous population were slaughtered, displaced, and dispossessed of their land. In addition to this, women and children were stolen when it suited the settlers' desires. They were denied the right to give evidence in court until the 1870s. After federation in 1901, they were not counted in the census, many were not given the vote until the 1960s, and despite being permanent residents, were not considered by the bulk of the settler population as citizens (Rowley, 1970). The definition of what constitutes a legal citizen in Australia is determined solely by the federal government of the day. It may well be influenced by precedence, but past decisions do not determine outcomes. The present Turnbull Government is threatening to remove or suspend citizenship rights of dual nationals who travel to war-torn areas of the Middle East. In the past, governments have refused to issue passports to citizens who have displeased them, an example being that of Australian journalist Wilfred Burchett, a communist, who, during the Vietnam War, was refused a passport to attend his father's funeral.

For the many reasons set out above, in this book the term "permanent resident" is applied in preference to "legal resident." We do not consider to be permanent residents those who arrived in Australia with a valid visa but then overstayed their visa (and have not applied for political asylum). They are certainly not legal residents.

A basic income is not a panacea for all of society's problems and shortcomings relative to social protection. Rather, a universal approach to income support is seen as part of the package, that is, a way forward from social protection debates and policy responses encumbered by neoliberal philosophy. As argued, a basic-income proposal offers the Australia and New Zealand political context the potential for a "better way" forward from the neoliberal trends that have dominated the countries' political frontiers during the past four decades. From our perspective, a basic income runs counter to the neoliberal tendencies of policies touting economic austerity, cost cutting, and market-oriented approaches to social protection. It is acknowledged that the successful design, implementation, and monitoring of a basic income necessitates building connections with scholars, activists, policy-makers, and politicians of varying persuasions to present as 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. Clearly there will need to be other social polices dealing with health, education, housing, and disability. These considerations, what sorts of policies would need to augment a basic income, would necessarily form part of public policy and political deliberations.

The Political Challenges

Tomlinson's (1989) doctoral thesis, which details the bases on which proponents of classical political positions would support universal income guarantees, comprehensively dealt with the political obstacles to introducing a basic income in Australia. Mays (2012, 2015) similarly explored the challenges of implementing a basic income in relation to people with a disability reliant on disability income support. As noted, globally and nationally, poverty gaps and inequalities are widening under neoliberal welfare regimes, rather than closing (Drakeford & Davidson, 2013; Saunders & Wong, 2013, p. 51). The basic-income proposal as an alternative redistributive strategy does have a place in global debates in terms of transforming inequalities. For the Australian and New Zealand cases, the proposal challenges neoliberal approaches to the social security programmes (Raventós, 2007). International policy debates in light of the global financial crisis have contributed to the basic-income proposal achieving a higher profile in public and political discourse (Richardson, 2013). The predominance of neoliberalism in Australia and New Zealand over the past two to three decades of income-support policy have done little to promote a socially just society where all citizens are treated fairly. Rather, dominant market ideals and traditional approaches to poverty reduction and inequality end up being divisive and marginalize the very vulnerable people that the policies are meant to support.

It is an opportune time for Australia and New Zealand to contribute their voices to the basic-income proposal debate. The book proposes 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 a disability. This book explores these themes through historical and economic analysis and several case studies to draw attention to the significance of a basic income and the consequences on vulnerable groups. The basic-income debate represents a dynamic and evolving model with relevance to developing a just society and establishing basic income as a universal right.

If some form of basic income is needed, and the model is implemented, would it then be reduced to targeted measures over time, particularly where ideological dimensions (such as conservative paternalism and categorization of people with a disability) are not challenged or replaced? The introduction of a basic income, with no other conditions attached, raises critical questions surrounding the conundrum it generates. Considerations such as this are critical to the arguments explored in these chapters, especially examining the complexities associated with a transition to a basic-income model in the region. 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). This means transforming to an egalitarian society and proposing a redistributive strategy based on social citizenship, rights, and justice. By providing a uniquely Australian and New Zealand flavour, this book aims to contribute to extending international debates on the basic-income proposal and existing basic-income literature. As a regionally specific book, this text adds intellectual insights to inspire and engage international audiences about global and national patterns of change and possible strategies for transformation of targeted and highly conditional income-support policies.

Preview of the Book

The book is separated into three parts. Part I begins with reimagining equity and egalitarianism by historically contextualizing the basic-income debate in relation to Australia and New Zealand. Part I comprises three chapters that explore the historical dimensions shaping the Australian and New Zealand policy landscape in relation to the erosion of social citizenship over time and the relevance of the basic-income grant. This will assist readers who have a provisional understanding of the Australian and New Zealand welfare states and regional specific issues to glean greater understanding and insight. Part II follows and focuses on the economic aspects of the basic-income proposal. The three chapters in that section engage the reader in considering the social, political, and economic feasibility of the basic-income scheme as one way forward. Part III concludes the book by framing topical issues relevant to contemporary basic-income debates. In this section, three chapters examine the potential of the basic-income proposal for public policy synergy to forge new alliances in order to progress to a basic-income model.

In Part I, reimagining equity and egalitarianism, Keith Rankin poses the idea of universal basic income as a crystallization of universal welfare and optimistically predicts that an era of universal welfare provision in New Zealand may be set to make a comeback, after

30 years of neoliberalism. The compelling argument is based on the idea that every tax-resident of a country has an equal claim on a country's public resources, and should contribute to the public economy in proportion to their means. It's the idea of having significantly higher levels of taxation than neoliberalism allows for, and that everybody gets something back in return. This idea underpinned New Zealand's fiscal relations from 1938 to 1984. While New Zealand retains many of the structures of that era in its social welfare system, there is a comprehensive mishmash of cash benefits available to New Zealand permanent residents, depending on a variety of criteria. Rankin contends that the simplified tax scales introduced in the 1980s create an opportunity to integrate the income tax and cash-benefit systems more easily than in many other jurisdictions. Using the notion of creative synthesis of universalism with neoliberalism, Rankin uses the concept of "public equity" to compel the reader to think about the idea that the substantial subset of productive resources that are not in private ownership should form the basis for a public equity dividend. In New Zealand in the 2010s, it is easy to account for something close to such a dividend. This basic income flat-tax approach enables us to imagine a more equitable future, with productivity growth but without unsustainable economic expansion.

The following two chapters of reimaginings, by John Tomlinson (Chapter 3) and Rob Watts (Chapter 4), extend on Rankin's creative vision by contextualizing basic income in relation to Australia. Tomlinson's (Chapter 3) comparative methodological framework is applied to draw distinctions between the current Australian income maintenance system with a basic-income proposal, prior to considering the ideological divide between the two approaches. Related to the comparison is the discussion of the relevance of efficiency and equity. Tomlinson's recommendations for implementation are most useful in regard to posing a strategy that responds to the ideological divide and replaces the existing means-tested categorical income-support system with a universal basic-income scheme. The remainder of the chapter is then organized around examining the challenges associated with Australia moving to introduce a basic income in the foreseeable future. This section is particularly useful for advocates of basic income in terms of where efforts need to be concentrated during such a transition, but also most importantly, getting a basic-income proposal back onto the political agenda.

In Chapter 4, Watts provides an historical analysis of the Australian social security system. Watts diverges from Tomlinson by applying a narrower timespan focus, that is, circa the late 1980s to modern times.

Most critically, Watts looks at the development of the Australian system during this time and questions the veracity of neoliberal claims of an overly expensive Australian income-support system. Watts starts from the position of what the system looks like and then goes on to explore the challenges. Such an in-depth exploration gives credence to the claims in the end section posed by Watts in building a case for transforming the income-support system to a basic-income system. These ideas are not only particularly beneficial to readers who have some insight into the basic-income system, but also to those who have a general interest in understanding the Australian context. Watts creates the vision for considering the possibilities of transitioning to an egalitarian system.

Part II of this volume turns to discussing the ideas about the economic aspects of a basic-income proposal. This section contains three chapters, each alluding to the notion that a basic-income proposal makes sense politically and economically. Susan St John, in Chapter 5, contends that basic income in New Zealand is often discussed in the context of seeking better outcomes for families and thus better child well-being and reduced child poverty. But for St John, these ideas are often discussed in the context of a major overhaul of the welfare and tax system (see, e.g., Morgan and Gurthie in *The Big Kahuna*, 2011). St John deems the utopian ideal as hard to achieve in practice, requiring political buy-in and major disruptive changes. Rather than believe that a basic-income transformation is too hard, St John looks at how it would be possible, given New Zealand's current policies, to introduce the concept sequentially by adapting existing provisions.

St John poses the question: can older citizens lead the way to a universal basic income? In response she proposes several useful strategies for transforming to a basic-income model. First, the state pension would be transformed into a basic income, achieving some modest cost saving at the same time. Given that there are pressures on the fiscal budget as the population ages and many unmet needs, there may be a willingness politically to adopt a basic-income approach for this population. Once that is accepted, the concept could then be extended to other age groups or categories, for example, the unemployed, students and sole parents, the chronically ill, and people with disabilities. What is highly relevant in St John's chapter is the spin-off effect that is generated by implementing a basic income. For St John, the progressive adoption of the basic-income concepts may have the potential to significantly reduce the incidence and severity of child poverty in New Zealand.

In Chapter 6, Richard Denniss and Tom Swann examine consumption smoothing with basic income and the role of administrative loans. This chapter will be of interest to those readers who recognize the political constraints in determining the dollar amount of basic-income payments. Where some policy debates contend that basic-income provision may be insufficient as the payments remain lower than an adequate standard of living, Denniss and Swann provide a feasible argument for low-cost credit to supplement low-income earners. These ideas are critical, as Denniss and Swann point out, particularly given that low-income earners are exposed to greater financial hardship and tend to be excluded from mainstream forms of low-cost credit, therefore making consumption smoothing problematic over time. A way forward, they suggest, is through the provision of credit directly through the state's existing tax and transfer system as opposed to private sector payments. In such a provision, that is, access to low-cost credit, prevents basic-income recipients from spiralling into poverty and credit loan debt. The ideas are appealing in the sense that a well-designed basic-income system needs to prevent poverty traps.

The final chapter (Chapter 7) of this section by Charles Sampford describes the means for paying for a basic income. While other basic-income proponents have considered the question of paying for a basic-income model (see Raventós, 2007), Sampford provides a uniquely Australian flavour. Sampford begins by looking at the critical issues underpinning Australia's income tax system and then proposes the solution: a basic income. Sampford extends these ideas to discuss another problematical area of the Australian taxation system, that is, the way the tax system discriminates against the most productive investments at the expense of least favourable productive investments. This is an important element to consider in arguing for a basic income. Detailing administrative and economic strategies for restructuring the system gives greater credibility to the argument for a basic income. Stampford then introduces the concept of tax integrity in relation to the need for responding to tax avoidance and fraud, particularly given the fiscal excesses of the 1980s and 1990s. In looking at the potentials of other forms of taxation revenue, Stampford concludes by extending beyond the Australian and New Zealand frontiers to suggest a global taxation system that, in turn, functions to fund global and national basic-income schemes.

Part III, basic income and the potential for public policy synergy, concludes the book by bringing together the threads of this volume through a series of case studies that draw attention to the social and political potentials of implementing a basic-income scheme. In Chapter 8, Greg Marston's "Greening the Australian Welfare State" asks whether a basic income can play a role in addressing broader public policy tensions. For Marston there is a synergic relationship between basic income and environmental concerns. Marston integrates the debates on basic income with contemporary climate change issues. He argues that one of the key public policy challenges of our time is to create the conditions for human flourishing within the ecological limits of a finite planet. Meeting this challenge will require the social and economic dimensions of public policy to be integrated with an environmental dimension and vice versa, so that moves toward a low-carbon economy do not exacerbate social inequalities and injustices within and between countries. It is this present incoherence between social and climate change policy in advanced economies that this chapter seeks to analyze and address, with a specific focus on the dilemma of the "conflicted state" and the role that a universal basic income could play in creating greater public policy coherence.

Marston argues that advocates for a universal basic income regularly make the case that a universal basic income would have environmental benefits through reduced consumption, eliminating the binary between jobs and the environment and creating more leisure time, which will lead to a greater valuing of the natural environment for its intrinsic value, rather than its use value. The duality of the environmental crisis and the recent global financial crisis, and the increased risks generated by these events, presents opportunities for greater policy coherence and a radical rethink of the means and ends of social policy. Marston's chapter argues that the introduction of a universal basic income would alter these material and status differentials in ways that are beneficial to the environment, society, and the individual.

Jon Altman, in Chapter 9, gives voice to an often marginalized sector of the Australian frontier: Indigenous Australians. In garnering support for basic income, Altman sees the potential of the scheme to bring about improved livelihoods of remote Indigenous Australians. As a basis for contextualizing the case study, Altman initially examines the life and death of the CDEP (the Community Development Employment Programs scheme) viewed as a form of basic income for outstations in remote Australia. The focus on remote and very remote areas of Australia makes this chapter a very significant work and extremely valuable in getting basic income back onto the political agenda. Altman emphasizes the use of combined concepts, remote and very remote, to highlight the distinctions from urban, non-remote parts of Australia. Geographically, Australia is a large continent. Yet, much of the population is found along the coastline in major capital cities and towns. Remote Australia reflects the inner regional areas located far from major cities and towns, ergo, extremely distant from essential services such as public transport, rail, and welfare services, banking institutions, and markets. Altman is explicit in the use of the terms "remote" and "very remote," given that standard employment outcomes in remote Australia are significantly poorer than in any other part of Australia. Altman sees the failings of policy to respond to poverty consequences and the Indigenous labor surplus "problem" in remote Australia as deriving from policy-makers and political leaders reifying capitalist market-oriented models. Altman also points out the myopic bipartisan vision of successive governments prevents basic income and schemes such as CDEP from gaining momentum or getting on the political agenda in Australia. For Altman, contemporary neoliberal hegemony compounds this issue of supporting the politics of economic policy over social citizenship.

The final chapter by Jennifer Mays (Chapter 10) constructs the argument of disability, citizenship, and basic income in an effort to forge a new alliance for a non-disabling society and propose a better way forward. The vision for a non-disabling egalitarian society calls attention to the consequences of the disability dimension in relation to social policy income-support literature. Mays bases her argument on the notion that even within the study of basic income, the disability construct tends to be treated as a separate object of inquiry. While some scholars have explored the disability dimension (see Standing, 2014) in basic-income literature, few scholars have articulated the nature of the interaction between disability, egalitarianism, and the basic-income proposal.

Mays uses the case study of disability to identify continuities and discontinuities across the Australian disability income-support system (1908 to current) to reveal the moments in time in which a basic-income proposal has been suggested in Parliament. Specific ideological policy practices and discourses are examined to identify barriers to the vision of a universal income-support provision. Readers will find a creative argument emerging from the discussion. For an alternative model of income support, such as the basic-income proposal, to be truly inclusive, the disability dimensions needs to be a central consideration to prevent replicating the disabling effects of dominant targeted disability income-support policy. The vision held by Mays is for a non-disabling, egalitarian income-support provision that goes some way to transitioning to a more egalitarian society.

Conclusion

This book offers a fresh geopolitical take on the basic-income series by reimagining equity and egalitarianism through a basic-income proposal. Uniquely positioning basic income within the context of the often overlooked region of Australia and New Zealand, the overall purpose of this book is to explore the historical and contemporary nuances of the existing systems and provide some strategies for responding to the complexities associated with the introduction of a basic-income scheme. The book proposes 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 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. Much of the debate in this book comes back to a central moral and ethical question of "What type of society do we want?" Political values and the state of the public sphere within a single nation will determine how countries respond to this question. Answering this question will also inevitably be informed by global changes, as no nation is immune to extra-national social, cultural, and economic forces. Addressing growing economic insecurity through a basic income requires local, national, and global measures (Standing, 2014). Proposing a new redistributive strategy for the twenty-first century, one that is based on social citizenship, human rights, and social justice within the ecological limits of a finite planet is a major public policy challenge. As the chapters in this collection highlight, it is time for bold thinking and collective action.

Notes

1. Newstart is the name given to the Unemployment Benefit in the late 1980s.
2. The notion of a citizen in the book denotes both a person who is in the formal sense a citizen of a nation and a person who has been accepted by the government to be a legal resident. Citizenship is an all-encompassing concept used to describe the formal ascribed status of being a citizen and is also applied to all legal residents. This book employs the notion of citizenship from a normative social-relational stance that advocates social, civil, cultural, political, and human rights and the social inclusion of all people in society, or everyday life (Duffy, 2006). Social citizenship from this position recognizes

the normative elements inherent in basic income debates (such as ideology and ethical justifications) to pursue income support provisions that are sustained by an egalitarian society. This approach sets the scene for a universal, unconditional, and inclusive income support provision (basic income) available for all permanent citizens. The stance is in keeping with Thomas Paine who, during the late 1700s, argued for an egalitarian approach that sets up different pension payments in terms of a right, as opposed to charitable-based and deserving-poor ideals (Standing, 2002, 2012). Paine's writings suggest that the redistribution of wealth and the upholding of rights and justice should be based on collective benefit, progressive taxation, and transparency in the moral commitment for inclusive and socially just income support provisions (Raventós, 2007).

3. For a comprehensive review on the Henderson Poverty Line, refer to the Commonwealth of Australia, 1975a, 1975b, 1975c.
4. Brian Donaghy is a freelance financial journalist and his episode "Basic Income for All" and transcript can be accessed via http://www.abc.net.au/rn.
5. Thomas Wells is a philosopher and blogger based in Rotterdam. The article, available from http://www.abc.net.au/religion/articles/2014/07/17/4048180.htm, represents an edited copy of a column published on 3 Quarks Daily.

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PART I

Reimagining Equity and Egalitarianism

CHAPTER 2

Basic Income as Public Equity: The New Zealand Case

Keith Rankin

Introduction

New Zealand has an ongoing substantial, though somewhat subterranean, discussion about universal basic income (UBI), the integration of taxes, and benefits through universalist "public equity" principles. The New Zealand discussion does not connect much with the wider international discussion, and has been inhibited by the perseverance of a neoliberal policy-making environment since 1984 that has been hostile to universalism.

New Zealand was a pioneer of the incorporation of public equity principles into policy-making, especially through the 1938 Budget, which introduced "universal superannuation" as a retirement income option, and paved the way for publicly funded education and health care. Conditional benefits, such as unemployment and sickness benefits, became universal in the sense that every qualifying person got the same benefit, and benefits were not subject to time limits. In 1977 the New Zealand government reinstated and extended universal superannuation, creating a relatively generous taxable universal income for all persons aged over 60. This scheme exists today (New Zealand Superannuation) as an unconditional payment for those over 65 years old and comes very close to being a UBI for the elderly.

In the 1970s other policy steps took New Zealand further in the "UBI direction." They include the introduction of the "no fault" principle (to Accident Compensation[1]), and the replacement of tax exemptions with fixed rebates (Rankin, 2006). Even after the adoption of neoliberalism with its pure-market ethos, simplification of income-tax scales created opportunities to transparently allocate publicly sourced income—public equity benefits—to every tax-resident adult.[2]

The barriers to taking this step are essentially political not economic, arising from a neoliberal mind-set that now infuses two generations. People under 45 years of age have little memory or practical conception of New Zealand's universalist past. Though perceptions of moral hazard relating to unconditional incomes are high, the technical barriers to change are surprisingly few.[3] The actual principles of neoliberalism (as distinct from its moral baggage) are based more on the primacy of property than on the derision of idleness. They are conducive to a "public equity" approach to income distribution. The important insight is to see the public domain and its resources as being owned by everybody rather than by nobody. This implies that we should receive a return on our inherited equity in the public domain, much as we may receive a return when we inherit private "equities" from our elders when they pass away.

The History of New Zealand's Tax-Benefit Interface

New Zealand has a substantial history of government-facilitated egalitarianism. When the New Zealand welfare state began in 1898 with the introduction of means-tested age benefits to persons of good character, and was extended to widows in 1911 (Encyclopaedia of New Zealand, 1966), there was still a long way to go to achieve universal benefits. However, through graduated land and income taxes (Goldsmith, 2008), the principle of taxing and giving something back was established by that same government earlier in that decade (1891). Benefits implicit in exemptions or graduations apply to everyone with some earnings.

Through the reforms of William Pember Reeves and others (publicized in *State Experiments in Australia and New Zealand*, 1902), this part of the world came to pride itself on being reformist, for example, by providing state-assisted supports and protections to past and present workers and their families. Reeves played an important role as Labour minister in the early years of the 1890s Liberal Government, then widely known as the Liberal-Labour Government (New Zealand History, 2014).

In the 1900s a number of foreign writers wrote about reforms in New Zealand that attempted to balance orthodox Victorian laissez-faire principles with substantial contributions by government (Phillips, 2014). These included Andre Seigfried (*Democracy in New Zealand*, contrasting, in a nod to de Tocqueville, the New Zealand way with the American way), Albert Métin (*Socialism without Doctrine*), and the American Henry Demarest Lloyd (*Newest England: notes of a democratic traveller in New Zealand, with some Australian comparisons*).

The government in New Zealand with the greatest reputation as reformers was, from 1935 to 1940, the Labour Government under the prime ministership of Australian-born Michael Joseph Savage (New Zealand Herald, 1938). The title of Savage's biography *From the Cradle to the Grave* (Gustafson, 1986), meant that all gained a principled right to receive the same publicly funded support when in need. New Zealanders would not have to beg for charity; they would have universal access to health care and educational opportunities.

From 1938 to 1984, New Zealand's welfare system was built upon these universalist principles. Of particular interest for our purposes is the introduction of universal superannuation as an alternative age benefit that would stand aside from the preexisting age benefit (Preston, 1999, p.13). Retired persons could choose either. While the age benefit paid a higher amount to those in greatest need, the universal superannuation provided a guaranteed income—in effect a retirement dividend. This was understood to be funded until 1967 by a flat social-security tax of 7.5 percent (Rankin, 2014a, p. 4), a tax separate from the normal (and highly graduated) income tax.

In 1946 the family benefit was made universal (Baker, 2012), meaning that all mothers or guardians received a fixed benefit in proportion to the number of their dependent children. This survived as a universal payment until 1991. Much welfare that exists in 2015 still reflects that "equitarian" (Rankin, 2014a, 2014b) consensus formalized in 1938. For most of those years up to 1984, New Zealand experienced National Party center-right rule.

The idea of this equitarian approach was one of collecting a lot of revenue through the income-tax apparatus and giving something back to *everyone* in various forms, substantially through tax concessions. We may think of what was given back loosely as public equity benefits—benefits representing membership rights of the New Zealand public shareholdings in New Zealand Incorporated. It is not possible to appreciate the welfare system in New Zealand in those years as if it were separate from the income-tax regime. So much of the giving back took place within the structure of the tax system.

While there was generally a broad political consensus around taxes and benefits in the 1960s and early 1970s, some academic economists in those full-employment years were dusting off and revising their neoclassical doctrines. By the late 1970s their students were becoming prominent in the public service. These doctrines emphasized general equilibrium in a marketplace with minimal government. The factors of production were all treated as if privately owned, and labor income was expected to always be sufficient to provide any person with an adequate piece of a growing economic pie. People with insufficient labor income were presumed to be in that situation because they had made incorrect choices or wished to be free riders, and that governments that bailed out the foolish and the lazy would encourage a "moral hazard." Welfare was for those who did not have the physical or mental capacity to make the expected choices. In short unemployment and underemployment came to be seen as matters of personal choice.

In line with these rediscovered principles of laissez faire, New Zealand's took to the duet of simplification and flattening. This simpling (though not the flattening) began prior to the onset of neoliberal government in 1984, with Robert Muldoon's 1978 Budget (Rankin, 2006). The aim was to create more consistent marginal tax rates. Consistency of marginal tax rates is also a key attraction of UBI. It is the way out of a poverty trap that penalizes persons on targeted (conditional and means-tested) assistance with very high effective marginal tax rates. The first neoliberal decade (1985–1994) saw a dramatic increase in income inequality (Easton, 2013) with the growth of the financial and business services sectors as drivers of change (Bertram, 2009), substantial reductions in top tax rates, unusually high taxes on low incomes (Rankin, 2006), and the philosophical shift toward targeted welfare benefits.

One interesting feature of the early neoliberal period was a proposal by then finance minister Roger Douglas for a low flat tax combined with a guaranteed minimum income (Gustafson, 2013). This was not a UBI. Rather it was an income top up for low-waged workers. When this 1987 tax package was rejected early in 1988 by Prime Minister David Lange, it was replaced by a nearly flat two-step tax scale and a guaranteed minimum family income (GMFI) that served as a family rather than individual income top up. As a top up, it was subject to an effective marginal tax rate of 100 percent, quite different from a UBI, which seeks to keep marginal tax rates stable across the whole income spectrum, somewhere above 30 percent and below 50 percent.

Under the fiscal leadership of Douglas and successive finance ministers, there has been a liberal tendency to give something back to parents with partners in fulltime employment and single parents laboring at least 20 hours per week through "in-work tax credits"

(Trevett, 2013). But this has combined with an ever tighter set of conditions imposed on all other working-age New Zealanders. The effect has been to create a distinct underclass of people whose underemployment denies them publicly sourced income, which is available to others less in need.

In 2009, the center-right National-led government came up with a belated policy to extend tax credit provision to working individuals, and not just working families. (In work tax, credits are NZD$60 per week transfers paid to persons with children, or partners of such persons, who meet the minimum working requirements.) The new policy was to create a similar tax credit, the "independent earner tax credit" (IETC), albeit only NZD$10 per week, to people without children and without any other transfers except accommodation subsidies. There is a minimum income requirement of NZD$24,000 per annum. This threshold is close to what a full-time worker on the statutory minimum wage would receive. The IETC is useful to us because it is an example of an existing fiscal benefit that could form the basis of a small public equity benefit if the minimum income requirement was removed.

While there has been much recent debate about the extent that income inequality in New Zealand has increased since the 1990s, there can be little doubt that wealth inequality has increased substantially this century. Further, whatever definition of poverty is used, financial hardship has become widespread, and by no means only among unemployed households. The "precariat" (Standing, 2011, 2014) is growing, as is financial insecurity, more generally, and personal indebtedness.

The second-lowest income quartile suffered most as a result of the shift from universal to targeted income support. Hence, this century, as compensation, the "in-work tax credit" and "independent earner tax credit" have been paid substantially to this group. Recipients are people with jobs for the most part, but with little job security and significant variability in income from year to year. What is most needed for them, both for income security and social cohesion, is a return to a universalist policy regime that consistently assists this income cohort, reliant on low and decreasingly predictable market incomes. Further, New Zealand needs to avert the inherent social division whereby people in this second income quartile might blame their insecurity on the presumed moral inadequacies of those "beneficiaries" in the lowest income quartile.

Another policy that sits as a potential Band-Aid for many women is that of income-sharing for tax purposes (Cheng, 2010; Inland

Revenue Department, 2008). This is a favorite policy of the long-term revenue minister, Peter Dunne, now the sole representative in Parliament of the United Future Party, who has served in both center-left and center-right governments since 1984. Dunne wants parents of single-income families to be taxed as if each parent earned half of the total family taxable income. Thus, he wants both parents to be able to benefit from the unconditional annual benefits (NZD$9,080 for persons earning at least NZD$70,000) that are implicit in the present graduated tax scale. The simpler solution is to convert these implicit nonrefundable tax credits into explicit refundable tax credits. That would make them equivalent to public equity dividends, and would save the government the bother of having to introduce another Band-Aid fix.

Political Barriers to the Adoption of UBI as Mainstream Policy

In November 2014, the New Zealand Labour Party elected Andrew Little, a former Trade Union leader, as its political leader. Mr Little has made many statements about "the future of work" as being the most important economic issue that New Zealand and the world faces in the coming decades. On a few of those occasions he has expressed an interest in a UBI as an important option that may help to resolve the contradictory consequences of economic success in production (Radio New Zealand, 2014; Rankin, 2014c; *The Standard*, 2014b; Trotter, 2014).

Of some concern, though, are reports that Mr Little is being managed by political minders on this and maybe other issues (Ruminator, 2014), minders who may not want "political oxygen" given to universal income proposals. If this is so, it may reflect substantial skepticism, indeed cynicism, on the part of the mainstream news media on this issue. When a politician proposes unconditional payments receivable by people who do not do labor, it is easy to come up with flippant headlines that rile the precariously employed "battlers": people too easily persuaded that a UBI is a charter to sloth that will raise their taxes even more.

Careless use of language does not only come from the local tabloid media and from opponents of the universal income principle. Lowrey's (2013) *New York Times* article is spoiled by a headline "Proposal to pay people for being alive," which reinforces prejudice that a universal income is simply a wage for idleness. Bregman's (2013) comprehensive and otherwise well-written blog comes with headings and subheadings such as “Free Money” and “Santa Exists.” Likewise, the use of the term “utopian” (Konczal, 2013) makes a universal income seem very radical, ideological, and unrealistic.

Bregman cites Albert Hirschman (1991), who discussed reactionary politics in *The Rhetoric of Reaction*. Bregman’s blog notes that Hirschman “described how, once implemented, ideas previously considered utopian are quickly accepted as normal.” In mainstream media circles, however, the word “utopian” is only a little more helpful than the word “dotty.” *The Economist*’s columnist Bagehot (2015) said cynically of the British Green Party: “A radical left-wing outfit, dedicated to reducing inequality by doling out a stipend to every adult Briton, the Greens are far dottier than UKIP.” Politicians these days are somewhat averse to this kind of caricature language being used in public discourse about their policy proposals.

The Idea of Public Equity

The concept of public equity leads directly to that of a universal publicly sourced income that represents a method of distribution, not redistribution. It represents a significant example of horizontal equity (treating equals equally), because in the public sphere we are all equal. My writings since 2010 on universal welfare emphasize public equity. The concept relates both to assets in the public domain and to enterprises fully or partly subject to explicit public ownership.

The term “equity” represents both fairness and ownership. Each shareholding in a private company confers equal ownership benefits. Every economic resource that is not in private ownership is effectively owned publicly, owned collectively. Even privately owned resources are publicly owned in a residual yet absolute sense. As the New Zealand Institute of Surveyors (n.d.) notes in its website: “All land in New Zealand is ultimately the property of the Crown.” It goes on to describe “eminent domain” as “the undisputed right of the Government to the absolute ownership of all real property as distinct from an estate in land. This manifests itself…as a right for the state to acquire property of its citizens for the common good.”

It follows from this notion of collective ownership of the public sphere, a domain that might represent half of a nation’s economy, that an economic return is due to those collective owners. We tacitly acknowledge this through an understanding that all public revenue is equally the property of all members of the public. Yet, unlike capitalist firms, generally governments do not pay explicit cash dividends to their equity-holders. Rather they confine themselves to the purchase of collective goods and services, and to the payment of redistributive cash “transfers.” These transfers are effectively gifts from the public-equity collective to qualifying businesses, individuals and families.

Herbert Simon suggests (2000) that up to 90 percent of the United States’ wealth is public, mostly inherited. While he accepts that even a 70 percent tax rate is well beyond the realm of political acceptability, he clearly argues that an application of the Basic Income Flat Tax (BIFT) principle (Atkinson, 1995; Rankin, 2011a) is the most efficient and just approach to fiscal and welfare policy. Further, it is also stabilizing in the macroeconomic sense. A basic income regime can substantially reduce the role of debt in recycling the world’s unspent income.

Good policy-making is evolutionary, principled, and consistent with systemic efficiency and stability. Thus the inclusion of the concept of public equity into the income-distribution framework should be seamless and able to be appreciated by people with only a rudimentary knowledge of economic and legal principles. A useful start is to modify a present benefit, or to reintroduce and modify a past benefit, and present the universal part of it as an unconditional rights-based payment rather than a needs-based payment. Such a payment represents an acknowledgment of our public equity within our nation of residence. Thus the initial amount of this payment is less important than the establishment of the principle. A public equity dividend need not purport to be an adequate income for an individual to live on. It is simply an equal division of the part of the public pie set aside for distribution. While any universal basic income would also be a public-equity dividend, a public-equity dividend may not satisfy an “adequacy” component of a UBI.

Given that public equity is a form of horizontal equity, it is also appropriate that income taxes are levied according to that principle. A flat (proportional) income tax treats every person and every business equally. Thus taxes should be proportional, and any benefits implicit within a graduated tax scale properly accounted for as benefits.

An interesting example of public equity exists in Tokelau, a New Zealand dependency northwest of Samoa. This is the *inati*, the equal division of fish: “The catch is shared equally among the villages . . . all members of households are counted, and the sharing of fish depends on the number of people in households” (Vunisea, 2004, p.19).

Reaccounting for New Zealand's Income Taxes and Benefits

I have suggested that, in New Zealand at least, the central issue is one of public accounting reform rather than of fiscal redistribution. We already do redistribution (St John, 2009). The problem here is that, by making basic income too prosaic, the audience of both passionate fans and trenchant critics melts away. It is hard to stir up a debate while being pragmatic and arithmetical.

New Zealand is unusual in that it has had no level of income exempt from income tax since the 1970s (Rankin, 2006). It also has had, from 1988, an unusually flat income-tax scale, although other countries have flattened somewhat as neoliberal policies have extended. New Zealand's low top rate (33%) is also the rate applied to trust income, and until quite recently was the company tax rate. The central idea here is about tax-benefit integration in line with horizontal equity principles, reaccounting existing income tax using the current predominant upper tax rate (the full rate) as the sole tax rate.

In this example, if we reaccount using the single 33 percent tax rate indicated in Table 2.1, everyone earning over NZD$70,000 receives a benefit (total discount) of NZD$9,080 (NZD$175 per week). Their earnings *presently* conform with the BIFT couplet "33–175"—33 percent flat tax on market income with a NZD$175 weekly publicly sourced basic income.[4] Lower earners receive less benefits through tax discounts. For them, that NZD$175 per week becomes a target public equity dividend, a basis for a rights-based payment to every tax-resident, to every public-equity holder. Once achieved as a universal payment, for most workers the only change they would notice would be in the semantics of their payslips. While *accounted* for as a public equity dividend, this payment may be *administered* by employers as a tax credit.

Table 2.1 New Zealand Statutory tax rates

The New Zealand scale of statutory tax rates is as follows, with **33%** being the 'full rate':

- the first $14,000 is taxed at 10.5% (a discount of $3,150 on the full rate)
- the next $34,000 is taxed at 17.5% (a discount of $5,270 on the full rate)
- the next $22,000 is taxed at 30.0% (a discount of $660 on the full rate)
- remaining earnings (in excess of $70,000 per annum) are taxed at 33.0%

Source: New Zealand Treasury, 2014.

Any present publicly sourced payment *in excess* of this dividend, such as to "beneficiaries" or "pensioners," conforms with the concept of a redistributive transfer payment. For example, most people on job-seeker benefits receive more than NZD$175 per week from public funds, especially when taking accommodation subsidies and family tax credits into account. Their cash incomes up to NZD$175 may be accounted for as public equity dividends. Publicly sourced incomes in excess of NZD$175 would be accounted as supplementary needs-based transfers.

The New Zealand Treasury (2014) estimates that New Zealand will have at least 3,470,000 tax residents in the year up to March 2015, and that total income tax paid will have been NZD$28,600m from an income-tax base estimated from that Treasury document to be $140,000m. Given that 33 percent of NZD$140,000m is NZD$46,200m, reaccounting raises the total accounted-for income-tax take by NZD$17,600m. The Treasury budgets NZD$24,000m for "social security and welfare." We can add the extra NZD$17,600m accounted-for revenue, giving NZD$41,600m available for "public equity dividends, social security and welfare." Payment of 3,500,000 public equity dividends costs about NZD$31,600m. This leaves NZD$10,000m for top-up transfer payments[5] and administration.

The steps to a system of public equity dividends in New Zealand, outlined above, are threefold:

1. apply horizontal equity principles to the present tax scale, revealing a 33 percent tax rate and a NZD$9,080 (NZD$175 per week) annual publicly sourced benefit to all higher income recipients
2. pay-up wherever New Zealand tax residents fall short of NZD$175 per week of publicly sourced income
3. continue to pay needs-based transfers, on a top-up basis, so that no present beneficiary is worse off

If part two of this proposal is deemed unaffordable, then it can become a target, to be funded in the near future as an alternative to a pre-election tax cut, or as a fiscal stimulus package.

An alternative approach could be to set the public equity dividend initially at less than NZD$175 per week, which would be equivalent to a small tax increase for those presently on higher incomes. While not generous, such a basic option is affordable, and does meet present conservative political objections around lifestyle choice, while still setting a clear precedent for unconditionality. Basic universal incomes can gain popular support more easily if they meet the requirements of conservatives such as Gordon (2014). A small unconditional income becomes something more than a convenient sop to the precariously poor. In representing a return on public equity, it would be a property-rights-based publicly sourced payment that acknowledges each New Zealander's membership of New Zealand Inc. It represents a way forward for capitalism, and can incrementally increase once the fears about free-riding lifestyles are assuaged. The issue of how big public equity benefits could or should be can wait until the principle itself has gained public understanding and acceptance.

The public equity accounting approach has benefits other than mandating a universal income. It reveals the true size of the public component of the national economy,[6] and it makes tax avoidance much more difficult. Tax avoidance is a process of arranging a company's or a person's financial affairs by exploiting the multiplicity of exemptions and differences in statutory rates. Flat-rate taxation enables all market income to be taxed at source and distributed net of tax. It puts an end to all personal tax returns, and represents a simple fraction of the value-added by a business.

Finally, we might note this prediction of about up to half our present jobs being automated within twenty years (Rutkin, 2013). This suggests that we could have the same output in the future but with only half the wages paid. There is no way we could possibly buy all that output unless we have public equity dividends substantially higher than any numbers mentioned above. The trick is to start low, and allow the amounts to evolve in line with circumstances, such as increased automation. Further, with public equity dividends in place, with this predicted level of automation in place, we might want to keep the robots while choosing a more sustainable lower-output future.

New Zealand Advocacy

For the period up to 2010, arguments in New Zealand in favor of some form of basic income have been outlined in Rankin (2012). Here I will give some further context to the post-1990 New Zealand discourse, and bring the material in the 2012 volume up to date.

Michael Goldsmith

Michael Goldsmith, an anthropologist, started the academic discourse in New Zealand in 1991 by organizing a symposium with guest speaker Bill Jordan, from Citizens Income UK. Goldsmith wrote elegantly about the citizenship and justice arguments for public income sharing. This was the year of Philippe van Parijs' (1991) renowned work "Why Surfers Should be Fed," his rights-based argument for a UBI. These works became important contributions to the literature on work-life balance. Goldsmith's views are summarized in his 1997 article and 1988 rejoinder.

Keith Rankin, 1991 to 1998, and 2007 to present

My contribution to the 1991 symposium led to a radio presentation that drew a large response for a more complete exposition of my main points. As a result I wrote *The Universal Welfare State: Incorporating Proposals for a Universal Basic Income* (Rankin, 1991), which was widely distributed to interested parties. New Zealand was then in a quite difficult economic recession, with its highest unemployment rates since the 1930s. This was an argument for a UBI in the context of the principles of New Zealand's decaying universal welfare state, with a flat tax set at 48 percent (New Zealand's top tax rate in 1986–1988) and an alternative "supplementary basic income" for pensioners, which paid a higher amount but was subject to a higher (60%) tax rate.

I developed the proposal through a number of subsequent papers, looking at different names to emphasize different points around the concepts of tax-benefit integration and equity. These names included "standard tax credit" and "distributed social wage" (Rankin, 1996a). But it was the name "universal basic income" that stuck, and it was some time after meeting Philippe van Parijs in Vienna (Rankin, 1996b) in 1996 that he also started using that name. The "distributed social wage" concept has evolved into my present preferred name for an unconditional publicly sourced income: public equity dividend.

However, in New Zealand at least, the important nuances around the central idea, the integration of taxes and benefits through the BIFT formula, were getting lost. Dissent around children's incomes and the role or otherwise of supplementary assistance led to a loss of momentum in the New Zealand movement. By time of the 2001 Tax Review (McLeod, 2001), UBI proposals were caricatured and easily dismissed. Careful proposals were not considered in that review, but only "straw men" who could be easily dismissed. The UBI concept in New Zealand appeared to have run its course. The intellectual capital from this 1990s episode, Goldsmith (1997, 1998) and

Rankin (1997, 1998), is preserved in the 1997 and 1998 editions of the Social Policy Journal of New Zealand, with a critique by Preston (1998).

While I continued to advocate in favor of tax-benefit integration in academic work (Rankin, 2007) using the somewhat dry expression "refundable tax credit," interest resurfaced following the 2008 global financial crisis. I made my contributions in a series of articles in 2010: in *Scoop Independent News*, in response to a journalist's request to place updated concepts and numbers on the public record (Rankin, 2010a, 2010b); a presentation at a child poverty symposium (Rankin, 2010c); an economics conference paper (Rankin, 2011a); two academic book chapters (Rankin, 2011b, 2012); and in a significant mainstream newspaper article (Rankin, 2013).

Finally, and more recently, having been invited to contribute to a well-known New Zealand left-wing blog and news website (*The Daily Blog*), I have done some direct advocacy. It has become apparent that, on the political left, advocating for basic-income reform by addressing the issue as an accounting issue is simply not exciting enough. So my most recent 2014 piece of advocacy (Rankin, 2014d) writing has been to propose a simple "35–200" campaign. It means arguing strongly, and politically (given that the main barriers are political), for the following core proposal: a public equity dividend of NZD$200 per week payable to every tax-resident aged over 18, combined with an income tax rate of 35 percent applied to all market income in New Zealand. The impact of implementing the 35–200 couplet would be to give significant income gains to households in the second-lowest income-quartile, with small tax increases to higher earners. For the poorest households it does not directly remove their poverty; rather it removes their poverty trap.

Gareth Morgan

Gareth Morgan is a well-known entrepreneurial economist and philanthropist in New Zealand. Seen in the 1990s as very much part of the neoliberal right-wing commentariat, this century he is regarded more as a maverick left-wing economist.

A member of the 2009 VUW Tax Reform Group, which reported early in 2010 (Tax Working Group, 2010), Morgan surprised many with a dissenting public presentation, covered on television (TV3 Campbell Live, 2009), in favor of basic income combined with a new "comprehensive capital tax" (CCT). Following the resulting media publicity, Morgan and coauthor Susan Guthrie published *The Big*

Kahuna in 2011, a book that brought the idea to the public with a degree of razzmatazz that has never been seen before in New Zealand.

Morgan (2011) and Morgan and Guthrie (2011a, 2011b), advocate a quite high basic income of NZD$11,000 (NZD$212 pw), with income tax set at a lowish 30 percent. Their argument for a CCT to boost their "30–212" BIFT couplet stands in its own right, though it may be unpopular with the cash-poor asset-rich segment of the population. They argue strongly for such a tax, which has precedents in New Zealand's nineteenth-century taxation history. In a sense, however, CCT is a distraction from the core proposal of a public equity dividend coupled with a proportional income tax.

One difficulty with Morgan's work is the frequent use of two words: "redistribution" and "transfer." He approaches the issue with the accounting approach of a neoclassical economist. So therefore *any* publicly mandated monetary benefit is treated as a redistribution from the initial private earners of that money and transferred to other people who did not earn it. This redistributive approach will always meet popular resistance because it seems disrespectful of persons' rights to their own income. Further, Morgan accepts uncritically that any redistributive process is inefficient; thus he ignores the market failure argument that the initial distribution between capital and labor may itself be inefficient. Louise Humpage (2010, 2015) has written about the turn-off factor associated with the word redistribution.

Morgan includes "adequacy" as one important issue, as if a UBI must replace all other transfers. There is no doubt that many UBI advocates are attracted to the vision of a single unconditional benefit, and indeed in an automated future in which robots labor for us, there is no question that we would have to be supported by an adequate public equity dividend. In the more immediate future, however, the idea of a universal income will likely only make progress if we focus on the two central ideas: unconditionality and integration.

There will always be some people who need more publicly sourced provision than can be provided by a public equity dividend. Both horizontal equity (basic income) and vertical equity (transfers) need to come into the overall mix. Contrary to the way Morgan and Guthrie (2011a) present it, vertical equity is principally about addressing different *needs* (e.g., family size, disability) and circumstances (e.g., unemployment, sole parenthood, housing availability). Vertical equity is not principally about treating people with different *incomes* differently.

Blogs

Since *The Big Kahuna*, and given both the GFC (2008 global financial crisis) and the escalating international debate and the rise of blogs generally, the "people's debate" has taken on a new lease of life. New Zealand bloggers advocating for a universal basic income include Kerr, Keys, Treen, Trotter, and YourNZ. Politically left media blogs *The Daily Blog* and *The Standard* are generally supportive at the editorial level.

Bernard Hickey is a prominent media personality on matters financial and economic, and founder of the web-media outlet interest.co.nz. He is frequently questioned about UBI, and is generally supportive of the future-of-work argument that some kind of dividend-based distribution system will be required to maintain spending and business confidence. Essentially, he is one commentator who gets the argument that capitalism as we know it depends on working-class (or precariat) spending. Interest.co.nz (n.d.) has a tag dedicated to "Universal Basic Income," which mainly features Gareth Morgan's advocacy (Hickey, 2011).

One important forum is the Inequality "conversation" led by Max Rashbrooke (2013a), editor of *Inequality*. Rashbrooke (2013b), *The Standard* (2014a) and the Labour Party of New Zealand (2012) cite and present work by Perce Harpham (see also Harpham, 2014; Kerr, 2014), which in turn links back to my own work.

The activist-right tend to be unnerved by proposals that add public property rights to their private-property-rights paradigm. And such proposals are seen by the activist left as too abstract and not sufficiently redistributive. Academic economists tend to steer clear, not because of a rejection of the concepts involved, but presumably because of an aversion to becoming embroiled in a politically sensitive area of research, or doing what looks too much like advocacy.

Political Parties

Some form of UBI was advocated by fringe parties contesting the 2014 general election, Mana (Keys, 2014) and Democrats for Social Credit (2014). While both parties have made important contributions to New Zealand politics this century, neither party has any members in the 2014–2017 parliament. More significantly, New Zealand's third largest party, the Green Party, favors an integrated basic income approach to income taxes and benefits. And most significantly, The New Zealand Labour Party, as noted (e.g. *The Standard*, 2014b), is giving attention to the concept, though clearly worried about the politics.

Criticism

I have already noted that UBI sounds like an idea too far when understanding goes no further than a caricature embedded in a headline or a flippant remark. More serious criticism tends to go for the straw man, criticizing a particular version of universal income as if it was representative of all versions. The two I will mention here are those of the Welfare Working Group (New Zealand Treasury, 2010) and Easton (2015).

The Welfare Working Group (New Zealand Treasury, 2010, p. 2) did a modelling exercise based on the following straw-man proposal: "The model assessed assumes a universal and unconditional payment of NZD$300 per week to all individuals aged 16 years and over, and an extra payment to those families with children." They made some variations to that model, but nothing like anything I have proposed since 1991.

Families with less than two full-time incomes gain through a basic income payable to the caregiving parent. To pay that parent an additional set of lesser basic incomes per child would clearly distort any attempts at tax-benefit integration. While the public equity approach does not preclude transfers being paid to parents on behalf of their children, this is outside the scope of the core concept. (Large families and single-parent families are obvious candidates for transfers from the social security fund.) Families benefit because public equity applies to the caregivers of children, who in some cases receive zero income at present.

Easton (2015) is similarly stuck on the matter of adequacy, presupposing that the only purpose of a universal basic income is to provide a universal benefit adequate to replace all existing benefits. The public equity approach moves the discussion away from this distracting issue of adequacy. Political and economic realism would favor an initial public equity dividend in the NZD$150 to NZD$200 per week range. Further, there will always be some people with special needs that cannot be covered by even the most generous of basic incomes. Best solutions will come from striking a good balance between horizontal public equity and more customized vertical equity approaches.

Conclusion

The "public equity" approach has the potential to break the political difficulties associated with a UBI. UBI has taken on the aura of being utopian, regarded by too many as a proposal to pay everyone from public funds an amount adequate to live on (albeit sparsely) without work. UBI is too easily seen as a free-riders' charter.

The public equity approach simplifies the concept of universal income to an equal distribution of some portion of public revenue. As such it represents a significant expression of the horizontal equity principle, treating equals equally, that is central to democracy. Further, public equity benefits can be funded by the application of the same horizontal equity principle to taxation; setting a flat (proportionate) tax such as the 33 percent personal and trust rate in New Zealand. It is the application of this one principle to both taxes and benefits that reveals the significant amount of disguised benefits that are already being received by people on middle and high incomes.

Paying public equity benefits (or universal incomes by any other name) cannot, in itself, eliminate poverty. The BIFT mechanism addresses the poverty trap, not poverty itself. It is the opportunity to mix reliable publicly sourced income with less reliable privately sourced income (and redistributive transfers where necessary) that gives people choices about how much they should labor, and provides support for people in precarious employment.

New Zealand already has the equivalent of public equity dividends (NZD$9,080 per annum; NZD$175 per week) and flat taxes (33 per cent) for everybody earning over NZD$70,000 per year. Extending this equity dividend to remaining adults is less costly than commonly supposed, because most already receive substantial publicly sourced income, through a mix of transfers and revealed benefits, close to or in excess of that figure.

What if someone at the Bank of New Zealand's (BNZ) annual general meeting put up a proposal to withhold payments to shareholders who presently have no source of income other than their BNZ shares? Or what if they insisted that shareholders with less than NZD$70,000 annual income should get smaller dividends than those earning more than NZD$70,000? What if a proposal was put to deny BNZ dividends to shareholders deemed lazy or otherwise undeserving? Could we imagine such proposals being implemented by the BNZ board? It would be similarly inconceivable for a society with explicit public equity dividends to choose to abandon them.

Notes

1. While Accident Compensation reform promoted the universal "no fault" principle, it also adopted the nonuniversal principle of providing

benefits proportional to private earnings. Rights became linked to employment.

2. In this chapter I will use the term "public equity benefits" for a general distribution of some publicly sourced income to all tax-resident adults, and "public equity dividends" for an *equal* and *unconditional* distribution of some publicly sourced income. The payment of public equity dividends does not preclude the payment of conditional transfers, in addition, to some New Zealanders.
3. Indeed in 2015 several European countries have accepted negative interest rates, a step more radical than basic income, and disaster seems no more likely in those countries than in others.
4. St John (2015) suggests a couplet "39–282" as her Scenario 1 pension. (The NZ$282 is simply her annual NZ$14,677 converted to a weekly amount.) St John's Scenario 2 is a BIFT couplet for non–pensioners earning at least NZ$15,000 per year of "39–62," and for pensioners earning at least NZ$15,000 per year, of "39–344." For pensioners earning less than NZ$15,000, the weekly basic income falls between NZ$282 and NZ$344.
5. Top ups here would "taper" or "abate." Effective marginal tax rates might be raised by around 20 percent—20 cents in the dollar.
6. 33 percent (or whatever other rate is applied) of gross domestic product, plus all government income from other sources, such as goods and services tax (GST), customs duties, and profits of market enterprises that are fully or partially government-owned.

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CHAPTER 3

Australian Basic Income: Efficiency and Equity

John Tomlinson

Introduction

This chapter will begin with a brief history of income maintenance in Australia, concentrating upon the twentieth century before proceeding to compare the current income maintenance system with a basic income. It will then consider the ideological divide between these two forms of income support as it exists in this century. Robb Watts in Chapter 4 analyzes how the various aspect of income policies have evolved over the last hundred years. He pays particular attention to the period since the 1980s.

This chapter will proceed to a brief rationale for replacing the existing means-tested categorical income support system with a basic income. The chapter will conclude by briefly examining the likelihood of Australia moving to introduce a basic income in the foreseeable future.

One Hundred and Five Years in Australia

In 1908 the Commonwealth Parliament passed legislation to introduce Age and Invalid pensions. Payments began in 1910. Unlike their European counterparts, these pensions did not require contributions, they were not a form of social insurance, but were flat-rate means-tested payments. The Age pension was available to be claimed when men reached the age of 65 years and women 60 years. The Department of the Treasury administered the pension system from 1910 until 1927.

Before people would be paid Age pensions, applicants had to establish they were of good character and Invalid pension applicants had to have been in Australia for five years (Kewley, 1973, p. 91).

These two pensions were the first Commonwealth income-support schemes. Prior to their introduction, state-based income provision was the only form of government support. Church-based charities and mutual societies provided additional welfare services and assistance. Such Third Sector agencies and now even for-profit agencies supply a considerable proportion of the ancillary welfare services.

In 1912, the Federal government introduced a special category of Invalid pensions, that of the Blind pension. People who were considered totally and permanently blind were given special assistance when compared with other Invalid pensioners (Kewley, 1973, pp. 91–93). The special attention given to Blind pensions gradually became more generous as time passed and, in 1954, the government abolished the means test for Blind pensioners (Kewley, 1973, pp. 309–311). In 2003 I wrote:

> If it was a special compassion extended to blind people which led to these arrangements, then there is a major contradiction to explain. Aborigines, the group which on a per capita basis suffers the most blindness were until the 1960s specifically excluded from any social security payment. They are also the group with the least income. If it was compassion which led to the privileged treatment of the blind, then it was compassion tempered with institutional racism. (Tomlinson, 2003, Chapter 7, p. 9)

Kewley (1973) is very clear that the reason that governments gave favorable treatment to Blind pensioners was because of the belief that Blind people could earn their own living. He outlines the reasons special treatment was given to Blind pensioners:

> To provide them with every inducement to earn something towards their support. . . . The dual purpose of this provision was to discourage those already at work from leaving it with a view to obtaining a pension, and to encourage others to undertake training for some occupation. (Kewley, 1973, p. 93)

When I last looked in detail at these issues in 2003, I wrote:

> When attempts are made to sieve the assumptions underpinning the preferential treatment of Blind Pensioners compared with other pensioners who are also regarded as being totally incapacitated, the

> complexity of such an exercise becomes apparent. Promotion of the work ethic is in the forefront, closely followed by the notion of rewarding the worthy at the expense of people experiencing less valued handicaps. This is itself part of the "less eligibility" debate; the history of which can be directly traced to Elizabethan poor law administrations. The preference for physical over mental or social handicaps is part of this debate—usually manifested in the suggestion that many non-physical conditions are the result of malingering. The failure (until the 1960s) to pay Aborigines, even those who were non-nomadic . . . and until the 1970s those who were nomadic, exposes the institutional racism of the welfare industry in Australia. So a policy which on the surface may have appeared to have arisen out of values such as equity and humanism is, on reflection, extraordinarily circumscribed. If humanism were the driving force behind the treatment of Blind Pensioners it would be expected that equivalent humanism would be apparent, for example, in the treatment of Disability Support Pensioners who were paralysed from the neck down. (Tomlinson, 2003, Chapter 7, p. 10)

From 1910 until the end of the 1930s, change in social security policy was gradual. World War II put an end to that. By 1950, a universal Child Endowment, Maternity Allowance, Unemployment benefit, Sickness benefit (for the temporally disabled), Widows pension, and a Special benefit (for those who did not qualify for other social security payment had all been put in place). In 1947, all the social security legislation had been brought together in one piece of legislation making the administration of a range of benefits and pensions easier to manage.

From the end of the 1940s until the early 1980s the social security system gradually increased in coverage and generosity. The Hawke Labor government implemented the first significant cutback in the early 1980s; it involved the reimposition of an asset test on Age pensioners over 70 years of age. As we shall see later, it was to be the first of many cutbacks in social security generosity.

Comparisons between Australian Income Maintenance and Basic Income

The existing Australian income maintenance system is a significant departure from universal assistance and even the income support system that existed here for most of the twentieth century. Some, such as Hugh Stretton 1996, have pointed to prevailing features that are similar to those found in the British Poor Law system of the nineteenth century: where issues such as: stigma, complexity, enforced reciprocity, less eligibility, discretion, and the worthy/unworthy divide prevails. What distinguishes basic income's philosophical outlook is a commitment to trust, universality, simplicity, and comprehensiveness. Table 3.1 does not look at such abstract distinctions per se, but concentrates upon features of each system as they relate to ease/complexity of administration.

There are hundreds of different forms of government income maintenance in Australia. A basic income is a universal payment paid to each individual permanent resident irrespective of their marital, employment, or other social status. Social security payments are paid at different rates to people whose financial needs are remarkably similar. Differentiation is made on the basis of age, marital status, estimates of the duration of illness or disability, period of residence in Australia, severity of illness or disability, work history, savings, and so forth. Financial sanctions can be applied when government officials consider that an applicant has not met the totality of workfare or other obligations imposed on recipients of benefits.

In this century, governments of both Labor and Liberal persuasions have asserted that unemployed people, single parents, and those with disabilities experience "moral jeopardy" and that is why it is necessary to impose "mutual" obligations upon people applying for benefits. They borrow Lawrence Mead's (1997) tough love rhetoric in an attempt to justify their imposition of extensive obligations on those least affluent Australians who find themselves in need of income support. Hand in hand with such rhetoric, the dialectic of "less eligibility" comes into play in government attempts to discourage people applying for benefits and/or asserting their rights and eligibilities (Tomlinson, 2012a). The mechanism that neoliberals employ to achieve such ends is, as Jones describes it, that:

> Since the 1980s, the idea that every individual is wholly responsible for their own life has been replacing traditional notions of structural injustice and the obligation to resist it and to care for those harmed by it . . . the yawning hole in the neoliberal argument is that the damaging effects of structural adjustments ripple throughout communities and are beyond the capacity of individuals to solve. (Jones, 2014, p. 1)

Clearly, the complexity of the system of income maintenance provided in Australia means that few understand what most people receiving social security get or on what basis. As a result, in the last 20 years, downward envy directed firstly at the young unemployed and single parents and subsequently at disability support pensioners

Table 3.1 Comparative features: Australian system and basic income

Existing means- and assets-tested categorical welfare system	*Future basic income proposal*
administratively complex	simple to administer
targeted payments	universal payment at a rate sufficient to allow people to live in austere dignity
under and over payments	accurate single rate of payment
overpayments can be withheld from social security payments	basic income can't be garnished by the government or anyone else, that is, the government can't withhold any basic income money, nor can it be seized by creditors
excessive surveillance to prevent fraud	the only eligibility test is proving permanent residence
excessive differentiations on dubious grounds	everyone entitled to the same amount
supplementary assistance often provided according to perceived need	may require additional finance or services for people with disabilities
people seldom have an accurate idea of total entitlements	everyone knows the amount of a basic income payment
complicated tax/welfare simultaneous withdrawal	the basic income is not taxed
subjects recipients to moral jeopardy	all permanent residents entitled
workfare or other obligations can be demanded in return for payment of benefits	because basic income is a right it can't be encumbered by obligations
not everybody who has an entitlement applies and when they do many are incorrectly rejected	every permanent resident has a clear entitlement
allows wide bureaucratic discretion	nondiscriminatory
complicated application process that forces applicants to disclose personal information	easy to claim and avoids stigma because it is a right tied to citizenship and permanent residence
requires surveillance by both welfare and taxation systems	surveillance can be concentrated upon taxation fraud
implementation of equitable social policies difficult because governments don't guarantee an income to everyone	easy to calculate other social welfare, taxation, housing, health, and education policies because everyone's basic survival income is known

and others has increased. The feeling that those receiving assistance are somehow not entitled to a benefit has been used by both Liberal and Labor governments to cut the number of beneficiaries and hold down the rates of payment. Governments have intervened to shift people from one form of income support to another paid at a significantly lower rate. Governments have raised the age of entitlement to the aged pension and have drastically lowered the age at which child benefits are not paid to low income earners. So much so that many child entitlements now cease when the youngest child turns six years of age. This trimming of the generosity of income support reached a crescendo in 2014 with the then treasurer, Joe Hockey, frequently declaring that "the age of entitlement is over, and the age of personal responsibility has begun" (Kenny, 2014, p 1).

This does not mean that the Liberal Government is going after the big end of town, rather the 2014–2015 budget impacted less affluent Australians the most (Allard & Martin, 2014). The government is not cutting back on the generosity of existing family trust tax avoidance provisions nor is it decreasing the over generous tax loopholes involved in rich people's superannuation (Tomlinson, 2014). It is slashing the number of Taxation Department officials thereby making it easier for tax avoiders to get away with massive tax avoidance and evasion. Were it to abolish the bulk of the existing social welfare schemes and introduce a basic income the government would not need its huge army of welfare surveillance operatives chasing people for diddly-squat amounts. It would be enabled to concentrate on the large amounts of tax currently avoided or defrauded by more affluent Australians and multinational firms.

A statement by Steve Waldman (2014) resonates with me:

> I think that UBI—defined precisely as a periodic transfers of identical fixed dollar amounts to all citizens of the polity—is by far the most probable and politically achievable among policies that might effectively address problems of inequality, socioeconomic fragmentation, and economic stagnation. It is not uniquely good policy. If trust in government competence and probity was stronger than it is…other policies I can imagine…might be as good or better. But trust in government competence and probity is not strong, and if I am honest, I think the mistrust is merited. (p. 1)

The Ideological Schism

So far, this chapter has canvassed the more pragmatic issues that would need to be considered were Australia to decide to introduce a universal basic income at a level sufficient to provide a sustainable living for each and every individual who was a permanent resident. However, pragmatic issues don't exist in an ideological vacuum, and so in Table 3.2 it is necessary to examine the ideological features of the existing categorical means-tested income support system and those that are associated with a basic income.

The concept of "earned" is fraught with misinterpretation. In Australia people talk about private superannuation payments as having been earned and social security as welfare. There is seldom any discussion of government handouts by way of foregone taxation receipts that comprise a substantial part of privatized superannuation payments. There is little or no recognition that the generosity or stinginess of the design of various funds affects the level of payment nor that there is an element of luck involved in what choices an individual might make in determining which scheme or sub-scheme to join. The level of payment can be drastically affected by whether

Table 3.2 Distinctions between categorical income support and basic income

Rationale for charity handouts	*Rationale for basic income hand-up*
Administratively complex	Simple to administer
Earned (as in Earned Income Tax Credit)	Entitled
Merit	Everyone is assisted, to society's maximum capacity, to achieve their optimum potential
Deserved benefit/need	Universal payment as a right of permanent residence
Compassion that often removes agency of the recipient, who is frequently looked down upon	Love, empathy, and a sense of "There but for the grace of God go I."
Worthy	Nonpresumptuous income support (Goodin 1992)
Reciprocal obligation and responsibilities (you must give something back)	Voluntary contributions to society and one's own well-being
Noblesse oblige	Egalitarianism
Less eligibility	Mutuality
Racism (Bielefeld 2014)	Compassion and shared humanity
Paternalism	Agency, individual freedom to decide
Means-testing and conditionality	Universality
The age of entitlement is over	Solidarity

one joined the scheme early enough to be entitled to defined benefit payments or restricted to less generous accumulation payments. There are generally greater returns received from industry funds run by unions compared with bank- and insurance-company-run superannuation schemes. Finally, the payment a person receives is substantially determined by the honesty of the trustees and the skill/luck of the financial advisors they employ.

Earned Income Tax Credit schemes do not pay everyone who earns a wage so they are not schemes paid solely on the basis of being in paid work. Some people who work are considered to be earning in excess of the amount that would qualify them for payment, some work too few hours to qualify for payment and so forth. These schemes are mired in the welfare handout ideology with means-testing and other conditionalities imposed.

Highly paid managers of large companies are said to earn several or even tens of millions of dollars per year whilst many who work full time for these same companies earn insufficient to lift them out of poverty. Clearly both the managers and low-paid workers receive their salary but it is a ridiculous proposition to suggest any manager *earns* millions of dollars per year. Trade Unionists have long acknowledged that factories continue to operate whilst the owners are on overseas trips and the managers are on long lunches but come to a standstill when the workers walk out. Every office in the country would crawl to a halt if the cleaners refuse to clean. Little salary recognition is given to those who are essential to keeping the factories and offices in this country working smoothly.

Basing employment or income maintenance policies on "merit" (as opposed to attempting to ensure everyone is assisted, to society's maximum capacity, to achieve their optimum potential) also runs into logical difficulties because merit, like "need," is always in the eye of the beholder. Seldom will there be unanimity about either the merit of any person or the need to assist any individual. From the late 1940s until the end of the last century, politicians of both major parties frequently asserted that in Australia everyone was assisted according to need. Such declarations were nonsense because various people in dire *financial need* were not assisted. Asian permanent residents were not paid social security until the 1940s. Indigenous Australians seldom received social security until the 1960s, and those living in rural and remote Australia not until the 1970s. Young unemployed people were for most of this period paid at a lower rate than older unemployed people. Unmarried single mothers were not paid social security until the early 1970s. Single fathers weren't paid until the late 1970s. Migrants who had not lived here for ten years weren't paid pensions but were entitled to a special benefit paid at a lower rate. Until 1973, people, particularly alcoholics, could be deemed by social security staff to be "unworthy" to receive a payment. I worked in the Department of Social Security at the time as a social worker and saw letters written to my clients saying, "You are not deemed worthy to receive an Invalid Pension."

Even today, government officials can refuse to pay social security recipients for periods of upto eight weeks if they perceive them as not having fulfilled the totality of obligations the government considers appropriate. The Liberal Government in 2014 attempted to block payments to unemployed people under 30 years of age for six months if they failed to get work but the Bill was rejected by the Senate (Crowe, 2014). The 2015 Budget has watered down the waiting period to four weeks and applies only to people under the age of 25 years, but it still may not pass the senate. Those who are the least bureaucratically sophisticated, whilst they are often in the greatest financial need, are least likely to be paid their full benefit entitlement.

There Has to be a Better Way

The idea of the state providing a universal guaranteed minimum income has been around since the 1500s in continental Europe (Cunliffe & Erreygers, 2004). Thomas Paine wrote about it in *Agrarian Justice* in 1797. A group of Quakers lead by Dennis Milner, his wife, Mabel, and Bertram Pickard tried hard to get the British Labour Party to accept the concept between 1918 and 1920 (Milner 1920; Van Trier, 1995). The British Liberal member of Parliament Lady Rhys-Williams advocated generalized income guarantees in 1943. The Australian Poverty Inquiry recommended a form of guaranteed minimum income, not dissimilar to Rhys-Williams' proposal (Commonwealth of Australia, 1975), and the Whitlam Labor Government seemed to be in favor of introducing one. Unfortunately, the governor general dismissed Whitlam before he could act.

Many of the objections raised in relation to introducing universal income guarantees in Australia have also been aired overseas. One of the most frequent is the suggestion that, were income guarantees introduced at a level sufficient to live in austere dignity, then many people would drop out of the workforce. Milner in his 1920 book succinctly refutes this assertion by pointing out that the sort of person content to "bludge" on society without wanting, in some way, to contribute was the sort of person who had little to contribute in the first place. He also argued that other members of society would pressure people with such attitudes to contribute. In 50 years of engaging in community work and education I have not encountered any person capable of making a contribution to society who refused to do so.

Rhys-Williams, in her 1943 book, addressed the argument that the presence of a universal income guarantee would remove incentives to engage in labor. She points out that the presence of such a guarantee provides an income floor meant to assist, with basic living costs, without imposing an income ceiling that would prevent people substantially increasing their income.

None of the income guarantee experiments in the United States or Canada in the 1970s showed substantial declines in labor force participation. The basic income pilots carried out in Namibia and India in recent years have shown increased economic involvement and improved social outcomes (Haarmann et.al., 2009; Standing, 2015).

I have found that when economic assertions (such as those immediately above) fall on fallow ground, the antagonists against basic income almost invariably turn at first to other moral hazard suggestions, and when these too fail to bloom, they proclaim that "Whatever the benefits of a livable basic income its cost would be prohibitive," before going on to pompously conclude, "We just couldn't afford to introduce one." Such assertions are made despite the fact that economists as ideologically far apart as Hayek (1944), Friedman (1962), Henderson (1974, in Commonwealth of Australia, 1975), Rankin (see Chapter 2 of this volume), Standing (2014, see Chapter 28) and Tobin (Van Parijs, 2000) have all argued that universal income guarantees are affordable. These economic assertions about basic income being unaffordable are a zombie lie: no matter how many times they are dispatched, they keep coming at you. It is as José Fernandez Iglesias (2002) points out that sufficient money is available to pay for an above-poverty-line basic income; it is not a question of affordability, but of willingness to redistribute that income.

In Australia, since 1974, there have been many proposals put forward that have suggested that introducing a basic income would be a socially useful advance (see the Basic Income Guarantee Australia website and Tomlinson, 2012a, 2012b). A basic income would advantage the majority of Australians, particularly the poorest. This is because in Australia at the present time people whom social security operatives decide have not met the totality of imposed obligations can have their entire payments withheld for a period of eight weeks. Young people, even if living independently, are paid at much lower rates than are those over 25 years of age. Social security recipients, if they have in the past been overpaid, have their payments reduced until their debt is paid off. The least bureaucratically sophisticated and those living in remote areas are the least likely to get their full entitlement. Under a universal basic income such discrimination would be unlikely to occur.

In Chapter 4, Rob Watts details many of the problems that the existing social security and wider welfare support mechanisms cause our fellow Australians who have little option but to rely on this threadbare safety net. The Australian Federal social security system has been in operation a little over a century as a piecemeal-targeted categorical means-tested system. It has never managed to treat all Australians equally or equitably. A basic income does not have the capacity to treat people equitably, but it would treat people equally because everyone would receive the same payment. This would make the job of improving equity a much simpler task for any government interested in pursuing such a strategy.

The taxation system uses mainly the individual as the basis of its operation while the social security system uses the family. As a result, the combined simultaneous taxation and social security withdrawal system often result in inequities

What Difference Does a Basic Income Make?

Because a basic income is neither subject to taxation nor any other withdrawal, it is the survival income available to the individual. All other income received is subject to taxation. Individuals who choose to live together are not discriminated against as happens with the existing Australian system of income support. A basic income provides certainty in that, even if misfortune strikes, the individual will have enough income to live in austere comfort.

Once a person has established permanent residence they are entitled to payment. There is no need for the prying eyes of the state to investigate any other feature of their life: who they live with, whether they work, and who they share income with is up to them and cannot affect their entitlement to receive their basic income.

A basic income means individuals can't be conscripted to work in unsafe or undesirable jobs. In extreme circumstances it provides an indefinite strike fund (Offe, 2008), yet it also enables people to choose to work for firms or agencies doing socially useful things that are not able to pay huge wages. It provides the basic certainty to allow people to start their own enterprise. It provides the opportunity for people to pursue more education or to investigate creative options. It allows people the opportunity to find fulfilling work/life choices. It allows people to put caring responsibilities ahead of employer's demands.

It has long been recognized that a basic income provides an income floor below which people cannot fall but does not impose a ceiling beyond which people cannot rise (Rhys-Williams, 1943, p. 163, see also Milner, 1920, p. 117). It enhances people's capacity to engage with other members of society in whatever way they choose. It is the most liberating form of income guarantee so far suggested.

When governments can, on the threat of starvation, conscript people to take the first available job (which often deskills them), work becomes drudgery. Steven Long (2011) spoke with Peter Butterworth from the Centre for Mental Health Research at the Australian National University, who had conducted a seven-year longitudinal study of 7,000 people and "found that moving from unemployment to a poor quality job was actually associated with a significant decline in those people's mental health and well-being" (p.1). This study also revealed "being in a poor quality job was not associated with any benefit in terms of mental health over being out of the workforce" (p.1). If there was a basic income then employers would have to offer a rate of pay sufficient to attract willing workers. Often the least desirable jobs are paid at the minimum wage, and many such jobs are precarious. The longer people stay in poor-quality low-paid employment the more likely it is that potential employers will regard them as having lost many of the capacities they once had.

Australian government officials can now tell social-security applicants of working age where they can reside. Young unemployed people can be forced to leave their family home and move to places where an official believes there is a greater chance of finding work. At the same time others have been told they will not continue to receive their unemployment benefit if they move to areas where, in the opinion of such officials, there are fewer job prospects. With a basic income in place, people would be free to choose for themselves where they lived.

What Are Our Chances of Implementing a Basic Income?

Machiavelli (1532) commented in *The Prince* that "there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things." Earlier in *The Prince,* he noted that innovation is always difficult and provided an explanation as to why: "because the innovator makes enemies of all those who have done well under the old conditions, and lukewarm defenders of those who may do well under the new."

The history of income maintenance in Australia and possible basic income alternatives has been examined in detail (see BIGA Website for Tomlinson, 2012a, 2012b, 2014).

Welfare assistance, poverty alleviation programs, earned income tax credits, and social security aim to assist every poor person, but such schemes are hedged around with devices to ensure that those *not entitled* to assistance are excluded. They invoke stigma, paternalistic intrusion, bureaucratic determination, downward envy, moral hazard, inaccurate assessment of need, and discrimination. As a result, they are incapable of ensuring that *all* poor people are assisted. In 1987, Robert Goodin and Julian Le Grange noted that universal income support mechanisms, a form of social protection, are far more effective than poverty alleviation schemes because they pay everyone, therefore *none* miss out and the general public's support for such programs ensures their continuation.

A basic income is a very efficient way of ensuring that every permanent resident of a country is provided with an income sufficient to ensure they have the capacity to live in austere dignity. Simultaneously, it enhances solidarity because it does not divide the less affluent, nor does it divide workers from those without employment because every permanent resident in the country is entitled to the same payment. It abolishes stigma, paternalistic intrusion, downward envy, moral hazard, discrimination, and the necessity to assess need. A basic income, as a result, enhances solidarity because the rationale for making the payment is that every permanent resident of the country has an automatic entitlement once they establish they reside permanently in Australia.

Because each individual has an entitlement in their own right, a basic income is efficient in the sense that it abolishes poverty without needing an army of officials peeping into poor peoples' bedrooms. Government officers are not required to check income or assets in relation to this payment. Income and asset testing can properly be left to taxation officials. There is no longer a need to have the state imposing obligations upon the poorest residents of Australia so as to ensure some moral hazard or another doesn't tempt them.

As part of a basic income package, tax would be paid on every dollar other than the basic income received by each individual. A basic income is a particularly efficient way of allowing the government to design other social policies, such as health, education, community services, and taxation, precisely because the government is aware of the minimum income each individual receives. The present Australian welfare system is incapable of assisting all poor people: some receive nothing, others receive a below-poverty-line income whilst still others receive an above-poverty-line income indexed for inflation.

Waldman (2014) suggests that a universal basic income

> is the least "statist," most neoliberal means possible of addressing socioeconomic fragmentation. It distributes only abstract purchasing power; it cedes all regulation of real resources to individuals and markets. It deprives the state even of power to make decisions about to whom purchasing power should be transferred—reflective, again, of a neoliberal mistrust of the state—insisting on a dumb, simple … fair rule. (p. 1)

At the same time, it is necessary to heed Australia's wordsmith Don Watson's (2015) warning that "the problem with neoliberalism is not the emphasis it puts on the economy but rather that it grinds so much else to dust" (p. 10).

Were we to elect a rational government determined to abolish poverty, do away with paternalistic intervention into citizens' lives, enhance citizenship in a cost effective and efficient manner and promote equity then a basic income would be the best way to proceed. Unfortunately, the present conservative government is so enmeshed in a mean-minded neoliberal fog, committed to preventing "dole bludgers and malingerers" getting *anything* and blinded by its own "end of entitlement" rhetoric, that it can't understand the logic of basic income (Tomlinson 2014). Controlled as it is by union bosses and its own timidity, the most likely alternative government is so deeply wedded to its laborist and welfare handout traditions that it is unlikely to choose a basic income. We are going to have to wait for the emergence of a government that is socially progressive, one capable of seeing through the neoliberal fog.

I wish to thank Penny Harrington for her editorial assistance and ongoing encouragement.

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CHAPTER 4

"Running on Empty": Australia's Neoliberal Social Security System, 1988–2015

Rob Watts

Introduction

In June 2014 the Abbott Coalition Government issued a report called *A New System for Better Employment and Social Outcomes* (Department of Social Services, 2014a). This report complacently repeated claims made by the Abbott Government's *Commission of Audit Report* (2014, p. 2) released earlier in February 2014 that Australia confronts a substantial budgetary challenge—the fiscal situation is far weaker than it should be and the long-term outlook is ominous due to an unsustainable increase in expenditure commitments. Unleashed from the normal obligations entailed by "evidence-based policy," the Commission of Audit had taken an even bolder step when it claimed that the "fiscal crisis" Australia apparently faced, was being driven by "unsustainable increases" in social policy spending (Commission of Audit, 2014, p. viii). This claim had been tirelessly repeated by senior Liberals like then Treasurer Hockey, who argued it pointed to why the Abbott Government needed to end what he called "the age of entitlement":

> Government spending on a range of social programs including education, health . . . social safety nets and retirement benefits has reached *extraordinary levels as a percentage of GDP* [emphasis added] . . . [resulting in] levels of indebtedness that, in an age of slowing growth and ageing population, are simply unsustainable. (Hockey, 2012, p. 2)

As reputable commentators quickly pointed out, these claims were not warranted by the evidence (Denniss, 2014; Richardson, Denniss, & Grudnoff, 2014; Senate Select Committee, 2014). The idea that Australia's income support recipients are the beneficiaries of an "age of entitlement" is an example, less of what too many polite academics persist in calling "ideology," and more of something best described as "delusion."

The belief that Australia spends too much on income support is consistent with a neoliberal social policy project that has been underway since the late 1980s. This chapter sets out to briefly establish why Australian governments began in the 1980s to develop a neoliberal "welfare state." I then highlight the neoliberal character of this welfare state, before establishing what, if anything, is "wrong" with Australia's income support system. The case is then made briefly for a radical overhaul of a system that has been "running on empty" for a long time and doing a lot of ordinary Australians a lot of needless harm. Basic income represents such an opportunity to get it right.

Origins of Australia's "Welfare State"

Though this ought to be better understood than it seems to be, Australia's "welfare state" has always been different from those in most other developed countries.[1] That difference was clearly evident back in June 1908 when the then Commonwealth Government of Australia introduced legislation (the Invalid and Old-Aged Pensions Act 1908, *Cwlth*) providing for a means-tested "flat-rate" for disability and aged pensions. The Old-Age Pension (then worth 20 shillings a week) was to be paid to men aged 65 and women aged 60. Invalid Pensions (also then worth 20 shillings a week) were designed for people with a disability that completely and permanently prevented them from working. Both pensions were funded from general revenue rather than from direct contributions by individuals and employers using the "social insurance" model that was fast becoming the global norm after Germany and the Scandinavian countries introduced schemes like this in the 1880s. The social insurance model directly linked the time a person spent making contributions and the amount of contribution (or premium) paid into the insurance to the scale and duration of the benefits received. In Australia the flat-rate Invalid and Old-Age Pensions funded by general taxation proved to be the first and still the most important component of a system of income support that has persisted into our time (Whiteford, 2014).

A second package of income support schemes was introduced between 1941 and 1945. Child endowment was introduced in 1941. Widows' pensions were introduced in 1942. Like the Invalid and Old-Age Pension, these were flat-rate, means-tested payments financed from general revenue. The Commonwealth then introduced unemployment and sickness benefits in 1945 in the form of flat-rate payments again financed from general revenue and subject to an income test. That system stayed more or less intact until the 1980s when it was subjected to a neoliberal makeover by the Hawke-Keating Labor Government, which continues to offer the major parties a bipartisan matrix for social policy.[2]

Australia's Neoliberal "Welfare State": 1988–2015

Marston (2014) claims the Abbott Government's review of the income support system is "another chapter in a long history of proposals to [reform] the Australian social security system, a history for the most part of incremental policy change since the system's inception more than 100 years ago" (p. 1). While true enough, this does not quite grasp the dramatic changes that began in the late 1980s when the Hawke Labor Government abandoned a Keynesian-liberal welfare-state model and embraced a neoliberal model. While Australia, like many other Western nation-states has been subjected to a "neoliberal cascade" (Connell, 2013), over the last decades, making sense of this cascade has not been straightforward. While Cerny (2010, p. 3) worries about the "vague and fungible concept of neoliberalism," I treat it as an ideology in that it represents and promotes the interests of elites including corporations and wealthy individuals and families. Dumenil and Levy (2013, p. 1) advance a lot of economic data to evidence their claim that

> Neo-liberalism is a new stage of capitalism that emerged in the wake of the structural crisis of the 1970s. It expresses the strategy of the capitalist classes in alliance with upper management, specifically financial managers, intending to strengthen their hegemony and to expand it globally.

Equally, as Dardot and Laval (2013) point out, while many have claimed that neoliberalism is "just" an ideology (as "false consciousness") and "just" an economic policy, it is more than an ideology seeking to deceive; neoliberalism actually shapes people's lives, beliefs, and actions. In this sense, neoliberalism, as Butler (1993) has suggested, is a performative discourse. This refers to the capacity of our talking or writing not only to communicate, but also to constitute an action, or construct an identity. As Butler puts it. performativity is "that reiterative power of discourse to produce the phenomena that it regulates and constrains" (Butler 1993, p. 13). Neoliberalism has a performative character: *it produces the effect that it names.* Its categories, codes, and conventions shape a cultural ethos. Modifying Bourdieu (2003, p. 84), we can say neoliberalism involves "a surreptitious slide from the descriptive meaning of the concept . . . to a . . . performative meaning" used to justify "an economic policy aimed at unifying the economic field by means of a whole set of juridical-political measures designed to tear down all the obstacles to that unification."

Yet we must not confuse the kinds of arguments and claims made by neoliberals with what is actually happening or how things actually work. It is true enough that central to neoliberalism is the idea that the market is a "natural" reality and that, when left to its own devices, "the market" achieves equilibrium, growth, and stability, and prosperity for all. Equally, the "state" is an arbitrary and "unnatural" entity that thwarts the market and stifles the "natural" freedom we should have to live our own lives as we see fit. State intervention like taxes, tariffs, subsidies, or any kind of regulation subverts the fully functioning market. Yet in reality modern markets do not operate autonomously, but as they have always done, under the aegis of the state. Two big points: (i) if anything, we have actually become more state-centric; and (ii) it is actually states that everywhere have promoted neoliberal rationality and universalized the norms of competition and enterprise. Neoliberalism in this sense is what the state promotes as the "general commodification of society, promoting accumulation of 'capital by dispossession'" (Harvey, 2005) while serving the interests of the truly wealthy and of corporations by a mixture of policies involving commission *and* omission. For this reason, we need to resist some of the old and simple claims made by neoliberals that they have actually shrunk the state or there is some inevitable antagonism or contradiction between "the market" and "the state." In short, we need to be very careful when arguing that the Australian (welfare) state has been "shrunk" under neoliberalism.

Beginning under the Hawke-Keating Governments (1983–1996) the Australian state embarked on a major neoliberal "reform" process. Australian governments variously abandoned and/or amended certain forms of economic and social regulation (e.g., of labor markets and the currency), changed aspects of its revenue raising and taxing systems (while preserving a long-term low level of overall taxation), changed its mode of governing by "outsourcing" or "privatizing" services, and/or encouraged the development of the "enterprise university," case mix funding for hospitals, and so on. The embrace of neoliberalism, then referred to as "economic rationalism," began in the 1980s. Early policy signs relevant to social policy included an end to full-employment policies, deregulation of the labor market, the creation of pseudo-markets—including public and community sector organizations being required to behave as if they are for-profit companies and adopting New Public Management (including cultures of audit)—and major changes to income support benefits.

In 1986 the Hawke Government decided that economic, social, and demographic change pointed to the need to review the social security system. In fact the Organisation for Economic Cooperation and Development (OECD) was pushing member states behind the scenes, to embrace a neoliberal policy frame called the Active Society (Watts, 1989). This model began with the premise that states could or should no longer pursue "full employment" policies; employment was now to be determined by "market forces" (Dean, 2006; OECD, 1988; Regan, 2014). The Active Society model talked up the power of markets and the value of "participation" and "activity." "Passive welfare" was bad because it created "demoralized" people who became "socially-excluded." Deficits like "dependence" and "demoralization" needed to be addressed by "active labor market programs," and if people wanted income support then they would have to pass "tougher" activity tests. In this way, the old idea that people would be helped to find jobs was magically transformed into the new idea of becoming "job-ready," for jobs that were not there.

The Cass review (1986–1989) accepted the mythic idea that people who got welfare were both "demoralized" and rendered "dependent": "traditional" welfare policies encouraged "passivity" (O'Connor, 2001).[3] (This linked "work" and "welfare" in a new/old way the origins of which went back to the English New Poor Law model).[4] As Cook (2005, p. 1) puts it, despite evidence that persistent unemployment was a problem of too few jobs (Mitchell & Muysken, 2002), the Cass review and the major political parties insisted unemployment was best explained by the deficits of the unemployed. This meant, at least discursively, a lot of talk about "the creation and expansion of the power of markets" (like the Job Network for the unemployed) (Rowlands, 1999; Zanetti, 1998). The new line supported a kind of new "rugged and competitive individualism" allied to a more explicit anti-egalitarianism, treating egalitarianism as code for the "politics of envy." That this radical policy shift was engineered by self-identified "progressive" academics employed by a Labor Government says a great deal (see Deeming 2014).[5] The Cass Social Security Review (1986–1988) engineered the policy shift to an "active" system that "encouraged and rewarded self-provision (through work and saving)" (Harmer, 2008, p. 81). The Review recommended increasing the number of schemes and increasing the scale of and range of compliance activities with "improved labour market assistance" (Harmer, 2008, p. 81). A Jobs Education and Training (JET) Scheme for single parents was introduced in the 1988–1989 Budget. The review also recommended the introduction of Newstart Allowance ([NSA], also introduced in the 1988–1989 Budget) and the Disability Support Pension, which was introduced in 1991. The single unemployment benefit was split into a job search allowance (JSA) for those unemployed less than one year (and all under 18), and Newstart Allowance for the "long-term unemployed," and emphasized activation by rebranding the unemployed as "jobseekers."[6]

Since the Cass Review, the social policies of the Keating, Howard, Rudd, Gillard, and now the Abbott Governments have all elaborated and extended this neoliberal policy architecture (Beeson & Firth, 1998; Lantz & Marston, 2012). As Carney (2006b) argues, neoliberal welfare policies that reconfigured the role of the state by exposing social security clients to "market forces" have proved decisive in shaping Australian welfare policy.

Through the 1990s, Australia elaborated the North American idea of "mutual obligation" (Moss, 2000) for people of workforce age, based on themes like "reciprocal obligation" and client "capacity-building" (Jayasuriya, 2001; Macintyre, 1999). What this really meant was the imposition of "a punitive, contingent system" of income support for the unemployed (Dee, 2013, p. 273), whose key features were constructed out of the "free-market" philosophy of neoliberalism and a "neoconservative paternalism," which relies on meaningless training and activity tests (Harmer, 2008; Henman & Marston, 2008).

The next significant shift came in the Welfare to Work programs introduced by the Howard Government in 2006. These policies increased the range and number of people required to look for and accept work and expanded the support and assistance provided to these typically disadvantaged jobseekers. The reforms targeted parents, people with disabilities, mature-age job seekers, and the very long-term unemployed. The Labor Governments of Rudd and Gillard (2006–2013) subsequently embellished this theme. The Labor Government's 2011–2012 Budget talked about ending the "corrosive" effects of welfare dependency by "requiring responsibility," noting the importance of the "dignity and purpose of work" (Gillard, 2011, p. 5). Labor policy also talked about "individual responsibility" and progress toward "self-reliance" when it decided to extend the principle of conditional income support beyond its original application to indigenous income support (Buckmaster, 2011; Buckmaster & Ey, 2012). The Gillard government began trialling the Centrelink Basics Card in 2012, designed to prevent beneficiaries from "misusing" their benefits by spending it on alcohol, illicit drugs, or tobacco. The result was a "new paternalism: using income management for targeted areas of substantial economic and social disadvantage, "underpinned by a costly, distrustful and authoritarian surveillance, reporting and sanctioning apparatus" (Dee, 2013, p. 274).

The Abbot government and now Turnbull-led Liberal government have extended the logic of conditionality. It will also doubtless attempt to cut back expenditures on what it deceptively claims is an income support system that is "unsustainable" and "costly."

What Should We Think about This?

It is high time to overhaul this system. The reasons why we need to radically reform this system have nothing to do with the allegedly unsustainable costs or indeed the costliness of the current system

A century after the introduction of the Invalid and Old-Aged Pensions Act 1908, more Australians now get income support than those in 1910. Some 5.03 million are now income support "customers" out of a total population of 22.3 million (2012). (The grotesque shopping metaphor attests, if nothing else, to how, since the Cass Review [1986–1989] bipartisan support for a neoliberal policy ethos has come to shape Australia's income support system). Put another way the proportion of people of workforce age receiving social security payments grew from 4 percent in 1966, to 12 percent in 1980, to 21 percent in 2000, and to 27 percent in 2014 (Department of Social Services, 2014b; Henman & Perry, 2002).

Yet, oddly, especially for those who might reasonably have expected a neoliberal "welfare state" to have "shrunk," we are spending a lot more on income support. Social expenditure as a share of GDP has almost doubled since the 1980s.[7] It is estimated that the Australian government will spend AUD$145.7b on income support (or 35.1% of Commonwealth expenses) in 2014–2015. Income support has become the largest single item of Commonwealth government expenditure. The Australian government spends more on income support than it does in total on defence (5.8%), education (7.1%), and health spending (16.1%) combined (Australian Government, 2014).

Finally, and in spite of mewling's by then-minister Kevin Andrews that "Over the past decade Australia's welfare system has grown relentlessly and become unsustainable" and that more needed to be done to reduce "the burden on the federal budget," Australia's proud reputation as a "welfare state laggard" remains untarnished (cited in Karvelas 2014). Australia still spends far less on social security as a proportion of its GDP (8.6% in 2103) than the OECD average (13%) (Whiteford, 2014). There are four basic reasons why we need to change this system.

The Income Support System Is Needlessly Complex

Firstly, the current system of social security for people of "working age" (18 to 64 years) is needlessly complex (Australian Council of Social Services [ACOSS], 2010). The Social Security Act 1991, and its sibling, the Social Security (Administration) Act 1999, have been repeatedly criticized for their complexity.[8] This system contains a bewildering number of schemes. There are some 22 schemes, and some 55 supplementary payments regulated by some 30,000 rules (Arthur, 2014). Each of these income support schemes has its own set of eligibility requirements, rates of payment, income tests, and activity requirements. In 2012–2013, Centrelink processed 2.8 million claims for payments and paid over AUD$116.1 billion to individual customers on behalf of the government. A large proportion of Centrelink's business with customers is conducted by telephone with 44 million calls handled in 2011–2012.

The complexity immediately creates certain difficulties for ordinary people. Ongoing concern about the way people are treated and/or dealt with led the Commonwealth Ombuds (2014) to investigate service delivery complaints in 2014. The Ombuds confirmed that people were having difficulty accessing Centrelink and unhappy with the service they received. Those key difficulties Centrelink customers complained about included trying to understand their entitlements, claiming a payment, meeting reporting requirements so their payments would continue, sorting out a problem, seeking review of a decision, or making a complaint.

The current system is arbitrary and unfair

A second chief deficit of the current system is that is arbitrary, unfair, and inadequate. Numerous writers have pointed to the lack of fairness or even-handedness in Australia's version of neoliberal social policy (Dean, 2007; Goodin, 2001; Kinnear, 2002; Marston & Watts, 2004; O'Connor, 2001; Sennett, 2003; Standing, 2014).

Aged pension rates are currently AUD$776.70 per fortnight (single) or AUD$585.50 each per couple. Disability pension rates are also currently AUD$776.70 per fortnight (single) or AUD$548.40 each per couple. However, the Newstart Allowance is just AUD$515.50 (single) per fortnight or AUD$465.50 (each per couple). This is AUD$251 per week less than the pension rate for a single adult. Payments for a single full-time student living independently (regardless of age) are $162 per week less than the pension. A single young person aged over 18 without children and living independently on Youth Allowance gets AUD$426.80 per fortnight, which is AUD$349.90 less than a single Aged pension recipient. The differences between pensions and allowances are both arbitrary and unfair, reflecting historical assumptions about the time that someone would be unemployed. The premise that Newstart and other Allowances are "short-term" payments for people without any barriers to work has become increasingly irrelevant. In 2009, of the 627,000 Newstart Allowance recipients, 309,000 received this payment for over a year, 222,000 for over two years, and 112,000 for over five years. Most long-term unemployed people are radically disadvantaged in the labor market (ACOSS, 2010, p. 3).

The gap between these payment levels and basic living costs leads to financial stress and hardship. Recent research found that 54 percent of Newstart Allowance (unemployment benefit) recipients, 56 percent of sole parents on Parenting Payment, and 42 percent of Disability Support Pensioners could not raise AUD$500 in an emergency (ACOSS, 2009; 2012). Australia's unemployment benefit (Newstart) is the lowest among OECD countries. Many government benefits have barely kept pace with inflation over recent decades. In 2010, the Australian poverty line (set at 50% of median income) for a single adult was AUD$358 per week, while for a couple with two children it was AUD$752 (ACOSS, 2012). In that year, an estimated 2.2 million people were living below the poverty line after taking housing costs into account. It was also estimated that 575,000 children (one child in six) were living in poverty. Of people on social security payments, 37 percent lived below the poverty line, including 52 percent of those on the Newstart unemployment allowance, 45 percent of those on the Parenting Payment, 42 percent of those on the disability support pension, but only 14 percent of those on the Aged pension (Denniss & Baker, 2012). The combination of unwarranted complexity, arbitrary and insufficient levels of income support, and an abusive system of compliance mechanisms creates a system producing harms, not welfare.

The Income Support System is Harmful

A third basic problem is that the current system of income support generates a disturbing level of harm. Anyone trying to live on low incomes—and the attendant experience of relative deprivation and economic insecurity—will experience persistently restricted agency. There is a good deal of international research that documents the harms that attend becoming a recipient of state income support (Beer & Forster, 2002; Carney, 2006a; Eardley, Abello, & Macdonald, 2001; Goodin, 1985; Handler, 2002; Wax, 2003).

State financial support is offered in ways that are stigmatizing, compared with paid employment, and involve the same kind of loss of agency (Marsden & Duff, 1975; Fryer & Fagan, 1994;). Centerlink and the succession of governments that have brought it into being since the late 1980s, fails to understand the fundamental logic of citizenship understood as the right to full participation and to underwriting citizenship based on the premise of respect (Murphy, Murray, Chalmers, Martin, & Marston, 2011, pp. 168–172). For some "clients/customers" there is humiliation, for others painful intrusion into matters that are essentially private, and for many the stressful insistence on eligibility and activity tests (relating variously to activities, education, income, assets, and looking for work) and long waiting periods before security are all possibilities. Espionage and incitements to inform, coldness, stress, humiliation, long queues, uncertainty, and insecurity all attend the workings of this major agency devoted, or so the state's rhetoric puts it, to "guaranteeing" social and economic security and citizenship. Moves by the Gillard and Abbott Governments to introduce income management (quarantining of part of income support payments for food and other essentials) can only enhance the experience of stigma. Many welfare recipients subject to income management feel both angry and shamed by removal of their budgetary autonomy; welfare conditionality imposed through income management replaces the concept of a right to welfare based upon need with behavioral constraints based on negative prejudice (Altman, 2013; Bielefeld, 2012; Cox, 2011). Far from offering "income security," the whole system, with its shifting modes of targeting those in most need, changing regulations, and so on, is also experienced as harmful. The very process of claiming benefits is reported as stressful, with reports of distress at the poor conditions of social security offices, perceived invasion of privacy, a sense of being passively processed, and of humiliation and degradation (Kay, 1985; Trethewey, 1989).

Though it is only one way of documenting the harms caused by this system we can use the penalties for social security breaches as a proxy measure. As ACOSS has pointed out consistently, the unemployed in Australia confront an absence of rights that result in penalties that affect large numbers of people, with a severity greater than that of penalties for many criminal offences (ACOSS, 2000; 2010).

Access to an allowance like Newstart Allowance and Youth Allowance is dependent on satisfying (i) "administrative" requirements, like attendance at Centrelink interviews and provision of certain types of information to Centrelink, and (ii) "activity test" requirements. The central element of the activity test is a requirement that the person must be actively seeking and willing to undertake suitable paid work and/or be engaged in other approved activities. These activity tests have been justified by successive governments on the grounds they "improve a person's prospects of obtaining paid work [*sic*]" (Reaper, 2000, p. 112).[9]

Research has consistently shown that the long-term unemployed, or other vulnerable people confronting major barriers to labor market re-entry, are disadvantaged by the erosion of their rights, which this system enables (Carney & Ramia, 2002). Department of Employment and Workplace Relations (2002) figures disclosed that 106,000 breaches were imposed in the run-up to 2005, 64,000 of which were the heavier activity test breaches (a 26-week, 18% rate reduction for a first breach in two years; 24% for the second breach), and 3800 were third breach, eight-week "total loss of payment" penalties (Senate 2005, 26, para 2.71). From 2005–2006 to 2008–2009, the number of participation failures applied rose from 132,000 to 167,000, after having peaked at 228,000 in 2007–2008. The number of eight-week no-payment penalties doubled from 16,000 in 2006–2007 to 32,000 in 2007–2008. In effect the system has created a vicious cycle or more penalties and less compliance. Some people even became homeless as a result of the penalties they received.[10]

What we see here is a systemic problem grounded in the decision to not make a regime of citizenship rights available to all without question. There are few grounds let alone evidence to support the idea that people on income support enjoy "freedom" or exercise "individual responsibility: of the kind associated with notions of citizenship. This experience surely deserves to be recognized as a circumstance in which "citizens" become "denizens" (Hammar, 2003). Like asylum seekers, income support recipients in Australia

> Do not have the means or the procedural avenues to contest their marginal status. Many lack the capacity to claim or enforce rights or fear that the act of asserting a claim right would have a high probability of retributive consequences or disastrous costs. (Standing, 2014, pp. 7–9)[11]

As Standing (2014) has argued, the status of "denizen" depends on the larger structural shifts engineered by neoliberal policy-makers that has created a "precariat," a new social identity characterized by job insecurity, short-term contracts, lack of rights at work, and often low pay (Lea, 2013, p. 4; Tomlinson, 2001).

The Neoliberal System of Income Support is No Longer Relevant

Fourth, the premise that has been central to the various iterations of the "Active Society" model, namely that full-time employment is superior to any form of income support and is actually available to all who want it, is no longer true.

There are two trends that are going to intersect. The first is the growth in what Standing (2011) has called the precariat. Australia, like many equivalent developed societies, has hosted the rise of a precariat, that is, a large and growing cohort of people who experience a lack of job security by reason of intermittent employment or underemployment, resulting in a precarious existence. In general we have seen a steady increase in the cohort of people engaged in part-time casual employment, and in the numbers of underemployed people.

In November 2013 there were nearly 11.6 million employed people of whom 2.2 million were employees without paid leave entitlements (19%). Cut another way, 2.9 million employees worked part-time, nearly half of whom had no paid leave entitlements (Australian Bureau of Statistics, 2013). Roy Morgan (2015) offers a slightly different estimate suggesting that Australian full-time employment now represents 65.1 percent of employed Australians (7.17 million), while part-time/casual employment represents 34.9 percent of employed Australians (3.85 million). Underemployment data makes the same point. (Reference to the unemployment rate points to the need to include some proportion of the unemployed in the precariat.)

Young Australians have long been at the forefront in the growth of the precariat (Woodman, 2012). The youth labor market became

Table 4.1 Estimated underemployment and unemployment rates, Australia, 2007–2014

Year	*Total Unemployment*		*Underemployment*		*Total*	
	N	*%*	*N*	*%*	*N*	*%*
2007 January	757,000	7.2	688,000	6.6	1.6m	15.3
2010 July	737,000	6.3	866,000	7.4	1.6m	13.8
2014 December	1.2m	10.0	1.2m	9.6	2.448m	19.6

Source: Roy Morgan (2015).

precarious earlier than the adult labor market marked by irregular hours, shift work, and mixing work with study (e.g., taking night classes to open up new career opportunities). Half of all young people in the labor force in Australia are now on "casual" contracts, which tend to involve work patterns that vary from week to week. By May 2014, more than 15 percent of workers in the 15–24 group were underemployed—the highest rate since this Australian Bureau of Statistics data series started in 1978, when the rate stood at 3.1 percent.

The second emergent trend is the general displacement of human labor across all skill levels by artificial intelligence, robotic techniques (including drones), 3D printing, and digital algorithms, indifferent to the level of skill they are displacing (Brynjolfsson & McAfee, 2014; Carr, 2014). This trend is now in place and will have sooner or later to be acknowledged and addressed by policy-makers and by the community. These trends in combination with the basic problems generated by the neoliberal welfare state point to the need to rethink the architecture of social policy.

The Case for Basic Income

The case for getting rid of a needlessly complex, unfair, arbitrary, harmful, and illegitimate system of income support is compelling. The current system of social security for people of "working age" (18 to 64 years) is not working ACOSS (2010, p. 2). Those who rely on this system for their income experience a system that is complex at best, harmful at worst. Apart from suffering economic hardship, there is a substantial ethical deficit in the current system of income support. People who rely on Australia's income support system want to be treated with dignity and respect, but experience a system unable or unwilling do so (Peel, 2003; Murphy et al., 2011, p. 169). For all the talk by neoliberals about creating a system based on “self-respect” and “autonomy,” it seems that too many “customers” of income support experience a loss of autonomy and adulthood and of “being infantilized by the system” (Murphy et al., 2011, p. 171).

The case for introducing a simple comprehensive system of basic income is equally compelling (apart from the chapters in this book, see Tomlinson, 1989; 2001; Milner, 1920; Van Parijs, 1992; Watts, 1995; Lerner, Clark, & Needham, 1999; Ackerman, Alstott, & van Parijs, 2006; Pettit, 2007; Raventos, 2007; Richardson, 2013; Standing, 2014). We need a system of income support that is simple and easy to access. We need an income support system that will enable us to move easily between employment and other valued kinds of social activity, such as care work and education. We need to acknowledge that wage work, especially in the form of the standard working week we have long taken for granted, will become less and less available. Australia already has one of the OECD’s highest rates of part-time work, a fact implicated in multiple links between education and family care work. We live in a society where there are at least five kinds of transitions involving wage work. Those transitions include movements: between education and employment; between (unpaid) caring and employment; between unemployment and employment; between retirement and employment; and between precarious and permanent employment.

To do this we will need an income support system like basic income that enables people to move both in and out of paid employment more easily. We need to enable a combination of wages, transfer payments, and other income sources based on an agreed entitlement. We also need to acknowledge that if the distribution of paid employment becomes even less equal than it already is, this can only exacerbate the distress and harms experienced by people already in the current income system. Put another way, we need to think about how to support people better to manage rapidly changing labor markets including the erosion of traditional full-time work options. Finally, we need an income support system that is neither stigmatizing nor punitive and that actually enables people to live good lives. We need a system of income support committed to an ethical conception of the goods that citizenship rights, such as freedom, allied to a conception of justice. Pettit (2014) has made a good case for his republican version of the liberal idea of freedom, understanding it as non-domination requiring in turn that people be enabled to maximize their freedom of choice.[12] Pettit points to the role a basic income scheme can play in providing such an ethical framework.

These considerations indicate why a basic income model based on an Australian minimum standard of living can provide a coherent, fairer, more flexible, and infinitely less harmful and legitimate framework of income security for all Australians. The idea of a universal basic income is to provide every citizen with an income that covers the basic necessities of subsistence or some other higher basic standard deemed affordable, irrespective of employment status or any other condition. A basic income could replace many or all existing benefits and pensions, depending on the level of the basic income payment.

Conclusion

Certainly if the idea of basic income is ever to gain any traction as a practicable alternative to the present system, much will depend on the ability of those promoting it, to overcome the persistent suspicion directed at the "undeserving poor" and the assumption that paid work is always and the only preferred option. Marston rightly emphasizes the importance of a persistent sentiment shared by elites, policy-makers, most economists, and even by elements of the labor movement, best expressed as "a deep suspicion of the able-bodied unemployed, the 'undeserving poor" (Marston, 2014, p. 1). Yet if the sentiment that people ought to earn their living was perhaps admirable once upon a time, it is now simply irrelevant.

There is now a basic deficit of legitimacy. That deficit is grounded in an unacceptable contradiction between the ethical economy the system presupposes, and the perfectly reasonable idea that, as citizens, those reliant on income support have a right to be treated with dignity and respect. The deficit can also be traced back to the dramatic changes in the relationship between income support and the labor market, as neoliberal assumptions about the "normal" functioning of the labor market and the way income support should work in alignment with that labor market, have broken apart. The basic design principles of Australia's income support system have always been at odds with the actual way the labor market functioned, and that discrepancy stands to get worse. Again, large numbers of ordinary Australians are hurt by this misalignment. It is time now for policy-makers and researchers to develop a basic income model based on an Australian minimum standard of living, so as to provide a coherent, fairer, more flexible, infinitely less harmful, and legitimate framework of income security for all Australians.

Notes

1. Standard histories include Kewley (1973), Mendelsohn (1979, Dickey (1987), Watts (1987), Beilharz et al. (1991), Bessant et al. (2006), Carney (2006a), and Murphy (2011). Herskovitch and Stanton (2008) offer a conventional, and so misleading, synoptic history.
2. On the problems involved in deploying the category of neoliberalism, see Larner (2000), and for some solutions to those problems, see Mudge (2008).
3. The assumption that "welfare dependency" is causally linked to low levels of social participation is delusional. There is little if any evidence to support claims that people on income support become "dependent," "passive," or "socially excluded." For example, in 1999 the McClure Committee was given evidence from an "empirical" survey undertaken by the then-Department of Family and Community Services (DFACS) of a large number (N=65,000) of income beneficiaries. The evidence showed that, in terms of labour market participation or civic engagement, the so-called welfare dependent were no different from "ordinary" Australians in terms of any measure of social participation. This startling evidence was buried in a technical appendix to the Interim Report of the McClure Committee and was available only online. This evidence was not allowed to alter the predetermined view of the McClure Committee that "welfare dependence" led to reduced social participation.
4. On the New Poor Law, see Blaug (1963); on the origins of the dependency idea, see O'Connor (2001).
5. As Mudge (2008, p. 704) insists, a tendency to focus on the neoliberalism of the political right ignores the way neoliberalism has reshaped the left.
6. Decades of "anti-dole bludger" sentiment directed at young people now came home to roost. Drawing on the New Poor Law category of "less eligibility," youth unemployment was now to be treated by replacing the work test with an activity test after six months unemployment. As Cass (1988, p. 203) explained limply, "public opinion polls tend to show that distrust of the unemployed is focused most on the young unemployed."
7. Australia's social expenditure as share of GDP was 10.2 percent in 1980, 12.1 percent in 1985, 13.1 percent in 1990, 16.1 percent in 1995, 17.2 percent in 2000, 16.4 percent in 2005, 17.2 percent in 2010, and 19.0 percent in 2014. This is a more dramatic rate of increase than the OECD average, but most member states began from a higher base and still spend more as share of GDP on income support (OECD 2014).
8. In the Federal Court case *Secretary, Department of Family and Community Services v Geeves* (2004), Weinberg J. said in his judgment:

    It is almost farcical that it should take eminent senior counsel the best part of a morning simply to take the Court through the various provisions of the Social Security Act that are relevant in order to determine whether a particular individual is entitled to a benefit under that Act. Regrettably, as each year goes by, the Social Security Act becomes still more complex, and less accessible to those who most need to understand it. This point has been made on earlier occasions. In Anstis v Secretary, Department of Social Security (1999) 94 FCR 421, I described the Act as having been drafted in a manner "both prolix and obscure." (See [2004] FCAFC 168: http://www.austlii.edu.au/cgi-bin/sinodisp/au/cases/cth/FCAFC/2004/166.html?query=geeves.)

9. The range of approved activities that a person receiving an allowance might be required to undertake includes participation in training (including training in job search skills) or in other employment services and support programs, including "work for the dole."
10. In 2014 the Abbott Government introduced its *Social Security Legislation Amendment (Stronger Penalties for Serious Failures)* Bill 2014 (the Bill) to amend the Social Security (Administration) Act 1999 to, firstly, remove the possibility for job seekers who refuse a suitable job offer to have their eight week non-payment period waived and, secondly, to allow persistently non-compliant job seekers only one opportunity to have their eight-week non-payment period waived while in receipt of an activity-tested income support payment gives effect to the tougher compliance measures for job seekers who refuse work without good reason or fail to comply with participation requirements that were announced as part of the 2014–2015 Budget.
11. Standing (2014, p. 9) notes that people become "denizens" in six ways: they can be blocked by laws and regulations from claiming rights; the cost of claiming rights can be prohibitive; they can lose rights because of a change in status, for example, by becoming unemployed; they can be deprived of rights by legal process; they can lose rights in a de facto way; they can lose rights by not conforming to a powerful moral norm by having a lifestyle that puts them outside the protection of the law.
12. Pettit says freedom requires "independence upon the will of another," and with it an exemption from dominion. "You must be able to exercise such basic or fundamental liberties…without having to answer to any other master or *dominus* in your life" (Pettit 2014: xv). Liberty involves not just the capacity for choice but "the presence of required resources" that are publically delivered (Pettit 2014, p. 54).

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PART II

Economic Aspects of Basic Income

CHAPTER 5

Can Older Citizens Lead the Way to a Universal Basic Income?

Susan St John

Introduction

The basic income idea has many admirers but few ask the practical question of how we get from where we are to an ultimate basic income "Nirvana." A big bang approach, such as suggested by Morgan and Guthrie in *The Big Kahuna* (2011), is unlikely to be politically acceptable. People are nervous about large shifts from one paradigm to another. The essential trade-off is that a level of basic income for all that removes poverty would be very expensive. Moreover, the taxes necessary to fund it would entail high marginal rates and would have an impact on behaviour, for example, the willingness to earn extra income. Thus, while the idea of a basic income is intellectually appealing, unless we can realistically show how to get there, it will remain in the textbooks.

It will also fall flat unless it clearly and meaningfully reduces child poverty. New Zealand has high rates of family poverty (Perry, 2014), and reducing child poverty is a pressing and urgent social issue (Dale, O'Brien, & St John, 2014). Thus Morgan and Guthrie's *Big Kahuna* falls short when calculations under their changes show that a sole parent on a benefit with two children will actually be worse off. The personal calculator on the website that delivers this information chirpily appeals her sense of being happy for others: "Oh no, you'll be worse off. But others won't be!"[1] Even if she earns as much as NZD$35,000 per annum in paid work, the calculator finds she will be NZD$5,637 worse off than before. This is not a minor inconvenience but a major structural challenge to the acceptance of the universal basic income. A basic income for all adults trades off adequacy with the tax rate that must pay for it, but what works for adults may not work when those adults have children. Including a basic income for children that is high enough to remove child poverty may require tax rates on earned income that drastically undermine the incentive to work.

Nevertheless we are faced with the precarious state of employment and the ongoing casualization of the labor market in the twenty-first century that demands a rethinking of our support systems and anti-poverty measures. The consequences of not doing so and of continuing to link social provision to paid work will be increased poverty and insecurity.

It is widely accepted that in New Zealand the tax/benefit system and interface is messy and incoherent. It has been for a long time; see, for example, an outline of the problems since the early 1990s in St John & Rankin (1998, 2002, 2009). Welfare reform in the 2000s has acted only to move welfare further in the direction of more intrusion, tighter targeting, more conditionality, and lowered adequacy.

For families with dependent children New Zealand has a particularly complicated array of child-related tax credits that together is known as Working for Families. The package was introduced in the period 2005–2007 with two aims: one, to improve adequacy of family incomes and address child poverty, the other to incentivize paid work. For many families, the package did neither, leaving poverty of the poorest 20 percent of children even more entrenched. The underlying driver was the neoliberal belief in the superiority of paid work above other forms of human endeavour and as the sole mechanism by which poverty should be solved.[2]

While a Tax Working Group (2010) and a Welfare Working Group (2011) were convened to give the government advice, they were instructed not to look at benefit levels or tax/benefit interface issues as they affected families and individuals. The outcome was predictable: more complexity, more use of food banks; entrenched child poverty, homelessness, and poor educational and health outcomes (Dale et al., 2014).

In the meantime, New Zealand might celebrate that it already gives some part of the population a basic income. Moreover this basic income is set with adequacy in mind in contrast to usual basic income propositions, so that for those not able to earn extra income, poverty is not an issue.

This chapter suggests that New Zealand has a unique opportunity to initiate a basic income by starting with those over 65. By reframing the state pension, New Zealand Superannuation (NZS), as a basic income, the voting public can become more aware of its advantages for that part of the population and become more attuned to accepting the principle of basic income for other groups. The very reframing of NZS may also enable the necessary redistribution to other age groups and children, to allow them to enjoy some form of basic income themselves, and to alleviate existing poverty.

Background to New Zealand Superannuation

When the government introduced National Superannuation in 1977, it was much more generous than the previous age pension arrangements. Between 1977 and 1985, National Superannuation was fully universal, as now, and while the relativity to the average wage was reduced from its initial 80 percent for a married couple, it was always higher than the rate for “welfare” benefits.

While there was no income test for National Superannuation, the top personal tax rate was 60 percent, and then 66 percent between 1982–1986 when a 10 percent tax surcharge was imposed. This meant that top income retirees could retain net, only 34–40 percent of the pension, with the tax system effectively clawing 60–66 percent of it back from those who were still in well-paid jobs, or in receipt of substantial other income. Universal pensions and progressive taxation went hand in hand.

In 1985, in a very controversial move, and despite its pre-election promise not to reduce the state pension, the incoming Labor Government imposed a surcharge of 25 percent on all other income over an exempt amount. This surcharge had the effect of recovering the full amount of the state pension from high earners. When the top tax rate was reduced to 48 percent in 1986, and later to 33 percent in 1988, the surcharge effectively acted as a substitute for more progressive taxation for those in receipt of the universal pension.

The National party was elected in 1990 and, despite promising to repeal the surcharge, effectively intensified means-testing of the pension, now called New Zealand Superannuation. As announced in the 1991 Budget, NZS was to be made into a welfare benefit, with a strict income test as applied to other welfare benefits (St John, 1992). The policy was deeply unpopular and was abandoned before it began. In a policy U-turn, the surcharge was again reinstated, but at a more stringent level. However, by its last year—1998—the threshold of exempt income for the surcharge had become more generous and the rate of clawback was only 20 percent. By that point, only 16 percent of

Table 5.1 Income tax rates in New Zealand

Taxable income	*Marginal tax rate*
0–14000	10.5
14000–48000	17.5
48000–70,000	30
70,000–	33

pensioners were affected and only the top 5 percent of these had all of their net NZS clawed back (Periodic Report Group, 1997).

While the surcharge was complicated and contentious, it performed a useful cost-saving function without imposing hardship. Some better-off retirees did not bother claiming the state pension, and most of those still in high-paid work received little after-tax benefit from it. The fiscal cost of abolishing the surcharge in 1998 was estimated to be NZD$400m, or 10 percent of the net cost of NZS. This indicates that the surcharge created a 10 percent fiscal saving on the net cost of NZS (Periodic Report Group, 1997, p. 48). By the end of the 1990s, the state pension was again fully universal and for a brief time, the better-off paid only a maximum of 33 percent tax on it. When Labour was elected in 1999, the top tax rate was raised to 39 percent, but even so, the top earners retained 61 percent of the gross NZS.[3]

On 1 October 2010, the National Government reduced the top personal tax rate back to 33 percent while raising the rate of GST from 12.5 to 15 percent. The New Zealand tax rates are set out in Table 5.1.

New Zealand Superannuation and the Basic Income Concept

In many respects NZS already resembles a very effective basic income. Everyone over 65 that meets a simple residency test of ten years with five of those over age the age of 50, is paid a universal wage-linked pension. As a universal pension provided on residency grounds, not contributions records or work periods, it has been outstandingly successful, along with high rates of home ownership, in preventing "after housing costs" poverty among most of those over 65. Those over 65, in fact, have the best living standards profile of any age group in New Zealand with low rates of significant hardship (Perry, 2014, pp. 28–29).

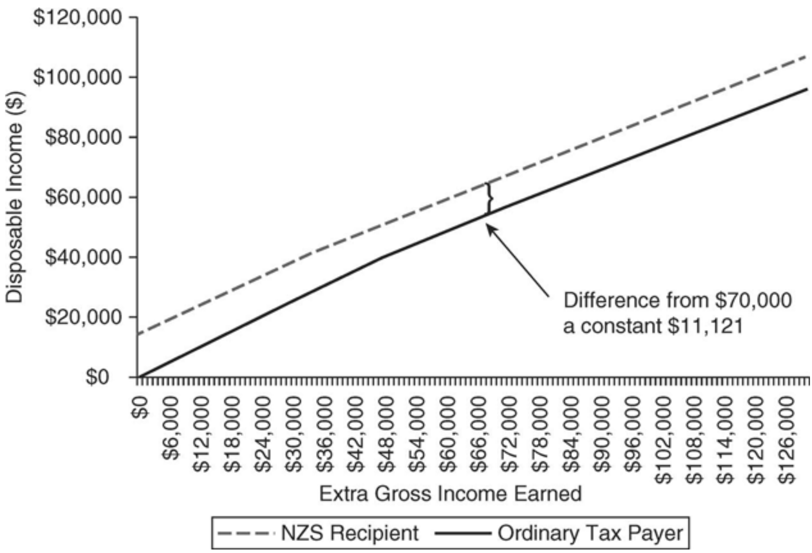

Figure 5.1 The current situation for a married superannuitant: Disposable income with NZS

Source: NZ Treasury costings St John, 2015.

Figure 5.1 shows the current disposable income of a married superannuitant compared to an ordinary taxpayer (using the tax rates in Table 5.1). In 2014, if there is no other income, the gross amount of NZS is taxed at the lowest tax rate and net disposable income is NZD$14,677 for a married person (see intercept on vertical axis in Figure 5.1). For a superannuitant with enough other income to be in the top tax bracket, disposable income is increased by the net amount of NZS after tax at 33 percent or NZD$11,121. Thus high-income superannuitants retain at least 67 percent of their gross NZS: at levels of other income above NZD$70,000, a married NZS recipient receives NZD$11,121, more disposable income than non NZS people above that income level.

NZS does not have a contributory basis, is gender-neutral and, in principle, is marriage neutral as it is based on an individual entitlement. The rates however are affected by living arrangements and marital status, see Table 5.2. Thus NZS is like a basic income in many respects except that NZS itself is taxable income. Like a genuine unconditional basic income NZS does not discourage saving or working since it is not income- or asset-tested, and there is no requirement to actually retire from work. There is a degree of clawback through

Table 5.2 New Zealand superannuation and jobseeker support at April 1, 2014

Category	*% Net average wage*	*Annual rate*		
		NZ$ (gross)	*Primary Tax*	*33% Tax*
NZS Single, living alone	43	\$21,932	\$19,080	\$14,692
NZS Single, sharing	40	\$20,154	\$17,612	\$13,503
NZS Married person or partner in civil union or de facto relationship (each)	33	\$16,600	\$14,677	\$11,121
Jobseeker Single, 25+ years		\$12,147	\$10,871	
Jobseeker Married, civil union, or de facto couple (with or without children) (each)		\$10,122	\$9,059	

Source: Work and Income website: http://www.workandincome.govt.nz/.

income taxation, but this is a modest degree only. In after-tax terms, those on top tax rates retain around 75 percent of the pension that low income people retain.

Unlike Australia, New Zealand has minimal tax-based incentives for private provision. Prior to the introduction of KiwSaver in 2007, saving for retirement was treated no more favourably than saving in a bank account. KiwiSaver has modest incentives, but New Zealand spends very little on this hidden form of subsidization of saving. It has been estimated that if Australia eliminated its tax incentives it could afford to pay all citizens the Age Pension free of any means test. It is therefore understandable that New Zealand has retained and fiercely protected the universal character of NZS. Nevertheless, such universal payments would usually go hand in hand with suitably progressive taxation.

Fiscal Pressures and the Ageing Population

The fiscal cost of NZS, in net terms, is relatively low in international terms at around 4.1 percent of GDP today rising to 6.1 percent in 2050 and just 6.7 percent by 2060.[4] While this appears to be a modest increase, there are associated fiscal pressures from an ageing population, including healthcare costs, that make this picture less benign (New Zealand Treasury, 2013). Under existing policy settings, the costs of retirement income, health, and welfare for the rapidly growing older population rise markedly over the next decades both in absolute terms and relative to other state spending. While there may be debates about whether the increasing costs are manageable, they may entail the opportunity cost of other more desirable spending, at least at the margin.

While increasing the age of eligibility for NZS has been the most discussed lever to reduce costs and is widely seen as necessary for fiscal sustainability, raising the age moves us further away from the basic income concept for the whole population. The Retirement Commissioner has reinforced the need for an age rise in the last two three-yearly reviews of retirement incomes policy (Retirement Commission, 2010, 2013). Yet this is not the only policy lever available to improve affordability, nor is it necessarily the most equitable.

If the age of eligibility for NZS was raised over time as it will be for the age pension in Australia, where it is expected to be 70 years by 2035, such a policy is likely to be justified by improved longevity. Unfortunately such a statistic is based on the average experience, around which there is a wide disparity of outcomes. The policy would affect a large minority of retirees[5] who cannot support themselves either by work or savings until the new higher age is set. Without a reform of the welfare system, they may require a form of unemployment benefit or invalid's benefit. Under current rules and stringent income testing, they could exhaust their assets and savings in the period before they get access to the state pension.

While some raising of the retirement age may seem inevitable to reflect improved average longevity, greater participation in the workforce, and to align with other countries, such as Australia, the basic income movement should resist it. A properly designed basic income would remove some or all of the advantages of the pension by taxes on high income people. If such a person lost income they would still have the security of a basic unconditional income floor.

Intergenerational Equity Concerns

As noted the tax regime is not very progressive and sits oddly with the provision of a universal payment. Some wealthy recipients of NZS may still be in well-paid work[6] and/or have other large private incomes and assets. Some of this group may have accumulated their wealth with tax-free capital gains and may have gained substantially from the 2010 income tax cuts and lower Portfolio Investment Entity (PIE) rates of tax on their financial investments.

Working age welfare benefits are indexed to inflation alone so that, over time, the gap between these and NZS will continue to grow. Projections show that under current policy settings, spending on welfare benefits and other provisions that affect the working age population, such as Working for Families tax credits, decline markedly as a proportion of GDP while spending on NZS and health increases (New Zealand Treasury, 2013, p. 16).

In the context of the overall population, the net NZD$11,121 of NZS paid to the wealthiest married superannuitant (Table 5.1) is more than the net Jobseeker Support of NZD$9,059 (annualized) paid to an unemployed married adult. The current net gain to single sharing and single living alone wealthy superannuitants is even greater: NZD$13,503 and NZD$14,692, respectively, compared to NZD$10,871 (as an annual rate) for a single person on Jobseeker Support.

When working-age families are taxed to pay universal pensions to many who are still working in well-paid jobs and appear much better-off than they are, intergenerational equity and fairness may be questioned. The argument for cost containment may become compelling in the next two decades as increasing numbers of baby boomers reach retirement with ever larger, subsidized KiwiSaver lump sums (St John, Littlewood, & Dale, 2014) and qualify for NZS, which under the pay-as-you-go system must be funded by current taxpayers.[7]

The Rate of NZS

Currently the rate of NZS is adjusted annually by changes in the CPI or the net average wage. CPI adjustment of NZS occurs unless the couple rate of NZS falls below 66 percent of the net average wage. Projections show that fiscal savings from indexing the annual payment of NZS to inflation rather than wages would lead to significant long-term savings (New Zealand Treasury 2009). The real spending power of NZS would be protected, but the rate of NZS would fall relative to average wages.

However, the baby boomers now aged 49–69 are very diverse in both health status and resources. Many are not well-off, and some have lost money in New Zealand's finance company meltdown and/or the leaky home fiasco or the Christchurch Earthquake. Others have suffered through divorce and ill health. As Perry (2014, p. 170) reports, the great majority of older New Zealanders (aged 66 and above) are very dependent on NZS and other government transfers for their income: 40 percent have virtually no other income source; the next 20 percent receive, on average, around 80 percent of their income from NZS and other government transfers.

The level of NZS needs to be high enough to prevent hardship and it does that for most, particularly for those who are home-owners, though some pensioners clearly still struggle. For a healthy retirement that allows participation in society, O'Sullivan & Ashton (2012) calculated that about another NZD8,000 net a year per person (2012 NZ dollars) is needed. This suggests that the current level of NZS as a long-term support for people over 65 with no other income is far from generous. Therefore, reducing either the level of NZS or the relativity to wages over time may undermine the desirable achievement of low hardship rates for the 65+ group.

There is however strong case to be made for rationalization of the three different rates for NZS. As shown in Table 5.2, there is a married rate, a single sharing rate at 60 percent of the married rate, and a single living alone rate at 65 percent of the married rate in net terms. The different rates are historical and they are unsuited to a modern world of flexible living arrangements and relationships (St John, MacLennan, Anderson, & Fountain, 2014). As previous Retirement Commission or Periodic Report Groups Reviews (e.g., 1997, 2007, 2010) have noted, these differences are hard to justify.

There is a case therefore to pay the same flat rate to everyone, set somewhere between the married person and single sharing rate as befits a basic income approach. The elimination of the living alone rate may create additional complexity for some. Importantly, the Accommodation Supplement could be adapted to assist with high housing costs independently of whether superannuitants are sharing or living alone.[8] Whether or not there is a separate rate for living alone, the alignment of the married and single rates appears justified. To save costs without direct cuts the single sharing rate could be frozen until the married rate catches up with normal annual adjustments. Alternatively, a new rate could be struck between the single and married rates. A single rate based on the individual, moves the pension more in the direction of a universal basic income.

The above discussion illustrates how the current arrangements already have many of the characteristics of a basic income.

Making NZS a Basic Income

Currently NZS is paid gross of tax and a superannuitants total income aggregated for tax purposes. In effect the situation is as is portrayed in

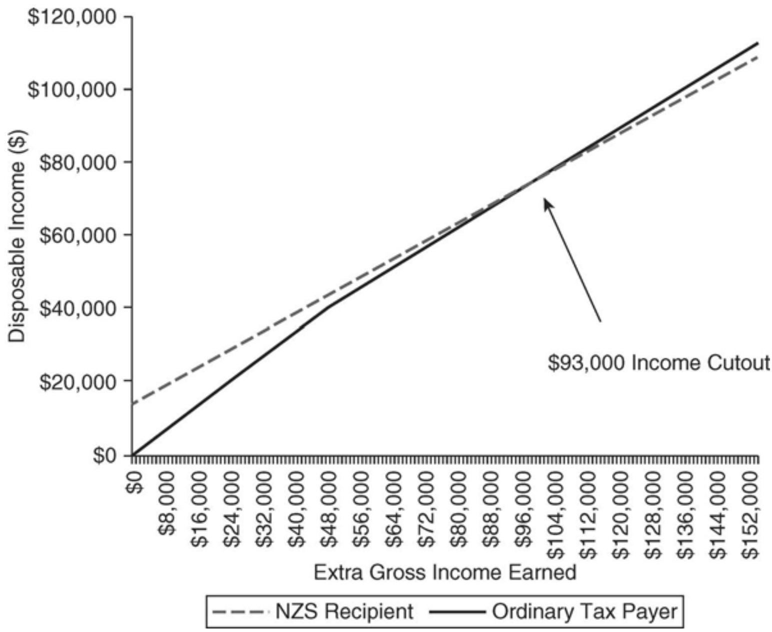

Figure 5.2 Scenario 1: Basic income for all of $14,677 and a flat tax of 39 percent on other income

Figure 5.2, and people on high income would have their NZS taxed at their own marginal tax rate of 30 percent or 33 percent. In principle, we could view the current system as giving an additional net income of NZD$14,677 to a married person at low incomes, reducing gradually to NZD$11,120. It would be confusing to try and work out and pay the correct amount for every person, but this is achieved automatically through a total tax approach.

To "make the lines meet" in the first figure, Figure 5.1, a "negative income tax approach" could be used. In the past, when the surcharge operated, such an approach was suggested as a sensible rationalization (St John, 1991) and discussed further in St John (2013). This reform option means that the flow of tax to the Inland Revenue Department (IRD) on gross NZS and other income, and the surcharge paid by a superannuitant, is offset against the gross NZS payment from the IRD. Money would flow one way only. The value of this approach is a simplification compared to the very confusing way the surcharge operated as described above.

The basic income approach may be simpler to implement and understand. The basic income, named here the New Zealand Superannuation Grant (NZSG), would be paid to all superannuitants as a weekly non-taxable grant.[9] Then, for any other gross earnings or other income, a separate tax scale would apply for each additional dollar. For illustrative purposes it is proposed that the NZSG is the same for everyone (married, single sharing, single living alone) and any extra supplement for high housing costs would be part of the welfare system.[10] While the NZSG could be set at any level, Figure 5.1 shows it as equal to the current (after-primary tax) rate of NZS, that is, NZ$14,677 for a married person.

A separate tax scale could mimic the outcome in Figure 5.1. The new tax scale could however be designed to so that the top line eventually meets the bottom line in Figure 5.1. The cost saving may reduce the degree to which the other two main levers of raising the qualifying state pension age or reducing the rate of payment are used to save costs. As suggested above, both of these mechanisms may impact unfairly on those least able to manage. In contrast, only those with significant "other" incomes will be affected markedly by using this tax lever for reform.

A break-even point exists (Figure 5.2) where the NZSG, plus extra income from work or investment, net of the new tax rate, is equal to the disposable income of an ordinary taxpayer paying the usual rates of income tax. This point is effectively where the gain from the NZSG has been effectively clawed back or offset by the new tax. Any over-payments of tax by high income people could be claimed back at the end of the income tax year.

This proposal is technically different to the surcharge of 1985–1998 because the NZSG payment is not part of taxable income. The surcharge was exceedingly complex, applying until the net advantage from NZS was equal to the surcharge paid, and could mean different end points (when NZS had been fully clawed back) for different taxpayers. Few could follow the calculations. The surcharge was also perceived as an additional, discriminating tax that could result in marginal rates of tax exceeding 50 percent (see St John, 1991, for further discussion of how the surcharge worked).

NZSG has the further advantage that, as a non-taxable grant, it is consistent with receiving a private annuity that is also not considered to be taxable income under the TTE[11] regime for saving for retirement that New Zealand has adopted. If future-focussed decumulation policies require encouraging the translation of KiwiSaver lump-sums into an annuity or into an add-on to NZS, the NZSG approach provides a consistent treatment.

Under the NZSG, an individual could either opt for the NZSG and the new tax scale for all other income, or wait until the end of the tax year and take any NZSG due as a rebate. About 40 percent of retirees who have no additional income would notice no difference. For high-income earners, whether that income is earned from paid work or from investments, the new tax scale would not remove their right to the basic income floor of the NZSG if other income reduces or disappears. Thus, the NZSG is the prototype of a basic income that provides automatic unconditional income security as of right.

The breakeven point is very sensitive to the tax rate chosen or, in the case of a tiered tax schedule, to the highest rate of the schedule. An sample scenario is depicted in Figure 5.2 with a flat tax at 39 percent on other income. The breakeven point occurs when the NZSG recipient's "other" income is NZD$93,000. If a recipient of NZSG receives more than NZD$93,000, then it would be rational for them to either forego the NZSG and be treated as an ordinary taxpayer, or to apply for a refund of any tax overpaid on income above NZD$93,000 at the end of the year. Given that for 80 percent of NZS recipients, NZS provides at least 55 percent of their income (Perry, 2009), a tiered structure may be useful to give some relief to those with limited extra income. In a tiered scenario, with rates of 17.5 percent for the first NZD$15,000 of other income, and 39 per cent on each dollar above that, the breakeven point in this case would be much higher than in Figure 5.2, at NZD$147,000.

As with the flat rate example, at an end-of-year adjustment, a rebate would arise if an individual earned less income than the breakeven or cut-out point, and did not choose to take weekly payments of NZSG. It is likely that some wealthy people would not bother to receive the NZSG, as happened with the surcharge, however they would have automatic entitlement if they needed it at any point.

The breakdown of annual losses in disposable income relative to current settings is shown in Table 5.3 for the two scenarios depicted in Figures 5.1 and 5.2, at bands of extra income earned. There are losses for superannuitants with small amounts of additional income, but these may be compensated in other ways, or minimized as in the two-tiered tax approach of Scenario 2.

Table 5.3 Costing the savings under different assumptions

Tax year	*Scenario One (%)*	*Scenario Two (%)*
a. The NZSG is the net married person annual amount for all		
2010–11	22	14
2011–12	23	16
2012–13	26	18
Average of three tax years	**24**	**16**
b. The NZSG is the net married person annual amount for all married individuals and the net single sharing NZS annual amount for all single individuals		
2010–11	16	8
2011–12	17	9
2012–13	20	12
Average of three tax years	**18**	**10**
c. The NZSG is equal to the rate that the individual is eligible for under current system, i.e., married person, single sharing, or single alone rate		
2010–11	16	6
2011–12	17	7
2012–13	20	10
Average of three tax years	**18**	**8**

Source: NZ Treasury costings, St John, 2015.

Avoidance Issues and the New Zealand Superannuation Grant

The NZSG would be far less complicated than other forms of clawback, such as the surcharge, a welfare-type means-test directly on NZS, or even a negative income tax approach. As with any targeting regime, an increase in the degree of targeting will result in some avoidance activity. New Zealand's past experience shows that opportunities and incentives for tax avoidance were features of the history of the surcharge. It must be noted here, however, that the NZSG proposal is not nearly as harsh as the welfare means-test that applies to rest home care subsidies or welfare benefits, or the means-test applied to the age pension in Australia. It provides a gentle clawback using the principle of progressive taxation that, it can be argued, is the natural counterpart of universal provision.

Another concern may be that the NZSG would need to be carefully packaged so as not to adversely influence the decision to save. This, of course, would be much more of a problem with a full means-test including an asset-test rather than the proposed income-test operated through the tax system.

The integrity of the NZSG approach would require that the top PIE rate be aligned so that, for the two scenarios given, the top NZSG PIE rate would be 39 percent instead of the current 28 percent. Alternatively, gross PIE income could be included as "income" to be taxed at 39 percent less than the tax already paid by the PIE on the member's behalf (similar to the imputation regime).[12]

The same argument applies to income earned through trusts, companies, and overseas vehicles.[13] Treatment of current annuities and defined benefit pensions raise other complex but not insoluble problems. In the past, such annuities were apportioned as 50 percent capital and 50 percent as income for surcharge purposes. There may also be other opportunities. If, for example, there was a desire to encourage annuitization, an annuity to a limited value could be treated the same as the NZSG grant instead of apportioning 50 percent as income as a means of making it attractive to middle-income people in the absence of compulsory annuitization (St John, 2015).

Costing

The fiscal saving possible by using the NZSG depends on the decision about the alignment of rates and, critically, on the tax rates chosen. If the degree of targeting was similar to the surcharge as it operated at the end of the 1990s, savings in the order of 10 percent or more could be expected (currently NZD$1.2 billion of gross NZS or around NZD$1 billion net NZS). In modelling the saving from scenarios One and Two, costings undertaken by the New Zealand Treasury[14] are presented as a percentage of aggregate net NZS expenditure under the current NZS regime in that year. Scenario One assumes the alternative tax regime is a flat tax rate of 39 percent on non-NZS taxable income. Scenario Two assumes a tax of 17.5 percent on the first $15,000 of taxable income and 39 percent above that. Costings are run over three consecutive March-end years' 2010–2011, 2011–2012, and 2012–2013 to ensure consistency.

The assumptions used by the Treasury are that:

- All eligible people elect the option that delivers the higher disposable income, even if only by NZD$1 per annum. In other words, the only people who turn down the NZSG are those whose non-NZS income exceeds the breakeven point, where they would end up with the same disposable income under either option.

- There are no behavioural responses, in particular, no change to labor supply or average hours worked by eligible superannuitants.

The true cost to the government of providing the public pension is the aggregate net (after-tax) NZS expense. Relative to its value in each year, costed under the NZS and personal tax regime existing in that year:

- Scenario One (39 percent tax on all other income) produced overall savings of 22 percent, 23 percent, and 26 percent, in the three consecutive years, respectively; and
- Scenario Two (17.5 percent of first NZD$15,000, 39 percent on balance) produced overall savings of 14 percent, 16 percent, and 18 percent, in the three consecutive years, respectively.

These figures assume an immediate adjustment of all rates to the married rate of NZS. In practice, the alignment of the rates would be phased in over time and the savings would increase more gradually. The costings also take no account of the additional supplements required by many of those living alone with high housing costs. Over time, as the baby boomers swell the numbers over the age of 65, savings will likely increase. This will be reinforced in Scenario Two if the threshold for the second tax rate is unadjusted for inflation.

The rate of NZSG could be set anywhere between the single sharing and married rate. If the rates were immediately aligned to the single sharing rate by raising the married rate, there would be much less saving. However there would be little justification for taking this more expensive route to align the rates. A range of costings for each tax scenario using different assumptions about the rate of the NZSG is summarized in Table 5.3. The comparisons in Table 5.3 suggest that even if the single and married rates are not aligned so that no one has a reduction in their net payment (Option c. in Table 5.3), worthwhile savings are possible even with Scenario Two, which provides the more gentle clawback.

If the living alone rate is reduced to single sharing rate (Option b. in Table 5.3) more savings are possible (3 and 2 percentage points under Scenario One and Two, respectively), but there are extra costs of accommodation assistance to account for. Options a and b have no separate living alone rate: savings are 6 percentage points higher when the single sharing rate is eliminated as in option a. The large saving under either tax scenario suggested by option a would only materialize once the married and single rates were aligned to the married rate, and this may take some time.

Conclusion

This chapter has examined the way in NZS may be reframed as a basic income in a simple manner that also saves some costs while affecting only high-income recipients. If meaningful savings can be generated immediately, this will help address the needs of the working age population without increasing poverty rates among the old. It may also be seen to release funds to move reforms in a direction compatible with a move to basic incomes for many more groups in society, and may, for example, lead to a lowering of the age for the state pension rather than a rise in it.

This preliminary analysis suggests that a basic income approach for those over 65 is both possible and non-radical. Using a separate two-tiered tax scenario, freezing the single sharing rate so that over time there is alignment with the married rate, eliminating the living alone rate, and increasing supplementary assistance for accommodation costs where needed is a simple way forward. This will also give worthwhile and immediate savings of over 10 percent of net NZS. Savings should then increase gradually over time.

Older people will be able to continue to balance paid work and income security and non-paid work in the community as they choose. The tax scale that achieves this and at the same time saves money does not involve particularly high marginal tax rates and should have a small effect only on the decisions to work extra hours or save our of disposable income. Tax avoidance is a problem now and is unlikely to be made worse. Nevertheless attention to tax avoidance issues would be helpful and desirable.

These fiscal savings are possible without imposing hardship or affecting those with modest amounts of additional income and can be achieved relatively sooner compared to raising the eligibility age with an appropriate lead-in time. The inevitable increase in the eligibility age to reflect improved longevity could be more gradual, which would reduce the disadvantages for individuals who, given the arduous nature of their employment, may expect to retire from work earlier than others.

The proposed NZSG simplifies the treatment of relationship status by paying a single rate of NZSG for all. This should encourage the view that policy in the welfare system should also be marriage neutral and lead to more acceptance of the basic income ideas. The proposed change would decrease the fiscal cost of NZS through reductions in payments to high income superannuitants, and thus allow more spending or lower taxes for younger New Zealand taxpayers. It could help pay to make financial assistance for children more inclusive and thus reduce the worst child poverty (O'Brien & St John, 2014). It may therefore lead to improved perceptions of inter- and intra-generational equity and facilitate an expansion of basic income ideas. Over time, it may be possible to put selected groups, such as sole parents with young children, those involved in community or artistic work, and older unemployed on a basic income with the same tax scale as for older people who receive the NZSG.

Notes

1. See the calculator provided for the Big Kahuna at http://www.bigkahuna.org.nz/calculator/personal.aspx.
2. There are many references that discuss this (O'Brien & St John, 2014; St John, 2006a, 2006b, 2006c, 2008, 2011, 2013; St John & Craig, 2004; St John & Dale, 2010, 2012).
3. The increasing prevalence of tax avoidance in the decade following the increase in the top marginal personal tax rate suggests that many top income earners would have retained more than 61 percent. See Inland Revenue Department (2008) for a discussion of this trend.
4. These percentage changes rely on assumptions about GDP growth and labor market participation rates as projected in the Half Year Economic and Fiscal Update (HYEFU) *NZS Fund model, worksheet NZS expense – History & Future* (New Zealand Treasury, 2014).
5. For example, many physical workers such as builders, labourers, caregivers, nurses, and teachers.
6. See Pension Briefing 2014, *Updating data on older workers* (Retirement Policy & Research Centre, 2014).
7. NZS is partially prefunded, but the New Zealand Superannuation Fund (NZSF) in itself does not itself make the cost of NZS any less, and the accumulation in the NZSF has opportunity costs.
8. The means-tested Accommodation Supplement is currently already accessed by 5.6 percent of those over 65 (Ministry of Social Development, 2013). This payment could be further adapted for the over 65 group.
9. Paying the pension as a non-taxable grant and a progressive tax on other income makes the pension analogous to other universal payments or provisions such as the old Family Benefit.
10. Over one quarter of superannuitants get the single, living alone rate. Of these, many would continue to require a supplementary payment

to reflect higher costs. A suitably modified accommodation supplement may be required.

11. TTE refers to the tax regime New Zealand has adopted for all saving contributions made out of after tax income (T), earnings taxed in the fund (T), and withdrawals tax-free (E).
12. There is a case for using a consistent definition of taxable income for everyone, not just superannuitants. Thus extensions to the definition of taxable income, such as apply in Working for Families, might capture other possible avoidance activity.
13. The issues around the need for an overall reform of these vehicles so that they are taxed at the individual's appropriate marginal tax rate are explored in Chamberlain & Littlewood (2010).
14. The author thanks Mathew Bell of the New Zealand Treasury for this assistance

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CHAPTER 6

Consumption Smoothing with Basic Income: The Role of Administrative Loans

Richard Denniss and Tom Swann

Introduction

Concerns about social and economic impacts of recent austerity policies have reinvigorated debates about a "basic income" (BI). BI is a transfer payment given to all without conditions of labor sufficient for a certain reasonable standard of living. The long-running BI debate, however, has tended to overlook an important but related issue: the need for low-cost credit options to those on low incomes. A wide range of arguments have been offered in favor of BI. As Standing (2008, p. 1) suggests, a BI helps in "combatting poverty and economic insecurity," by promoting job-searching and skills development. A more radical recent argument by Monnier and Vercellone (2014) sees BI in terms of being attached to social rights. This is highlighted in their statement, BI as the "counterpart to social labor that is not remunerated today," and hence not welfare but "a new universal and unconditional right" (Monnier & Vercellone, 2014, pp. 60–61).

Critics of BI point to ethical concerns about unlinking income from work, economic concerns about incentives and productivity, and the cost to government budgets (Watts, 2002). Hence BI advocates must contend, for example, with the "radical tax reform" needed to fund a BI system (Monnier & Vercellone, 2014, p. 61). This chapter does not aim to assess the debates about BI directly; rather, it aims to extend the concerns present in this debate to a proposal that has received less attention: a government-provided "basic loan" service. Indeed simple forms of such a service already exist in many countries. Such a service could be reformed or expanded to enhance welfare, whether as part of a BI income payment, or independent from such a proposal. Political constraints on the size of BI payments mean such payments are likely to remain lower than needed to cover the costs of a socially desirable standard of living. Similarly, BIs that are set close to cost of living are likely to be insufficient to cover all of those costs over time when costs are "lumpy." All individuals face uncertain expenditure needs that can vary greatly over time. When an individual's income closely approximates ongoing expenditure even a small one-off expenditure shock can have large and ongoing welfare impacts. For this reason, access to credit is welfare enhancing individually and socially. Increasingly it is seen as important policy goal in its own right. The question arises how best to provide such credit. Private credit options can be difficult to access or problematic for those on low incomes. Significantly, access to low-cost credit is usually contingent on ownership of assets (such as housing), which low-income earners are less likely to possess. Low-income earners are more likely to be excluded from mainstream forms of low-cost credit, making it difficult to "smooth" their consumption over time. Moreover, sources of credit that are available to low-income earners are likely to be high cost, meaning repayments represent a higher burden on recurrent budgets. This increases risks of hardship following an expenditure shock. Repeat borrowing therefore becomes attractive in the short term but expensive over time. Such behavior poses risks ongoing financial hardship, rather than smoothed income.

This chapter argues that the problem of access to low-cost credit can be addressed at little cost to government through the provision of credit directly through the state's existing tax and transfer system. Providing such services through such "administrative infrastructure" is superior to private-sector credit products designed for low-income earners with few or no assets. Providing access to low-cost credit to recipients of a BI may be viewed as an important element of a well-designed BI system.

This chapter begins by outlining why access to credit is important, in particular for those on low incomes. It then addresses concerns about services currently available from the private sector. Focusing on Australia, it outlines the controversy about regulations on so-called payday lending. In short, the policy dilemma is that "borrowing from payday lenders exacerbates poverty, yet many low-income households rely on these loans" (Banks, Gregory, Russell, & Karger, 2015, p. 37).

Addressing this dilemma requires more than regulation; it requires alternative credit options.

The chapter then argues that the state can provide similar credit arrangements on safer and more affordable terms and with lower administrative and debt collection costs. This is due to the "transactional efficiencies" (Stiglitz, 2014) of the existing state information, debt collection, and financial infrastructure. The chapter highlights the range of government loan services exploiting the existing transaction, information, and debt collection capabilities of tax and transfer systems. In particular, the chapter highlights the Australian government loan services already offered by Australia's tax and transfer system. The chapter discusses ways such services may be extended to enhance welfare.

Why Is Credit Important for Those on Low Incomes?

Individual expenditure is neither smooth nor predictable over a lifetime. Some stages of life are more expensive than others, for example, having a child or becoming ill, and some expensive events occur at unpredictable intervals, for example, the need to pay for a funeral, repair a car, or purchase a new fridge. Similarly, those on low and fixed incomes can find it difficult, or impossible, to make small investments that significantly boost welfare—such as repairing a car before it breaks down or installing more efficient heating—or to allow someone to avoid significant ongoing hardship—as in health costs.

While the capacity to manage such "lumpy" and unexpected shocks, or smoothing consumption over time, is especially important to those on lower incomes, such people are least likely to be able to access to affordable credit (Whyley, 2010). Such people may have to turn to higher cost "fringe credit," with associated risks of extended hardship, poverty traps, and stigmatization. Such people can also find it difficult to build up a positive credit history to allow long-term transition to greater "financial inclusion", or access to mainstream services. These impacts on individuals evidently have broader economic and social impacts.

Access to credit to enable consumption smoothing over time or to respond to shocks is increasingly seen as essential to full economic and social participation. It also reflects an important policy goal with macroeconomic and social benefits (World Bank, 2012). Indicators of financial stress include whether individuals are unable to get access to a certain amount of money at short notice for something important (see Australian Bureau of Statistics, 2011). From an economic policy perspective, the question is what is the best way to ensure provision of such credit to low-income earners? This question and our response is at the heart of this chapter.

While the need to make large one-off expenditures can, on average, be built into the calculation of a BI, the random inter-temporal distribution of some such expenditure shocks makes it impossible for a BI payment, deemed adequate for an "average" person, to be sufficient for all people, or for a particular person who experiences such a shock soon after they require BI support. While incentives or nudges toward savings behavior are important ways to prepare people for income shocks, even for a good saver on low income it is not possible to plan for all possible shocks, especially when more than one occurs at a time.

"Payday Lending"—A Market-based Solution to Credit for Low Income Earners

People who need credit but are excluded from mainstream forms of credit—due to low income, poor credit history, or lack of assets to secure against—may have to turn to "fringe lenders" who offer credit with higher costs. Fringe lenders here refers to those offering loans with higher costs to borrowers, available with less strict eligibility requirements (see Andersen, 2011; Karger, 2005; National Australia Bank [NAB], 2010).

Prominent examples of fringe loans are payday loans or microloans, high interest short-term loans typically issued where the lender takes some call over future income, either by a backdated cheque or a direct debit authority (Andersen, 2011; Corones, McGill, & Durant, 2011). Payday loans is the common term for services extending from very small loans issued only to the next payday, hence the origin of the name, through to larger loans issued over many weeks or even months.[1]

While the payday lending sector remains small relative to mainstream financial services, it has grown substantially in many developed countries in recent decades. In turn it has drawn controversy about high costs and examples of irresponsible or predatory lending behavior. For example, the industry "preys on overburdened people" (Pew, 2012, p. 2). As Lewis (2013) suggests, payday lending is the "crack cocaine" of the credit loan sphere. Using the term corrosive, Malbon (2005) goes as far to say that payday lending has a damaging and harmful impact on some of the poorest people. Low income and economically vulnerable people are exposed to the adverse effects of payday lending as this group is significantly overrepresented in the numbers who access payday lending schemes (Ali, McRae, & Ramsay, 2013, p. 413).

Such criticisms have led policy-makers in many countries attempting to regulate or prohibiting certain defined irresponsible lending practices, including limiting the costs associated with lending schemes. These regulations have then attracted ongoing controversy over whether they are onerous or insufficient. In the discussion below, the Australian experience serves as an example of the impact on vulnerable groups.

High Cost Credit When Accessed through Private Payday Loans

Payday loans are notorious for their high costs to the borrower, compared to other forms of mainstream credit. High costs can create considerable challenges, in particular for those on low incomes or otherwise facing financial distress. Calculated as annualized rates of interest, fees and charges on payday loans can reach many hundreds of percent. As payday loans are short term and for small amounts, the fees and charges are often small in absolute terms. Yet, for borrowers on lower incomes or living close to budgetary margins, such fees can impose significant burdens. Consequently, borrowers can be thrown into a never ending poverty cycle in which they cannot escape.

High costs expose low income people to risks, whether of falling behind on other necessary expenditures or of being even less able to cope with a future shock. Moreover, while high cost credit imposes a high repayment burden on low income people, even if used only once, the burden is greater when used repeatedly. Availability of high cost loans may in fact lead lower income people toward an ongoing reliance on such loans. This in turn risks contributing to the entrenchment of poverty and cyclical poverty.

Not all who use payday lending services are on a low income. Indeed, in Australia, as elsewhere, the industry is growing by providing more services to those on middle incomes (Ali & Banks, 2014). Nonetheless, high costs increase the welfare impact over time and risks of debt problems for any customer. Middle-income households can equally face financial stress where obligations approach or outstrip available funds.

Calls for regulation against high loan costs are often based on the idea that the high costs are due to market failure. Ali et al. (2013) argue “the decision to borrow from a payday lender is likely to be based on the borrower's need for credit to be provided expeditiously rather than the cost of that credit" (p. 419). They go on to say there is "lack of evidence as to strong price competition among payday loan providers and the relative inelasticity of borrower demand" (Ali et al., 2013, p. 449). In other words, competitive pressures are weak as consumers seek fast or easy, rather than cheap credit, one reason for calls for price controls.

While payday lenders tend to target markets with high default risk—which could be assumed a source of cost for lenders—a major cause of the high cost of payday loans is the administrative expense of assessing the prospects of a potential borrower, securing information, arranging the loan in line and recovering repayments. Huckstep's (2007) analysis of the finances of some US lenders argued that regulation is critical and should be based on moral obligations and rights, rather than economics:

> Payday lending firms do not always make extraordinary profits . . . the call for regulation should be based solely on principle, moral, or other subjective reasoning—not on high fees. (p. 204)

Similarly, a lending trial commissioned by the National Australia Bank (NAB, 2010) explored the limits to the loans that can be offered while breaking even at a given interest rate. It concluded that larger loans, longer term loans, and larger loan books all enable lower costs. One publicly listed Australian lender claims that the current limits on loan fees means that loans under AUD$500, representing half of its loan book, are "uneconomical"; the company says it "is committed to financial and social inclusion and will continue to offer these much needed products" (Money3, 2015, p. 6).

Repeat Borrowing and Risks

While payday lending is often marketed as a once off "emergency loan," many customers borrow repeatedly, whether in series or in parallel. While existing and publicly available evidence from Australia mostly relates to the market prior to when regulations were imposed on small amount short-term lending (discussed below), this evidence indicates that many borrowers would take out loans either in serial or in parallel to finance recurrent consumption, such as bills, rent, or groceries (e.g., see Banks, Marston, Karger, & Russell, 2012; summary in Commonwealth of Australia, 2012).

Repeat use of payday lending services is an expensive way to smooth income and consumption over long periods, particularly for those on low incomes. However, repeat lending is a prominent feature of the industry (Ali et al., 2013). One industry representative told a Joint Parliamentary Committee that the industry is dependent on refinancing opportunities, as noted in their narrative: "in part—whether good or bad; but this is an economic fact—on some form of rollover or refinancing opportunity" (Ali et al., 2013, p. 430). The CEO of a large US payday lender is reported to have said "the theory in the business is you've got to get that customer in, work to turn him into a repetitive customer, long-term customer, because that's really where the profitability is" (Johnson, 2010, p. 5). To this extent, the industry may have some power to create some demand for their services.

Regulations and the Need for Alternatives

As in other jurisdictions (including the United Kingdom and states in the United States), the Australian government has implemented regulations on the small-amount short-term credit industry. This includes limits to costs and terms, constraints on repeat lending and lending to welfare recipients, and the definition of responsible lending requirements. Responsible lending requirements include assessing the loan as "not unsuitable" given the stated purpose and financial situation, and that it will not create hardship given expected income and expenditure. This must all be checked against documents such as bank accounts. Significantly, as demanded by industry, many of the responsible lending requirements are "rebuttable presumptions of unsuitability" that lenders can override if they decide the loan will not cause hardship.

The impacts of the regulations are still being debated and assessed. Some researchers argue they are likely contributing to changes in the market and lending behavior (see Ali & Banks, 2014). An early audit by the regulator showed a range of noncompliance problems, including around requirements to keep documentation about when and why the presumptions of unsuitability had been rebutted (Australian Securities and Investments Commission [ASIC], 2015). Those who say the regulations are insufficient point to the role of industry lobbying in weakening earlier proposals for stricter caps on fees and tighter restrictions on loans (Ali & Banks, 2014). As well as increasing costs, the changes increased regulatory complexity. For example, rebuttable presumptions of unsuitability replaced original proposals for strict exclusions on loans in certain contexts. This likely makes enforcement more difficult and assist regulatory avoidance on behalf of both lenders and borrowers.

Industry spokespeople, on the other hand, argued that the original stronger proposals would push lenders out of the market, depriving some of access to credit. Hence the more permissive regulations were necessary to prevent hardship.

Less often discussed is an industry proposal, offered during the regulatory debate in recognition of the public concerns about the risks posed to such borrowers, to apply the proposed caps could be applied to low-income borrowers (see Smiles Turner, 2011). By extension of the industry argument, this would in effect prohibit private lending to such people and require expanded alternative credit.

Assessing this ongoing controversy, Banks et al. (2015) suggest that "both sides are correct" (p. 37). While "poverty pervades the lives of most payday customers" as shown by their empirical research, "new Australian regulations to temper demand for small, short-term credit is likely to have the perverse effect of exacerbating their poverty—especially when alternative financial resources are not simultaneously made available" (p. 44). For Banks et al. (2015), the rise of the industry must be viewed in the context of rising neoliberalism. Where social safety nets are eroded, and economic risk is shifted increasingly away from the state and onto individuals acting on their own basis in private markets, low-income individuals are increasingly left vulnerable to short-term shocks to welfare that can have long-term negative impacts. For this reason, Banks et al. argue the solution to the problems caused by the industry is not simply stricter regulation. Instead, the solution is "higher incomes and cheaper credit" (Banks et al., 2015, p. 45).

It is clear that the focus on private sector regulation is not itself an adequate response to these issues. If access to small amount short-term credit is limited by regulation, those already most financially excluded will be worst impacted, thus increasing the need for alternatives. However, regardless of views on this question, any full response to these issues requires provision of alternative credit. As outlined in a Commonwealth Government Treasury discussion paper (Commonwealth of Australia, 2012), provision of alternative credit on more affordable and less risky terms is central to the range of policy approaches to this issue. Similarly, National Australia Bank called for government support for "microfinance alternatives that will provide fair, affordable and competitive small amount loan alternatives" (NAB, 2014, p. 4).

The Government as an Alternative Short-Term Lender

When considering how to provide alternative credit, there is a strong positive argument for government provision, not simply through support and grants to lending bodies, but lending directly through existing administrative infrastructure. An alternative to, and augmentation of, existing market-based solutions to credit provision for low-income earners is the provision and collection of unsecured loans through the existing tax and welfare infrastructure of the developed nation state. Put simply, the state is able to provide alternative credit in many cases at lower cost than other providers. Moreover, many governments already do provide such services, helping people smooth incomes over time. This following section focuses on the Australian example.

The Australian government already provides short-term, small loans at zero interest to welfare recipients. Centrelink, the welfare agency that offers them, calls these loans "advances" rather than loans (Centrelink, 2015). While Treasury (Commonwealth of Australia, 2012) discuss Centrelink's "advances" as alternatives to loans, in economic terms they are indistinguishable from a loan.

Under the existing Australian social security scheme, welfare recipients can request an advance, in some cases up to AUD$1100, through the Centrelink website, smartphone application, or by phone. Eligibility is assessed automatically according to how recently an advance was given as a fixed volume of advances is permitted in any six months period. The advance is deposited into the recipient's bank account. Repayments are deducted automatically from the recipient's future welfare payments over three months, without interest.

Other jurisdictions also offer more restrictive forms of welfare advances. New Zealand (Ministry of Social Development, 2010) offers advances for purchase of specific items, which it arranges on the recipient's behalf, presumably increasing transaction costs. The United Kingdom allows welfare recipients to receive an advance while their payment eligibility is being processed, which is repaid once payments begin (Citizens Advice, 2015).

The Low Cost of Administrative Lending

The most significant advantage of the government is the ability to offer such services at low cost. Welfare advances can be thought of as "administrative loans" in that they allow recipients to bring forward income purely by utilizing the existing administrative infrastructure of the state for processing, payment, repayment, and debt collection tasks. Administrative loans exploit the "transactional efficiencies" (Stiglitz, 2014) that flow from accessing the economies of scope that flow from utilizing the administrative infrastructure of the state for multiple purposes.

While an overview of the theoretical and applied benefits of administrative banking is provided in Denniss (2014), the features of administrative lending, and indeed the existence of such loan services, have largely escaped the attention of economics literature.

When the information and administrative infrastructure associated with a national tax/welfare system are viewed as the fixed costs of a broad-saving and loan-transaction system, the "economies of scope" associated with using such infrastructure for a wider range of financial services become apparent and the marginal cost for some transactions will likely approach zero. Further, when it comes to collecting "bad debts" national tax offices have significant cost, information, and legal advantages over private lenders. In most Western industrial countries it is a crime to conceal income from the tax agency and employers are often required to automatically make withdrawals on behalf of the tax agency. Additionally, governments typically have access to funds at lower costs than private-sector lenders and are able to pool risk across large populations.

The combination of low-cost access to loanable funds with the economies of scale, economies of scope, and low-debt collection costs available to governments implies that governments have the capacity to provide simple transaction and lending services to citizens at lower cost than private sector providers. As discussed below, a wide range of countries, including Australia, the United Kingdom, and federal and state governments in the United States, are already providing a diverse range of administrative loans to citizens. In turn, the development of administrative loans to augment a BI payment is unlikely to encounter significant theoretical, ideological, or pragmatic obstacles.

The Range of Existing Administrative Loans That Currently Exist

While the economics literature has not paid much attention to administrative loans, there are in fact a range of administrative loans offered by governments around the world, as outlined below.

Most of the economic discussion of administrative loans has focused exclusively on income contingent loans. These are loans where repayment is made only when income rises above a certain threshold. The capacity to offer contingent loans enables the state to offer credit for particular purposes without imposing financial stress due to repayments. This in turn provides a macroeconomic stabilizer during downturns.

Such income contingent loans for higher education are now used in many countries, are well described in the literature (see Chapman, 2014; Barr, 2014), and have become an important source of policy innovation proposed for use in other contexts (see Chapman, Higgins, & Stiglitz, 2014). However, there is a much wider range of contingent loan forms, where repayments are contingent on other factors, for example, wealth or age (see Denniss, 2014).

Discussion of such loans typically focuses on the fact that governments can finance particular goods, such as higher education. In such cases, the loans can help resolve capital market failures, for example arising from the fact that private lenders are reluctant to lend without an asset for security. The government can lend against future expected income. However, our argument here is that such loans exploit administrative efficiencies, which is independent from the purpose to which they are put. Indeed, while some administrates loans are provided for a particular use, others, like Australian welfare advances, are provided on a cash basis.

Existing administrative loans exhibit a range of other design features, beyond repayment schedules and purposes. There are a variety of conditions on eligibility for loans, for example, loans available only to farmers or to seniors. Some are offered on an unsecured basis, such as welfare advances. Others are offered secured against assets, such as reverse mortgages. Some incur interest while others are interest free. While there are a wide variety of conceivable loan forms, many are already in operation.

In Australia, in addition to the loans made to welfare recipients made by Centrelink described above, the government offers a range of other administrative loans to citizens. The most widely known, and studied, class of administrative loans in Australia is the Higher Education Contribution Scheme (HECS). HECS loans are unsecured income contingent loans made by the Australian government to fund university fees, with loan repayments made through the income-tax system contingent on income levels (see Chapman, 2006).

A less well-known administrative loan offered by the Australian Government is the Pension Loan Scheme (PLS). The PLS allows wealthy retirees to qualify for an age pension to receive the financial equivalent of pension payments in the form of a loan from the government that is secured against property. Payments are recorded as a debt against the title of the property and repaid on death or the sale of the property. This PLS is essentially a "reverse mortgage" provided by the Australian government at a lower than market interest rate. Strangely, those who receive a full pension cannot use the scheme. Extending the eligibility of the scheme to allow pensioners of all ages to access the loans would provide a low-cost way for pensioners to boost their own incomes (Denniss & Swann, 2014).

Returning again to the global level, internationally, there are a range of property tax or rates deferral schemes in operation that make administrative loans secured against houses. Around half of the states in the United States have such schemes for certain demographic categories (Baer, 2003). There are also examples in other countries, such as Australia, Ireland, and Canada. From an economic point of view there is no difference between allowing someone to defer a tax payment (with the debt secured against their property) in order to boost their disposable income and making a loan to that person (secured against their property) to achieve the same result.

In California there are a range of Property Assessed Clean Energy (PACE) programs allowing home owners, and sometimes commercial building owners, to borrow money from the government, secured against their property, to invest in energy efficiency and solar power. The most high-profile example is called HERO (Home Energy Renovation Opportunity), which loans funds for accredited products (Renovate America, 2014). Repayment is included in the property tax bill. Wheras nationally, some Australian local governments have begun offering similar schemes with repayment through increased property taxes.

These are only a few of the wide range of low cost administrative loan services available around the world. The wide variety, and apparent lack of controversy, provides further empirical support for the argument from transactional efficiencies and low cost of provision. This suggests in turn that the development of administrative loans, whether separate to or in order to augment a BI payment, should not be either complex or politically controversial.

Design Criteria for a Government Credit Option

Any attempt to design an administrative loan scheme to augment a BI payment, or an existing welfare system, would need to be developed with a number of key design principles in mind. In particular, those seeking to design such a scheme would need to address:

1) Who is eligible? Would all BI recipients be eligible or would arbitrary criteria (such as duration of receipt of payment) be applied?
2) What is the maximum repayment that it is politically feasible to collect? Given that BI payments are unlikely to be large and the purpose of credit is to provide income smoothing, the maximum payment needs to be considered in the context of the implied net income for the recipient post repayment.
3) What interest rate should be charged? While options range from zero, as currently offered by the Australian government, to the rate charged by payday lenders, existing income contingent loans have been set according to discounted or non-discounted costs to government.
4) What is the maximum duration of the loan? Maximum repayment times are a function of the choice of maximum loan size, the interest rate, and minimum repayment, although it is possible to set some of those variables by working backward from a binding, but arbitrary, maximum loan.
5) To what purposes will the loans be restricted? While to economists, money is fungible, policy-makers often prefer to impose arbitrary conditions on the use to which loans can be put. Limiting the purposes of the loan will increase administrative costs.

As discussed above, the Australian government already makes, and collects, unsecured loans to citizens through its welfare system. The current scheme includes the following design features:

1) Eligibility is arbitrarily constrained to welfare recipients. While low- and middle-income earners, who do not have assets to borrow against, would also benefit from access to the scheme, they are currently ineligible and must rely instead on significantly more expensive personal loans or credit card advances.
2) Maximum repayment is set for advances on each payment, with the highest at AUD$1100.
3) No interest rate is charged on loans made to welfare recipients. The small size of the maximum loan and the relatively short repayment time ensures that the cost of this concession is

relatively small, especially considering the welfare enhancement available from the provision of the credit.

4) Loan durations are set for three months. While it is possible to shorten the term, it is difficult for the recipient to arrange. Longer periods are not possible.
5) Eligible recipients are unconstrained in the purposes to which the loan can be put. Indeed, there is no application for a loan, rather, individuals simply seek an "advance" against their future payments to which they are automatically eligible.

These design features could be refined in such a way as to enhance the social welfare benefits that could flow from utilizing the transactional efficiencies of administrative loans. For example, loan term, amount, interest, and repayments could be made more flexible. This could be done at low cost through an automated interface according to rules for maximum repayment burdens that a loan may impose. Eligibility could also be extended. This would make it available to those who are eligible but choose not to receive welfare payments, as well as those on higher incomes. The Australian government already offers a highly inflexible "savings service," when it withholds tax without interest before a yearly withdrawal as a tax return. A small loan option could be made available to all with a tax file number through the tax system, just as HECS loans are administered through the tax system.

Similarly, repayments on the loans could be made income contingent. As explained above, this means the existence and amount of repayments depends on income levels. Such a modification improves the ability to smooth income even further without any significant impact on the administrative or debt collection costs. Stiglitz and Yun (2014) discuss the benefits of an ICL for a BI during unemployment, as an economic and equity improvement over the US system, which lacks grant-based unemployment benefits. Similarly, given political constraints on increasing existing grant payments to a desirable level, recurrent income could be increased to this level through "top up loans." Irregular loans for smoothing income could also be issued on an income contingent basis.

Conclusion

Many of the motivations that drive concern for a BI can also motivate concern for provision of a basic loan service. Access to debt finance is important for equity and economic efficiency. But private debt markets are often reluctant to make unsecured loans to low income earners or they do so at rates of interest and on terms that can exacerbate rather than alleviate financial stress.

While public provision of services is often justified on equity grounds, when it comes to the provision, and collection, of unsecured loans to low-income earners, governments with sophisticated tax and welfare systems can often provide lending services at much lower costs than private sector providers. This is because of the economies of scope that result from using existing tax and transfer systems for multiple purposes. The efficient provision of low-cost loans by the state has the capacity to significantly augment a BI system, or indeed an existing restricted welfare system. Significantly, governments around the world are already making similar loans to citizens. All governments with the administrative systems of a modern tax and transfer system should consider extending and refining existing services and consider opportunities for enhancing welfare through new administrative loans services.

Note

1. Longer loans are sometimes distinguished as microloans.

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CHAPTER 7

Paying for a Basic Income

Charles Sampford

Introduction

I became interested in basic income ideas in 1989. I came to these ideas via the issue of effective marginal tax rates (EMTRs) that was raging at both ends of the income scale. The loudest, public, and most forceful arguments were being made by the Centre for Policy Studies at Monash University who were demanding a maximum rate of 39 percent, the same as the then company tax rate (Centre of Policy Studies, 1988). Quieter and less publicized voices (especially from Peter Saunders and the University of New South Wales Centre for Social Policy Research) were putting forward the obvious point that the highest effective marginal tax rates were suffered by low-income workers for whom the tapering of a range of welfare payments could drive the effective marginal tax rates well over 100 percent without even taking into account the costs of going to work (including child care).

It seemed pretty obvious that very high rates at either end of the scale were legitimate causes for concern and that each should recognize the concerns of the other if they were to retain integrity and avoid hypocrisy. It struck me that each would be politically stronger with the support of the other. This risky type of obvious thinking suggested a flat rate of tax and an elimination of the taper on welfare benefits, which meant that every citizen would receive the same welfare entitlements as those on zero income. Paying those needs related entitlements to all becomes a “guaranteed minimum income” (Saunders, 1988), “basic income,” “refundable tax credit,” or “negative income tax.”

I am always fascinated by any idea that is effectively supported by economics professors with starting points as divergent as Ronald Henderson and Milton Friedman. Such concurrence does not constitute proof, but it certainly demands investigation.

Its elegance is philosophically appealing: each citizen would receive a needs related payment by virtue of his or her being a citizen; and each participant in the economy would be taxed an equal proportion from the income he or she earned in their economic life.[1] The efficiency gains are even more obvious. Flat rate tax can be deducted at source in most cases, and there is no need of an expensive and frequently demeaning welfare bureaucracy tasked with determining eligibility. No longer would they have to distinguish between the deserving and undeserving poor (however much some would like them to apply a similar distinction to the deserving and underserving rich!).

Naturally, this proposal is not cheap. Meeting demands that high income earners face lower marginal tax rates costs a great deal. Meeting the legitimate extension of those demands to the much higher number who have a significantly higher effective marginal tax rates might appear to be a task of Herculean proportion.

I sought to address some of the technical and economic issues in the measuring of EMTRs in the literature (Sampford, 1991a) and then addressed the main issues in a long article published in *Law in Context* (Sampford, 1991b). I unashamedly called it "Taking Rates Seriously: effective reductions as the thirteenth labour of Hercules?" (from here on TRS) following Dworkin's famous essay "Taking Rights Seriously" (Dworkin 1977), relying on a common Australian pronunciation of "rights" and the fact that Dworkin's theory was based around a judge called Hercules. It also reflected a core part of the argument there (and above) that, if we were to take rates seriously, we could not confine changes to that part of the income scale inhabited by the proponents or those who funded them.

But the reason why I attempted to write that article (TRS) and am returning to the subject now is that, despite the large numbers involved, the means of achieving the flat rate and uniform means-tested welfare provision is relatively simple.

Fortunately or unfortunately, the only way to do the right thing in one area (EMTRs) is to do the right thing in other areas of tax policy, specifically by tackling what I still see as the two greatest unaddressed problems in the Australian tax regime:

(a) removing the bias against investment in tradable goods and services (which then, as now, I considered to be the greatest problem for the Australian economy); and

(b) the perennial one of making sure that those on higher incomes (and those making significant profits) really do pay their 39 percent (or whatever figure emerges for a flat rate—probably 30 percent to match the company tax rate).

With the first, there is no "wicked problem," merely self-interested resistance to reasonable answers. This is not a problem of "wicked people," but the tendency to adopt ideas that are convenient to perceived self-interest. The second problem was only addressed tangentially in the original paper. The worst excesses of domestic tax avoidance, evasion, and fraud[2] was in the late 1970s and 1980s. The global tax avoidance and evasion that has recently become evident was just being established. My calculations in TRS did not need a clawback from reducing avoidance. As global tax avoidance is dwarfing the domestic problem Australia faced down in the early 1980s (with Treasurer Howard passing retrospective tax legislation for some of the worst excesses), we now have to address the problem.

The hopeful threat of this analysis is that the answer to one problem provides the answer to the other. Indeed, it is only by ensuring that other investment is taxed as heavily as investment in the internationally tradable goods and services sector that we can collect the revenue to reduce the average effective marginal tax rates of lower- and middle-income earners to the figure demanded by higher income earners.

In this chapter, I will briefly review the first problem with Australia's income-tax system (high effective marginal tax rates on low incomes) and the solution (basic income). I will then discuss the second problem (the way our tax system discriminates against the most productive investment and favours less productive investment), some means of addressing it to produce "tax integrity" (a phrase I used in TRS and in the paper I drafted for the Global Integrity Summit).[3] I will then cover some new taxes (including those I advocated then and one I advocate now), then briefly address the issue of tax avoidance before concluding with a suggestion that a global taxation system to collect internationally some taxes that cannot be collected nationally has room for what I called a "Global Minimum Income" or "Worldwide Basic Income."

The First Problem—High Effective Tax Rates on Low Incomes

Complaints about tax have generally focussed on marginal rates paid by higher income earners, rather than the much higher effective marginal rates faced by social security recipients. Most complaints focus on the nominal rate faced by higher income earners. If the problems with the nominal tax rates on high incomes have been oversold, the problems with the effective marginal rates on lower incomes have been undersold. The interaction of tax and welfare systems means that the same increment of income can lead to a reduction of one or more benefits, plus the nominal tax rate, and sometimes state cash benefits or federal benefits in-kind. The more tapering, means-testing, and targeting there is, the higher these effective marginal tax rates will become.

EMTRs offer a way of understanding the problem and also point to a solution (if all EMTRs for those below average weekly earnings were lower than all EMTRs for those above, then the problem would be solved). However, the bizarre pattern of EMTRs, the interspersion of a few low rates, the fact that some of the ludicrously high EMTRs may cover limited income spans and few actual workers, and the complication that breeds such miscalculations mean that it is often difficult to appreciate the overall effect of tax and welfare measures. The greater "targeting" of "welfare," the more means-tests and the higher the effective tax rates of those above the target range increases the effective marginal rates of those subjected to it. At the same time, the reduction in marginal rates for the highest income earners means that the gap between the effective rates paid by those on low and high incomes widens even further.

Some have sought to address high EMTRs by reducing some of the "poverty traps" that are identified—altering tax and taper rates. However, this is ultimately futile. Consider an imaginary graph of disposable income against income. On the left-hand side, we see the position of a family with no earned income and only welfare. There is generally a bipartisan fixed point here as few are prepared to publicly argue that those without other means should receive less than they currently do. Nearer the right-hand side is the family on average income who must (two thirds the way up the income scale, be paying some net tax). The rate may vary but it does need to be positive. In between full welfare and no tax, to some tax and no welfare, the disposable income depends on a combination of the tax that is payable on the income and the tapering of benefits. This amount can be tracked as EMTRs. The rates may rise; they may fall. But the average EMTR will be determined by the amount of welfare paid to the zero income earner and the amount of tax paid by the average income earner. Drawing a straight line between the two will give the average EMTR. If it is pushed down in one place, it will pop up under another. I liken it to a water bed.

A Basic Income Solution

As the problem of high effective rates lies in the superimposition of social security means-tests on income tax, the most obvious answer lies in the integration of the two. The ideal is that the maximum effective marginal rate that results from the combination of the two should not exceed the maximum marginal rate for the highest income earners.

The surest way of achieving this would be to remove means-tests on all social security payments. This would establish a basic income. However, it would be a "categorical" basic income, in that existing social security categories would be recognized unless there were independent reasons for a change. Thus, each adult would receive a non-means-tested cash payment or, for political reasons discussed below, a "refundable tax credit" equal to that received by each married welfare recipient with no income.[4] Instead of making the current intrusive distinction between singles and couples, there would be an extra Living Alone Allowance based on more objective criteria of whether a separate establishment is maintained. Assistance would also be universalized for all renters. All custodial parents would receive the family allowances paid to welfare recipients on zero income. Likewise, payments for 16–17 year olds would be standardized. There is also much to be said for a flat "costs of work" allowance as suggested by Grbich (1987). I argued then that the costs of child care for those working[5] should be acknowledged separately and universalized. The model is one of providing the same benefits to everyone regardless of income, rather than the same payment to everyone whatever their age.

There would be no income-tax threshold. A single standard rate of tax would be charged from the first dollar on income and, in general, deducted at source. Thus effective average and marginal rates of tax would be uniform right across all incomes.

Although equity and our traditions of progressivity provide arguments for a "super-tax" on higher incomes, it would be strategic not to demand it. If low-income earners could get their effective rates down to those faced by high-income earners, it would be a substantial improvement, and there is the chance of conscripting the latter to their cause as a matter of consistency and credibility, or at least making their complaints seem churlish and unreasonable.

The basic income scheme has many advantages. Naturally, it eliminates poverty traps. As a "linear" tax, it is much easier to deduct at source, there is no longer anything to be gained from income splitting, and the different units of assessment adopted by tax and social security would no longer be a problem. It provides horizontal and vertical equity and is generally far simpler than the current scheme.

Objections

Rates and Incentives

The standard objection is that the level at which the single rate of tax would have to be set would be a disincentive to work more (or even work at all). Such an argument must establish both that high marginal rates have negative consequences and that these consequences are more severe for higher income earners and those without families.

Establishing the negative consequences of higher rates has proven more difficult than it might seem. Although disincentive and substitution effects cannot be denied, the extent to which individuals really do restrict their work effort in the face of higher marginal rates of tax is disputed. So many other factors are relevant: the "wealth effect" (when faced with tax increases people may work harder to maintain a desired lifestyle); the non-monetary benefits of going to work (which become more and more significant for higher income earners whose material needs are largely catered for and who may well be seeking values "higher" up Maslow's hierarchy of needs); the prestige of a higher income, which is enjoyed even if it is taxed; the limited discretion to vary work hours in most jobs; the "lumpiness" of job choices; and the simple fact that extra incentives to earn money can have no effect on those who are already working as hard and as long as possible (a claim made by most high-income earners that will not be challenged by me). Despite the rhetoric of marginal work decisions, most high-paying jobs come as a package of tasks and duties. Job descriptions are not based on time spent but responsibilities assumed and discharged; those who are not prepared to discharge them will not be retained. It might be argued that the individual could choose jobs with responsibilities that take less time, but such jobs usually carry considerably reduced salary and non-monetary benefits.

But the greatest problem for criticizing basic income schemes on account of the higher marginal rates it involves, its purpose, and effect, is to reduce the highest effective marginal tax rates. As basic income equalizes all effective marginal rates, those who object to it must produce reasons for retaining higher rates for those on the lowest incomes. This is a tall order. It not only requires a repudiation of the ethos of progressive taxation, which is, though under challenge, not yet dead, but also it must argue for regressivity, a concept that no one directly endorses.

Attraction of Not Working

A related criticism is that a subsistence level universal benefit would be so attractive as to encourage people to cease work altogether.

I wrote then and still maintain that any such danger is greatly overstated. The basic income scheme applies a classic economic mechanism by massively reducing effective taxes and thereby increasing work incentives. This approach is "less coercive, less intrusive and involves no dead loss costs of enforcement. If it does not work then either there are other problems that need to be addressed or economic incentives are not as effective as generally supposed" (Sampford, 1991b, p. 104).

If it is true that a 30–39 percent rate is sufficient to incentivize higher income earners to work harder, then it should work for the poor as well. Indeed, it may well work better for three reasons. First, as lower income earners currently face very high rates, the reduction would be greatest for them. Second, one of the major disincentives, the non-deductibility of child care costs, would be removed. Finally, the greater urgency of their needs gives the financial incentive more bite. If it is not sufficient for the poor, then it is probable that lower marginal rates are not sufficient for the well-off, leaving advocates of a lower rate of tax for higher income earners in need of a new ideology.

Perceptions and Saleability

There can be no doubt that increases in government expenditure are always more closely scrutinized and criticized than tax deductions and rebate, despite attempts to identify the latter and label them "tax expenditures." This double standard does not seem to be limited to the general population. Academic and journalistic commentators still claim that there is something fundamentally different between the withdrawal of a benefit compared to the taxing of income. For these reasons, a non-means-tested variation of Dixon, Foster, and Gallagher's (1985) system of "refundable tax credits" might prove more saleable. Instead of cash payments, resident adults would receive tax credits of equal value. If their income were insufficient to generate sufficient tax at the standard rate, they would receive the balance in cash from the combined taxation/welfare department. Coordination of tax deductions and cash payments could be achieved in several ways.

Although the difference is almost entirely cosmetic, this would add to its appeal, and it would also avoid an artificial increase in the proportion of gross national product (GNP) collected and spent by government—a figure whose potential to mislead is adequately demonstrated by this supposed problem. In fact, if paid as a tax credit, the reform could be packaged as simultaneously providing all of the following: (1) the greatest tax cut in Australian history; (2) the virtual elimination of tax for the average family; (3) the greatest cut in both welfare and overall spending (as most of the payments to average families were absorbed into tax cuts); (4) a reduction in bureaucracy and a simplification in the rules of eligibility; (5) a flat tax, large cuts in nominal rates for the highest incomes, huge cuts in effective rates for low income earners; and, (6) the lowering of tax for all income earners and most taxpayers.

The Second Problem

The second problem with the tax regime is that it exacerbates our economic problems by taxing investment in the production of tradable goods and services more heavily than other pursuits. If you invest in a business that produces internationally competitive goods and services (whether in the domestic or international markets), you will be able to claim a deduction for all salaries and for depreciation of most assets purchased (plant, machinery, factories, and mines all depreciate over their effective life).

Just about every other form of investment is treated more favourably. Superannuation is taxed at a maximum of 15 percent for tax exempt contributions and income (though the latter can be wiped out by franked dividends). Property can be bought and negatively geared so that any shortfall in income is tax deductible. However, if it is sold at a profit, only half the capital gain is taxable. Self-managed superannuation funds can secure much of the benefit of both systems. Investment in the home is exempt from imputed rent (more significant than non-deductibility of interest), and zero Capital Gains Tax (CGT) whatever the value. The only tax benefit that the builder of the mine or factory secure is when they sell the company that owns the asset and they receive the above favourable treatment on capital gains.[6] They will receive even more if the buyer is a foreign one who can reduce tax paid in Australia through a range of mechanisms that have recently come to light. The Australian business vendor may be able to capture some of this tax benefit in a slightly higher price, though at a much greater loss to Commonwealth revenue.

There are two approaches to addressing these problems. One is to create a package of benefits for these import competitive industries to match the tax breaks for other kinds of investment. The other is to remove the above-mentioned incentives to invest in property and superannuation to provide a more level playing field for investment. Most economists would support the latter. To secure a flat tax of around 30 percent, the second option would be necessary as well as other sensible revenue measures.

Levelling the Playing Field between Different Forms of Investment

Superannuation

Given the current debate about superannuation, I am returning to my original ideas and quoting what I said in "Taking Rates Seriously":

> That the current superannuation provisions are as costly as they are poorly directed hardly needs repeating. Neither is it necessary to make the point that taxation and social security provisions pull in different directions—the means test discouraging private provision and the superannuation shelter providing massive incentives whose value and utilisation increase with income. For most superannuants, the government will forgo more revenue than it saves—either the cost of the tax concessions is greater than the cost of providing a pension, or the superannuant still receives a pension anyway. Indeed, it may be that economically rational individuals would only invest in super if they receive more from the government in tax concessions than in a pension. Thus, no super concession would attract an economically rational person unless it were pitched at a level that no economically rational government should offer. This suggests a very powerful argument in favour of pensions over super concessions. (Sampford, 1991b, p.111)

In the above article, I suggested that a guaranteed minimum income in this form would replace the pension and obviate the needs for means- and assets-testing. Retirees could supplement the basic income/guarantee minimum income through prior savings and investments. Retirees could also work to supplement their basic income, taxed at the standard taxation rates.

The payment of a universal basic income raises the question of how to deal with those who were given significant tax benefits for contributing to superannuation: tax benefits that were justified as being in lieu of a pension. I suggested, as a matter of equity, adjustments to ensure no one gained more in tax concessions than they would in receipt of a pension (a principle stated in the recent Report into Financial Services [Murray, 2014]). Accordingly, as an absolute minimum, future income from or within funds would be taxed at the new flat rate for all taxation. Where the value of past tax concessions for past superannuation reached a threshold, there would be an argument for reducing the basic income to match inflation-adjusted value of tax concessions. This argument would not be pushed so far as to require a full equalization—something that would require a great deal of actuarial, let alone political debate. However, those whose superannuation tax concessions were a multiple of the cost of providing a basic income might need to have their basic income trimmed.

I remain firmly of the view that there should be no "grandfathering" in continuing the existing arrangements for existing funds or that no person should be worse off than if the previous (extraordinarily generous) arrangements had continued. In setting up the argument, I rebutted suggestions of the strategy being "retrospective" and stated that it relies on "prospective" changes to the taxation system and pensions—that is, how much superannuation funds and individuals are taxed in the future (see full discussion of retrospectivity in Sampford, 2006). There are no grounds to argue that rich people should get more from the government as they age. If someone suggested that they were made worse off by these changes, one could point to the many favorable changes (including the reduction in taxation rates and the loosening of superannuation rules) since the time they started contributing to superannuation. I added:

> [There is] some room for flexibility in the application of the requirement to contribute to these funds. Contribution rates could vary over time, between different households and over the life cycle. Contribution rates could vary according to the national needs for investment. Those with young children or young, first mortgages might be permitted to reduce or defer their contributions, thereby evening out the burdens of investment and "consumption" over the life cycle. (Sampford, 1991b, p. 112)

My final point in Sampford (1991b) was that I would not return to taxation rulings of 1982–1983 given their "messy" and complex nature (see Sampford, 1991b, pp. 111–112).

Housing

I do think that home ownership is desirable for a number of important reasons. Accordingly, I would argue for Capital Gains Tax (CGT) exemptions on the family home up to the median value of homes in Australia's most expensive city. (The same would apply to assets tests if a basic income were not adopted). This proposal has a double effect, the family home becomes a less profitable shelter, and home owners will be discouraged from changing homes too often, which, as property owners have to change-up to reach the really expensive homes, will make people exit from the housing spiral earlier and generally at a lower level. In general, any favorable treatment given to housing must have a ceiling to discourage the wealthy from sinking their money into houses rather than more productive investment and must be designed to minimize the resultant increase to the costs of housing.

Capital Gains Tax

The tax should apply in full to all capital gains accruing after the announcement of the tax package, irrespective of when the relevant property was purchased. Unless inflation adjustment is introduced across the board, there should be no indexation of the value of the property as at the date of the announcement or the price paid for property bought after it. As this applies to future gains, there is no element of retrospectivity.

Other Taxes

Consumption Taxes

I was originally opposed to a general consumption tax because of its inherent regressivity (the poorest have no alternative but to spend most of their income). However, a fair tax system may have some regressive features, especially if it secures a basic income (which has to be adjusted for such taxes). It is one of the reasons why we can now look at a 30 percent tax rate rather than a 39 percent flat tax. Some consumption taxes are introduced to provide incentives to change behavior and may be supported on those grounds. Since 2000, I have become a firm supporter of carbon taxes as vastly superior to the carbon trading systems that I was sure would be as unworkable as they were unfair (because all such proposals involved granting property rights to unsustainable activity to those who had been responsible for most of that activity in the past) (Sampford, 2000, 2010). Since early 2008, I have been advocating a Carbon Added Tax (CAT) to operate like a value added tax (VAT). If a CAT operates like a VAT, carbon taxes will be "passed on up the line" until they are ultimately paid by the consumer of the relevant goods and services.

The VAT treatment of imports means that those who keep outside the system of carbon taxes would still face the CAT when the goods are imported into a market within the system.[7] It also means that the burden is on those countries that consume high carbon goods and services rather than those who produce them.[8] Concerns of the inflationary effects of such a tax or the increase in government revenues can be addressed by returning revenue to individuals through cuts in consumption tax (either across the board or targeted to produce more socially equitable outcomes). Of course, if a state feels the need to increase taxes or prices (to avoid deflation), a CAT could fulfil such functions through not being offset against reduced standard consumption taxes. A CAT provides both negative and positive price signals as low carbon products actually decline in price (though slowly enough to avoid deflation of low carbon products). In general, the point is that there should be a move from taxing consumption to taxing carbon. The gradual[9] substitution of carbon for standard consumption taxes provides room for huge price signals and incentives for reducing greenhouse and other emissions without affecting inflation.[10] If CAT rose to replace consumption taxes at current rates (10–20% are typical), the price effect would be greater than the carbon-trading schemes contemplated. As carbon taxes became more effective, the CAT take might shrink and VAT could then be gradually returned without any effect on inflation. Where the tax required is more than the relevant consumption tax, it can be returned to individual citizens, or to individuals globally through a worldwide basic income mechanism (see below).

New Taxes

Betterment Tax

Wherever the value of property is increased by government zoning decisions, there should be a commiserate betterment tax on the increase in value before the calculation of CGT.

Capital Transfer Tax

Taxes imposed on the transfer of wealth after death are the fairest taxes of all. It taxes the donor on what s/he cannot keep, and it taxes the recipient on what s/he never had. It is also a very efficient tax. It cannot discourage work effort as it is not the result of work. Indeed, it will tend to increase work effort. As lower net assets are generally argued to stimulate work effort ("the wealth effect"), higher net assets will tend to decrease it. Such a tax also limits the inefficient distribution of assets on the basis of genetic chance rather than competence to control such assets. The rate should be no lower than that on return from investments and could easily be higher as most of the arguments in favor of lower rates do not apply.

Certain measures would help preserve the integrity of the new tax and would offer incidental benefits. The first is to restore gift duty, making the tax a full blown capital transfer tax. Specific anti-avoidance measures were discussed, particularly with regard to the purchase of assets off shore and those held in discretionary trusts.

Anti-Avoidance Measures

One of the ways of paying for a basic income was to address the perennial issue of making sure that those on higher incomes (and those making significant profits) really do pay the flat tax. The elimination of different tax rates and the consequent ease of deduction at source go a long way toward securing this goal. However, I started to address issues of international tax avoidance, particularly with regard to arrangements for paying interest and dividends. This deserves more comprehensive treatment on which we made a start at the Global Integrity Summit where we provided the following analysis.

From National Tax Minimization to Base Erosion and Profit Shifting (BEPS)

As the ratio of tax as a proportion of GDP rose during the twentieth century, most developed countries experienced growing levels of tax minimization, avoidance, evasion, and fraud. The most common response was to pass legislation to close "loopholes," merely increasing complexity and creating unintended consequences that constituted more loopholes. One of the most fruitful sources of unintended consequences was found in the interaction between different forms of tax and income (e.g., income and capital gains). There were even more opportunities where different national tax systems interacted, something that double tax treaties sought to resolve but often exacerbated. These complexities and the rise of tax havens have allowed BEPS to flourish and have become a major issue at G20 meetings since 2012.

While many countries were concerned that tax treaties were drafted to favor the United States over other developed and developing countries, Base Erosion and Profit Shifting (BEPS) is a matter of common interest for G20 and non G20 countries that are not tax havens. Indeed, from the perspective of governments, BEPS is a classic collective action problem, where each has individual reasons to exploit the practice, but even greater reasons to come to a collective solution stymieing it. By failing to agree in principle on how corporate tax on multinationals should be divided amongst them, governments effectively ensure none of them get any.

There are concerns that BEPS is increasing inequality between countries and between individuals because of competition between companies. Developing countries are more dependent on corporate taxation because the majority of their citizens have limited capacity to pay (as well as having greater needs). There are also concerns that BEPS tends to benefit wealthier individuals and corporations because it is easier for them to minimize their taxes and they are generally not as dependent on tax-funded expenditure.

In dealing with these problems there are four different levels of response:

1. Increase **tax transparency** to clarify who is the beneficial owner of all assets transferred across borders and all assets held within complying countries. This is aided by common reporting standards.
2. Setting standards on some of the key issues such as transfer pricing, interest deductions, and management fees.
3. Moving from bilateral tax treaties to a multilateral instrument (reflecting the debate over bilateral/multilateral trade negotiations). This is necessary given the collective action problem noted earlier.
4. Global taxation of companies and division of taxable income over the various countries in which they operate based on a mix of sales, assets, employment, and production.

These responses are by no means mutually exclusive but generate issues of scope, timing, and direction of reform. The Organisation for Economic Co-operation and Development BEPS Action Plan has elements of each.

Beyond the above points, there are three more potential agendas:

1. Reconsidering some basic issues about the source or "locus" of income. For example, should intellectual property (IP) income be considered earned in the jurisdiction in which the ideas were generated (generally the R&D department), in the jurisdiction to which IP has been transferred (increasingly a tax haven), or the jurisdiction in which the legal right to IP was created (without which no income can be earned).
2. There is a concern that some forms of tax are increasingly uncollectable at a national level, including inheritance taxes, and corporate taxes. If so, the question is whether such forms of taxation should be abandoned or taxed under a global regime? In this context, consumption taxes are touted as a solution. Those advocating that solution, however, must appreciate that the proportion of income consumed declines with rising income. Indeed, it could not be otherwise in economies structured around private investment. Accordingly, general consumption taxes are inherently regressive and need to be balanced by progressive taxes of some form to prevent the overall taxation system being generally regressive and to provide an opportunity for progressivity (and while the extent of progressivity is subject to fierce debate, it is a goal that few eschew).
3. Simplicity. Most national tax systems have become more complex in response to earlier attempts at tax avoidance and minimization. For some, the solution is simplicity; flat income and consumption taxes and basic income (or negative income tax) replacing welfare. From an ethics and integrity point of view simpler systems can be understood, justified, and followed on the basis of principle. International tax is even more complex. Is there a solution without simplicity?

The further down this list of approaches we travel, the longer the project, and the greater the need for leadership and coordination. Is the G20 capable of doing this? Is anyone else? The G20 certainly provides an opportunity to "modernize international tax rules" and provides a "unique opportunity to promote greater international cooperation and collaborative approaches on global tax matters."

We should also note that there is a close relationship between tax integrity and other G20 integrity issues. Governments cannot provide or support infrastructure funding without shoring up their tax bases. This is particularly the case for developing countries. The complexity of existing tax arrangements provides opportunities for discretion and corruption. Transparency measures can assist in reducing opportunities for tax avoidance and corruption (and terrorism) and improve financial regulation.

Tax Transparency

Tax transparency has a high degree of support with the C20, L20, and Y20 calling for enhanced transparency measures in all sectors to address tax evasion and avoidance through the establishment of annual public country-by-country reporting by companies based on the number of employees, subsidiaries, profit and loss, taxes on profits, assets, and public subsidies received. Oil, gas, and mining companies should be required to publish payments made to governments on a country-by-country and project-by-project basis. Tax transparency is a large part of the OECD approach to BEPS.

Global Taxation of Corporations and Apportionment of Income

As Stiglitz (2012) has pointed out, the United States has developed a means for apportioning corporate income between the various states. This is obviously necessary in a sovereign state in which various subnational jurisdictions impose taxes on corporate income. However, given the low levels of corporations' tax, less hangs on the tests imposed than which elements are included in the formula and what weightings they are given.

In the global taxation of companies, different countries will have reasons for emphasizing different elements of the formula. There is also the question of what counts as taxation revenue to be considered in the apportionment of income. Some countries pay for pensions out of general revenue and some from levies on wages. Many countries claim ownership of all minerals and charge royalties for those who mine them. Are these considered taxes or the price of the commodity purchased (if they are privately owned, they would not be considered a tax)? Should this change if a state decides to charge a "resource rent tax" or if the royalties charged vary according to market prices of that mineral or the refined product?

Source/Locus of Income: IP and Interest

As a matter of basic tax principles, the locus of income for IP would not be the place where the idea was generated but the place where a legal right to the IP was created and the right to income from it is formed and enforced. If someone in country A has an idea and an entity country B uses that idea, then the latter entity is not required to make any payment on that idea unless country B has recognized the IP and created legal rights to charge for it. This has the great advantage that it encourages country B to create the relevant IP and to join in enforcing it. A similar issue arises with respect to interest income. If an entity has funds in country A and lends them to another entity operating in country B, where is the locus of income and where should the interest income be taxed?

IP and interest payments are the basis of many forms of BEPS. IP is transferred to an entity incorporated in a tax haven owned by a global corporation and subsidiaries operating in higher tax countries pay royalties to the entity in the tax haven, claiming deductions for those payments and sometimes effectively wiping out most of the tax liability. Similarly, a company located in a tax haven will prefer to lend money to subsidiaries in high tax countries rather than invest in them because the interest will be deductible against income earned in the higher tax country. This provides an incentive for takeovers based on high debt championed by private equity in which much of the extra "value" created by the change was based on the reduced tax take. There are attempts to deal with the worst abuse by "thin capitalization" rules, but if interest and share income were treated in the same way, then there would be no capacity for this form of abuse.

Different but Converging Interests

The United States has seen its tax base erode as US corporations "leave" their profits offshore in tax havens. The United States is primarily seeking to ensure that corporations repatriate these profits and return to what swathe the country considers the status quo under the tax treaties. BRICS countries[11] have found it very difficult to build their tax bases, in part because of those tax treaties favored by the United States. They are seeking variations to those treaties or new interpretations of them. BRICS countries are coming up with new ideas, such as Brazil's franchise fee for operating within their market. But there is a commonality of interest among the majority of states in ensuring that international corporations pay as much tax as local ones.

There is another converging interest. When the system of bilateral tax treaties was being developed, the United States was a net creditor nation and the major source of new and existing IP. The tax treaties were written in favor of creditors and owners of IP, locating the source or locus of that income in the country that was lending and the country in which the ideas behind the IP were generated. However, as the United States has become the largest debtor and its own companies have moved their IP offshore, it is finding itself in a similar position to other nations and has a converging interest and possibly a more common cause.

Concluding Comments: Toward Global Taxation and Global Minimum Incomes?

Basic income discussions started in developed countries concerning tax and welfare issues that they were rich enough to consider. I became interested in these issues on the same basis—seeing a link between demands for lower tax rates on higher income earners and similar demands for lower effective marginal tax rates on lower incomes—leading to a flat tax and basic income. But for this to work that tax has to be paid, giving a new reason to address tax avoidance. The simpler system goes a long way to addressing domestic tax avoidance, but the last 25 years has demonstrated the opportunities for tax avoidance presented by the globalization of business and finance. These issues can be addressed but the best solutions move us toward new global arrangements for tax.

At the same time, global awareness of the consequences of carbon emissions has grown. While it will not solve all problems, putting a price on carbon is almost certainly going to be part of the answer (providing what I call an "economic push" to support what I otherwise argue is a necessary "ethical pull" of a commitment to a sustainable vision of the good life). The economic weaknesses of carbon trading schemes push us back toward carbon taxes, which could take the form of a CAT. CAT can be introduced within one country, but the more countries that take part, the more effective the system is in reducing greenhouse gases.

Similarly at the same time, dealing with climate change has to recognize that the wealth of the global North has been secured through high carbon development that cannot be continued in the West, let alone pursued by the developing South. The latter are naturally unwilling to give up the cheap means for development pursued by the North unless they are given other means to do so. This course is likely to involve the transfer for funds and technology to the South, not as aid but in compensation for not pursing a right to develop themselves in the same way as the North (Sampford, 2011). The first question arises of how this might be paid for. The second is how these payments will be handled. Governments in the global south would prefer/insist on funds coming to them. However, a significant number of countries of the global south are governed by elites and undemocratic regimes who have gained power by illegal means, are corrupt and who lead high carbon lifestyles that outdo that of the most profligate Northerners. (Indeed, they often hold their assets in the North in case they are thrown out by disgruntled citizenry or, more likely, jealous rivals who wish to supplant them and secure the benefits of corruption for themselves.)

There are many governance possibilities for ensuring, as far as possible, that the funds transferred to the South are used for the purpose given rather than diverted to other purposes (Sampford, 2011). However, the most effective way would be to transfer the funds directly to individuals. If sustainable carbon emissions total, say, two tonnes of carbon per person, then each individual should receive a payment equal to the tax on two tonnes of carbon each year.

Ultimately, a more ambitious model should be considered in which a number of taxes become globally collected. These are made up of taxes that are increasingly uncollectible at a national level (e.g., company tax and death duties) and those that should be imposed at a global level for systemic reasons (carbon taxes, Tobin tax, taxes on resources taken from the sea outside of national economic zones).These could be collected together and provide a "Worldwide basic income" for all persons on the planet. This process would follow the logic of basic income and "guaranteed minimum income" schemes that recognize a right to resources based on citizenship and a duty to pay taxes based on economic activity. The value of the distribution would be limited in the richest countries, but would have the potential to be totally transforming in poorer ones.

In putting the issues of basic incomes and the means for realizing them into a global context, I do not suggest that we should bypass the push for achieving them domestically. However, like so many other issues in our increasingly globalized world, the two may become intrinsically entwined.

Notes

1. It later came to me as a possible application of Saint-Simon's mantra of "from each according to their abilities: to each according to their needs." However, I take Saint-Simon, Marx, and others as providing useful insights, but not useful ideology.
2. In using all three terms, I do not wish to infer that any particular scheme falls under one or the other. It is common for commentators and journalists to say of a particular scheme they are reporting, "of course, all of this is legal." In most such cases, we just do not know. The journalist rarely has full information, the public less, and the taxation authority in the middle. The success of the scheme may depend on interpretations that would not necessarily be supported by courts. In many cases, privileged and inaccessible conversations would reveal that the corporate executives will have only been persuaded on the basis that they would save a significant amount of tax compared to the way they otherwise would have conducted business.
3. Held at Griffith University's Conservatorium of Music, September 10–12, 2014, to consider the ethics and integrity dimensions on the agenda of the G20 held later that year.
4. At the time I wrote TRS, the rates for unemployed and pensioners was virtually the same. Under a basic income model, it would be returned to parity.
5. I did not add, but would now fully acknowledge, that child care often needs to be set up while looking for work.
6. There are a range of other benefits that might be provided on an ad hoc basis to various industries—such as diesel fuel tax rebates and special industry assistance measures. These are ad hoc. It is a bit like trying to level the playing field in which a number of business have the benefits of mounds by building other mounds.
7. The "Good Life" (Sampford, 2010) essay addresses questions of incidence.
8. It is a concern is that countries that produce high carbon goods or components are treated as just as much of the problem as those who consume them. Much of the manufacturing, mining, and smelting that was once done in the West is now done in China, Australia, etc. A carbon tax will address both consumption and production, but the burden for the latter should be on the ultimate consumers not the producers.
9. It is strongly suggested that the increase be gradual but certain to give industries time to plan new and different kinds of investment rather than face the uncertainties and fluctuation of carbon markets run by the authors of the GFC.
10. Although with the emerging potential for deflation, the inflationary effects might be particularly valuable for keeping the general price level increasing—something that would be reflected in the basic income.

11. BRICS is the acronym for an association of five major emerging national economies: Brazil, Russia, India, China, and South Africa.

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PART III

Basic Income's Potential for Public Policy Synergy

CHAPTER 8

Greening the Australian Welfare State: Can Basic Income Play a Role?

Greg Marston

Introduction

A key policy and indeed political challenge at the start of the twenty-first century is how to create conditions for human flourishing within the ecological limits of a finite planet (Jackson, 2009). Meeting this challenge will require the social and economic dimensions of public policy to be integrated with the environmental dimension and vice versa, so that moves toward a greener economy do not exacerbate social inequalities and injustices within and between countries. Without an integrated public policy framework a vision of fair, prosperous, and sustainable communities is unlikely to become a meaningful reality in developed and developing countries (Gough, 2011; Stern, 2009; Mapes & Wolch, 2011). Research from the Asia-Pacific region clearly shows that the countries best prepared for the low-carbon economy are those that recognize the inextricable link between economics, resource security, and policy coordination and are taking action accordingly (The Climate Institute, 2013). The country's leadership in China, for example, has committed to low-carbon growth, improved energy efficiency, cleaner energy generation, and the development of carbon markets. China's per person emissions (CO2 from energy and cement only) were around 7 tonnes, while Australia's were around 19 tonnes, among the highest in the world (The Climate Institute, 2013).

Australia has one of the most carbon intensive economies and societies in the developed world. In a recent international survey of 20 developed nations, Australia was the only country to have slipped backward from its 1995 carbon intensity, while at the same time having the second highest use of private cars per capita (Kamakate & Schipper, 2009; The Climate Institute, 2013). It is also the case that there is very little policy coordination between social policy, environmental targets, economic policy, and urban planning in Australia, which limits the potential for the scale of institutional change that will be required for the successful transition to a low-carbon society (Garnaut, 2011). Acting on this task means taking a serious and sustained look at the institutional design of contemporary welfare states to understand how this design facilitates and rewards certain behaviors in terms of production and consumption, and how these may be harmful and potentially helpful to environmental and social well-being.

This chapter is an attempt to bring social policy into an examination of the functioning and consequences of a high-carbon economy. The argument centres on the proposition that effective social policy is also effective climate change policy—a more stable and equitable economic system that strengthens the public sphere and creates dignified paid work is good for the environment and public health (Klein, 2014). In this sense, the climate change crisis can be seen as a catalyst for redefining what a "good society" looks like at the start of the twenty-first century in much the same way that World War II was a catalyst for the development of the welfare state in the middle of the last century. The chapter will examine the role of policy coordination and democratic processes in developing viable alternatives to the present order. The specific policy alternative that is explored in this regard is the idea of a universal basic income, which is an unconditional benefit paid at a level that sustains material subsistence and that would facilitate greater individual freedom and increase socially productive labor. It is argued here that a basic income is precisely the sort of policy that can help to realign economic, social, and environmental policy objectives, and do so in a way that may help to avoid the polarized political debate that characterizes discussion about climate change in the Australian Parliament.

The argument presented here is not meant to suggest basic income is a panacea to all social and environmental challenges. Other social policies will need to be developed to augment basic income in making a transition to a low-carbon economy, particularly in terms of carbon-neutral forms of health care, transport, and housing. The first part of the discussion will focus on the limitations of dominant welfare state logics and why a new paradigm for welfare in developed countries is required, one that does not rely on unsustainable economic growth. The second part of the discussion looks at the alignment between a basic income and environmental policy objectives, which includes an examination of the potential of deliberative approaches to policy making in changing social attitudes and strengthening democratic institutions. What should become clear in this discussion is that the transition to a different economic and social order is going to require both a new politics and new policies.

An Outdated Welfare State Logic

Climate change will undoubtedly make life a lot harder for a great many people; especially the world's poor who can least afford to adapt to a rise in sea levels and extreme weather events. The human populations likely to be most harmed by climate change are the least responsible for causing it and have the least resources to cope with it—this is the case both within nations and between nations (Gough, 2011). Despite the United Nations setting Millennium Development Goals (MDGs) designed to abolish poverty in the Third World, much of the world is offtrack and will not reach the MDGs by 2015, even after considering the gains made by India and China in recent years in terms of reducing overall numbers of people in absolute poverty. At the other end of the wealth scale, there is ample evidence that ever increasing consumption in rich countries adds little to social well-being and human happiness, and can actually impede it if resulting social inequalities become too great (Wilkinson & Pickett, 2010). In responding to these risks countries will require profoundly deeper forms of public policy integration, combining economic, social, and environmental goals.

The World Health Organization (2011) recognizes that climate change is not simply an environmental or developmental issue; it is a significant threat to human health and well-being. In its recent discussion paper, the WHO succinctly summarized the significance of the problem for public policy:

> The current climate change discourse—including the way mitigation and adaptation measures are designed and appraised—tends to emphasize environmental, economic or technological inputs and costs. The social dimensions of climate change are not well understood or

> addressed. As a result, current policy responses may not fully address the negative impacts nor do they take full advantage of potential opportunities to reach a number of sustainable development goals. (2011, p. 3)

The direction of social policies in advanced economies is largely based on assumptions that run counter to the challenges raised by climate change. The welfare states of the developed world flourished in the second half of the twentieth century under conditions of rising revenues to fund social programs, based on exporting emissions and expanding imports from low-wage countries. Rapid growth, driven by expanding consumption, was the dominant economic model. This model worked fine until rising unemployment hit many developed economies in the early to mid 1970s. The response by national governments at the time was to deal with growing unemployment by speeding up the rate of growth. But considering the speed with which technological progress was eliminating jobs, it became apparent that a fantastic rate of growth would be necessary to keep employment stable, let alone to reduce the number of unemployed (Van Parijis, 1995). For environmental and other reasons, such a rate of growth is not desirable or sustainable. In other words, the quantitative expansion of the economic subsystem increases environmental and social costs faster than production benefits, making us poorer not richer, at least in high consumption countries (Daly, 1973). A world of much slower growth, and the call to curb emissions, poses critical questions for the political economy of twenty-first century welfare states. Western welfare states and postwar economic growth, have undoubtedly improved living standards, health, and life expectancy and made retirement accessible to the masses. However, the same factors have produced unprecedented levels of material consumption and contributed to global warming, undesirable environmental consequences, and new types of risks in contemporary societies (Beck, 1992).

As confirmed by the 2013 and 2014 reports of the Intergovernmental Panel on Climate Change (http:www.ipcc.ch/), human-made environmental effects represent a serious societal challenge and a threat to future well-being. The report bolsters the view that climate change and environmental degradation produce new vulnerabilities, requiring governments to make far-reaching and coordinated adaptation and mitigation efforts across policy sectors. Yet, the separation of environmental sustainability and welfare sustainability into distinct policy areas reduces the capacity to effectively respond to these new risks and uncertainties. The separation of policy concerns is largely mirrored in academic debates (Urry, 2011).

This compartmental policy context has meant that social-welfare dynamics, which are crucial to the realization of a low-carbon future, have been neglected and underplayed in mainstream climate change debates. High-carbon lives are now embedded in dominant cultural patterns and supported by various institutions and economic policies. The incoherence between social, economic, and environmental policy reveals a deeper problem for the political economy of the welfare state. There is a real sense here of policy makers struggling with competing goals, without the benefit of clear leadership to create policy synergies and open the way for economic models that can provide conditions for sustainable prosperity. This problem is neatly encapsulated by Jackson's (2009, p. 167) conception of the "conflicted state":

> On the one hand government is bound to the pursuit of economic growth. On the other, it finds itself having to intervene to protect the common good from the incursions of the market. The state itself is deeply conflicted, striving on the one hand to encourage consumer freedoms that lead to growth and on the other to protect social goods and defend ecological limits.

Without an integrated public policy framework, the pursuit of "greener economies" will proceed without proper attention to the social dimension and this omission will seriously limit the capacity for human adaptation to an uncertain future. The general orthodoxy is for governments to use social policy to compensate the losers from climate change policies.

Incremental social policy change is an insufficient response. Compensatory policy settings, such as utility bill subsidies for low-income groups that are now being used in countries like Australia and the United Kingdom, are an ineffective solution because they are difficult to target effectively and lack dedicated revenue streams, making them vulnerable to budget cuts (Gough, 2011). Market-based risk management strategies, such as insurance products, can also exacerbate inequalities because of the rising costs of insurance premiums pricing out low-income households.

Gough (2011) argues inequitable outcomes of this nature are likely to be exacerbated, moreover, as traditional social policies, such as public housing, public health, and income support increasingly face increasing fiscal competition from prioritized environmental policies, such as flood and drought management. This resource competition is likely to be aggravated through the implementation of carbon budgets or higher carbon taxes and prices in the developed world in order to stabilize carbon emissions. Identifying policy synergies and promoting more radical policy change is an increasingly important task if genuinely sustainable human development is to be realized (Gough, 2011).

Addressing growing income inequality is fundamental to the climate change challenge, given the connection between levels of inequality and population health and well-being. Income inequality has been extensively correlated with health and social problems: life expectancy, obesity, mental health, drug use, educational performance, teenage births, and violence to name a few (Wilkinson & Pickett, 2009). Environmental degradation appears to be another side effect of economic inequality and analyses show there is a negative correlation between income inequality and environmental sustainability. The higher the income inequality, the worse the environmental indicators, such as waste production, meat and water consumption, biodiversity loss, and environmental composite indices (e.g., ecological footprint) (Haupt & Lawrence, 2012).

Characteristics such as the prevailing economic ideologies, cultural values like individualism and materialism, as well as attitudes toward consumption, work, and the importance of protecting the environment are all likely to influence national policies, which affect both income distribution and environmental quality. Breznau's (2010) analysis of survey data from five countries showed that those with egalitarian values are the most likely to support government services designed to reduce inequality. Conversely, those who support "economic individualism" and neoliberal economic policies are the least likely to favor such a role for government (Arikan, 2011). Such attitudes also appear to affect support for pro-environmental behaviors and expenditures. Generally speaking, those who hold pro-market/individualist worldviews do not endorse pro-environmental values and behaviors; the reverse holds true for people who maintain pro-environmental values (Heath & Gifford, 2006; Steg & Sievers, 2000). Significantly, for understanding the relationship between inequality and environmental degradation, these values appear to be reflected in actual government expenditure; countries that have higher scores on "economic individualism" have lower levels of overall government spending per capita (Arikan, 2011). Indeed, one of the interesting ideas on growing inequality in the context of sustainability is how political polarization appears to generate difficulties in addressing environmental problems (Wilkinson & Pickett, 2010). It is clear that governments of developed nations show different levels of preparedness to act.

Gough's (2011) work on social policy and political economy shows that governments confront climate change with varying degrees of willingness to change economic, planning, and social policy directions. In his research, Gough identifies various scenarios. The first scenario, "irrational optimism," is associated with freer markets and technological optimism and exemplified by mainstream Republican positions in the United States. The prevailing idea is that economic growth will "equip future populations to cope with climate change, mainly through adaptation" (Gough, 2011, p. 16). Favored solutions are, first and foremost, deregulated drilling for oil in combination with some federal subsidies and loan guarantees for alternative energy sources, in particular nuclear energy, as well as carbon capture and storage. The second scenario is "green growth" or ecological modernization, to which most European countries subscribe (Gough, 2011, p. 18). The incorporation of environmental interests, including climate change mitigation, will require a much more active state or "a return to planning" (Giddens, 2009) to set goals and targets, manage risks, promote industrial policy, re-align prices through taxation, and regulate externalities otherwise neglected by business interests. Especially in circumstances of financial crisis, economic recovery is seen to demand public investment, and this should be targeted toward energy security and low-carbon infrastructures. By reducing energy costs and reliance on the fragile geopolitics of energy supply, providing jobs in the expanding "green" sector and meeting carbon emission reduction targets, the intention is to achieve synergies between economic, ecological, and welfare goals.

While the second scenario in Gough's (2011) typology argues for an essentially Keynesian and green reorganization of the economy, the third scenario questions economic grow per se. It is this scenario that involves more radical policy change and coordination. In "slow-growth" approaches, researchers such as Victor (2008) and the UK Sustainable Development Commission stress the distinction between relative and absolute decoupling of GDP growth and CO_2 emissions, the former referring to "decline in the ecological intensity per unit of economic output" (Jackson, 2009, p. 48). While emissions decline relative to GDP in some countries, they do not do so in absolute terms. Acknowledging the limitations of economic growth raises fundamental philosophical questions about what constitutes a "good life" and "the good society" within the ecological limits of a finite planet. While it is clear that business as usual is not an option, it is not clear what social policy options governments should pursue within the context of a steady state economy, particularly in regard to policies that can better harmonize redefined economic, social, and environmental objectives.

New Welfare Paradigms

Transitioning to a low-carbon slow-growth economy is not simply a matter of social policy prescription or new economic incentives, but of transforming whole patterns of social life in terms of employment, family, mobility, housing, and leisure. It is social systems that need to change in order to bring about a low-carbon society sustained by what Herman Daly (1973) refers to as a "steady state economy," in which population growth, technological change, economic growth are all reduced to a more sustainable level. High-carbon lives have come to be embedded in social institutions and dominant cultural patterns, supported by social and economic policies (such as the dominance of energy intensive suburban living in many cities around the world). In addressing this challenge, social policy and economic opportunities and choices may need to be re-localized in a transitional economy, meaning a decentralized and "bottom up" version of a low-carbon society. In this scenario, planners, politicians, and citizens would collaborate in the redesign of urban and rural centres, with energy requirements and lifestyles being more local and smaller in scale (Urry, 2011). Questions of identity, culture, and lifestyle are therefore as important as political economy in successfully transitioning to a low-carbon society.

In line with the studies by leading sociologist John Urry (2011) and The Hartwell Paper (Prins et al., 2010), there is a need to examine the functioning and consequences of a high-carbon society, as well as the role of specific social institutions in developing viable low-carbon alternatives. This means looking at the social institution of the welfare state from a new angle—as a potential resource for avoiding some of the more pessimistic future scenarios that are associated with unsustainable high-carbon growth. Social policy can assist the transformation of high-carbon economies, both in terms of speed and scale, and in terms of minimizing social conflict associated with transitions to a "greener economy."

Amartya Sen's (1984) early work on the "living standard" is a useful point of departure for an adequate understanding of welfare and well-being under slow-growth conditions. He argues that the material requirements for physiological flourishing tend to be fairly similar in all societies and that reported life satisfaction has remained more or less unchanged in most advanced economies over several decades in spite of significant economic growth. Further insights are provided from philosophers such as Soper, Ryle, and Thomas (2009), who argue that consumer society has already passed a critical point where materialism is now actively detracting from human well-being, and psychologists such as Kasser (2010), who provides evidence that people with higher intrinsic values are both happier and have higher levels of environmental responsibility than those with materialistic values.

What is consistent across these frameworks is an appreciation that societal well-being needs to be defined in ways that are not only focused on the distribution of wealth, but also on the distribution of time and opportunities for the expression of human agency that are not instrumentally tied to labor market status or potential for profit. In short, there is a need to acknowledge the ecological limits of the productivist "work-first" imperative that underpins much of contemporary income-support policies in Western countries, reducing and redistributing work time, and reconfiguring urban and housing policies and governance to minimize carbon emissions. A radically different welfare system will be needed to integrate the redistribution of work/time and income/wealth (Gough, 2011) that will support a slow-growth welfare paradigm.

In short, what is required is institutionalizing new conceptions of well-being, as well as new relationships between individuals and paid work that rely less on driving people into undesirable jobs (Standing, 2011). In the interests of moving beyond outmoded welfare state economics, serious consideration needs to be given to decoupling income support policy from labor market policies. By having the two closely coupled we can expect neither socially just income policies nor fairer paid work for those at the bottom of the income scale. To use the language of incentives, which is so often levelled at income support recipients, employers have little extrinsic motivation or economic incentives to deliver desirable jobs and conditions when an army of income support recipients are being forced to accept whatever paid work is offered, regardless of its quality or duration. Making this transition will be challenging because it will require that Western democratic nations reinvent rationales for governing that ensure long-term public goods are not undermined by short-term interests.

Making this transition will also mean going beyond what Hamilton (2003) calls the "growth fetish," which he defines as the unchallengeable consensus that the overriding objective of modern government must be growth of the economy. Daly and Farly (2009, cited by Koch, 2013) suggest two main principles of macroeconomic reforms that respect ecological limits; firstly the rate of extraction of non-renewable resources should not exceed the rate of creation of non-renewable substitutes, and secondly, waste emissions should not exceed the environment's capacity to assimilate them. Achieving these goals requires an active state to set collective limits on resource extraction, to set targets for renewable energy production and to move toward greater synergy in economic, social, and environmental policy so that demand for energy and goods can also be reduced.

The Place of Basic Income in a Slow-growth World

Welfare state sustainability remains a question for economic policy, yet ecological sustainability falls under the remit of environmental policy, and is detached from other policy fields (Fitzpatrick, 2011). The necessity of integrating toward greener economies and low-carbon societies is certainly recognized at the international level by organizations ranging from the European Union and the Organisation for Economic Co-operation and Development (OECD) to the United Nations, yet national policy makers struggle to develop integrated policy strategies (Garnaut, 2011). One option for decoupling economic growth is the gradual introduction of a basic income scheme to replace the coercive and overly complex income support policies that exist in many Western welfare states, particularly those of the English-speaking world. While not all slow-growth theorists agree on the need for a maximum income, they all agree on the need for a basic income, which could be financed from general revenues, an increasingly progressive income tax, eco-taxes, and/or from depletion and emissions certificate auctions (Koch, 2013).

As the introduction chapter to this volume outlined, arguments for a basic income can be based on different sets of normative assumptions, such as enabling greater personal freedom, fulfilling state obligations for social citizenship through fairer redistribution of resources, or creating the conditions for ecological sustainability (Christensen, 2008). This latter argument is one aspect that is given less attention in academic debates about the merits of a universal basic income. There are a number of political objections to realizing these normative aims that would need to be overcome before a universal basic income could be implemented, particularly in countries that have liberal welfare states, where redistribution through cash transfers fulfils a residual, rather than a universal, function and where paid work dominates debates about citizenship to the detriment of other productive labor, such as care work and volunteering.

The notion of a citizenship income or basic income has had a revival of interest in recent years, and several new presentations of the ideas have appeared in a number of diverse national and regional contexts (Standing, 2011). The general idea of a basic income is to provide every citizen with an amount that covers the necessities of subsistence or (whatever higher basic standard a society is able to afford), irrespective of employment status or any other condition. A basic income could replace many or all existing benefits and pensions, depending on the level of the basic income payment. As well as seeking to replace the existing benefits, advocates of basic income propose the wholesale elimination of tax allowances and expenditures, which, as stated throughout the book, are often hidden forms of welfare that not only discriminate, they also reduce the capacity of the state to fund innovative social policy measures. There is also a high administrative cost in administering a highly targeted tax and transfer welfare system, which Australia has at present.

A first step in building evidence for such a significant reform would be funding a series of pilots or social experiments in specific places to evaluate how such a scheme could work in practice. There are various design challenges that would also need to be met, but these challenges should not be used as an argument to dismiss the idea out of hand. A basic income would likely facilitate greater autonomy, material well-being and respectful recognition of citizens, irrespective of their attachment to the labor market. Unemployment would disappear as a category created by the receipt of benefits, categories that add cultural insult to economic injury. Someone might be looking for a job, but they "would not be on the dole"—as everyone would be receiving the same basic, tax-free, and inalienable benefit. As such, the transformative potential of universal basic income lays not in redistribution but in recognition, and the prospect of new spaces of resistance in which demands for recognition can be made. Viewed from this perspective, the unconditionality of a universal basic income reflects a solidification of legal recognition relations by prioritizing the autonomy of individuals (Mulligan, 2013, p. 171).

Related benefits are increased leisure time and greater choice for employees on working time. However, these measures require a stable earning distribution and active measures to combat discrimination against part-time work as regards grading, promotion, timing, and security of employment. These policies raise a series of political and implementation issues that will need to be considered, particularly in the more neoliberal welfare states of the United Kingdom and Australia where there is likely to be greater resistance to moving away from the mantra of increasing economic growth at whatever cost. However, the crisis presented by climate change is potentially powerful in breaking down established economic and social policy "path dependencies" so that out of the climate crisis and global financial crisis it becomes possible to implement radical change on a national and global scale. In line with the hypothesis that it will ultimately be necessary to limit transnational and global inequalities in wealth and income in order to reach an "Earth-wide steady state economy," Andersson (2009, p. 6) proposes the successive generalization of an unconditional basic income from the already rich countries to a global scheme. A redesigned welfare state in advanced economies, with basic income as a core institutional feature, can potentially assist the transformation of high-carbon economies into sustainable societies, both in terms of speed and scale, and in terms of minimizing social conflict associated with economic and social transitions to a "greener economy."

A basic income would also have the benefit of addressing economic insecurity and reducing reliance on industries that harm the environment during the transition to a new economy, under slow growth conditions. I recognize from the outset that basic income can be argued from very different normative perspectives. One type of normative argument, which comes in various forms, is that basic income may be regarded as a factor in creating real freedom in society. It is a freedom that may be conceived positively (a freedom to) and negatively (a freedom from) because it means that every citizen is guaranteed a certain amount of economic resources.

> Another type of normative argument is that basic income may be regarded as a further development or consolidation of democracy. Basic income may be viewed both as the fulfilment of the social citizenship and as the beginning of an economic citizenship, and it is not just any right, but a basic right which is a precondition for the exercise

> of other rights. Finally, there is a third type of normative argument for basic income making it an element in a fair redistribution of resources. This view may be interpreted as an extension of a Rawlsian perspective in which the goal is to secure the possibility for equal freedom for all citizens in a national state, but it may also be seen in the global perspective of sustainable development. (Christensen, 2008, p. 4)

It is this final perspective that outlines a concept of justice that has ecologically sustainable economic development at its core. This perspective sees climate change as a global catalyst for having a major rethink of the economic and social order, particularly the extent to which both nature and humans have become increasingly commodified under the conditions of late capitalism. Among all political parties in Australia and New Zealand, it is Green parties that have accepted the normative argument that connects basic income with a concern for ecological sustainability. The Australian Greens have basic income in their national policy platform, while the Green Party in New Zealand has been calling for a full and wide ranging debate on the introduction of basic income since the early 2000s. For Green political parties, a basic income constitutes a way of slowing down growth sufficiently to protect the environment, while not slowing it down to such an extent that the overall effect on welfare would be negative (Van Parijs, 1992). What is objectionable to many supporters of Green political parties is not growth per se, but output growth pursued for its own sake and growth engineered toward environmental destruction and rapid resource exhaustion (Gorz, 2010). It is not difficult to conceive of a scheme that would tax specifically those productions and consumptions that are particularly damaging for the environment or particularly costly in terms of natural resources. The difficulty is not one of design, but of politics, in particular gathering sufficient support for an alternative that heads in the opposite direction to contemporary social and economic policy.

Implementation Challenges

The biggest hurdles to implementing a universal scheme in liberal welfare states are more likely to be political, rather than technical. In countries that have a "work first" paradigm and strong objection to raising taxes, then a universal basic income confronts the objection that people should not receive something for nothing. Despite the evidence that this fear is unwarranted it persists nonetheless. In a recent article examining the case for a basic income in Australia, Don Arthur (2014, p. 5) concludes that:

> Objections to a simple income support system that does not distinguish between deserving and undeserving recipients are embedded in a much broader set of common sense assumptions about values and about how the world works. Until these change, the income support system will resist simplification.

Developing and implementing new welfare paradigms and proposals on a national scale, such as universal basic income, will therefore require informed public dialogue and debate. It is not an issue that will be solved by technocrats or academic experts. Science cannot be the ultimate authority in settling these policy and value conflicts (Gottweis, 2003). It is this acknowledgement that underpins deliberative policy making and planning, an approach that seeks to keep problems and issues contestable (not to deny their controversial character), and ensure that the boundaries between experts and non-experts and between science and non-science are more permeable (Brand and Gaffikin, 2007; Gottweis, 2003). A deliberative and discursive approach to policy analysis and planning moves beyond traditional policy analysis and "top-down" planning to identify possible synergies between economic, environmental, and social policies.

Participatory and deliberative modes of governance have a significant role to play in terms of the gathering support for new welfare paradigms and the legitimation of integrated policy solutions (Davidson & Stark, 2011). This is of course crucial for the sustainability of any policy agenda. However, the contribution that such mechanisms can make in terms of a low-carbon transition goes well beyond the search for a cosmetic form of policy credibility. If institutionalized correctly, deliberative forums can have a meaningful role in terms of policy design and evaluation (Davidson & Stark, 2011); can encourage preference transformation in ways which are sympathetic to environmental goals (Niemeyer, 2011); and can act as an antidote to overly technocratic and rational-scientific modes of policy making (Fischer, 2003).

An example of deliberative work in climate change adaptation is the ground-breaking and award winning "knowledge controversies" project in the United Kingdom (Whatmore, 2009). This involved social scientists and natural scientists working with flood-prone communities to address public controversies generated by the risk management strategies and forecasting technologies associated with diffuse environmental problems such as flooding. The research methodology used in the project has relied on an interpretative approach to governance of social and environmental problems and deliberative styles of decision making to "slow down" expert reason. The initial results are promising, with some flood mitigation schemes being developed that have now the support of all groups within the affected communities in the United Kingdom (Whatmore, 2009). It is this sort of demonstration project that illustrates the potential of deliberative policy making in transforming the public and the scientific response to climate change and potentially the nature of politics itself (Niemeyer, 2011).

Emerging studies are beginning to show how a synthesis of citizen participation and technocratic expertise can be successfully integrated to meet the adaptive challenges associated with climate change (Stark & Taylor, 2014). If social policy and urban planning is to be integrated and legitimized effectively, deliberative and participatory mechanisms need to democratize the policy terrain so that the concerns of the state and the citizen can be mapped out. The literature on the design of deliberative forums is voluminous. However, the most practical and well-used deliberative forum is the "mini-public," which is more often than not structured around the precepts of the deliberative opinion poll (Fishkin & Luskin, 2005). In this format, a sample of citizens in a specific locality is brought together and the opinions of each member are sought about a number of specific policy issues. After a series of debates that are facilitated by experts and designed around deliberative ideals, these preferences are measured again.

The central idea is that the deliberative process has the capacity to bring about forms of mediation that result in changed opinions about policy issues. In the context of climate change, these forums have been used by researchers at the Australian National University and Oxford University in order to test whether or not citizens have the capacity to deliberate around adaptive policies and, conversely, whether deliberation "works" in terms of changing opinion around climate change solutions (Hobson & Niemeyer, 2011; Niemeyer, 2013). In those experiments the deliberative forums encouraged greater levels of citizen appreciation about climate change and modified opinions about the location of responsibility for adaptive measures (from government to community responsibility). Thus, the potential of deliberative policy making to transform the public response to climate change, and to feed into technocratic debates about adaptation, was illustrated.

Conclusion

The Australian welfare state, like that which exists in other developed countries, needs to be refurbished so that it can meet a different set of economic conditions in the twenty-first century. In this current era of economic insecurity, human induced climate change and income inequality are posing real threats to the social order (Standing, 2011), and it is a dual crisis that social policy must confront. The welfare state established after World War II was the closest that countries like Australia and the United Kingdom came to achieving both security and freedom. We must now ask how we should achieve that combination today. A universal basic income is one idea that may help achieve a post-productivist settlement within the ecological limits of a finite planet (Jackson, 2009). There is agreement among slow growth and no growth authors that the distribution of wealth and income, traditional concerns of social policy, is crucial for the reduction of carbon emissions. There is also agreement that further gross domestic product (GDP) growth in the developed world is not likely to improve key indicators of life expectancy or happiness. And yet, despite the growing empirical and theoretical critique of economic growth as the central public policy goal for governments, welfare states, such as that which has developed in Australia over the past 50 to 60 years, have followed "irrational optimism" when dealing with climate change and associated challenges (Koch, 2012; Gough, 2011).

If radical change is going to be actively pursued by the state in social policy fields, such as social security systems, then changes in other areas of social life, such as paid work and family, would also need to follow. In aggregate form, welfare states do not simply reflect prevailing social attitudes and dispositions toward work, leisure, and time in society, they actively structure social relations and cultural values. As a social institution, they can express solidarity, cooperation, and environmental stewardship as much they can reinforce and naturalize status hierarchies and inequalities. In the postwar period, welfare states drove periods of full-employment, increased standards of living, and better health, as well as mitigating the worst effects of capitalism. In the twenty-first century, they must do the same, but this time with a realization that the aim is a steady state economy, rather than continual growth, with a social security system that supports autonomy and enables state coordinated public works activities that help countries adapt and mitigate the worst effects of climate change. In other words, the introduction of a universal basic income would substantially contribute to making the welfare state green (Christensen, 2008).

Whatever specific social security reforms are adopted in the future, the justification for income support needs to be reframed in terms of human security and genuine sustainability, rather than facilitating labor market participation at whatever personal and environmental cost. The strength of the narrative about sustainable welfare development is that it functions as a master signifier for smaller stories about justification of basic income as developing social citizenship, greater autonomy in relation to the state and markets, the abolition of poverty traps and the creation of meaningful employment and voluntarism. The fact that there is very little attention being given to examining the feasibility of implementing big policy ideas, such as a universal basic income, is a concern, because it is clear that some bold policy initiatives are needed to minimize the risks associated with climate change and rising income inequality and economic insecurity. While I agree with Susan St John in this volume that the introduction of a universal basic income is disruptive to social and economic systems, this internal disruption is in my view still preferable and positive compared with the unpredictable disruption associated with the external shock of climate change related events on the economic and social order. While it may be too late to avoid many of these consequences through mitigation, a basic income also has a role to play in adaptation, particularly in regard to providing a form of economic security as labor markets rapidly change in light of the impacts of climate change on job creation in areas such as tourism, mining, and transport. While basic income is not a panacea, it can be seen as a progressive insurance policy against a host of direct and indirect risks associated with climate change.

Among the *direct risks*, climate scientists list rising water levels, heatwaves, and bushfires, as well as rising sea levels that threaten coastal countries (Garnaut, 2011). *Indirect effects* of climate change include degraded coastal infrastructure that impedes shipping, health epidemics, and rising levels of "distress migration" from tropical Africa and South Asia due to resource scarcity and rising sea levels (Gough, 2011). Western economies and societies are further likely to suffer from disruption of vital oil and gas supplies, insecurity of food supplies with rising and volatile prices, disturbance of international economic networks and chains, growing restrictions on free trade, and corresponding weakening in global governance. Both direct and indirect climate change impacts will necessitate new forms of governance, public investment, and policy reconfigurations. These reconfigurations will necessarily imagine new forms of citizenship, those that are less territorial in terms of civic and ecological value (given the global dimension to the climate change challenge), but that remain rooted in everyday obligations of nationhood, such as paying a fair share of tax to support the introduction of a universal basic income. A basic income in the poorer parts of the world may increase local economic growth and be a part of the solution to poverty problems (Standing, 2011); however, in the rich part of the world, a basic income could be a key platform in addressing unsustainable economic growth, environmental pollution, and the problem of over-consumption and population.

None of this is to say that introducing a basic income as part of a renewal of social policy as a de-commodifing force would not be politically difficult (some of the challenges in securing political support for a basic income are outlined in John Tomlinson's chapter in this volume). Indeed, the dominant discourse and policy direction in regard to income support payments in Australia has been heading in the opposite direction to the principles of freedom and autonomy that are so often associated with the merits of a basic income scheme. Welfare-to-work policies can both entrench poverty (Davidson, 2011) and the naive and deceptive belief that the contemporary labor markets of industrialized nations can deliver economic security for all citizens. As Naomi Klein (2014, p. 94) puts it in her recent book on the need for a transition from one economic order to another in the face of climate change: "it is counterproductive to force people to work in jobs that simply fuel unsustainable consumption." Nonetheless, the measures needed to secure a just and equitable transition away from fossil fuels and dirty jobs clashes directly with our reigning economic and social policy orthodoxy. Powerful vested interests, such as the fossil fuel industry, continue to oppose any moves to transition to new forms of energy supply and associated labor markets. Countering political opposition to transformative policies, such as basic income, requires a social movement informed by sound ideas that challenge outdated welfare and economic orthodoxies; and it requires a deliberative approach to policy making so that citizens can democratically determine what kind of economy and society they need.

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CHAPTER 9

Basic Income for Remote Indigenous Australians: Prospects for a Livelihoods Approach in Neoliberal Times

Jon Altman

Introduction

In early 2015, the prime minister of Australia delivered the seventh annual Closing the Gap Prime Minister's report (Australian Government, 2015). In it he reported that the government's goal to halve the gap in employment outcomes between Indigenous and other Australians by 2018 was not on track, a euphemism for failing, and that there was a decline in employment outcomes since the target was set in 2008. The report notes:

> It is clear that since 2008, no progress has been made against the target to halve the gap in employment outcomes within a decade (by 2018). The proportion of Aboriginal and Torres Strait Islander peoples aged 15–64 years who are employed fell from 53.8 per cent in 2008 to 47.5 per cent in 2012–13. In addition to the fall in Indigenous employment, the proportion of non-Indigenous Australians who are employed rose from 75.0 per cent to 75.6 per cent. Consequently, between 2008 and 2012–13 there has been an increase of 6.9 percentage points in the employment gap between Indigenous and non-Indigenous working age people (up from 21.2 to 28.1 percentage points). (Australian Government, 2015, p. 18)

The report highlights variation in employment outcomes by remoteness declining from an employment/population ratio of nearly 50 percent in major cities to just 30 percent in very remote regions.

This situation reflects an ongoing failure in the Australian government's project of socioeconomic convergence as measured by social statistics, but it is not new. Comparative information from the five-yearly census, going back to 1971, indicate that the Indigenous unemployment rate has always been high and that the ratio of Indigenous to non-Indigenous employment outcomes, however measured, have remained obstinately divergent (Altman, 2014). A recent review of employment and training programs (Commonwealth of Australia, 2014, p. 180) highlights a gradient in private sector employment rates for Indigenous people from 41 percent in major cities to 19 percent in very remote Australia. Not surprisingly, this means that transfer payments are also very high for those in remote and very remote Australia[1] representing the main source of personal income for well over 50 percent of adults (Commonwealth of Australia, 2014, p. 127).

In this chapter, I focus on remote and very remote Australia combined and referred to as "remote" as distinct from non-remote Australia. I do this in part because standard employment outcomes in remote Australia are worse than anywhere else, the Indigenous labor surplus "problem" is acute, and policy failure has been enduring. But the policy vision for remote Indigenous Australia has constantly aimed to replicate the market capitalist model dominant in non-remote Australia despite fundamental cultural, structural, and climatic differences. The inability to consider alternative approaches as conventional ones fail has represented an escalating bipartisan myopia on the part of successive Australian governments.

I say "escalating" intentionally because this has not always been the case. In the past there has been an alternative, the Community Development Employment Programs scheme (henceforth CDEP) that was piloted and then expanded and supported for 30 years before being judged a failure and dismantled. CDEP was established in 1977 and combined the provision of basic income with support for community and commercial enterprises and associated employment creation; this was coincidentally the year that I began researching Indigenous economic development as a junior academic. CDEP was based on a realization that orthodox welfare and employment creation institutions were unsuitable for the exceptional economic and cultural circumstances of remote living Aboriginal people, and that an institution that recognized this difference was needed.

I begin this chapter with some historical contextualizing, a brief backstory of the colonization and decolonization of remote Australia and the livelihood challenges that people faced. Even in 1977 I could see the potential for CDEP as a form of universal basic income, especially in the most remote and challenging situations, at outstations and homelands,[2] where there was no formal labor market. From 1978, I changed my disciplinary focus to anthropology and undertook extended field research at one of these remote outstations, a place called Mumeka in western Arnhem Land, living with a small group of Kuninjku-speaking people. From 1985, I was provided with a rare opportunity as a postdoctoral researcher to influence CDEP policy development, and in 1987, to advocate for a basic income scheme for these smallest and most remote of communities. While this proposal for a Guaranteed Minimum Income for Outstations (GMIO) was never seriously considered, CDEP was creatively reconfigured by some community-based organizations to effectively operate in this way. I demonstrate the benefits of such adaptive management with a case study of the Bawinanga Aboriginal Corporation's (BAC) administration of CDEP and the virtuous livelihoods cycle, what I have termed "economic hybridity," that this created for Kuninjku people for nearly 20 years.

CDEP started as a universal program for members of those communities who participated voluntarily; it had attractive design features with no formal income or work testing, and it grew rapidly in popularity—by 2004 there were over 35,000 Indigenous people participating, 70 percent living in remote Australia. But over time, design problems in the scheme were harbingers of its demise. In my view, state parsimony, federal/state strategic fiscal behavior, and an inability to envision CDEP as productive basic income were all major reasons for its demise. So was a broad shift in national policy thinking about welfare from Keynesian social democracy to the current mix of neoliberalism and austerity—and an emerging narrative about the undeserving (black and white) poor who merely need to grasp opportunity, even when living in places with no labor markets.

From 2004, with a shift in Indigenous policy from a form of self-determination back to a new form of assimilation, CDEP has been systematically dismantled. It is to be replaced by a remote Work-for-the-Dole scheme that will impoverish remote living Indigenous people more deeply. I attempt to decipher the intent of this conflicted policy unilateralism at a time when the Australian government espouses goals to Close the Gap in employment disadvantage between Indigenous and other Australians. I address the following question:

Why has CDEP been demonized and demolished in Australia just at the very time when basic income schemes are garnering greater support globally (Ackerman, & Alstott, 2006; Standing, 2014). I end by putting forward a progressive agenda for the establishment of a basic income scheme for remote Australia, a scheme that can provide a modicum of economic security, autonomy, and dignity for marginalized communities.

A Synoptic History of Indigenous Unemployment

When looking to explain Indigenous disadvantage, it is hard to know how far back to go in Australia's colonial history. One can go back to 1788, as Patrick Wolfe (2006) does, to convincingly argue that invasion is not some historical moment or act that can be dated back to first contact. Instead settler colonialism can be understood as an ongoing process that has the ultimate goal of eliminating native societies and creating new Indigenous subjectivities that will result in the integration of Indigenous peoples into mainstream settler society.

If we go back just 50 years to the time of Donald Horne's *The Lucky Country* (1964), it was even predicted then that Aboriginal societies would indeed disappear through assimilation. Back then, Aboriginal people had just been granted the franchise in federal elections in 1962, but in some jurisdictions they were still wards of the state, ineligible for award wages or social security benefits. In remote Australia most were corralled in government settlements and missions, regarded as wards of the state and deemed subjects of the official Australian project of enforced assimilation. In the 1960s, under the assimilation policy, those Indigenous people living remotely were required to engage in a range of community enterprises and training programs. As a general rule, people were paid in kind and only received a small amount of cash as pocket money (see Kidd, 2006). Then from 1968 there was a change, and those living at settlements and missions were paid below-award wages called "training allowances." The assumption of policy then was that Indigenous people would either be assisted to establish viable enterprise in difficult circumstances, or else that they would adopt individualistic Western norms and skills and migrate for employment elsewhere.

By the early 1970s, it was clear that this approach was failing: remote places were neither magically developing into nodes of state- or mission-supported capitalism, nor were local people migrating for jobs. At the same time, the status quo of below-award wages was not just morally challenged but also legally indefensible after the pastoral award decision by the Industrial Relations Commission in 1966. In 1974, award wages were introduced for those living at what were increasingly referred to as townships or discrete Indigenous communities, although almost all had non-indigenous management and professional and technical staff. Indeed, as Indigenous people were belatedly recognized as full Australian citizens from the early 1970s, they became entitled both to award wages and to welfare benefits, even though public funding was never sufficient to employ everyone; Keynesian-style social security institutions designed to provide support during short periods of unemployment in southern Australia were poorly tailored to circumstances where there were few jobs.

Rapid change in policy and practice followed the election of the progressive Whitlam government when self-determination became the dominant term of policy. Aboriginal people suddenly had postcolonial choice that expanded first with land rights and then after 1992 with native title. People could now choose to live even more remotely than at townships on their ancestral lands at outstations and homelands.[3]

There were important differences between townships and homelands. Homelands were smaller and more remote than townships; the former generally numbered less than 50 people, the latter rarely more than 1000. At homelands people had greater access to alternate forms of livelihood from production for use; but until the 1980s, they were not eligible for unemployment benefits as these places lacked labor markets, and so it was impossible to pass the work test. At the same time, to get a modicum of capital support from the government to re-establish homelands people had to demonstrate a commitment to live at these places. At townships, on the other hand, there were many more able-bodied people than award positions and so unemployment was endemic.

Back in 1977, with my colleague John Nieuwenhuysen (Altman & Nieuwenhuysen, 1979), I looked at these two situations, and it was clear that they faced extraordinary challenges. The challenge in townships was to deliver capitalist development where the state and missionaries had failed and where there was chronic state underinvestment. The challenge at homelands was that precolonial production regimes generated inadequate mixed livelihoods for late modernity, despite opportunity for some non-standard productive activity in cultural industries and various degrees of self-provisioning from hunting, fishing, and collecting for domestic use. There was still a need, however, for some income subvention to purchase market commodities.

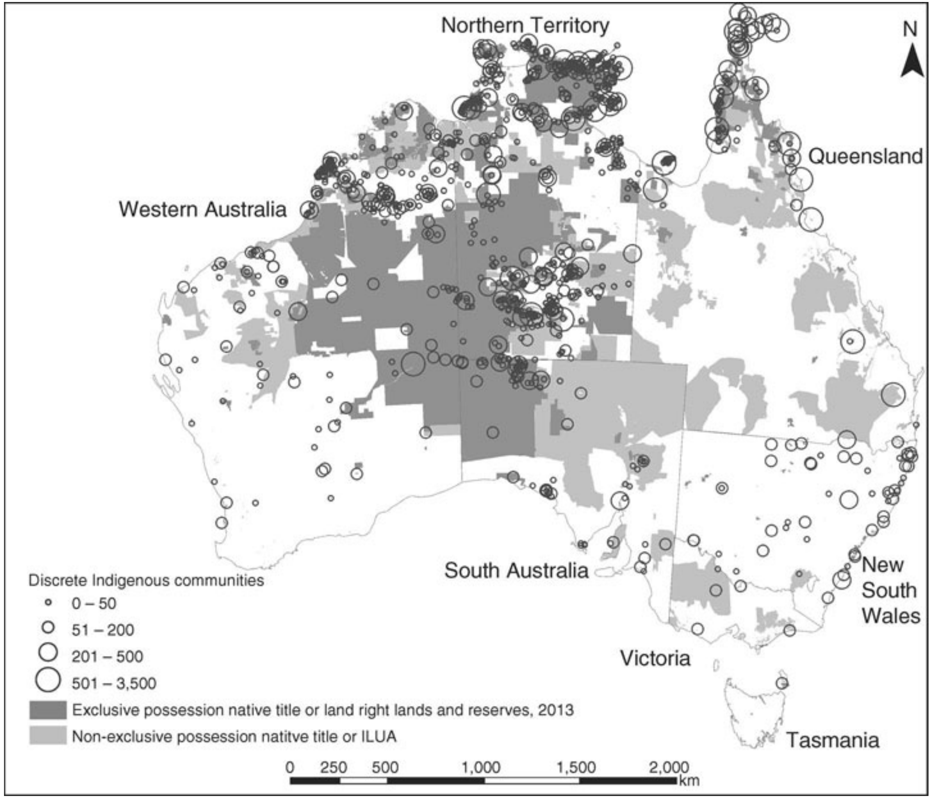

Figure 9.1 Discrete Indigenous communities and land held under Indigenous title

Source: Altman and Markham (2015).

The extent of the challenge has hardly changed in the last 40 years, except now the conceptual distinction between larger discrete communities and smaller outstations is difficult to make as there is more and more movement between them—the commitment needed to live at homelands permanently has eroded intergenerationally.

Demographic statistics about remote-living Indigenous peoples have always been difficult to source and remain so in the present. The map (Figure 9.1) looks to provide the latest information showing land held under Indigenous title in 2014, almost all in very remote Australia, and the 1200 "discrete" Indigenous communities dotted around these lands from the last Community Housing and Infrastructure Needs Survey of 2006. These data indicate that nearly one-third of Australia is held under some form of Indigenous title, and that of discrete communities, nearly 1000 had less than 100 people and 200 had more than 100, with an estimated usual Indigenous population of less than 100,000 people on Indigenous-titled lands. In the 2011 Census it was estimated that 143,000 Indigenous people lived in remote and very remote Australia that covers 86 percent of Australia, although not all lived in discrete communities; they represented 21.4 percent of the total estimated Indigenous population of 670,000 (Altman & Markham, 2015; Australian Bureau of Statistics, 2011).

The Invention of CDEP

Noel Pearson (2000) in *Our Right to Take Responsibility* is credited in popular and policy discourse as being the first to highlight the debilitating effects of welfare dependency, award wages, and the right to drink alcohol at remote Aboriginal communities, especially in Cape York. However, nearly 30 years earlier, the Department of Social Security articulated similar concerns about the impact of legislated equality in the face of chronic jobs shortages in remote Indigenous communities and the prospects of entrenched idleness, lack of motivation, and social dysfunction (see Sanders, 1988; Altman, Gray, & Levitus, 2005, p. 26). An innovative alternative was proposed at that time that can be sheeted home intellectually to an exceptional policy innovator, the late Dr H. C. Coombs as an element of "the Coombs experiment" (Rowse, 2012; Sanders, 2012). In collaboration with progressive bureaucrats and with the concurrence of remote Aboriginal leaders, mainly in desert Australia, Coombs proposed CDEP. Under this scheme communities would receive a grant equivalent to their welfare entitlements and the estimated costs of its administration and some funds to underwrite establishment of community commercial and social enterprises.

Key early and enduring features of CDEP were that it was an Indigenous-specific program originally administered by the Department of Aboriginal Affairs, with its cost mainly offset by notional links to the unemployment benefit entitlements of participants. Important features of the CDEP scheme were that it was voluntary, at the collective not individual level, and it was community-controlled. In essence an elected community council was allocated the lump sum of the entitlements of all individuals to unemployment benefits, plus some administrative and capital resourcing on a quarterly basis. It was expected that the elected council would allocate these pooled funds to individuals based on their active participation in part-time work paid at award wages. In design, if not in practice, it was assumed that participants had to work to be paid, so the scheme was essentially designed as a form of workfare. CDEP was often referred to as an Indigenous work-for-the-dole scheme, except it was only notionally "the dole" and the bosses were not state officials but community leaders with varying degrees of authority.

In 1977, John Nieuwenhuysen and I were highly supportive of this new scheme and developed a totally abstract indifference curve analysis and hypothetical labor offer curves to demonstrate its potential utility benefits for those who do not wish to work full time (Altman & Nieuwenhuysen, 1979, pp. 201–204). Nieuwenhuysen and I were supportive of CDEP as a mechanism to introduce flexible work arrangements. The problems with the scheme from the outset were twofold. First, for those who wanted to work a standard week, CDEP funding was inadequate. And for those who did not want to work at all, or to work too few hours to sustain themselves and their families, there were issues of discriminatory denial of access to welfare.

In 1985, the Hawke government commissioned the first major national review in Australia of Aboriginal employment and training programs. The review chaired by the late Mick Miller (1985) articulated strong support for CDEP; there were recommendations to expand the scheme to outstations. These recommendations were echoed in a subsequent parliamentary inquiry into the homelands movement that deliberated between 1985 and 1987 and produced an influential report *Return to Country: The Homelands Movement in Australia* (Blanchard, 1987). The government responded to the Miller Review with the multi-year Aboriginal Employment Development Policy (AEDP) that saw enhanced investment in labor market programs, but also provided support for what were referred to as "traditional" activities like "artefact production, the cultural teaching of the young and other traditional economic and cultural activities" (Australian Government, 1987, p. 8). Mainly because of high demand for CDEP, the AEDP also increased its flexibility so that it was now possible to have both access to welfare and CDEP participation in remote communities. With the establishment of the Aboriginal and Torres Strait Islander Commission (ATSIC) in 1990 there was growing pressure for the scheme to expand geographically, which it did—even to suburbs like Redfern in central Sydney.

There is limited reliable statistical information about CDEP; the five-yearly census designers have struggled to differentiate CDEP from other forms of labor market participation except in the remotest places where census information is collected by interview. There are numerous case studies about the successes and challenges faced by the scheme, many collected in an edited volume *The Indigenous Welfare Economy and the CDEP Scheme* (Morphy & Sanders, 2001). In remote Australia, from the 1990s, CDEP rapidly became an omnibus development program. The scheme proved extremely popular. By 2004, when at its peak, it was estimated that over 35,000 Indigenous people participated in the scheme administered by 265 Indigenous organizations.

The best information on CDEP comes from the National Aboriginal and Torres Strait Islander Social Survey conducted by the Australian Bureau of Statistics in 1994, 2002, and 2008. Statistics from the 2002 survey, when the scheme was at its peak, show that CDEP was effective in meeting its multiple objectives. Altman, Gray, and Levitus (2005) show that, on average, people on CDEP earned AUD$100 a week more than those on welfare, and they were far less likely to be arrested. In very remote Australia, 90 percent of those on CDEP worked more than the minimum 15 hours a week and one in five worked over 35 hours. At the same time, CDEP participants in remote regions were able to participate in more hunting and fishing, in more ceremonial activities, and in more recreational or cultural group activities than both the employed and the unemployed. CDEP participants were also far more likely to speak an Indigenous language, although it is unclear why this was the case.

Guaranteed Minimum Income for Outstations

The Blanchard Report (1987) *Return to Country* is the only official review to date that has thoroughly examined the outstations situation and made concrete recommendations for government policy. This is extraordinary given the considerable debate in Australia at present about the economic viability of remote communities, especially in remote Western Australia, and their affordability. And yet this is an issue that is greatly under-researched and has not been the focus of serious policy attention for 30 years.

The Blanchard Report examined all available evidence and was strongly supportive of the Aboriginal homelands movement. Despite lacking access to most services, people at outstations were regarded as more economically engaged and less dependent than at major communities, a conclusion not dissimilar to that made in research by economist Fred Fisk (1985) and in my own work (Altman, 1987). Blanchard made strong recommendations for the expansion of CDEP to all homelands that wished to participate in the scheme; the Committee emphasized that the flexibility of CDEP and community decision-making about expenditure of funds should be emphasized in the administration of programs at outstations (Blanchard, 1987, p. 159).

The Blanchard Committee had been influenced in its assessment of employment and economic development prospects at homelands by the Miller Report. The key genealogical link between CDEP and the Miller Inquiry was H. C. Coombs who was a key member of the Miller Committee. I, too, had some links to these policy development processes; I had made submission and representation to the Miller Inquiry and two submissions to the Blanchard Inquiry in 2005 and 2007 and had also been a witness in its proceedings: the chapter on the economies of homeland centers relied heavily on my evidence (see Blanchard, 1987, pp. 130–162). I was also a colleague of H. C. Coombs at the Australian National University.

A decade after the establishment of CDEP, I was engaged by an organization called the Australian Council for Employment and Training (ACET) to explore options for providing guaranteed cash income to outstations. ACET was responding opportunistically to the Blanchard Report. I undertook this consultancy assisted by Luke Taylor (Altman & Taylor, 1989). In the work for ACET, I was asked to canvass options for government to provide cash to outstations, including by way of a guaranteed cash income drawing on available research in Australia and overseas and to assess whether CDEP might be adapted for such purposes (Altman & Taylor, 1989, p. iii). The major international example that we reported was the Cree Income Security Program (ISP) from Quebec, Canada, that was negotiated as a part of the James Bay Agreement in 1978. Our report recommended that a new program of GMIO be established.

Much of the rationale for a GMIO drew on a comprehensive time allocation study that I had undertaken at Mumeka outstation over 253 days in 1979–1980 as an element of my doctoral research (Altman, 1987; Altman & Taylor, 1989, pp. 67–68). The study showed that Kuninjku adults spent an average of 3.6 hours per day in productive work in what I termed then the subsistence and market exchange sectors. Analysis of standard deviations indicates that there was little variability in work effort over the year. While these daily figures appear low, when taking into account culture-specific continuous work patterns, they translate to 25 hours per week. And when culture-specific participation rates were factored in—all adults over 15 years worked—this converted to full-time work according to the norms of the wider society at that time—40 hour week, 60 percent participation. My main points were, first, that Kuninjku were already fully engaged but had inadequate cash income. and second, that formal employment would divert them from the "food sovereignty" that they were exercising on their own lands. There is little comparative time allocation work in Australia that supports or contradicts this finding, despite much popular and policy narratives about Aboriginal passivity and dysfunction.

Our report *The Economic Viability of Outstations and Homelands* (Altman & Taylor, 1989) recommended that GMIO be established as a new program without income or work testing, and that it provide income support to those who demonstrate a commitment to outstation living in recognition of both their work in the informal sector and the absence of other cash-earning options. It was also recommended that a nexus be maintained between GMIO and welfare so that the proposed scheme would be cost neutral to the Australian government; while a Capital Fund for Subsistence, what today would be termed "stakeholder grants" (Ackerman & Alstott, 2006), be established to assist to underwrite non-market activities.

The GMIO proposal looked to blend the best of Australia's CDEP and Canada's ISP, after assessing their positive and negative features. But our recommendations were never seriously considered, let alone implemented, mainly I suspect because bureaucratic attention was focused on the bigger national implementation of the AEDP and the expansion of CDEP.

The GMIO was a basic income proposal, but it had a major shortcoming that I now recognize with the benefit of hindsight. Our report was responding to a bureaucratic view that homelands are a special case that requires special treatment. But in reality and over time, I have come to realize that homelands and larger townships are just places between which people increasingly move. Drawing on the ISP model, it was recommended that a residential conditionality be introduced to access GMIO, but such conditionality would have been impossible to monitor without an unacceptable level of surveillance. A workable basic income scheme needs to be unconditional.

CDEP as Basic Income: A Case Study from Arnhem Land

While my proposal for a basic income scheme made in the late 1980s failed, from the 1990s I had the opportunity to research how CDEP could be reconfigured to serve such an end.

From 1979 I have undertaken research in Arnhem Land with a group of Kuninjku-speaking people who live between a cluster of outstations and a township called Maningrida established as a government settlement in 1957. Kuninjku have a complex colonial and postcolonial history that does not need detailed exposition in this chapter; suffice to say that up until the early 1960s, many lived as hunter-gatherers before centralizing at Maningrida. A decade later, in the early 1970s, they decentralized to outstations because state attempts to transform Kuninjku to centralized and sedentarized living failed. On returning to live at outstations, Kuninjku reconstituted a form of economy that mixed revitalized production for domestic use, mainly in the form of hunting and fishing; new forms of production for market exchange, mainly of arts and crafts; and a more limited degree of dependence on state transfer payments that included access to unemployment benefits from the 1980s.

The remote living of Kuninjku people and other groups in the 10,000 square kilometers of the Maningrida hinterland has been facilitated since 1979 by a community-controlled regional resource agency called the BAC. BAC assisted outstations with housing and infrastructure support, communications and access to Maningrida, delivery of Western supplies, and welfare entitlements and arts marketing. From 1989, BAC became a CDEP organization. In the 1990s, BAC evolved into Australia's largest CDEP organization in remote Australia with over 600 participants; it also grew into a very successful development corporation mainly through the clever strategic deployment of CDEP workers as subsidized labor in commercial enterprises.

BAC strategically allocated its allocation of CDEP funding in a three-tiered system: people living at outstations were paid for 3.6 hours a day; people who worked in Maningrida were paid 4.6 hours for a morning's work and had potential to earn extra income from extra employment; and people who were inactive in Maningrida were provided very basic income calculated at two hours work a day just to keep them going. If people were at ceremony they would get 3.6 hours a day; there was a degree of mobility between these three categories (Manners, 2001, p. 211).

In the 1990s most Kuninjku adults living at outstations moved onto CDEP. For a decade and a half, until Indigenous policy changed dramatically from 2007, Kuninjku, through their agency and with the assistance of BAC's advocacy, developed an unusual form of economy that I have termed "hybrid"—it was an economy based on articulations between the state, market, and customary sectors. CDEP operated as a basic income when Kuninjku lived at outstations. While there was a notional requirement dictated by state officials that 18 hours a week were spent on outstation "village" maintenance, in reality, CDEP was paid unconditionally. During this period, Kuninjku were able to maximize their access to cash through productive hunting mainly for meat and fish, as a replacement for store-purchased foods. They were also prolific producers of art, and as CDEP was not income tested (although it did have an income threshold that some exceeded and so exited CDEP to "self-employment"), they were able to successfully engage with global arts markets, an engagement brokered by Maningrida Arts and Culture, a business arm of BAC.

Kuninjku used CDEP entitlements (for 3.6 hours of work per day at minimum award rates of about AUD$14/hour) strategically and in what could be described as a "virtuous cycle of economic hybridity." They saved surplus cash from CDEP and arts income to purchase vehicles that facilitated more hunting, more arts work, and the maintenance of communications between Maningrida and outstations. With the freedom that CDEP as basic income provided, some Kuninjku also chose to live and work in Maningrida as community rangers working in natural resource management or as textile designers and printers getting CDEP and earning top-up.

The period 1990 to 2009 was probably the least precarious for Kuninjku since precolonial times, although it was always at risk from changes in CDEP policy, or a downturn in the global arts market, or organizational instability at BAC. In fact, Kuninjku experienced all three. From 2007, the government began to "reform" remote CDEP as part of the Northern Territory Intervention, a purported national emergency responding to reported excessive child abuse (Hinkson, 2007). While some Kuninjku were "grandfathered" on the scheme, a new Remote Jobs and Community Development (RJCP) program from 2013 had embedded in it the staged abolition of the scheme irrespective of performance. From 2008, with a change in senior personnel at Maningrida Arts and Culture and the Global Financial Crisis sales of Kuninjku, fine art nosedived. And finally, in 2012, BAC went into special administration as new personnel mismanaged the corporation and ran it into debt. While BAC has survived, it now carries a debt burden and its capacity to provide services to its membership, especially at outstations, is greatly reduced.

The Destruction of CDEP

I use the case study from Arnhem Land to show that, while a basic income scheme may have represented a step too far for the Australian government in 1987, CDEP was sufficiently flexible to operate productively in this way. Kuninjku people were liberated by CDEP to pursue a range of productive activities in their own way beyond mainstream employment, while also enjoying the freedom to participate in their time-intense religious practices: this was arguably liberal multiculturalism at its best.

But such evidence of regional success was not enough to forestall the abolition of the CDEP institution from July 1, 2015. This abolition occurred despite a considerable body of research that showed that CDEP was far better than welfare, and that it was popular with Aboriginal organizations and scheme participants Australia-wide.

As already noted, CDEP was problematic from establishment because of two core tensions. First, welfare rights advocates did not like its early compulsory universalism in communities that decided to participate in the scheme. And so with time CDEP guidelines were altered so that the scheme could sit alongside welfare. The initial goal of CDEP to get people to work part-time for wages changed; now people could either access CDEP as basic income as in the outstations case above; or they could access welfare and not work; or they could access CDEP and choose to only work part-time.

Second, CDEP was never meant to substitute for normal entitlements of participating communities to needs-based funding from governments, but it invariably did. This generated prolonged critique of CDEP from influential players like Indigenous academic Marcia Langton (2002) and Noel Pearson's Cape York Institute (2007) who erroneously, in my view, criticized the scheme for allowing cost shifting rather than focusing their critiques on governments that chronically underfunded service provision at remote communities.

The beginning of the end of CDEP came with the abolition of ATSIC in 2004, paradoxically just as the commission was developing new guidelines to more clearly differentiate employment creation from community development, the latter to incorporate the operation of the scheme as basic income. As Sanders (2004) predicted, the move of CDEP to the employment portfolio signaled its death knell. This was particularly because in a robust national labor market there was a view that CDEP represented a comfort zone: participants needed to have their benefits reduced so as to be forced into "real" employment.[4] From 2004, the CDEP scheme was incrementally shrunk by successive governments, in urban Australia, then in regional Australia, and finally in remote.

The most coherent logic espoused for this "reform" agenda was that the intermediate position between unemployment and full-time employment that CDEP participants occupied was unacceptable, and that CDEP was so popular with participants that it constituted a barrier to exit into imagined "real" jobs that were generally unavailable in remote Australia. There was also ongoing contestation about what constituted work for community-based organizations and the Australian government especially in relation to "culture" work at ceremonies.

A powerful alliance emerged between the influential Centre for Independent Studies (CIS), a conservative think tank in Sydney, and influential Indigenous political actors Noel Pearson, Marcia Langton, and the Cape York Institute think tank in Cairns they control, with both having direct links to federal politicians and senior bureaucrats in Canberra. This alliance is clearly documented in publications that cross-reference and echo each other—most notably the Cape York Institute's (2007) report *From Hand Out to Hand Up*, Helen Hughes' (2007) book *Lands of Shame*, and Sara Hudson's (2008) policy monograph *CDEP: Help or Hindrance?* published by the CIS.

While elements of their critiques, like Hughes' (2007, p. 72) claim that "In dysfunctional settlements, CDEP becomes a tool of corruption," is populist hyperbole, other aspects of the report deploy a conventional neoclassical labor economics perspective on deep unemployment. Their arguments, to summarize briefly, are that CDEP represents a secondary labor market in remote communities that constitutes a "comfort zone" for participants. To force people into "real" jobs, the inequity between welfare and CDEP, which favors CDEP participants, needs to be broken so that people are confronted by the stark choice between mainstream employment and life on welfare. In abstract economic terms, such an argument has validity, especially if mainstream employment opportunities abound, and policy is calibrated to deny CDEP participants the option of part-time work. But despite all the rhetoric about the "real" economy and "real" jobs, there is no evidence that forcing people onto welfare will in fact increase mainstream employment especially in situations such as outstations, where there are no jobs. This concerted advocacy for the abolition of CDEP was based on an assumption that, if faced with the prospect of welfare, people would migrate for employment, but there is again no evidence that employment increases dramatically when one migrates up the settlement hierarchy nor that people living on the land they own will move for employment.

The concerted campaign to abolish CDEP yielded results. In July 2013, the Gillard government effectively ended the scheme in remote Australia by incorporating it as an element of the Remote Jobs and Communities Program that proposed to pay the unemployed welfare benefits while they were required to undertake training for mainstream work and labor migration, or else engage in Work for the Dole activities often in meaningless make work.

In September 2013, a new conservative government sought to give Indigenous affairs a high policy profile and Prime Minister Tony Abbott anointed himself the prime minister for Indigenous Affairs. A major review of employment and training headed by mining magnate Andrew Forrest and assisted by Indigenous academic Marcia Langton was immediately commissioned (Commonwealth of Australia, 2014).

The Forrest Review *Creating Parity* (Commonwealth of Australia, 2014) recognized that people remaining on CDEP who were being paid "wages" and defined as employed rather than unemployed[5] were getting a better deal than those on welfare. On three occasions it was recommended that CDEP be abolished immediately on equity grounds rather than making a case for improving the appalling prospects for those trying to subsist on welfare in deep poverty. The pivotal link between this review and earlier similar critique was Marcia Langton, who was Forrest's key adviser. But the review did not canvass any innovative options for employment creation or livelihood improvement and was thoroughly critiqued by a number of academics (Klein, 2014).

As this chapter is being completed the policy landscape seems very conflicted and unclear. In December 2014, the Abbott government announced a set of draconian measures to reform RJCP just 18 months after its establishment in the name of an imagined utopian vision of employment parity and free market capitalism for remote Australia.

From July 1, 2015, it was proposed that the remaining sliver of CDEP be abolished. Instead it is proposed that all the unemployed will be required to work five hours a day, five days a week, 52 weeks a year for welfare payments in a "new" remote Work for the Dole scheme. This amount of work would be higher than for those in non-remote regions where the unemployed (black or white) are only required to work up to 20 hours a week for up to six months in the year. And there was no anticipated sunset clause on these requirements, so that those on remote Work for the Dole could work year-in year-out in often pointless activities for below-award wages of less than $AUD10 per hour (Scullion, 2014).

And then, just six months later, there is a new announcement by Minister Scullion that RJCP is to be renamed the Community Development Programme or CDP and that there is to be a softening of the tough measures that were never implemented. Instead the government is committing to allow paid leave and to allow providers to negotiate with the unemployed if they engage in meaningful community activities or take the pathway to so-called real jobs (Scullion, 2015). In an unpublished address to a Remote Jobs and Communities Programme Business Meeting in Darwin on June 3, 2015, Minister Scullion indicated a commitment to greater flexibility especially at outstations, where he conceded there are few job-seekers and difficulty in delivering meaningful, supervised activities.

And so there seems to be a sudden and unexpected possibility for the emergence of political space for renegotiating and refining what will now be called CDP (which is phonetically difficult to differentiate from CDEP) to better suit the particular circumstances of remote-living Indigenous people. Recent discussions with senior bureaucrats in the Department of the Prime Minister and Cabinet suggest that the precise form that this new approach will take will emerge after further discussions with providers over the next 12 months.

While CDEP was not perfect, it was voluntary, productive, had legitimacy, resulted in far better outcomes than welfare, and empowered community organizations and their constituents to utilize the scheme as basic income. At the end of his account of the life and death of CDEP that focuses on bureaucratic politics, Sanders (2012, p. 388) quotes a story from Rowse (2012) writing on "the Coombs experiment." I retell it here. Rowse recounts how at a dinner with Coombs in Darwin in 1994 there were two others critical of CDEP. Coombs acknowledged the criticism and even agreed with some. But he then asked the critics if they had better options, which they did not. I think that the politicians and bureaucrats who oversaw the destruction of CDEP, including highly influential Indigenous political actors like Noel Pearson and Marcia Langton who have actively lobbied for its elimination, should be asked a similar question.

Basic Income for Remote Indigenous Australia

Unlike the critical guests at Coombs's dinner I want to advocate from the perspective of action anthropology for a better alternative to CDEP—a guaranteed basic income scheme, and some form of associated stakeholder grant, to open up livelihood opportunities for poverty-stricken Indigenous people and to alter the power imbalance that arises from excess dependence on the state. This sees Indigenous people needing to cope with increasingly frequent and destabilizing policy changes unilaterally imposed by one Australian government after another. I regret that in the past I was blindsided by the apparent operations of CDEP as basic income and that I did not advocate more vigorously not just for GMIO, but for a universal and constitutionally recognized basic income scheme; Indigenous peoples' livelihood and well-being need to be protected beyond short-term political expediency.

How might such progressive change be implemented in the current political climate when all governments appear unsympathetic to forms of Indigenous alterity that include non-capitalist forms of production? How might the dominant discourse here (as elsewhere in the Western world, see Standing, 2014) be changed so that the Indigenous unemployed are not demeaned as undeserving and personally responsible for their marginal circumstances, even as it is clear that in the places where they reside there are limited opportunities in mainstream labor markets? And how might deeply entrenched politico-structural and cultural explanations for inequality be addressed, so that gaps in well-being as well as statistical gaps in social indicators can be addressed?

There are two broad approaches that might be taken by Indigenous political actors who want to pursue a radically different policy approach focusing more on actually existing everyday livelihoods rather than imagined utopian employment solutions: the first is to engage in domestic politics, the second with what Nancy Fraser (2009) terms inter-mestic politics. These two approaches are not mutually exclusive but might deploy different logics and tactics. The former uses cogent argument and empirical evidence to confront the Australian government with the potential benefits of basic income and stakeholder grants compared to its approach based on a mix of reconstituted colonial paternalism and neoliberalism that is failing; the latter highlights social justice and human rights arguments, especially apposite in the case of colonized remote-living Aboriginal people in Australia.

The current Indigenous policy approach, the Indigenous Advancement Strategy as well as the ongoing project to close the gaps in life expectancy, health, and schooling outcomes, and employment are riddled with contradictions:

1. Australian governments are looking to half close the gap in employment outcomes between Indigenous and non-Indigenous Australians, but at the same time a high proportion of the 35,000 people once on CDEP, 60 percent by the government's estimates, have been moved from work to welfare in the last decade (Australian Government, 2015).
2. The Australian political and legal systems have overseen the return of vast tracts of remote Australia to their traditional owners, but without any compensatory "stakeholder grants" to restore the condition of land, which is always degraded or facing introduced environmental threats. Nor has there been adequate consideration of what development might look like on these lands that are generally of low value to global capitalism but of high value to forms of customary production. Or for that matter what development might mean to Indigenous land owners, especially in situations where their aspirations might favor a relational ontology with links to kin and family, country, and its ancestral connections being paramount values. As more land is titled (Altman & Markham, 2015) it is likely that there will be greater aspiration articulated for non-standard forms of land-linked development.
3. The current government's Indigenous Advancement Strategy has a clear focus on remote Australia and a rhetorical commitment to flexibility, and government and communities working together to create tailored solutions to local community needs and "real" outcomes, but this approach could well be at odds with the current approach to place 37,000 unemployed on welfare.
4. At the same time, the government highlights that welfare is associated with passivity and dysfunction and using the ubiquitous language of Pearson (2000) promotes the view that "real" jobs will provide the answers, even as a recent survey of its funded RJCP providers informs government that lack of jobs

is the greatest cause of joblessness (Fowkes & Sanders, 2015, p. 7).

5. The Australian government made an election pledge to "empower" communities but instead has overseen escalating levels of direct government intervention in community affairs and the rapid decline in community representative institutions.

This set of contradictions needs to be politically leveraged to create an alternate approach to empower local communities to mold forms of hybrid economy that recognize the distinct norms and values that matter to allow accommodation between capitalist and non-capitalist forms of economy where so desired. A voluntary basic income scheme based on the historical architecture of CDEP and its key features, notional welfare offsets, community management to defer expensive state surveillance, and forms of annual stakeholder grants tailored to local prerogatives and possibilities will be cost neutral to government. Using historical statistical information at the remote regional level and case studies from communities, the evidence base already exists to make the cogent argument that such a new approach has to be better than the status quo. This is not the place to lay down a detailed manifesto for such a basic income scheme except to note with just a degree of optimism that where policy is so fractured there is possible space for creative and innovative change.

The domestic argument is a public good argument with potential positive spinoffs. Indigenous people in remote Australia who are active and empowered are likely to be healthier, happier, have a lower engagement with the criminal justice system. In addition, they are in more of a position to generate national benefits through their engagements in a diversity of productive activity, including natural and cultural resource management, the arts and cultural economies, and in self-provisioning as well as commercial enterprises: research by Dochery (2012) clearly shows that self-assessed well-being is higher when people are living on and working on their lands.

The broader argument is linked to human rights and social justice. On the former, Guy Standing (2014, pp. 5–6; see also Wright, 2006; Van Parijs, 2006) makes the argument that a full citizen has access to five types of rights—civil, political, cultural, social, and economic. Arguably despite nominal full citizenship, Indigenous people have missed out on the last two. Social rights include the right to an adequate standard of living, including housing, health care, and education, all areas where significant gaps are evident today according to census data (Altman, 2014). Economic rights include the right to practice one's occupation, share in the economic resources of the commons, enjoy a fair share of economic growth, and access all forms of income. Indigenous Australians do not enjoy such rights now. If, as Standing and Van Parijs suggest, economic rights will be the defining achievement of the twenty-first century, basic income may provide a means to facilitate access to such rights. While a basic income is only one of 29 articles in Standing's (2014, pp. 316–338) "Precariat Charter," it is the one he addresses with most detail arguing that the precariat can only face the future with optimism if guaranteed a basic income provided by the state. Of particular pertinence in his proposal to Indigenous Australians who had a taste of CDEP as basic income, is the excess moralistic surveillance by the state and its agents, the liberation of time, and the relief of uncertainty associated with ever-changing programs and the new risks of losing access to any welfare from being breached.

In *Scales of Justice*, Nancy Fraser (2009, p. 144) uses the notion of "misframing" to refer to a type of injustice that arises when first-order questions of justice are framed in a way that excludes some key questions or issues from consideration. In remote Australia, in my view, thinking about Indigenous livelihood has been misframed because of a preoccupation with convergence and statistical equality that forecloses the claims of Indigenous people who may want something different. I advocate for one possible reframing of Indigenous economy with the concept of economic hybridity (Altman, 2014) that draws on empirical evidence to show that articulations *between* market, state, and customary sectors are most likely to deliver a viable livelihood. In particular, economic hybridity theory proposes that, especially where people have new found rights in land based on custom, it is likely that custom deeply influences livelihood. The hybrid economy model is not prescriptive, but coupled with basic income and appropriate stakeholder grants it will open up economic possibilities beyond those currently available.

Fraser (2009) also advocates that the political space for social justice requires a framework that reflects three dimensions, recognition, redistribution, and representation. She highlights that issues of social justice are not just played out within nation-states but increasingly need to defer to higher supra-national powers, or what she calls intermestic politics. This is certainly the case in global Indigenous politics, with Australia a signatory to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). There are numerous articles in UNDRIP (United Nations, 2008) including 20, 26, 28, and 30 that refer to the rights of Indigenous peoples to determine their own means of subsistence and development, and to determine and develop priorities and strategies for the development or use of their lands and resources. Article 28 also refers to the right of redress when lands and resources have been damaged. It is feasible that Indigenous Australians will use UNDRIP to advocate for their right to live off their lands and for redistribution, including from basic income, to facilitate the exercise of that right. Such advocacy might make links with the emerging global food sovereignty rights movement (Li, 2015) and the compensation that might be due when lands and resources have been degraded, a sound basis for compensatory stakeholder grants.

Reframed thinking about Indigenous livelihood will require recognition of difference; this the Australian government seems reluctant to countenance, preferring instead to develop coercive policies that look to construct a particular form of Indigenous subjectivity, the individualized, hard-working, responsible, and compliant citizen. Redistribution of resources will be needed to reflect past neglect and injustice; and representation to ensure institutional means are established to provide voice to minority Indigenous perspectives. Such attitude to fostering economic plurality should be encouraged given uncertainty about the future of late capitalism.

Conclusion: Seize the Moment

Indigenous employment policy, much of which constitutes paternalistic welfare, is in disarray. The Australian government wants to close employment gaps but has shifted people from productive work to welfare; it wants to empower remote communities and also micromanage the personal affairs of their Indigenous members; it is overseeing a process where more and more land is returned to its original owners in remote places where market capitalism is largely absent; and it is concerned about closing a series of gaps as its policies further impoverish and marginalize many in remote Australia.

James Ferguson (2009) suggests that out of this disarray an opportunity might emerge to refashion something innovative that looks to appropriate key elements of neoliberal reasoning for different ends (Ferguson, 2009, p. 174). As he argues:

> But invention in the domain of governmental technique is rarely something worked out of whole cloth. More often it involves a kind of bricolage . . . a piecing together of something new out of scavenged parts originally intended for some other purpose. (Ferguson, 2009, p. 183)

Referring to southern Africa where he works, Ferguson (2009) argues that markets are not working for the poor because they are too poor to participate in them, and that government programs are not working because the state is inefficient. The challenges in remote Australia are different: production markets are not working because they are largely absent and government programs are not working because they are erroneously looking to replicate a form of engagement with market capitalism in remote Australia that replicates a model from non-remote Australia and that pursues ideologically constructed utopian ideals of employment parity.

Under such unstable circumstances Indigenous forms of representation in all their diversity and including social movements should "seize the moment" and advocate for basic income and stakeholder grants as an alternative to the status quo goal of employment convergence that continues to fail them. Basic income support should be provided directly to the 37,000 adults in remote Australia who are currently unemployed so that they are empowered to have choice in how they solve their own problems on a voluntary basis. At the very least, such an option should be trialed and a comparative analysis undertaken of the net benefits, negative or positive, of such a progressive approach.

Over the last decade, a series of social engineering measures especially around managing expenditures, school attendance, and work and training patterns have been trialled on remote living Aboriginal people with the behavioral goal of turning them into complicit neoliberal subjects (Altman, 2014; Bielefeld, 2014). While there is no conclusive evidence that any of these costly measures have worked, some have been extended to non-Indigenous Australians in non-remote regions mainly to demonstrate for political purposes compliance with laws barring racial discrimination. Perhaps as a fundamentally different approach, the Australian government could trial a positive and progressive basic income in remote Indigenous Australia and then expand it to the rest of the nation, if it proves a success: the first Australians could be privileged to the first trial of this new experiment.

Acknowledgments

I would like to thank participants at our writers' workshop in March 2015 for general comments as well as Melinda Hinkson, Shelley Bielefeld, Elise Klein, and Greg Marston for specific comments on an earlier chapter draft and Danielle Davidson for sub-editing.

Notes

1. The Australian Bureau of Statistics census geography divided the continent into five categories, major cities, inner regional, outer regional, remote, and very remote. The last two jurisdictions cover 86 percent of the continent.
2. Outstations and homelands are the smallest "discrete" Indigenous communities mainly in remote Australia. The two terms can be used interchangeably and merely reflect different regional preferences.
3. The two terms can be used interchangeably and merely reflect different regional preferences.
4. This view was expressed to me by the then secretary of the federal Department of Employment and Work Place Relations, Dr Peter Boxall, at a meeting in December 2004.
5. There were about 4000 CDEP participants who, on July 1, 2013, were "grandfathered" on the scheme until June 30, 2017.

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CHAPTER 10

Disability, Citizenship, and Basic Income: Forging a New Alliance for a Non-disabling Society

Jennifer Mays

Introduction

In this era of neoliberalism, standardization, and cost-cutting of social security regimes, calls for alternative proposals of income support, as in the basic income, have been sidelined in the quest for maintaining dominant targeted models. Western democracies, including Australia, have pursued welfare reforms as one way to manage the perceived challenges associated with global economic crisis, high unemployment, and economic growth (Cantillon & Van Lancker, 2013; Collard, 2013; Parker Harris, Owen, & Gould, 2012). Notions of justice and fairness in poverty response for people with a disability tend to be subsumed under neoliberal and neoconservative reforms. Given the interaction between the disability dimension and widening inequalities and poverty, income poverty is recognized as a key site of oppression and social exclusion for people with a disability (Palmer, 2011).

Yet, little attention has been drawn to disability and its consequences in social policy income support literature. Further, to date, there has been little deliberation around the way the disability construct is positioned in income support literature examining both targeted and alternative models. Some attention has been paid to the disability dimension by basic income studies scholars (see Mays, 2015; Standing, 2009, 2011, 2014; Widerquist, 2013). The theorizing of the nexus between disability, egalitarianism, and the basic income proposal remains underdeveloped. Disability is often treated as a concept that belongs to the realm of disability employment studies, rather than as a structural dimension of inequality. For an alternative model of income support, such as the basic income proposal, to be truly inclusive, consideration needs to be given to the disability dimension and the implications surrounding the disabling effects of disability income support and employment policy. These disability policy analyses demonstrate the paucity of studies that examine an alternative vision for income support or the transformation to an egalitarian society. The examination of a non-marginalizing income support provision, such as basic income, is critical for people with a disability in promoting social citizenship and rights.

This chapter responds the existing gaps and provides a way forward in developing not only an alternative vision for income support but also the transformation to an egalitarian non-disabling society. In this chapter there is an explicit moral commitment to Gramsci's (1977) social-relational ontology in the pursuit of social change grounded in the notion that *there has to be a better way* in the provision of disability income support policy (similar to Tomlinson's call in Chapter 3). The commitment to a social-relational approach, employed as a heuristic tool, allows for critically tracing historical, modern, and ideological conceptions and formations of the Australian disability income support system over time from 1908 to now and the disabling nature of society across capitalist epochs (Oliver, 2009).

Positioning disability in basic income debates while simultaneously arguing for basic income to be on the political agenda within Australia is no easy task within the current context of the neoliberal frontiers. This is due to the fact that, in Australia, targeting and neoliberalism are the dominant responses to income support provision, particularly disability. There are also multidimensional barriers, including ideological, material, political, discursive, and attitudinal, to the introduction of a basic income measure in Australia. For example, the tendency in Australia has been for ideologies of Commonwealth authority, conservative sanctioned paternalism, and disablism to influence and shape disability income support policy responses.[1] Similarly, the onset of neoliberal policies that have dominated the past 40 years have done little to promote an egalitarian and socially just society where all citizens are treated fairly and equitably (Mays, 2012, 2015). An examination of historical, ideological, and discursive patterns helps discern the continuities and discontinuities in parliamentary debates concerning support for or the challenges to implementing egalitarian disability income support measures. This chapter suggests the need for inclusivity of the disability dimension for the transformation to a non-disabling and egalitarian society.

Conceptualizing Disablism, Constructions of Normalcy, and the Able-bodied Ideal

For much of its history, the Australian disability income support policy has employed dominant, narrow conceptions of disability, which incorporate individual-functional, medical, charity, and eugenics theories as a means to inform legislation, eligibility assessment, and administrative determinations. These individual-functional and charity theories established a deficit-based, charity lens to the disability construct in disability income support policy responses. Such a lens tended to be pathologizing as each theory inferred a fixed essentialist state, such as "inherent, abnormal, and biological" attributes of the human body, which in turn established normalcy as the ideal in society. Consequently, the ideal of normalcy generated distinctions between so-called abled and disabled groups (Mays, 2015; Oliver, 2009). People with a disability, particularly disability pensioners, were portrayed as somewhat flawed or deficient, thus perpetuating disablist notions over time (Aronowitz, 2009; Mays, 2015; Ruccio, 2009).

The Australian disability income support provision has had a profound effect in creating and reproducing particular disablist policy positions. Specific groups, including disability pensioners, became the object of stringent targeting (Mays, 2012, 2015). In the Australian disability income support policy domain, targeted measures to social security also incorporated the ideologies of Commonwealth authority, conservative sanctioned paternalism, and disablism. Each of these ideologies have interacted and functioned to regulate the behavior of people with a disability over time, perpetuate the entrenchment of deserving and undeserving poor person's ideals, and promote the categorization of people with a disability according to notions of those who "can't work" and those "who won't" (Mays, 2005, 2012). Thus the disability construct is inherently tied to the Australian political economy and capitalist society across time (Aronowitz, 2009; Ruccio, 2009). Being embedded in the Australian political economy means that disability income support has been oppressive and disabling in nature. This is particularly so given the historical and contemporary over-reliance on traditional targeted models of income support that have dominated.

Targeting reflects the practice of identifying and homing in on those people or groups deemed by the government authority to be "most needy" in society or people "most vulnerable to poverty," such as the poor, single mothers, the aged, and the infirm or incapacitated (Mays, 2012). Attached to targeting is stringent eligibility criteria, means-testing, and poverty indicators which are employed to inform decision-making about which group or individual is most in need. As a result, the Australian pension and benefit payments are conditional and have categorizations assigned based on criteria, such as family status, age, and disability (Mays, 2015).[2] Therefore, eligibility and entitlement of disability income support has been plagued by narrow definitions and prescriptive elements, which specified the types of perceived appropriate behavior that would be rewarded through the provision of a disability pension. The metaphor "plagued" is deliberately used in this chapter, given the long history of targeting people with a disability in receipt of disability income support. Akin to an epidemic or a blight on humanity, the treatment of people with a disability in our income support system over time has been fraught with oppressive measures that have heightened the vulnerability of the very people the government is supposed to support. Similarly, disability pensioners have often been stigmatized through disability categorizations, marginalized, or constructed as "disabled bludgers" by the discourse and practices of the governments of the time (Mays, 2012).

It is this very idea of the vulnerability experienced by disability pensioners that leads to thinking about the introduction of a non-oppressive income support scheme that is non-disabling in nature. While the idea of a basic income measure is not new (e.g., Milner, 1920; Van Trier, 1995), further exploration of the implications of a basic income for disability pensioners is required. Given the tendency for the disabling forms of disability income support, what is required is a provision that is grounded in moral and ethical justifications and given on the basis of social citizenship, rather than moral distinctions of disability or productive citizenship. Considerations of what in reality a basic income measure can offer as an alternative to the current system is the critical argument developed in this chapter. Yet there is another dimension to consider. The idea of a basic income scheme has been proposed at different moments in time throughout the history of the Australian disability income support system. If this is the case, then this raises the question of why such a universal, unconditional scheme has not been introduced.

In order to understand the barriers to the implementation of a basic income proposal, an examination of the historical patterns and ideological dimensions over time is required. This in turn will help in progressing a strategy for developing a way forward beyond targeted measures. It is difficult to avoid any suggestions of normative elements when presenting an alternative such as basic income in relation to the Australian and New Zealand neoliberal frontiers context. For much of its history in Australia, counterarguments to universal guaranteed minimum income have been highly normative in nature. Making sense of the targeting/universal dichotomy is critical for understanding the way a basic income is egalitarian and transformative for people with a disability.

A basic income approach established as an alternative welfare strategy has the propensity for transformative change. This type of transformative change is different from the "reformist" and passive revolutionary change that reinforced disablist ideology and typified the epochs under the Australian targeted disability income support system. There is an inherent danger in perpetuating and maintaining the same oppressive structures through the use of reformist measures that have disadvantaged pensioners over time. Such perpetuation and entrenchment of targeted measures to disability income support promote and recreate the very moral hazards a basic income seeks to redress (Gramsci, 1977, 1996). Paradoxically, advocates for neoliberalism and targeting argue that the basic income proposal fosters moral hazards of idleness, welfare dependency, and individuals getting a payment for nothing (Pateman & Murray, 2012). These debates have been examined extensively in the basic income literature (see Cunliffee and Erreygers, 2005, Milner, 1920, Van Parijs, 1992, 2007) and will not be replicated in this chapter. Rather, this chapter explores the way a basic income proposal focuses on social citizenship, inclusion, and rights and provides a moral shift from punitive measures like targeting, which result in stigmatism and categorizations of vulnerable groups such as people with a disability.

It is acknowledged that some degree of conditionality can come into play in any income support provision (Henman, 2006) as there is always some type of conditionality applied across both universal and targeted approaches. Yet, a critical difference is found in the way universal approaches, such as basic income, do not create distinctions or categories of citizenship on the basis of ableist assumptions. In contrast, the type of conditionality applied to basic income is simply geographical boundaries (global or local) or, potentially, age limits.

Disability and Income Security

Income poverty has been recognized globally by social policy and disability policy theorists as primary source of social exclusion for people with a disability (Grover & Piggott, 2013; Palmer, 2011). About 15 percent (approximately 1 billion) of people worldwide have a disability (World Health Organization [WHO] & OECD, 2011). Of these, 1 billion people with a disability, 80 percent live below the poverty line. Given the substantial increase in poverty for people with a disability, the upward trajectory suggests that little has changed in regard to the disability poverty cycle. Indeed for people with a disability, the situation has worsened. People with a disability experience a higher incidence of poverty and unemployment than people without a disability (Oliver, 2009). Poverty is related to a range of historical features underpinning society, including inaccessible and inflexible work environments and social barriers such as stigma. In many cases, restricted access to employment is connected to [*mis*]assumptions about people with a disability, such as notions of "inability" and being "unproductive" (Oliver, 2009).

In Australia, people with a disability have experienced long-term poverty and financial hardship. Perhaps most concerning is that people who live in poverty are also reliant on some form of subsistence by which to live, such as the income support system (Saunders & Wong, 2013). Although some people with a disability have accessed employment, the jobs tend to be highly insecure or casualized to the extent that there is little or no remuneration attached to the labor (Gibilisco, 2003). This long-term subsistence on disability income support has important implications in the examination of alternative models, such as the basic income proposal. In this era of neoliberalism, social protection becomes even more critical to protect people with a disability from the harsh consequences of targeted disability policy. Yet, transitioning to a basic income or getting basic income on the agenda means that ideological barriers to such a universal scheme have to be overcome. The best way to redress ideological barriers is to explore the points in time where a basic income proposal was upheld as a relevant alternative and the specific moments in time where there was a shift away from the universal scheme.

Tracing Historical Epochs in Australia

The Australian welfare state represents one response to ameliorating social and economic disadvantage for people experiencing poverty

(Marston, McDonald, & Bryson, 2014). As discussed in the first chapter, the Australian welfare state is, and has always been, situated within the context of a capitalist political economy. The welfare state remains a key structure for organizing and delivering the social policy and programs designed to promote the welfare of people (Goodin, 2001, 2002; Goodin, Headey, Muffels, & Dirven, 2000; Marston et al., 2014).

Scoping five historical periods from 1908 to now, helps to capture the historically significant continuities and discontinuities of basic income debates and disability income support policy in Australia. There are tensions in scoping snapshots of major time periods because of variability and volatility, particularities of power relations, and ideology (Walters, 2006).[3] Yet, such boundary setting provides the means to identify the particular eras where there are competing ideas and discourses such as tensions between the Australian targeted system and basic income proposals. The snapshots are useful for revealing dominant hegemonic discourses and "conjunctural settlement" (Harris, 2008, p. 663) whereby the right conditions function to perpetuate dominant discourses and models in particular time periods, while simultaneously subordinating alternative discourses or proposals during specific points in time. For this discussion, such a scoping helps to reveal historical moments and the underpinning ideology shaping disability income support policy and Australian policy debates (Harris, 2008). Drawing on Walters (2006) idea of diagrammatic representation and the need to capture messy moments that converge across distinct time junctures, Figure 10.1 reflects one way to initially capture some of the patterns in Australian disability income support policy. The figure below reveals the particular moments in time that universal income support models (as in the basic income proposal) were introduced into parliamentary debates or sidelined from discussions.

In reading Figure 10.1 clockwise, five major historical epochs situate particular policy ideas, disability income support policy changes and specific discourses (universalism, conservative sanctioned paternalism, or neoliberalism) attached to different eras (Harris, 2008). The diagram reveals that there have been historically significant moments in time where the idea of a basic income model has been promoted in parliament. What follows is an exploration of these Australian Parliament debates and policy analysis of the potential for introducing a universal income support scheme together with some of the barriers to the implementation of a universal basic income proposals within the Australian context and across time.

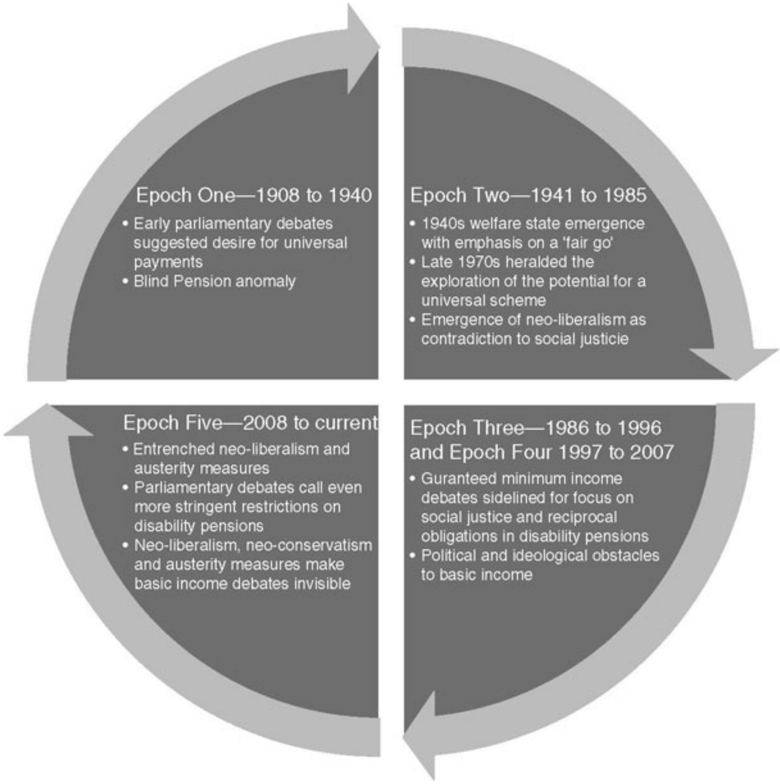

Figure 10.1 Major historical eras and moments reflected in Australian policy debates

Epoch One—1908 to 1940: Early Parliamentary Speeches Suggested Universal Grants in Australian Disability Policy Debates

Since the inception of the *Clth* Invalid and Old-Age Pension in 1908 (now known as Disability Support Pension), the Australian disability income support system has been dominated by Commonwealth authority and conservative sanctioned paternalism discourses across the epochs, which privileged the naturalization of a targeted approach to disability policy. The emergence and constitution of these discourses meant that particular historical and official narratives sidelined alternative universal approaches, as in basic income proposals. This privileging led to the targeted Australia disability income support policy approach being established as conventional wisdom and carried through across time. Bureaucratic centralism together with ideological dimensions of Commonwealth authority, conservative sanctioned paternalism, and the ideology of disablism, formed a historic bloc and functioned as hegemonic projects (Ruccio, 2009) across the epochs. As a hegemonic project, each ideology interacts and operate as barriers to the introduction of the alternative basic income proposal. The emergence, constitution, and perpetuation of Commonwealth authority and conservative sanctioned paternalism discourses and practices ensuing with the enactment of the Invalid Pension 1908, reflects a key problem underpinning the Australian disability income support system.

Targeted measures underpinned by rhetorical devices of paternalism, regulation, benevolence, and coercion attached to income support dehumanizes people in need of the provision (Gramsci, 1977, 1996). A basic income as a universal grant contrasts as the grant contains no such distinctions of disability and is used to counter the ideology of deserving and undeserving "poor invalids." The basic income strategy removes any association with the ideology of the disablism and deserving and undeserving poor, based on the principles of civic rights, social power, and economic rationality (Gramsci, 1996, 1997).

During the early debates, parliamentary discourses revealed the aspirations toward a universal payment for older persons, as distinct from the Invalid Pension. Yet, this was merely implied and not always inclusive of people with a disability. Economic considerations also outweighed any political commitment to universal citizenship rights (Kewley, 1980). Parliamentary discussions often dismissed universal approaches. Rhetorical devices countered any suggestion of universal provisions as seen in the following excerpt of a parliamentary speech:

> Some honorable members have referred to the desirableness of establishing a universal system of old-age pensions. Personally, that suggestion does not find favour with me, for the reason that if £1,500,000 be required to cover the cost of a system under which pensions will be granted only to those who require them, a very much larger sum would have to be provided to cover the cost of a universal system.... Under a universal system of old-age pensions, these persons would be compelled to contribute towards that additional amount, probably three or four times as much, required to cover its cost.... My opinion is that, while there may be grave doubts as to whether many old persons who are badly off have really earned pensions, there can be no doubt that those who have done well in the country, and who have

> reaped their reward, should not be permitted to come upon it for an additional reward in the shape of a pension which they do not require. (Commonwealth of Australia, 1908a, p. 9329)

Counter-discourse did function in support of a universal payment, with some, albeit, a very select few political leaders, such as Parliament member Watkins, including the Invalid Pension in the support for universal payments:

> I have always held that any scheme should provide for universal old-age and invalid pensions, administered in such a way that the payments shall be a right and not a charity. (Commonwealth of Australia, 1908b, p. 9331)

These counter-discourses served only in part to disrupt Commonwealth authority and conservative sanctioned paternalism (Ruccio, 2009), as a naturalizing strategy was adopted to support the idea of naturalized rights and entitlements for both older people and people with disabilities (Ruccio, 2009). However, early political discussions on the Invalid and Old-Age Pensions positioned older persons in parliamentary debates as the dominant group. This framing of older persons as having greater rights and entitlements in parliamentary debates and during elections is one way for political parties to garner support and alliance from the general population (Ruccio, 2009). The Invalid Pension was thus considered a natural extension on the basis of a perceived moral obligation, rather than by naturalized citizenship rights.

Another factor countering the desire for a universal payment was the assumption that incentives were needed to prevent dependency on the system. The incentive discourse functions as a hegemonic strategy to challenge universal payments. The underpinning notion was that universal systems perpetuate moral hazards as in idleness and malingering. The incentive argument has been an enduring feature of the Australian disability income support system. Commonwealth leaders perceived that some form of incentive was required to prevent dependency on the system. One parliamentarian (King O'Malley) suggested:

> The Commission took evidence upon that aspect of the case. When it commenced its inquiries, I held the view that any Federal old-age pensions scheme Should [*sic*] be universal in its application. But after many witnesses, who were examined on oath, had testified that persons were inmates of the destitute asylum, whose sons were possessed of several

> thousand acres of land and money in the bank, the spirit of resentment was aroused in me. I would not allow those persons to evade their responsibility. (Commonwealth of Australia, 1908c, p. 9322)

Here, the dialectical relations of Commonwealth authority, conservative sanctioned paternalism, together with policy language function to restrict the introduction of a universal payment.

As a hegemonic project, a common-sense discourse was introduced to draw in support for preventing universal grants:

> I wish very briefly to indicate the limitations which I place upon my support of any Federal scheme, for the payment of old-age pensions. In the first place, the scheme must be a common-sense and equitable one. I shall not support a universal system of pensions. I favour making the conditions under which these pensions are granted as little humiliating as possible, and also insuring that the inquiries instituted in respect of applicants for them shall be conducted as privately as possible. In the second place, it must be conclusively shown that we are able to finance the scheme without overstraining the capacity of the country for taxation. (Commonwealth of Australia, 1908d, pp. 9342–9343)

It is through rhetorical devices and discursive frame of common sense in supporting the "genuinely needy" and "worthy" citizens that the hegemonic project secured consent in the political sphere for the targeted, conditional policies, rather than pursue universal alternatives (Gramsci, 1977). Yet, where parliamentary debates rejected any notion of introducing a universal scheme relating to the Invalid and Old-Age Pensions, the same rule did not apply to the case of the Blind Pension.

A Most Generous Universal Payment: The Blind Pension Anomaly

The Blind Pension anomaly reflects one of the most intriguing contradictions associated with the Australian disability income support system. During this epoch, the Blind Pension Act 1920 was introduced and enacted in 1925. The Blind Pension was classed as an enacting legislation in its own right, rather than a separate provision under the Invalid Pension Act, and was a form of guaranteed income support, that is, a universal payment to all people who were assessed as legally blind. Tomlinson in Chapter 3 also alluded to the moral distinctions and paradoxes generated under the Blind Pension. His analysis sheds some light on the rationale underpinning the emergence and constitution of the Blind Pension. This section expands on Tomlinson's initial ideas to further understand the ideological nuances surrounding the introduction of the Blind Pension.

Even though public sentiment supported the call for a Blind Pension, the enacting Blind Pension legislation was not altogether motivated by altruism. Political leaders and the public both considered Blind people to be a perceived "afflicted class" who should not be begging in streets and should be away from public sight. In essence, this was a hegemonic strategy to get blind people "off the streets." Yet, while normative judgements were made about the so-called blind beggars of the time, the group also attracted greater charitable sympathy for their presumed misfortune. That is, people who were blind were considered deserving of a generous guaranteed income support pension, even if only to eradicate people who are blind from public spaces. Assumptions surrounding the removal of blind beggars from the streets and language such as "lamentable sights" and "blind paupers" involved an out-of-sight, out-of-mind hegemonic device in which the general public was pacified through the understanding that the generous universal Blind Pension payment would look after the "Blind Pensioners" (Commonwealth of Australia, 1920; Gramsci, 1977, Mays, 2012). In part, this approach by political leaders reflected a form of social control and censure of begging, therefore entrenching Commonwealth authority and conservative sanctioned paternalism. The debates of the time also perceived the Blind Pension to be less costly over time.

The fact that Blind pensioners received a universal payment led to a greater status and privilege being afforded to people who were blind. The government (Fisher) promoted images of blindness, not as an affliction or deficiency, but as a "conventional image" reflective of mainstream society (Mays, 2012). Essentially, a status akin to normalcy (Gramsci, 1977; Mays, 2012). Thus, public support privileged the so-called unfortunate Blind person at the expense of other people with disabilities. The other mechanism that proved successful in privileging Blind Pensioners over all others was the notion of desert in relation to the Blind Pension. In ascribing a privileged status to Blind Pensioners, the idea was that this group was inherently more deserving than people with other disabilities (Mays, 2102). The Blind Pension legislation, containing rhetorical devices, enshrined specific universal rights and entitlements for all people who are blind. This universal right was distinct from the then Invalid Pension. The eligibility criteria underpinning the Invalid Pension was based on categories of deficits tied to labor and productivity, that is, the criterion of permanent incapacity for work.

This is where the paradox comes into play. Where people with disabilities were considered "helpless" invalids incapable of working (Mays, 2012). This was in fact not the case for people who were blind. Although paradoxically perceived paternalistically as objects of charity by political leaders and the public, people who were blind were also assumed to be productive citizens, who were capable of working, actively engaging in civic life, and being married. Thus, there existed during this epoch a profound belief held by government and the public that people who were blind were valued, productive citizens. In a parliamentary speech by then Prime Minister Fisher in 1912, traces of the paradox can be identified:

> I hold that it is better for the community and for the blind persons themselves that they should be trained to work in some occupation, and earn something towards their support. But it is proposed [that] pensions . . . be paid to them . . . to supplement the wages they receive. . . .
>
> Blindness is not a physical infirmity in the ordinary sense of the term. A blind person . . . is usually able to do something for himself; and the desire is to see that the blind make a reasonable effort to earn their living, and to assist them in every possible way [to achieve that aim]. (Commonwealth of Australia, 1912, pp. 6969–6970)

Within the discursive formation in the above excerpt, there exists a paternalistic assumption being made by political leaders (Fisher and Collins), and similarly the general public as an unconditional grant, the Blind Pension would operate as a natural right, encouraging people who are blind to work. From this stance, there would be no deception by Blind Pensioners while in receipt of the pension.

Since the introduction of the Blind Pension legislation and across epoch one, little attention was paid to formalizing universal rights and entitlements into a basic income proposal. Unlike discussions framing the Blind Pension, parliamentary discussions are somewhat quiet on the topic of introducing an alternative basic income model. It is not until the latter years of the second epoch that debates on the basic income proposal gained momentum. As such, there was an explicit renewed interest in the universal grant proposal.

Epoch Two—1941 to 1985: Change Signals Renewed Interest in Universal Grant Proposal

After a period of relative stability in the Invalid Pension from 1941 to early 1970s, the Whitlam Government during the 1970s attempted to pursue alternative income support policies based on social and economic rights, that is, guaranteed minimum income (Commonwealth of Australia, House of Representatives, 1988; Saunders, 1987, 2005, [SPRC]).[4] The Whitlam Government explored the potential for introducing a universal income support grant with an emphasis on social justice and equity through the Henderson Poverty Inquiry:

> There was a need to bring some coherence to the wealth of data and [guaranteed minimum income] proposals in the reports of these and other committees of inquiry. It was for the purpose of assisting with this task that the Income Security Review Group was established in September 1975. (Commonwealth of Australia, 1975a, p. 67)[5]

A guaranteed minimum income for disadvantaged people, particularly people with disabilities, was explored in order to prevent poverty traps. The Henderson Poverty Report detailed the consideration of a guaranteed minimum income, and deemed that wholesale transformation of the income support system would need to occur to prevent the categorical and administrative issues from recurring in a universal proposal:

> These improvements [for example, improved pension rates] would do much for the alleviation of poverty. With pension rates at or above the poverty line, and with all people with a disability which hinders their earning an income eligible for pension or benefit, few would fall below the poverty line. However, the system would retain a number of inherent drawbacks which cannot be overcome without more radical reform [for example, use of categories of disability as a basis for assessment and over-reliance on the complex array of different pensions and benefits]. (Commonwealth of Australia, 1975a, p. 67)

Here, the Henderson Poverty Report emphasized the need for wholesale transformation of the income support system to prevent the reification of disability categories and over-bureaucratization. Thus, a guaranteed minimum income would potentially eliminate the tendency for all people with a disability to be stigmatized through categorizations of disability. The potential for stigmatization on the basis of disability classification is removed through the grant being paid to all persons. Therefore, the social citizenship of people with a disability is greatly enhanced under a basic income scheme. The guaranteed minimum income (i.e., a basic income) proposal is unlike the targeted Australian disability income support system that discriminates on the basis of disability categories.

The Henderson Poverty Report was instrumental in shaping the basic income debates for a number of reasons. First, the report provided one of the first attempts in Australia of economic modelling around the potential for in implementing a universal basic income scheme (see Commonwealth of Australia, 1975a, p. 67 onward). In effect, an innovative and powerful analysis for its time. Secondly, the report drew attention to the possible the stages in the transition to a basic income scheme. Finally, the report highlighted the benefits of take up of a universal basic income, in comparison to the dominant targeted Australian disability income support system. Under a basic income scheme, the take-up would be automatic given that all permanent residents over 18 years of age would be eligible for the grant (Tulloch, 1979). This is different from the targeted Australian disability income support system, which was found to have ad hoc take-up given that the perceived burden of applying for the Invalid Pension falls on the individual. However, with a basic income grant, no such onus is placed on individuals, as the next excerpt demonstrates:

> Though evidence on take-up rates is incomplete? there [*sic*] is enough to warrant suspicion that pensions and benefits are not getting through to many who are entitled to them, and who would gladly claim them if only they knew how . . . the data already collected in the administration of the income tax are an obvious starting point. They could not be used in their present form, and there would need to be safeguards for privacy, but the fact remains that the income tax system is in contact with many potential pensioners and beneficiaries and could provide the basis of a more nearly automatic pension system. (Commonwealth of Australia, 1975a, p. 69)

In this account, it is the automatic take-up that removes any distinctions on the basis of disability or categories of disability. People with a disability can be considered citizens in their own right (Oliver, 2009). One of the concerns raised by the Henderson Poverty Inquiry is the potential to stigmatize according to disability categorizations. A basic income contends that people with a disability would not be exposed to stereotyping according to classifications of disability. In the Henderson Poverty Report (Commonwealth of Australia, 1975a, 1975b), the authors demonstrate how disablism and stigmatism are prevented and the system transformed:

> While it is true that our piecemeal reforms would provide income support for many who now have reasonable claims to assistance yet find themselves outside the traditional favoured categories, boundaries

> must still be drawn, and in them lies the probability of inequity. While it may not be practicable to do away with favoured categories entirely, it should be possible to reduce the gap in entitlement between those who qualify for favoured treatment and those who do not. This involves extending social security entitlements to the whole population, and not merely to those who are in the special categories, and so introduces fundamental change. (Commonwealth of Australia, 1975a, p. 68)

There is an inherent inconsistency in the reading of the above discourse. The account suggests that on the one hand, ad hoc changes do not redress inequities, yet on the other hand, some degree of categorization is still required in the income support system. Saunders (1987, [SPRC]) came to similar conclusions and went so far as to suggest that cost constraints and ideological barriers surrounding the desire for maintaining categorization according to disability prevented implementation of universal basic income support in Australia during Epoch Two.

It is this very notion of maintaining categorizations and distinctions that counter basic income advocates use. Yet, in effect this is the same discourse and practice that continues to reify disabling distinctions. Such a continuation of the need for distinctions perpetuates a never-ending cycle in which layers of entitlement are added to an overly complex system:

> There are, of course, proposals that extra entitlements of this kind might be introduced within the present system. This would involve adding further special categories with entitlements at less than full pension level. The most common proposal is for a family income supplement, directed towards large families with low private incomes. Such proposals would ease the lot of particular groups without removing the fundamental criticism. A thoroughgoing attack on the inequities present in categorisation would not succeed through the invention of more categories, it would rather try to reduce the gap between those who are in the favoured categories and those who are outside. (Commonwealth of Australia, 1975a, p. 68)

In this excerpt, the discursive frame infers that a basic provision to all people based on citizenship prohibits any suggestion or need for tight targeting, stringent conditions, or categorizations of disability. The Commonwealth of Australia (1975a, 1975b) micro-simulation demonstrated that disability pensioners would be treated equally given the progressive redistribution effect, which in turn is central to an egalitarian and non-disabling form of income support provision for people with a disability. Profoundly, it was a lack of political will and a lack of belief in basic income that prevented the implementation of the basic income scheme. The government of the time relied on Commonwealth authority and conservative sanctioned paternalism ideology to maintain categorical measures for eligibility to the Invalid Pension (Australian Council of Social Service [ACOSS], 1975a).

An extract from a speech by the then minister for Social Security, Bill Hayden, reveals the rhetorical device used to resist a universal basic income scheme:

> If one sets the guaranteed income at a decent minimum level (say, [AUD]$2,000 per annum) and if one sets a negative tax rate which is not too onerous (say, 50%) then this means everyone with an income of less than [AUD]$4,000 per annum will receive a grant from the Government. Such a program is bound to be very expensive and may therefore violate our criterion of "economic realism." Further, for various reasons not everyone receiving less than [AUD]$4,000 per annum can be said to "be poor," and so the negative income tax plan in the example I have just given will be subsidising some people who do not really need it. (ACOSS, 1975b, p. 12)

Most revealing in this excerpt is that the discursive formation reveals the ideological resistance to the Basic Income proposal. Yet, while the suggestion of an annual rate for the 1970s fixed at AUD$2,000 is made, the discursive theme of reliance on work incentives comes into play and functions as a barrier to the basic income proposal.

In reality, such a cost through the taxation system can be considered to be non-burdensome to the Australian income support system. Counter-discourses suggested that the Basic Income grant could be implemented through the taxation system, via current tax revenues. The existing Australian income support system is and always has been funded through taxation revenue generated in the same year. Thus, if the provision of a modest rate, approximately 25 percent of average weekly earnings, is set as a redistributive figure, then there is some capacity for the basic income scheme to be introduced (Tomlinson, 2006). Introducing a basic income provision in Australia is reasonable within the Australian context. Critically, when it comes to the disability construct, there would be no costly assessments of disability categories, nor means- or asset-testing, nor costly testing to discriminate between people or allowances. Unfortunately, during this epoch, when it comes to the introduction of a universal payment, Australia has shown little inclination to implement a basic income.

Despite the evidence of an affordable, achievable alternative, the Commonwealth Government of the time (Commonwealth of Australia, 1975a, 1975b, 1975c) reverted to authoritarian and conservative viewpoints even when considering the universal income support system. As a just alternative to the targeted Australian disability income system, because of its grounding in egalitarian principles and focus on social justice and social citizenship, the basic income proposal is a key redistributive strategy as being in receipt of assistance or income support would not be tied to categories of assistance. The assessment would constitute assessment across the lifespan and across the collectivity of all people. Therefore, high levels of social and political commitment to change is required in order to introduce a basic income. This commitment also includes education and awareness raising to prevent falling back on Commonwealth authority and conservative sanctioned paternalism.

Although a basic income is not utopian panacea to address all consequences of disablism, it does provide a set of strategies for progressing change in the Australian disability income support system.

A possible point of resistance is in the nature of the institutional change required to introduce a basic income scheme. The findings of the Henderson Poverty project under the directive of the Whitlam Government were not made available in the public domain (Mays, 2012). In itself this silencing represents several interesting implications. First, removing the documents findings from public view functions as a barrier to a national level discussion forum, which could have been an opportunity for wider audiences exploring the potential for a basic income. Concealing the findings from public view also provided a means to discount the very idea of a basic income. If seen as a metaphor, then the practice of hiding document findings brings to the fore the out of sight, out of mind symbolism.

Second, the very idea of transformative change involving a comprehensive overhaul of the existing income support system may have been perceived be insurmountable. This is because such a change would have involved, essentially, starting from the beginning and developing a new institutional and administrative system. For example, the Priorities Review Staff in the 1970s found that the Australian income support system was overly complex and highly bureaucratic:

> The existing welfare and social security system has evolved over time and in response to varying needs and pressures. This piecemeal development has inevitably created overlaps and despite the variety of programs and benefits, broader coverage, increased benefits inefficiencies

> gaps remain and there is continued pressure for new programs, etc. (Commonwealth of Australia, 1975c, p. 3)

In this account, the discourse suggests that bureaucratic centralism and administrative over-complexity requires redressing. Responding to the bureaucratic complexity of the existing system thus requires a shift away from the reliance on Commonwealth authority, bureaucratic centralism, and the more controlling aspects of the Australian disability income support system to a new administrative system that is functionally and administratively efficient. This shift may have been perceived as being an overly insurmountable task, that is, far too complex to respond to adequately. This feature of complexity with administrative change is a concern similarly raised by De Wispelaere and Noguera (2012, p. 23) as a potential barrier to the implementation of the basic income scheme.

Finally, under a basic income scheme, the instruments used to measure and assess for disability are not required. One of the biggest shifts in thinking is transcending the very notion that under a basic income there is no need for costly disability assessment or categorizations of disability. In contrast, an assessment would be based on the idea of assessing across the lifespan. This notion then suggests that new instruments and institutions are required to creatively respond to changing needs over the life span.

The Priorities Review Staff highlight the options in the consideration of a basic income proposal:

> Because the net is inadequate, the residual needs system are many and the corresponding pressure for new programs [is] intense. One broad issue of policy, then, is whether or not Australia should opt for an income guarantee for all persons, complemented by a variety of residual services for those whose needs are inadequately or insufficiently met by such a guarantee. Alternatively, Australia could opt to tinker with the existing "categorical" approach to welfare in which there are a host of conditions which must be met before people qualify for pensions, allowances services etc. (Commonwealth of Australia, 1975c, pp. 4–5)

In the proposal for the consideration of a guaranteed momentum income, there is a suggestion for comprehensive discussion of such a scheme between political leaders and the public alike. This suggestion of debate is also found in the following excerpt:

> It is suggested that the Australian community should debate the pros and cons of a change in which there would be a reduction in the

> present plethora of benefits, welfare categories and means tests and, in their place, a modest guaranteed income for all. A residual set of social welfare services would remain but the generosity of any minimum income guarantee would of course, depend in an important way upon willingness to abandon programs which aim less efficiently at the same objectives. (Commonwealth of Australia, 1975c, p. 5)

Perhaps most notably, the proposal does not suggest that other welfare services, such as education, social support services, and health, are not required, rather the recommendation is that the basic income would replace the plethora of pensions of benefits with one scheme. Therefore, basic income really only responds to the question of standard income support, and suggests that other formalized support services are required. This is critical in thinking about disablism, in that a basic income only responds to one aspect of disablism in relation to income support, yet there is still a need to respond to the complexity in the provision of other services and supports, in order to work toward a non-disabling society.

By the mid to late 1970s, however, there was an ideological shift away from any suggestion of a basic income proposal to an increasingly economic approach to policy. Political leaders turned to neoliberalism coupled with the traditional Commonwealth authority and conservative sanctioned paternalism to legitimize the economic policy based on budget restraint and welfare changes. This economic approach represented the emergence and constitution of neoliberalism shaped by economic imperatives and social forces of the time, such as rising inflation and high unemployment. In shifting the platform from narrowly prescribed social democratic rights to economic principles, then Treasurer Hayden in 1975, under the Whitlam Government, used a fear discourse to espouse the virtues of economic constraint:

> Because of the structure of our mixed economy, where three out of four jobs are in the private sector, there are firm limits on how far the public sector should be stimulated in this recovery phase. In framing the Budget, therefore, the Government has exercised the utmost restraint on its spending.
>
> The key-note of this Budget is consolidation and restraint, rather than further expansion of the public sector. On the economic front, inflation is this nation's most menacing enemy.
>
> The Government aims to curb it. Unless this aim is achieved, the nation's productive capacity will run down and job opportunities will diminish. The present level of unemployment is too high. If inflation

> is not controlled unemployment will get worse. (Commonwealth of Australia, 1975d, p. 35)

In this discourse, the use of the metaphor, menacing enemy, is used strategically as a rhetorical device (identifiable in the Hayden 1975 speech) to invoke fear of an impending financial crisis among the general population, for example, widespread unemployment and high rates of poverty, if tight fiscal restraint measures were not adopted by the government. Thus using the rhetorical devices of fear concerning economic forces and inflation, the 1975–1976 budget by Hayden was fundamentally grounded in the principles of neoliberalism. The threat of inflation and high unemployment justified the ideal of fiscal constraint and efficiencies. Such an approach is upheld as a logical, rational and viable alternative to the perceived outdated Keynesian economics. Conventional discourses, such as targeting the most needy and scarce resources, are used in conjunction with economic principles to garner wide public support for neoliberalism and legitimizing the use of tighter economic policies. Thus, the power of the argument is strengthened by using an order of discourse that secures the logic as common sense, irrefutable, and unchallengeable (Gramsci, 1977):

> That simple Keynesian world in which some reduction in unemployment could, apparently, always be purchased at the cost of some more inflation no longer exists. Today, it is inflation itself which is the central policy problem. More inflation simply leads to more unemployment. (Commonwealth of Australia, 1975d, p. 36)

Discourses of fear and scarcity used by political leaders evoke strong feelings in the community of an impending threat to the economic stability of Australian society (Gramsci, 1977). By presenting a logical, rational alternative, the Commonwealth reestablishes its authority, credibility, and strength by being seen to be taking control of the situation. This reinforcement of legitimation as somewhat of a natural extension of presumed good policy is seen in the next excerpt:

> Recent developments offer some hope that 1975–76 will be a better year than its predecessor. For that, steady and responsible economic policies are needed. (Commonwealth of Australia, 1975d, p. 35)

The discursive formation in this account goes a step further in instilling a sense of hope and dispelling fear by providing a strategy of sound economic policy. From here, the discursive formation relies on fear discourse to denigrate past economic models and establish an alternative intervention based on fiscal constraint. Commonwealth authority and conservative-sanctioned paternalism discourses are used to reinforce government intervention and regulation of the problem. In securing Commonwealth intervention legitimacy was established in the call for the general population to own the problem. This call, in turn entrenches the idea of a benevolent government looking after the people, yet similarly extols the virtues of being a proactive government in responding to the crisis:

> In this Budget, the Government has exercised restraint. That restraint needs to be shared throughout the whole community. There must be a community will to combat inflation. There must be action to back up that will. (Commonwealth of Australia, 1975d, p. 36)

The discursive formations of the outgoing Whitlam Labour Government, seen in these discourses presented above, provided a platform for the incoming Fraser Liberal Government to implement far more restrictive policies that led to the tighter targeting of disability income support. The notion of a basic income proposal became sidelined in parliament debates.

In part, the policy move away from universal schemes was a direct result of global neoliberal factors influenced by broader economic changes (oil crisis and high unemployment). There was a strong shift to neoliberalism, which emphasized fiscal constraint and genuinely needy recipients of pensions or benefits (Commonwealth of Australia, 1988). The Fraser Government adopted the recommendations of a working party established by its predecessor to further tighten benefit tests for the so-called work shy (Commonwealth of Australia, 1976). The discourse of work shy and genuinely seeking work emerged in parliamentary debates during the second epoch. The Fraser Government potentially shifted away from the idea of universal basic income schemes because of the perceived need for fiscal restraint driven by higher rates of unemployment. In effect, parliamentary debates point to the influence of ideological imperatives, specifically the emergence and constitution of neoliberalism grounded in economic principles. In part, the emphasis on economic principles over social principles through neoliberalism and the credibility given to economic policy functioned as a barrier to the implementation of a basic-income proposal.

As a hegemonic project, the neoliberal principles used by the Fraser Government reflected a discernible new interpretation of the previous historic bloc. Commonwealth authority and conservative sanctioned paternalism was secured through compliance of the "invalid citizen," while at the same time embedding neoliberal values. During this time period, the Fraser Government drew on a "real need" discourse to demonstrate concern for the increased number of people in receipt of the Invalid Pension. Using scientific data to secure hegemonic dominance and pursue alliance with the public, the Fraser Government argued that vast amounts of money was being expended for the Invalid Pension. The Fraser Government policies increased regulations and applied "work tests" to people in receipt of unemployment benefits. This change led to tighter restrictions on unemployment benefits, including a return to protecting only the "genuinely needy."

The framing of parliamentary debates reveals the emergence and constitution of the "genuinely needy" discourse and policy construction. The Invalid Pension was perceived to be synonymous with welfare payments and the "dole," and subject to concerns of "rorting" the income support system. In effect, this formed a newly found interpretation of a neoliberal power bloc based on fear of income support fraud and welfare dependency (Gramsci, 1977). Commonwealth authority was secured through strong regulation of perceived "idle" welfare recipients. Adopting a hard-line approach to the so-called work shy, the following discursive formation in a Cabinet note reveals the entrenchment of work tests:

> a) The guidelines for the administration of the work test be amended as proposed by the Department Working Party to make it more difficult for the work shy to receive unemployment benefit.
> b) Additionally, unemployment benefit be not available to single persons over the age of 18 years who show unwillingness to move from an area where no employment exists to an area where employment is available.
> c) The postponement provision of the Social Service Act be reapplied to provide for postponement of benefit for persons voluntarily unemployed or . . . who has refused or failed, without good reason, to accept suitable unemployment.
> d) Cabinet noted and endorsed the examination of the following further measures to make it more difficult for the work shy to defraud the Commonwealth either by receiving multiple benefits or deliberately remaining unemployed. (Commonwealth of Australia, 1976)

The policy response focused on inflation control and sustaining work incentives. Using discourses of real need the Fraser Government introduced stringent controls and fiscal restraint of public welfare expenditure. Here the real need and incentives discourse and Invalid Pension as stifling the motivation of invalids to work discursive theme is prominent. In a move away from full employment policies, the policy emphasis centered on providing income support to those individuals deemed to be motivated to work. A key assumption underpinning this approach was the notion that jobs would be available to those persons who demonstrate a desire to work. People reliant on the Invalid Pension were constructed as "bludging" on the income support system, therefore less deserving and therefore less in need. The fear discourse perpetuated further assumptions that, unless targeted measures were adopted, then there would be consequence of high costs to the community. This reframing of parliamentary discourses to sell the idea of neoliberalism functioned to secure hegemonic dominance and reveals the emergence and constitution of the new Commonwealth authority and conservative paternalism discourse and justified the strategy of cost containment and pulling back on disability income support (Gramsci, 1977).

In drawing together the key points on this epoch, Commonwealth authority and conservative-sanctioned paternalism together with the ideology of disablism function as a barrier to the implementation of universal basic income models in Australia. What is evident in this discussion is that in order to propose a basic income scheme, there needs to be a redressing of Commonwealth authority and conservative-sanctioned paternalism ideologies. Broad support for the basic income proposal also needs to be developed from the ground up as well as politically through the parliamentary system. One excerpt that functions as a counter-discourse to neoliberalism clearly articulates the need for responding to dominant ideologies:

> [A]ny development towards a guaranteed adequate income would necessitate a major change in the direction of prevailing ideologies [as]...conservatism, constitutes the main ideological obstacle to the introduction of universal income guarantees (Tomlinson, 1987, pp. 5–6).

Here, this discursive frame reveals the significance of the ideological dimensions functioning in such a way as to prevent implementation of alternative universal grant. The perpetuation of conservative paternalism, together with Commonwealth authority, represented one of the problems underpinning the Australian disability income support system. Ongoing legislative, policy, and administrative changes did little to shift away from the ideology of conservative paternalism. Even with legislative and procedural changes to disability income support over time, the entrenched norms continued to prevail within an existing Australian disability income support system. Thus, a counter-hegemony such as the strategy based on freedom from paternalism is required to address Commonwealth authority and conservative sanctioned paternalism (Standing, 2014).

The emergence and constitution of neoliberalism in the 1970s together with reconstitution of neoliberal discourses interacting with neoconservative and paternalistic language in disability income support policy over time has contributed to the shift away from any proposal for a basic income by political leaders. This does not suggest that counter-discourses have not operated across the epochs to advocate for a basic income (see Commonwealth of Australia, 1988). What it does suggest, however, is that there are challenges for advocating for a basic income proposal that are peculiar to Australia and need extrapolation to forge a new alliance to get basic income back onto the agenda.

Epoch Three—1986 to 1995—and Epoch Four—1996 to 2007: Increased Tightening of Disability Pensions. Universal Grants Made Invisible in Debates

The Third Epoch (1986–1995) saw a move away from universal income support debates and an increased tightening of the disability pension (major transitions seen in the legislative change from the Invalid Pension to the Disability Support Pension in 1991), and the Fourth Epoch (1996–2007) denotes a time of significant changes to the Disability Support Pension in line with broader policy of the government of the day. Such tightening led to the basic income proposal being rendered invisible.

During the 1980s, the Hawke-Keating Governments (Epoch Three), while using the rhetoric of social justice, similarly discounted the relevance of universal models for disability income support policy (Commonwealth of Australia, House of Representatives, 1987, 1988, 1989, 1991a, 1991b). Counter-discourses argued for the implementation of a guaranteed minimum income proposal and pointed out that social democratic parties historically have included basic income in their policy positions:

> There is time for the [Hawke] Government and the alternative Government to come to their respective senses and introduce a secure income support system which will re-assure the people that no-one will be forced into hunger and homelessness. The ALP and the Democrats both have support for a guaranteed minimum income enshrined in their policy statements. (ACT Australian Council of Social Services [ACTCOSS], 1987, p. 5)

Political and ideological challenges prevented the introduction of a basic income proposal within the Australian context. An excerpt illustrates the barriers:

> A universal income guarantee will only become a reality when the Australian Government finally comes to accept a pure economic definition of individual need—"a person has an entitlement for assistance provided his or her income is below a certain point." Such a shift in emphasis would require the Government to do away with the idea of assistance being provided on the basis of some social need, which has been used to both limit the amount and quality of welfare services and to legitimise considerable inequalities in wealth and incomes. (Saunders, 1987, [SPRC], p. 3)

Although counter-discourses and activities pushed for universal schemes, the proposal was subsumed under the introduction of the disability support pension, which promoted an active income support system with tighter medical requirements and greater targeted measures.

Adopting conservative notions of "worthy and unworthy," policies responding to poverty focused on individual-functional and medical theories that suggested unemployment and destitution were consequences of an individual's "shortcomings" or "moral flaws," for example, idleness or malingering as distinct from poverty as a consequence of structural barriers such as high unemployment. Consequently, during this time, disability pensioners became responsible for their own plight. Disablist discourses across the epochs contained assumptions that people with a disability who were reliant on disability income support contributed to their own situation, including experiences of financial hardship. From the government policy standpoint, any failure to obtain employment was direct result of individual deficits and failings (Mays, 2012). The policy position drew on psycho-behavioral and psychosocial theories to support the government definition of poverty as a consequence of individual dysfunctions, intergenerational factors, and individual failures in securing employment.

Global neoliberal reforms have impacted upon redistributive strategies and, in turn, disability income support policy. Global transformations to the traditional welfare states in Western democracies have predominantly valued the pre-eminence of economic principles such as cost cutting, budget surpluses, and reduced public expenditure (Drakeford & Davidson, 2013). Counter-discourses have attempted to generate interest in a basic income proposal, yet to date the proposal has not been on the political agenda due to ideological tendencies and overreliance on traditional, targeted disability income support policy initiatives.

In Epoch Four, the Howard Liberal National Coalition Government attempted to sell a blend of neoliberal, modern conservatism coupled with Commonwealth authority to address presumed welfare dependency through a range of strategies including mutual obligation initiatives (welfare-to-work schemes). Although using targeted measures, the idea of egalitarianism was appropriated by the Howard Government (1996–2007) to suggest that democratic citizenship and equal participation were enjoyed by all citizens. Legitimacy for introducing harsh policy measures that controlled people in receipt of disability income support rested on building a discursive frame that connected the modernist conception discourse with Commonwealth authority and neoliberalism to the egalitarian discourse.

The modern conception of targeting used crisis tendencies discourse to create a discursive space for reconstituting the crisis in the established economic order and implement one-sided contractual arrangements whereby people with a disability were expected to fulfil mutual obligation responsibilities. Such a discursive space provided the necessary conditions and consent for welfare changes and the introduction of the mutual obligation scheme, which perpetuated inferences that strong Commonwealth economic intervention was required. This reliance on economic crisis tendencies discourse was supported by the paradox of egalitarian productive participation. Thus, individual choice and rights were positioned alongside social obligations to society and social responsibility, that is, increased social and economic participation in society and work was essential to being a productive citizen (Mays, 2012; Reference Group on Welfare Reform, 2000, p. 32). Rights were attached to civic and economic obligations, which in turn subsumed autonomy, social participation. and social rights of citizenship.

Modern interpretations of targeting generate new manifestation of conditionality in which policy logics intersect (Henman, 2006). The mutual obligation schemes (similar to workfare) apply a new conditionality whereby the unemployment benefit and disability pension is conditional upon recipients engaging in work activity or an employment service job-upskilling program. The way the Commonwealth authority and administrative bodies (departments) interpreted and justified their activities associated with the provision of disability income support, such as the criteria applied when assessing eligibility for disability income support, generated "moral distinctions" between groups, that is, distinctions among disability classifications and people assessed as not having a disability (Mays, 2012). A discursive frame by Senator Jocelyn Newman (2000), then minister for Family and Community Services, reveals the shift in the meaning of social protection in terms of income support entitlement by forming an ideological link between the idea of income support provision and the presumed problem of welfare dependency:

> The social security system has . . . contributed to the growth in welfare dependency, by placing too little emphasis on the second and third of these objectives [targeting genuinely needy and promoting greater self-reliance]. While it redresses short-term poverty by meeting immediate needs, it does not have a sustained focus on helping people move beyond reliance on income support to self-sufficiency. Some parts of the system still create work . . . disincentives. . . . In short, it still does too little to prevent and discourage welfare dependency. (Newman, 2000, pp. 6–7)

Other policy documents and parliamentary speeches during this time by the Howard Government (e.g., Howard, 1999, 2006) similarly reflect the hegemonic project used to promote a modern conception of good economic policy to prevent any critiques about the welfare changes, and also to justify the stringent accountability measures and cost efficiencies required for streamlining a perceived inefficient income support system (Newman, 2000; Reference Group on Welfare Reform, 2000). The effectiveness of the policy language is dependent upon the hegemonic principles underpinning institutional innovation in the reorganization of social formations (disability income support system). Such rhetorical devices are found in Hansard speeches whereby the Howard Government believed that, by tightening the eligibility criteria for disability income support and implementing work requirements, a more targeted and sustainable system benefiting all citizens could be generated. Commonwealth authority was reframed to legitimate the targeting of disability income support (Roulstone, 2000). Thus, political and ideological challenges prevented the introduction of a basic income proposal within the Australian context during Epochs Three and Four.

The creation of disability categories by the Commonwealth is at odds with a basic income model. An unconditional approach would enhance the social citizenship of all people by removing the necessity for Commonwealth authority in the assessment of disability categories and conservative sanctioned paternalism. A basic income is unlike the Australian disability income support system in that where reliance on disability pensions equated with "charitable dole," "invalid welfare dependants," or "malingering," the universal grant makes no such presumption around charity and paternalism (Mays, 2012). For people with a disability, the basic income proposal is built around assumptions that espouse the freedom and autonomy of individuals and in turn provide security for vulnerable groups, such as people with disabilities. Modern manifestations of disability income support under neoliberal tendencies, in contrast, legitimize liberal justice principles such as productivity, efficiency, and individual self-reliance, while subsuming social justice principles of social participation, rights, and collective benefit. Social citizenship under neoliberalism becomes transformed into productive citizenship, that is, having a job.

Returning to the Blind Pension conundrum, as a universal payment, the provision is unconditional, that is, not subject to means-testing and paid to all people who are blind. In the spirit of equity, it is difficult to understand the logic behind applying a guaranteed minimum income for people who are blind when people in receipt of the Invalid/Disability Support Pension are subject to harsh policies of mutual obligation, means-testing, and eligibility requirements underpinned by assessing for disability. For example, during Epoch Four, under the Howard Government (1996–2007), there was some suggestion to include the Blind Pension in the welfare changes to the Disability Support Pension. Yet, the Howard Government pulled back from this objective. This could have been a result of public sentiment in support of Blind Pensioners being so strong at the time that the Government did a backflip on targeting the Blind Pension. Similarly, the Abbott and then Turnbull Liberal National Coalition Government (2013–current) began targeting the Bind Pension and sought to wind back the universal criterion. However, similar to the Howard Government, the Abbott and Turnbull Governments drew back from any suggestion of targeting the Blind Pension. Thus, the Blind Pension continues to the present day and remains a universal payment. Perhaps given the influence of neoliberalism in shaping ideas about ethical, moral, and economic obligations for productive citizenship attaining legitimacy, the question about finding a way to introduce a basic income grant to all people, not just a select few, becomes even more paramount. What is required is for the basic income proposal to gain traction on the political agenda to counter the Australian neoliberal tendencies.

In the next section, the final epoch will investigate the hybrid nature of neoliberalism, in order to discern some ideas for helping basic income in gaining traction.

Epoch Five—2008 to current: Hybrid Blend of Neoliberalism and Neoconservatism Functioning to the Detriment of Basic Income Debates

The Fifth Epoch (2008 to current) is characterized by a further tightening of disability conceptualizations and more specifically, a hybrid blend of neoliberalism and neoconservativism, which operates as a barrier to the inclusion of basic income in income support political debates. During the Rudd and Gillard Governments (2007–2013) similar neoliberal tendencies were used to constrain entitlement to the disability pension. Further, the National Disability Insurance Scheme (enacted in legislation in 2013) reflects a possible conundrum for disability advocates in transforming to an egalitarian disability income support system (Commonwealth of Australia, 2013). As a new regime that is advocated as being counter to traditional dominant disability income support provision and specialist disability services (Commonwealth of Australia, 2013), the national disability insurance model directs funding to the individual and their families as opposed to funding of non-government disability services. This new system is not without its own perils. Indeed, the social insurance notion is not like other social insurance models (such as Germany or France), rather social insurance for Australia means subscribing to market principles and ideals, ergo it is subject to the volatility of markets (in the extreme, the global financial crisis) and the failings of market. Modern governments position the Australian political economy in relation to the market.

The National Disability Insurance Scheme has been uncritically accepted as a feasible alternative to the Australian disability income support system and the funding of the social insurance scheme is via general taxation revenue. The difficulty of proposals, such as a national disability insurance scheme, is the propensity for subscribing to traditional theories of disability and dominant market-oriented (economic) analyses, which reinforce the disablism of people with a disability, particularly people with a disability reliant on disability income support. As Leipoldt (2009) suggests, the scheme does not protect against disabling attitude or the forces of the market. The National Disability Insurance Scheme is based on the market-oriented insurance models that ultimately uphold for profit and cost containment principles. Under this model, income support would be tightly targeted and stringent eligibility criteria would be applied for measuring disability.

Similarly, the then Prime Minister Abbott(2013–mid 2015) used discourses that uphold the dominance of the market model. In the following excerpt, an explicit market approach is espoused and preferred:

> It's worth noting—if only to remind ourselves of the good that can be done—that in the past few decades, more has been achieved to reduce poverty than in any other period in history.... Mostly, though, it's been driven by the intellectual and philosophical conviction that freer trade and smaller government will strengthen prosperity; the instinct that empowered citizens can do more for themselves than government will ever do for them.... As soon as people have economic freedom, they create markets. Markets are the proven answer to the problem of scarcity. They rest, as Roger Scruton has recently observed, "upon the kind of moral order that arises from below as people take responsibility for their lives, learn to honour their agreements, and live in justice and charity with their neighbours." Even though the Crisis was the gravest economic challenge the world has faced since the 1930s, it was not a crisis of markets but one of governance.... A certain level of government spending is necessary and good. In Lincoln's words, government should do for people what they can't do for themselves—and no more.... Stronger growth requires lower, simpler and fairer taxes that don't stifle business creativity. And stronger growth requires getting government spending under control so that taxes can come down; and reducing regulation so that productivity can rise.... We're determined that fit working age people will work, preferably for a wage but, if not, as a condition of receiving unemployment benefits. We'll do more to keep people with temporary health conditions in the workforce, rather than on a pension.... A strong economy is far less likely to be one responding to central control than one spontaneously generating its own growth. After all, government doesn't create wealth; people do,

> when they run profitable businesses. Government's role is always to nurture its citizens rather than to promote itself. (Abbott, 2014)

As noted in this account, global economic downturns and fiscal crises tend to reinvigorate debates calling for even more stringent, targeted measures to be adopted (austerity measures) over universal measures (Henman, 2006). The global fiscal crisis represented a prime time for governments worldwide to turn their backs on austerity measures and punitive policies and move toward a basic income. Yet the opposite in fact occurred, whereby there was a concerted push for greater fiscal constraint, reduced welfare expenditure, even greater targeting, and regulation of the most vulnerable groups including people with disabilities.

Australia has pursued stringent controls of people with disabilities through Commonwealth authority discourse and practices and greater targeting and means-testing. Although the findings from the submissions in Commonwealth of Australia (2014a) point to the financial hardship experienced by people with a disability in receipt of disability pension or shifted across to the Newstart Allowance (which is at a lower rate than disability pension), the report recommends a continuation of targeted measures, as indicated in the following excerpt:

> The committee believes that government expenditure on income support should be targeted to people most in need. In addition, while acknowledging the need to review expenditure, the committee believes the government should commit to protecting services for low-income and vulnerable groups. These individuals should not bear the brunt of the commission's task of finding savings to government expenditure. Any retargeting and reprioritising of funding that is seen as necessary to increase effectiveness in achieving policy outcomes should be undertaken in consultation with the community sector to gain a comprehensive picture of the possible effects of any changes. (p. 33)

The excerpt indicates the dialectical relations of power and ideology in the maintenance of targeting the disability income support policy. The shift toward an even greater targeting of income-support recipients and emphasis on active participation emphasizes moral elements and promotes individual responsibility as a means of generating greater self-reliance and capacity-building through linking rights of entitlement to reciprocal duty to work.

Citizenship under Commonwealth authority discourse in this epoch reflects the reconstitution of productive citizenship through a valued contribution to the workforce. Modern income support debates continue to emphasize economic imperatives, such as deregulation, privatization, cost-benefits, and profit maximization, and position highly targeted approaches as rational, worthy, and superior to universal models of income distribution.

The enduring nature of neoliberal principles and calls for ongoing targeting is found in the Commonwealth authority and conservative sanctioned paternalism underpinning this epoch. A new legality emerged to advance a modern interpretation of disability income support through parliamentary, legislative, and institutional changes. The use of the regulated disabled citizen discourse presumed to transcend the failings of the change strategies in previous epochs to deploy economic principles as the dominant ideology (Gramsci, 1977). This rhetorical device makes it ideological, in that it attempts to manifest a different interpretation of disability income support policy, while simultaneously maintaining dominant hegemonic principles. For example, the following excerpt demonstrates the hegemonic project in discounting basic income and supporting the tighter targeting of disability income support policy and the intellectual and moral hegemony of reinforcing such targeted measures:

> So what should be the objectives of our policy for welfare reform? All people should be able to contribute, according to their ability, to the economic life of the nation. People with disabilities, for example, both want and are generally able to contribute. This is equally true of others locked out of employment because of age, personal circumstances, or changing industrial trends. When the great majority of people, whatever their physical, mental, or social situation, want to contribute positively to society, the issue is both social and moral. To miss the chance to increase the opportunities for more people to participate in the workforce would be to betray our obligation to our fellow men and women. (Andrews, 2014, p. 2)

Again there is a concerted push for the moral basis of the tighter eligibility requirements and work requirements.

A similar discursive frame sets up the legitimacy for the hegemonic reconstitution of targeting:

> We want a country in which we can always provide for the vulnerable and the needy. We are doing this by not consigning our fellow Australians to a life on welfare. Instead, our welfare reform has the dual aim of benefiting both society and individual Australians. That is why there is a strong emphasis on incentives to work. Collectively,

> the future of Australia's prosperity depends on our ability to increase our productivity. Individually, a job is important for self-worth, for independence, and for quality of life. Long term reliance on income support, on the other hand, increases the risk of poor health, low self-esteem and social isolation. We know that if a person is on welfare for a long time then they are more likely to stay on welfare or return to it at various stages of their lives.... This is not in their interests, nor is it in the nation's. As a nation, we are must continue to develop our human capital. (Andrews, 2014)

In this parliamentary speech, rights are reconstituted in relation to human capital, collective responsibilities, and economic and civic obligations. Value is afforded to the individual productive rights and obligations as opposed to social citizenship. The discursive formation provides structured coherence to the welfare changes and the regulation of disability pensioners. In this sense, the phrase speaks of active welfare as a universal, therefore recontextualizing the change strategy of targeting disability income support as a given, rather than a struggle for securing rights. Thus, support can be garnered from the wider so-called able-bodied population. The discourse infers the targeted groups who need be compelled into finding a job and provides the impetus for change through a rational common-sense view of the change strategy (Gramsci, 1977). As such, the discursive frame highlights a "normative grammar" in which the prevailing discourse is constructed in terms of a universal. Such a naturalizing strategy perpetuates the notion that people with a disability need to be deserving of a disability pension, yet at the same time, need to be in productive employment. Naturalizing tendencies provide a rhetorical device in securing hegemonic dominance.

Universal models of income support, such as the basic income, are then disregarded on the basis of ideological incongruousness. Universal income support schemes are often discounted on the grounds of feasibility and high cost. Yet, counter-discourses to the targeted model provide oppositional voices and an alternative transformative strategy, albeit inferred:

> The disability support pension is a lifeline for those in our community who have to live with permanent disability and illness. It is something we should be proud of as a nation and not somewhere to look for savings. (Commonwealth of Australia, 2014b, p. 131)

Counter-discourses attempt to block the targeting ideology by drawing attention to the misuse of the cost efficiencies narrative.

Forging a New Alliance

The critical examination of the basic income and Australian disability income support system over time helps in contextualizing the historical and contemporary debates of the basic income proposal and the points in time where ideological tendencies function as barriers to the implementation of the basic income scheme. Exploring an alternative income support model based on universal principles and relevant to disability income support policy remains contentious. For transformation to a non-disabling income support system and then society, an egalitarianism redistributive strategy is required for distributive justice and as precondition for true transformation to occur within any given epoch. A basic income scheme has the capacity to shift toward a socially just political economy as opposed to an economy based on the market or neoliberalism. This is because a basic income is not only a just redistributive strategy, but also aligns with an appropriate, ethically sound alternative for people with disabilities.

Implementation of a basic income model as a redistributive strategy based on justice can occur through the transformation of a disability income support system to a basic income provision. There also needs to be moral obligations placed on the government of the time to implement the egalitarian proposal. The discussion in this chapter points to the argument for an ethically sound and egalitarian alternative to the current income support model to address the oppressive elements of the existing Australian targeted model.

Basic income aligns with an egalitarian, non-disabling society as the proposal generates a vision and strategy for redressing the disabling nature of income support. As the basic income proposal aligns with disability advocates' concern for rights and social justice, a basic income would ensure a decent society that protects the rights of all people, including people with a disability, not just the "able-bodied." Under a basic income scheme, entitlements would be egalitarian-based rather than needs-based and function to ensure the financial security of people with a disability through decency.

A non-disabling society is built on social citizenship, social rights, and decency. Bringing in the voices of disability advocates and forging a new alliance with the group is one way to garner support for broad consent and a new collective will (Gramsci, 1977). A new alliance can challenge and replace dominant neoliberal hegemonic views of disability income support policy and transform toward a non-disabling egalitarian basic-income model. Basic income can then be upheld as the new truth as opposed to neoliberalism.

A basic-income approach as egalitarian also requires a commitment to meaningful rights toward social justice and solidarity for people with a disability. Thus, rights should be meaningful, rather than tokenistic. The increased vulnerability experienced by people with a disability in receipt of disability income support points to an alternative grounded in social justice. Countering disablism is found in the idea that rights for people with a disability can only be considered "meaningful" when people with a disability can exercise their rights.

An egalitarian strategy can counter the tendencies for neoliberalism and establish justice rights and solidarity. In posing this point, it takes note of the interaction between disability policy and social justice and solidarity as an underpinning principle of freedom and decency, an essential feature of an egalitarian society. Thus, a just form of disability income support would need to provide the same opportunities for all people, rather than a select few. Disability income support policies can be transformed to ensure meaningful rights based on social justice for and solidarity with people with disabilities. In shifting from policies that are authoritarian and paternal, any tendency toward targeting is mitigated. The meaningful expression of rights and freedom is especially critical for the social citizenship of people with disabilities. Meaningful rights and solidarity principles provide the basis for a non-hegemonic and egalitarian income support system based on solidarity for people with a disability. Solidarity with people with a disability is therefore paramount.

One way to progress toward an egalitarian income support provision through the basic income model is to set up specific rights and entitlements for people with a disability. For example, transforming the discourses dependency to principles of tolerance, equality of opportunity, and egalitarianism (Gramsci, 1977). Using the discursive formation, meaningful rights toward solidarity for people with a disability can be the unifying theme to promote a positive representation of egalitarianism (Gramsci, 1977).

In moving away from authoritarian and paternalistic policies that regulate the behavior of people with a disability in receipt of disability income support the basic income proposal calls for egalitarianism and decency to support the attainment of socio-political independence and economic security. In essence, this is the basis of a non-disabling, decent society for people with disabilities. Through a basic income scheme, power is transformed from an economic basis to social power where people who have a disability are mobilized as part of a collective will and considered valued members of civic society.

Another key principles in forging a new alliance is the notion of social citizenship as an essential prerequisite to an egalitarian model. A basic income grounded in citizenship rights prevents reliance on targeting and any pejorative associations with entitlements (who is deserving and who is not deserving) given that it is paid to all citizens who are 18 years of age and over, regardless of income [*dis*]ability and classifications. Social citizenship is the basis of the provision, rather than a proven disability.

Citizenship as a precondition for income support, rather than classification and categorization offers a way to counter Commonwealth authority and conservative sanctioned paternalism. Social citizenship as a requirement, is different from conditionality and reflects freedom from regulatory control and classification of disability. The income support provision is on the basis of citizenship rights, not a proven disability. Countering the disablism occurs through promoting autonomy and socioeconomic independence. Such an approach frees people with a disability from stigmatizing effects of targeted models. Basic income proposals offer the attainment of social citizenship of people with a disability, not only in the workforce, but also in day-to-day life. Perhaps most notably, a basic income, as a transformative strategy breaks down the dominant ideology and establishes new truths and a new worldview grounded in social citizenship.

Under a basic income scheme, there is no pejorative association between disability, idleness and "dole bludgers" given that all citizens receive the grant without obligations attached to the payment. The basic income grant functions to counter the ideology of disablism. Further, the basic income grant as an unconditional model goes some way to preventing financial hardship and poverty consequences. A basic income proposal does not rely on traditional policy responses nor on disablist notions. Without adequate attention being paid to disability dimensions, the disability concept will remain subverted or ignored in policy realms.

In the transition to a non-disabling, egalitarian model there needs to be a continued presence and voices of disability policy advocates, people with a disability and their families to take precedence in helping forge new pathways for post-austerity measures. Essentially, a creative, innovative solution to outmoded income support and service delivery systems through a basic income scheme is required.

Conclusion

Clearly, the ideological basis of the Australian disability income support system has potentially dire consequences for people with a disability. A basic income grant has the capacity to reduce the propensity for poverty and financial dependence experienced by people with a disability. Australia is a wealthy nation and can afford to introduce a basic-income scheme. A basic income responds to standard income support and does not address every aspect of disablism. What basic income can provide people is other freedoms and power as it creates the initial social conditions and social forces necessary for an egalitarian system that enhances the lives of disability pensioners. These social conditions counter outmoded truths, such as the ideology of disablism by providing the space for the basic income scheme and social service provision, which in turn becomes transition toward an egalitarian society.

Acknowledgments

I wish to thank Danielle Davidson for her editorial assistance, support, and never-ending encouragement in helping to finalize the chapter. I would also like to thank the coeditors, Greg Marston and John Tomlinson, for their helpful suggestions, and the academic participants (doctoral students and lecturers) at the basic income workshop, Canberra, for their well-received comments on earlier drafts.

Notes

1. Commonwealth authority refers to power and authority afforded to the government in power to intervene, control, and regulate people with disabilities through such mechanisms as legislation, policies, and administrative procedures. Commonwealth authority interacts with conservative sanctioned paternalism to depict the government as the "omnipotent body" who oversee the good of people with disabilities. Conservative sanctioned paternalism denotes the government's benevolent authority and legitimated paternalism in assuming the government is acting in the best interests of welfare recipients in the provision of disability income support (Schröder, 2009). Throughout much of the history of the disability income support system, conservative sanctioned paternalism was found in the concepts of conservative mistrust, "inadequate invalids," concern for idleness, "undeserving invalids," and "genuinely worthy" of a disability pension (Mays, 2012). The Australian disability income support system underpinned by conservative sanctioned paternalism legitimated distinctions based on the

ideology of the deserving and undeserving "poor invalids" (Mays, 2012). Commonwealth authority and conservative sanctioned paternalism function with the ideology of disablism to control and regulate the behaviour of people with a disability. Disablism is a type of hegemony reflecting the consequence of disability as oppression, somewhat constructed by disablist policies, discourses, and practices over time (Abberley, 1987; Gramsci, 1977). Disabling income support policies, language, and practices contributes to disablism. The ideology of disablism is a direct outcome of capitalism, production of labor, social forces, and ideological tendencies. Theories have explained disability in preindustrial times, that is feudal, medieval and Greco-Roman societies, where the notion of disability is tied to constructions based on religious and personal tragedy theories, as in so-called freaks (Gianfalla, 2010). Yet it is during the transition from feudalism to capitalism that the labor potential of individuals became measured against norms of average productivity standards and presumed "ability." Consequently, ableism was established in terms of the norm in society. Commonwealth authority, conservative sanctioned paternalism, and the ideology of disablism interact and influence social policy, legislation, administrative practices, and discourses.

2. Within Australia, there are diverse payment provisions, in relation to benefits and allowances. In conjunction with the disability income support system (1908–current) there have been other income support payments introduced by governments of the time to help support people with disabilities. These include payments such as the service pension, for "permanently unemployable veterans"; tuberculosis allowance; sickness benefit; handicapped child's allowance; sheltered employment allowance; workers' compensation; road accident compensation; and occupational superannuation (Jordan, 1984). While these payments have been influential and important in their own right, this chapter will only make reference to disability income support (disability pension). See Jordan (1984) and Commonwealth Department of Human Services, 2015 (http://www.humanservices.gov.au/customer/services/centrelink/) for comprehensive coverage of the payments and benefits).
3. Walters (2006) cautions the use of specific epochs with tight boundaries that generate reductionist inferences of fixed linear change. He suggests that reality is predominantly a hybrid mix of epochs, ideas, and fields that become enmeshed and difficult to delineate. One way forward advanced by Walters was the use of diagrams as a heuristic device, to help capture, trace diagonal patterns and movement, and map out non-linear social forces, transformations in policy, and power relations and changes across particular formations (Walters, 2006, pp. 173–174). The insights by Walters are useful for this chapter in that diagrammatic representation will assist in identifying and mapping particular complex transformations across differing epochs.

4. The notion of a guaranteed minimum income was historically used in Australian policy debates. Further conceptual developments have led to the application of the inclusive term "Basic Income."
5. For a comprehensive review on the Henderson Poverty Line, refer to the Commonwealth of Australia (1975a, 1975b, 1975c). Available at: http://www.biga.qut.edu.au.

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