Is Universal Basic Income a Desirable Alternative to Conditional Welfare?

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Australia’s income support system has always been conditional. However, since the mid-1990s conditions have escalated considerably, with a raft of new administrative and activity conditions attached to the receipt of payments and tough financial sanctions imposed for non-compliance. Social security appeal rights have also been weakened and – with the introduction of income management policies – some benefit recipients have had conditions placed on where, and on what, their payments can be spent. Against this backdrop, some reformers argue for the eradication of punitive conditionality and an increase in certain categories of payments; others, however, propose a more radical break with the past through the introduction of an unconditional and universal basic income that is paid to all permanent residents. This paper explores these developments in an attempt to discern whether universal basic income is a desirable alternative to a highly conditional social security system.

KEY WORDS: Activation, Conditionality, Social Security, Welfare, Universal Basic Income

Introduction

A conditional approach to the receipt of social security benefits has intensified over the past two decades in Australia. At the same time, labour market opportunities have arguably weakened for those who find themselves at the bottom of the income scale with skills and knowledge that are now less in demand (Carney and Stanford 2018; Rayner 2018). The result for those seeking to navigate the welfare-work nexus under less than ideal conditions can be said to represent what Lauren Berlant (2011) calls ‘cruel optimism’: that is, a society remaining attached to unachievable fantasies of the ‘good life’ (with its promise of upward mobility, job security, political and social equality and durable intimacy) despite mounting evidence that liberal-capitalist societies cannot be counted on to provide these rewards for all of their citizens. Erik Olin Wright (2015) refers to this paradox of capitalism as ‘poverty in the midst of plenty’. Income inequality, anomalies between payment categories and material deprivation have been persistent features of the welfare-work nexus in Australia.

In seeking to address this problem, welfare rights advocates have been calling for more generous income support payments (ACOSS 2018), recognising that – despite moral platitudes to the contrary – poverty is a disabling, not an enabling, force in the lives of people struggling to make ends meet. At the same time, other reformers and researchers have drawn attention to the counter-productive effects of paternalism and conditionality in relation to a scarcity of respect and devalued social identities for those that find themselves outside the labour market for significant periods of time (Sennett 2003). A chorus of concern about the situation for people reliant on a bewilderingly complex social security system (Carney 2019; Murphy et al. 2011) has led some policy reformers to call for a simplification of payment categories (Department of Social Services 2014). Where mandatory welfare quarantining or ‘income management’ policies are concerned, scholars have recommended voluntary alternatives that are less corrosive to individuals’ agency and socio-emotional wellbeing (Cowan 2013; Bray 2016).

More recently, however, a diverse coalition of policy actors at the international level, ranging from Silicon Valley tech entrepreneurs (Ford 2015) to presidential candidates (Yang 2018), have been calling for a more radical break with policy incrementalism through the implementation of a universal basic income (UBI). A UBI is an unconditional and regular cash payment to individuals irrespective of their paid work status. A UBI is a proposal that is gaining traction at an ideational level and through policy experimentation around the globe; it purports to advance economic security and to address
emerging challenges and transitions associated with a new wave of automation and climate change (Frey and Osborne 2017). This paper explores these developments to answer the question of whether a UBI represents a desirable solution to a range of compounding social and economic problems. The first part of the paper outlines some of the key historical developments in the Australian social security system, including recent moves towards broad-based compulsory income management (CIM) policies. The second part of the paper examines the arguments for a UBI as a key plank in building a viable social and economic alternative to welfare conditionality, entrenched poverty, economic insecurity and populism.

The Socio-Historical Context of Welfare Conditionality

Australia’s social security system is highly regarded among OECD countries for the efficiency of the transfer payment system, with the bulk of the flat-rate income support payments going to those with the greatest level of material need (Whiteford 2016). The system has been incrementally built up over more than 100 years. The first social security payment category of the Aged Pension was established in 1901 in Victoria and New South Wales, and at the Commonwealth level in 1909. The most significant expansion of payment types occurred in the post-war period, where unemployment benefits were introduced (recently referred to as Newstart, now Jobseeker) and in the 1970s when sole parent payments and other family benefits were introduced. A key objective of the Australian social security system has been protection against poverty (Ziguras 2014). The extent to which the system continues to be successful at achieving this objective has been called into question in recent years, as the anomaly between the indexation of pensions and unemployment benefits means that the real value of unemployment benefits is diminishing (Whiteford 2016). Recent analysis by Peter Saunders (2017) shows that the Newstart Allowance would need to increase by $96 per week to enable people to meet their basic social and economic needs. These findings have led peak bodies like the Australian Council of Social Service (2019) to call for an increase in the base rate of Newstart via the Raise the Rate campaign. Yet, legislative attempts to increase the payment, mainly led by the Australian Greens, have failed to pass the Australian Parliament. In opposing the increase, the former Minister for Social Services, Christian Porter, said that ‘… increasing Newstart [now Jobseeker] would not move a single person from welfare to work’ (ABC News 2017). These sorts of political statements make it clear that the goal of poverty alleviation has been displaced by one of labour force participation (Ziguras 2014).

The policy levers that are now preferred by governments in Australia are ever increasing forms of welfare conditionality – using sticks, rather than carrots, to cajole people into compulsory training, workfare programs and paid work of whatever quality or duration. When people do not comply with or inadvertently fall foul of the myriad of rules and requirements, they are financially sanctioned. Australia is not alone in implementing these policy settings. Since the late 1990s, countries such as the UK, Canada, the USA and New Zealand have pursued an ‘activation agenda’, which in practice combines conditional income support payments with marketised and contractual forms of employment service delivery (Considine et al. 2015). Much has been written about the effectiveness or otherwise of these policy settings in practice and our intention is not to review that literature here, other than to say that a consistent finding from these studies is that this combination of punitive policy and quasi-market service delivery is largely ineffective in addressing long-term unemployment and poverty (Brodkin and Marston 2013). This conclusion has led some commentators to proclaim that ‘welfare-to-work’ has become ‘welfare-as-work’, as people are put through a range of intrusive character and work tests as they are deemed ‘never-deserving citizens’ (Sennett 2003).

A system of income support that nudges people into paid employment works well with a labour market that is able to supply good quality jobs and high wages and conditions (Bell and Quiggin 2014). To their credit, Australian governments managed to achieve this goal in the post-war period through pursuing a policy of full-employment and relatively high minimum wages supported by a national arbitration and conciliation system. Frank Castles’s (1994) analysis of the relationship between social policy and industrial relations in Australia identifies this set of institutional arrangements as the ‘wage earner’s welfare state’. This has been more accurately described as the ‘white, male wage earner’s welfare state’ (Bryson 1992) when looking at who has benefited the most from these policy settings. The introduction of unemployment benefits in Australia in the post-war period was therefore based on the assumption that unemployment was a temporary phenomenon in an era of Keynesian-inspired economic and social policies, which in effect meant the public sector underwrote a job guarantee through significant expansion and investment in major capital works and infrastructure projects, particularly in transport and water.

The ‘golden age’ of economic prosperity meant that official rates of unemployment remained at less than two per cent for almost two decades (ABS 2017). However, the social postwar full employment model started to come unstuck during the mid 1970s as a result of rising unemployment and inflation and the subsequent loss of faith in Keynesian prescriptions for economic and social security. The quality of jobs and the extent of insecurity in the Australian labour market remains contested, with some labour market economists indicating that the
provision of secure paid employment remains relatively robust (Borland 2017), while others argue the provision of secure jobs in the labour market is deteriorating (Carney and Stanford 2018). Discussion about the availability of jobs is now focused on the potential effects of a new wave of automation where Artificial Intelligence and advanced robotics will render many tasks presently performed by humans redundant as machines become smarter and more dexterous, augmenting and in some cases replacing mental and manual labour performed by humans (McAfee and Brynjolfsson 2017). Offshoring of jobs and the weakening of union bargaining power are also putting downward pressure on wages and working conditions (Productivity Commission 2017).

Despite the labour market in Australia becoming a less reliable source of income and rights, successive governments have stuck to the line that the labour market is performing exactly as it should (Carney and Stanford 2018). This denial permits the policy logic of welfare conditionality to continue unchecked, divorced from the reality of life for those bouncing along the bottom of the income scale. Whilst the moralisation of paid work gains purchase through its ubiquity in the media, its real power derives from its centrality to workfare policies designed to move benefit claimants out of the welfare system and into paid employment (Frayne 2015: 101). Demonising the unemployed through income support policy and the media reminds us of just how fortified the work ethic is in Australia, shored up by moral binaries such as ‘learners/lifters’, ‘taxpayers/bludgers’ and ‘dependence/independence’ (Marston et al. 2019; Peterie et al. 2019b) Labour force participation and training, new paternalism and conditionality and increasingly sophisticated forms of surveillance dominate political discourse about income support. At the same time, welfare as a category remains narrowly defined leaving out the tax benefits that flow to those through occupational and fiscal welfare and the majority of Australians that benefit from universal health and education (Brodkin and Marston 2013).

Despite numerous critiques of neoliberal economic policies (Peck 2010) and strong paternalism in social security policy in Australia (Carney 2019), the overall direction of income support and labour market policies remains largely unchanged. Indeed, in recent decades Australian governments have introduced new forms of conditionality, including CIM policies. Income management policies see a portion of affected benefit recipients’ social security payments placed on an issued debit card which limits where, and on what, these funds can be spent. This approach represents both a continuation and escalation of the activation agenda, extending the imposition of conditions such that individuals are not only required to meet rigorous eligibility and compliance obligations in order to receive funds, but are also denied autonomy over these funds (Mendes 2015; Peterie et al. 2019a). These policies were initially trialled on Indigenous Australians in the Northern Territory, but have since been rolled out across other sites over Australia. Australian legal scholars such as Shelley Bielefeld (2014, 2018) have consistently drawn attention to the racist and punitive aspects of these sets of policies. A key justification of recent iterations of these policies has been the perceived need to help benefit recipients to overcome (assumed) substance abuse and rejoin the workforce (Lovell 2016).

The relentless moralisation of work through income support policy settings is confining policy communities to predictable circuits of thought. As Frayne (2015: 15) states, ‘In a context where those who resist work are so readily disparaged, reviled and feared it becomes increasingly difficult to foster an open-minded and intelligent debate on the future of work’. We live in a time when political slogans like ‘the best form of welfare is a job’ (Liberal Party of Australia 2019) are substituting for policy action, while concerns about adequacy of social security payments continue to fall on deaf ears. Governments have ramped up punitive policies towards those on social security benefits rather than address demand side problems in the labour market. Activity for activity’s sake has become normal, along with a populist dose of what the Canadian writer Jean Swanson (2001) aptly refers to as ‘poor bashing’ in mass media representations of low-income Australians.

On the other side of the equation, the operational arm of conditional welfare to work programs, the marketised employment services model of non-profit and for-profit providers, is financially incentivised for short term placements, with few resources to address non-vocational barriers to employment. The front-line workers of these employment services have found their job satisfaction and working conditions deteriorating in the face of an unrealistic contractual and performance management regime (Considine et al. 2015; Murphy et al. 2011). The end result has been a human service enterprise that has lost its most experienced and skilled workers, precisely at the same time when the front-line of welfare to work has become more complex and demanding, as more groups are cajoled into meeting participation requirements that should lead somewhere, but frequently lead nowhere (Murphy et al. 2011). This is not good policy or good practice, and yet successive governments persist with the model. The lock-in effects of the program logic have become opaque and solidified and policy makers now find it hard to imagine other possibilities (Standing 2019). Certainly, there are cracks and fissures in the workforce policy edifice and some refusals by non-profits to refer people for sanctions in the early 2000s resulting in a
softening of some harsh measures (Wright et al. 2011). However, these temporary victories have not been enough to disrupt the policy logic in the long-term.

The challenge to alter path dependency in social security policy is both cultural and economic. We are confronted by a perverse situation in which the highest-ranking workers work long hours, whilst growing numbers of people find their labour power is no longer useful for the generation of profit, with the obvious consequences of increasing unemployment and underemployment. But the unemployed are not free from work in any meaningful sense. They exist in a ‘dead-zone’, degraded by social isolation, social security sanctions, and financial worries and controls. As Bertrand Russell (1932) proclaimed in his famous essay on the virtues of idleness and intelligent leisure, unavoidable leisure time has been turned into a universal source of unhappiness in late modernity. In cultural terms, we have become a society of people who are financially and psychologically dependent on an activity that is becoming more unevenly distributed with a less clear cost benefit analysis between sacrifice and rewards (Frayne 2015).

In this context, calls by welfare peak bodies (ACOSS 2018) to soften the punitive and coercive edges of our social security system – for example, through the removal of benefit sanctions or the introduction of voluntary, rather than compulsory, forms of income management – have clear merit. It might usefully be asked, however, whether they go far enough. The conditions of the present may require more than a mere ‘tinkering at the edges’ of the existing social security system; a fundamental re-evaluation of the relationship between an individuals’ participation in paid employment and their perceived social value may be necessary.

Theorizing while achieving the ideal of equanimity, the present order is desirable. There are a combination of factors leading to expressions of pre-figurative thinking in the public sphere, including the environmental crisis associated with continuous economic growth, the paradox of poverty amidst unprecedented wealth, and rapid technological change surrounding the digital revolution and its dystopian and utopian imaginaries. Much depends on how these transitions are negotiated and whether our democratic institutions are capable of responding positively to large scale societal challenges, while at the same time avoiding the fear and prejudice that can too easily be invoked by populist governments when citizens feel economically disenfranchised and socially disconnected (Dyer 2018; Peterie and Neil 2019).

In this context the idea of a UBI is finding support as an idea worth serious consideration in a time of social change and economic uncertainty. It offers an alternative to the highly conditional forms of income support that have been thoroughly normalised in recent decades. Significantly, it also encourages us to consider bold policy solutions to social problems, rather than simply endeavouring to mitigate against the harshest consequences of the present system. In Australia, strong paternalism has become a case of a policy solution looking for a policy problem (Edelman 1988). Breaking down this policy path dependency is a major political challenge. In the face of this challenge and the uncertainty created by a new wave of automation, some scholars are keen to see a return to a Keynesian inspired job guarantee (Mitchell and Fazi 2017), either as a stand alone policy or matched with a guaranteed minimum income to make it possible to live decently with or without paid work (Quiggin 2019). The next section examines the merits of a UBI as one option that would decouple income from labour and in doing so potentially change the tone of the conversation about work and welfare in Australia.

Basic Income: Unconditional or universal?

Since at least Thomas More’s *Utopia*, penned more than 500 years ago in 1516, many thinkers have engaged with the idea of a basic income for citizens – that is, of everybody in society receiving a regular amount of income as a rightful share of the common wealth of a nation. At the ideational level, some have mocked the idea as fantasy or as a threat to civilization, and some have grown tiresome in their enthusiasm – the gamut of sentiments and reactions has been impressively wide (Standing 2011).

There have been tensions in the basic income social movement itself, between those who have taken a more libertarian approach, seeing UBI as a way to realise a minimalist welfare state (Friedman 1962; Murray 2006), and those who have been more egalitarian in their outlook, seeing UBI as one part of a more equal and just society through redistribution, rights and universal services (Standing 2011). There are those who see basic income as a stand-alone policy replacing a highly targeted and conditional cash transfers system, as we have in Australia, and those who see it as part of a progressive political strategy that will lead to a revaluing of care, a new politics of time and a less commodified welfare state (Standing 2011).

For some proponents, a UBI represents a break with a productivist paradigm of industrial citizenship that is
seen as having run its course as the basis of a ‘good society’ (Frayne 2015). For others, the idea of a post-productivist future goes against the cultural grain of Australian society and ignores the reality that so much of what enables people to have sufficient income for needs and wants comes from our labour and its exchange value. To decouple work and income is seen as politically dangerous and economically misguided (Coote and Yazici 2019). Undoubtedly, there is a pressing need for fairer pay, better quality jobs and more democratic relationships in the workplace. These issues delineate the terrain of the trade unions and the fight is far from won. However, in constructing an alternative future it is also necessary to go beyond workers’ rights, and the rights of those without work, to confront some more fundamental questions. Why, at the pinnacle of society’s productive development, do we still think everyone needs to work most of the time? What else could we be doing with discretionary time were we no longer spending most of our time labouring or being cajoled to labour?

Tim Dunlop (2016), in his book *Why The Future is Workless*, suggests that we should embrace a ‘post-work’ future and see a new wave of automation associated with robotics and AI as a transformative and liberating force, as long as there is a decent economic floor in place to ensure the transition does not exacerbate income and wealth inequalities. Another prominent force motivating calls for a UBI is the claim that there is a growing precariat, consisting of millions of people facing unstable insecure labour, a lack of occupational identity, declining and volatile real wages, loss of benefits and chronic indebtedness (Standing 2011). For countries like Australia that have developed a highly targeted and highly conditional social security system, the desirability of a UBI may be more geared towards the unconditional nature of the payments, as a basic income paid to all citizens at a similar level to the aged pension would help address welfare rights advocates’ concerns about the harms of strong paternalism in Australian’s income support policy settings.

Beyond universal ideals of freedom, social justice and democratic citizenship, proponents of UBI argue that it can be more cost-effective than ‘the current wasteful array of often counter-productive, bureaucratic income security programs’ (Pereira 2014: 1). Pilot projects in Canada, India and South Africa, for example, have demonstrated that the UBI supports economic growth and job creation, especially in the areas of improving the livelihoods of the poor and maintaining better risk management (Standing and Samson 2003). The evidence on basic income trials in developing and developed countries is generally positive, however, the trials have all been time-restricted and specific to particular cities, towns or regions so there are limits to what can be claimed about their success in the long-term. What we have learnt is that much depends on the adequacy of the payment in terms of whether it maximises security and freedom, which consequently raises questions about the affordability of a fully scaled UBI (Foster 2016). The politics of basic income also raises a host of implementation challenges. Adopting a universal basic income would require a major transition in how social welfare and tax systems are designed; it is therefore likely there would need to be a staged transition that takes account of fiscal capacities, demography and political structures (Haagh and Rohregger 2019).

Given these challenges, any move towards implementing a UBI would need to be a long term goal. One step towards refining and recalibrating systems would be commencing basic income trials, similar to what other countries have pursued. However, there is a risk that implementing trials and pilots can also stall sustainable policy action. Australia, like other countries, has a history of introducing innovative pilot programs, only to see them discontinued when there is a change of government and the pilot funding is withdrawn. At the same time, as the previous discussion has highlighted, Australia continues to expand expensive trials for CIM schemes that target Indigenous Australians and other groups of social security recipients when the evaluation evidence results are mixed at best (Mendes 2015; Bray 2016).

Implementing a basic income as an alternative to conditional welfare is at one level a leap into the unknown. However, there is sufficient evidence from overseas experiments with basic income to suggest that people will generally still do what they do now (for example, engage in paid work), but will also have improved health and wellbeing and more discretionary time to pursue other activities (Haagh and Rohregger 2019) – life advantages that are unevenly distributed in the present social order (Marston 2019). As Andre Gorz (1999: 39) explains:

> One of the functions of a politics of time is precisely to share out savings in working time following the principles not of economic rationality, but of justice. These savings are the work of society as a whole. The political task is to redistribute them on the scale of society as a whole so that each man and woman can benefit from them.

In Australia, as in many other countries, the work ethic and the family ethic remain joined together by a host of historical, economic, political and cultural threads (Weeks 2011). Kathi Weeks and other feminist scholars of work are keen to see policies in place that challenge the way that the state and capital define what counts as a valuable use of one’s time, or what constitutes an acceptable family or other intimate relationship. It is this
form of ‘time freedom’ becoming more widely available and more equally distributed – what Goodin (2010) refers to as ‘temporal justice’ – that will enable people to make real choices as they seek to collectively ‘get a life’ and refuse the political and cultural call to simply ‘get a job’ (Marston 2019). For social justice theorists this focus on discretionary time helps to move beyond calibrating distributive justice in monetary terms, as we well know that money is not the only resource that matters to people – control over one’s time, and the capacity to spend it as one wishes, is also an important resource (Goodin 2010). While the public discussion about ‘work–life’ balance speaks to this issue, the metaphor of balance ends up being an unsatisfactory one, as it tends to imply that balance is possible and that it is up to individuals to reconcile the tension, rather than government policies, organisational cultures and employer practices.

The struggle to build something new through policies such as UBI is deliberately utopian. However, UBI and similar policy measures are not proposing a fixed blueprint for the future, but rather a future that reinstates the wealth of possibilities that overemployment and underemployment, combined with a blind attachment to the paid work and family ethic, have diminished (Weber, cited by Weeks 2011: 233). A discussion about the merits of a UBI forces a conversation about the present and in particular about what is problematic about a highly conditional and punitive set of income support policies. A UBI may not be the best answer and it is certainly not a silver bullet, but it does help to frame the right sorts of questions about how to address economic insecurity, provide greater temporal autonomy and sustainably reduce poverty and inequality.

Conclusion

Calls for universal services, a shorter working week and a UBI are frequently put forward as a package of reforms that can provide an economic floor for experimenting with other forms of economic and social activity (Bregman 2016). By itself a UBI would not be sufficient to transcend all that is problematic about our redistribution and recognition models that are tightly tied to paid work. However, as part of a vision for a more secure and fairer society it helps to clarify how we might move forward and away from counter-productive welfare conditionality. Questions about dignity, personhood and respect will need to be carefully considered and debated, as paid work has captured so much of the symbolic capital when it comes to constituting status and a meaningful life in countries like Australia. The challenge is to imagine and advance new categories of human worth and civic service that are relevant to twenty-first century concerns. Twentieth century preoccupations with ‘warfare’ and ‘welfare’, for example, must be set aside as we de-carbonise the economy (Klein 2017). These imperatives take on heightened salience in the context of increasing automation, which, if managed well, will create space and time in people’s lives for a public valuing of relational labour, rather than routine labour and its exchange value (Flanagan 2017). Whatever package of reforms are adopted, the justification for income support needs to be reframed in terms of poverty relief and economic security, rather than labour force participation, surveillance and heightened conditionality.

The welfare state established after the Second World War was the closest that countries like Australia and the UK came to achieving both security and freedom. We must now ask how we should achieve that combination today. A self-defeating belief that there is nothing left to believe in makes us blind to the shortsightedness and injustice that still surround us every day (Bregman 2016). A UBI is one idea that can possibly address a range of injustices and help achieve a post-productivist settlement within the ecological limits of a finite planet (Jackson 2009). The fact that there is very little mainstream political attention being given to examining the feasibility of implementing big policy ideas in Australia is a cause for concern amongst progressive reformers. The most serious threat to our collective ability to negotiate a way forward may be the failure of our democratic institutions and the demise of a form of political leadership capable of cultivating big ideas that can respond to big changes in our environment, economy and society, as opposed to business as usual politics and poll driven populism.

While there is much to be skeptical about in terms of the prospect for change, our own social history provides us with a reason to be somewhat optimistic. Social security pensions and universal healthcare were once considered dangerous ideas in Australia. Now these sets of policies are part of the social and cultural fabric of Australia, and political leaders that seek to dismantle these social policies are frequently forced to capitulate in the face of opposition from citizens, consumer groups and professional bodies (Marston 2019). One lesson from these historical innovations is the importance of building in a high degree of universalism, as cross-class interests facilitate policy resilience. Proposing a new social contract 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 bold but necessary step in cultivating the common good and building a common purpose (Jackson 2009; Reich 2018). The uncertain and increasingly unequal economic and social times we live in demands nothing less than big ideas and bold steps if we are to realise a preferable, rather than a predictable social future (Urry 2016).

References


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**High-rise**

According to the Online Dictionary

1. Having a comparatively large number of stories and equipped with elevators: a high-rise apartment house.

2. Of, pertaining to, or characteristic of high-rise buildings.

When you see one there is a larger hole where the material for it comes from.

3. Of or being a small-wheeled bicycle with high handlebars and a banana-shaped seat.

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