

# Universal Basic Income

## What and why?



### What is UBI?

A Universal Basic Income (UBI) is a cash payment unconditionally provided to everyone individually, without having to satisfy a means-test or any work requirements. The Basic Income Earth Network (BIEN) identifies UBI as having the following five characteristics:

1. **Periodic:** it is paid at regular intervals (eg every month), not as a one-off grant;
2. **Cash payment:** it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use;
3. **Individual:** it is paid on an individual basis—and not, for instance, to households;
4. **Universal:** it is paid to all, without means test;
5. **Unconditional:** it is paid without a requirement to work or to show willingness to work.<sup>1</sup>

#### DISCUSSION POINT

**How important is universalism, as a principle?**

### Why UBI?

Left wing supporters of UBI argue that by providing everyone with an income regardless of their employment situation, UBI will refashion the relationship between citizens and government by showing that the government is responsible for looking after all of us.<sup>2</sup> A UBI could support people to engage more in activities that are currently largely poorly paid or unpaid, such as: caring for family and getting involved with the arts and community sectors. This would benefit the environment as these activities are less resource intensive than much of the work carried out by people in the market.<sup>3</sup>

1 Basic Income Earth Network, 'About Basic Income', <http://basicincome.org/basic-income/>.

2 Hollo, T. 2018, 'Bigger than you, me and Bernard, UBI demands big thinking', April 11, *Crikey*, <https://www.crikey.com.au/2018/04/11/bigger-than-you-me-and-bernard-ubi-demands-big-thinking/>.

3 Standing, G. (2017) *Basic Income: And How We Can Make It Happen*, London: Pelican an imprint of Penguin Books.

By supporting people to do care work, still largely done by women unpaid, a UBI could reduce gender inequality. A UBI could give workers the freedom to refuse to work in poor conditions, in other words providing them with an 'unconditional strike fund'.<sup>4</sup> More broadly, by disconnecting payment from work, a UBI moves paid labour away from the centre of our lives and politics, allowing greater focus on participation and quality of life.

UBI has also received support from people on the right such as American social scientist Charles Murray, American economist Milton Friedman, and many prominent figures in Silicon Valley including Elon Musk, the founder of Tesla.<sup>5</sup> The major differences between right and left wing versions of UBI revolve around what happens to existing government services and allowances. For Charles Murray, a UBI would replace all government allowances and social programs.<sup>6</sup> This model is favoured by the right because it would be cheaper than our current welfare system.

While UBI has been advocated by some on the right, it is not the case that it was invented by Friedman or other neoliberals. The concept dates back at least 500 years to Thomas More, who wrote about it in his book, *Utopia*. It has also been advocated by Thomas Paine, Bertrand Russell and many others on the left in the centuries since.

#### DISCUSSION POINTS

**How would your life change if you had access to a UBI?**

**How do you think the lives of others around you would change?**

**How important is work to your identity? What else shapes your identity?**

4 Olin-Wright, E. 2005, 'Basic Income as a Socialist Project', *Department of Sociology, University of Wisconsin—Madison*, March, <https://www.ssc.wisc.edu/~wright/Basic%20Income%20as%20a%20Socialist%20Project.pdf>.

5 Standing, G. (2017) *Basic Income: And How We Can Make It Happen*, London, Pelican.

6 Murray, C. 2016, 'A guaranteed income for every American', *American Enterprise Institute*, <http://www.aei.org/publication/a-guaranteed-income-for-every-american/>.

# Universal Basic Income: **What and why?**



## UBI: no silver bullet

A UBI along the lines proposed by people such as Charles Murray would be akin to treating UBI as a silver bullet. Rather than replacing the welfare state with a UBI, it needs to be part of a suite of policies that create a fairer and more equal society. What that suite of policies would look like is a matter for debate, but it might include:

- Providing more support to people with disabilities;
- Tackling house prices and strengthening the rights of renters;
- Reducing the cost of childcare; and
- Strengthening the rights of workers, particularly in the gig economy.

In addition, how a UBI might interact with other social services and payments is a live question. One suggestion would be for a UBI to replace some payments, like Newstart Allowance and the Aged Pension, while maintaining additional support for people with disabilities, for example.

### DISCUSSION POINT

**What policies, services and payments are most important to work with a UBI?**

## What about a job guarantee?

A similar proposal to UBI often favoured by trade unionists, is a job guarantee (JG). A JG is a scheme under which the government offers minimum wage jobs to anybody who is unable to find a job.<sup>7</sup> It would ensure that people who are able to work are guaranteed basic financial security. A JG could be set up to support environmentally beneficial activities such as bush care, and could also support people to work in the community arts sector.

But a JG is not without its flaws. Practically, it is likely to reduce the negotiating power of workers and put downward pressure on income. As Guy Standing points out in *Basic Income*, the government cannot realistically offer jobs that match everyone's skillsets,<sup>8</sup> meaning that taking a JG job could result in a loss of skills. At worst, it could create a system of enforced low-value, low-skilled work. While a UBI supports everybody for who they are not what they do, a JG only benefits those able to work. It does nothing to shift paid labour from the centre of our society—in fact, it cements the idea that our only value is what we can sell our labour for.

### DISCUSSION POINT

**What kind of society would be fostered by a JG as opposed to a UBI?**

<sup>7</sup> Mitchell, B. 2013, 'What is a Job Guarantee?', May 5, *Bill Mitchell—billy blog*, <http://bilbo.economicoutlook.net/blog/?p=23719>.

<sup>8</sup> Standing, G. (2017) *Basic Income: And How We Can Make It Happen*, London, Pelican.