

# Universal Basic Income

## How to...?



**A Universal Basic Income will not be introduced overnight. Any path to introducing it would need to be gradual. What might be the best approach?**

### Trialling Basic Income— A good idea in theory

A frequently suggested path to introducing a UBI is to organise a trial, limited to either a particular geographic area, or a particular demographic group. There have been many basic income trials worldwide, but so far no trial has resulted in a basic income being introduced across a whole country. During the late 1960s and throughout the 1970s, there were numerous trials of a type of basic income called negative income tax (NIT) across North America.<sup>1</sup> Perhaps most notably, in Canada from 1974–1978, a NIT called ‘Mincome’ was trialled in the town of Dauphin and surrounds in the province of Manitoba.<sup>2</sup> Recent renewed interest has led to new trials currently being conducted by governments in Finland, Barcelona, and Ontario.<sup>3</sup> In the US city of Oakland, a basic income trial is currently being conducted by the start-up incubator YCombinator.<sup>4</sup>

As a pathway to introducing a UBI, trials are problematic. A UBI would have significant macroeconomic impacts on the Australian economy and, as Ben Spies-Butcher and Troy Henderson point out, a trial would shed little light on these macroeconomic impacts, or how the fiscal cost of a UBI could be managed.<sup>5</sup> Additionally, many of the broad social co-benefits of a UBI depend on its universality—something a trial cannot demonstrate. In the near term, it is difficult to see how a basic income trial could be introduced without the support of the ALP, meaning that any trial is likely to

be the result of political compromise. This may mean that the trial will be too small to provide much information, as has been argued of the Finnish basic income trial.<sup>6</sup> Karl Widerquist has also noted that trials are often established as a means to take the wind out of the sails of UBI campaigns.

#### DISCUSSION POINTS

**Is a trial worth the risks?**

**If so, what would be the best target area or demographic?**

### ‘Basic’ or ‘universal’ first?

University of Queensland economist Professor John Quiggin has argued that if we are only able to introduce a UBI gradually, we have a choice between whether we want to first introduce a basic income generous enough to support those who really need it or a universal income that is paid to everybody, but at a very low and gradually increasing rate.<sup>7</sup> Quiggin argues that it is very likely that a small, slowly increasing UBI paid to everybody would fall afoul of a budget emergency (contrived or not) before it could actually have any substantial impact. After all, a basic income of \$50 or \$100 a week is unlikely to attract much political support because it would not be enough for anyone to rely upon. It may be preferable to introduce a UBI that is ‘basic first’, before later becoming universal. Quiggin suggests that a UBI should be paid first to those who have the most need—such as people currently receiving Newstart Allowance.

#### DISCUSSION POINTS

**Does a ‘basic first’ approach make sense?**

**Does it avoid the political risks of a ‘universal first’ approach?**

**Who should be the recipients of a ‘basic first’ approach?**

1 Bowman, D., Mallett, S. and Cooney-O’Donoghue, D. 2017, p. 11, ‘Working Paper: Basic income: tradeoffs and bottom lines’, The Brotherhood of St Laurence Research and Policy Centre, June 2017, [http://library.bsl.org.au/jspui/bitstream/1/10141/2/Bowman\\_etal\\_Basic\\_income\\_2017.pdf](http://library.bsl.org.au/jspui/bitstream/1/10141/2/Bowman_etal_Basic_income_2017.pdf).

2 *Ibid*, p11.

3 MacFarland, K. 2017, ‘Overview of Basic Income Related Experiments (October 2017)’, Basic Income Earth Network, October 19, <http://basicincome.org/news/2017/10/overview-of-current-basic-income-related-experiments-october-2017/>.

4 *Ibid*.

5 Spies-Butcher, B. and Henderson, T. 2018, p.4, ‘Towards Basic Income in Australia’, submission to Senate Select Committee on the Future of Work and Workers, <https://www.apf.gov.au/DocumentStore.ashx?id=4da6544d-2072-4682-bb3d-75186c9347b1&subId=563280>.

6 Ward, T. 2017, ‘What We Can Learn From Finland’s Basic Income Experiment’, Futurism, July 26, <https://futurism.com/what-we-can-learn-from-finlands-basic-income-experiment/>.

7 Quiggin, J. 2017, ‘Why we should put ‘basic’ before ‘universal’ in the pursuit of income equality’, *The Guardian*, February 7, <https://www.theguardian.com/commentisfree/2017/feb/07/why-we-should-put-basic-before-universal-in-the-pursuit-of-income-equality>.

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## Stepping Stones to a UBI

A similar suggestion put forth by Ben Spies-Butcher and Troy Henderson is to create 'stepping stones' to a UBI by universalising some existing payments and gradually expanding those payments to cover the whole population.<sup>8</sup> Spies-Butcher and Henderson propose first making the Aged Pension more universal by increasing the amount of income a recipient can earn before it affects their payment. Simultaneously, a Youth Basic Income (YBI) would be introduced, benefiting young people as they make the transition between education and work. Such a trial could be expanded incrementally, gradually expanding the ages at which people would be able to receive both the YBI and the pension. This may be more politically achievable than providing more money to unemployed people on an unconditional basis, given how prone Australian media and conservative politicians are to stigmatising the unemployed.

### DISCUSSION POINTS

**What do you think of making the pension universal? Could its introduction perhaps be paired with the reintroduction of estate taxes?**

**What co-benefits would a YBI bring?**

<sup>8</sup> Spies-Butcher, B. and Henderson, T. 2018, p.4, 'Towards Basic Income in Australia', submission to Senate Select Committee on the Future of Work and Workers, <https://www.aph.gov.au/DocumentStore.ashx?id=4da6544d-2072-4682-bb3d-75186c9347b1&subId=563280>.

