

CHAPTER 17

The Principles, Benefits and Politics of a Basic Income Scheme for Australia

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Basic Income (BI) is an idea that has attracted periodic support since the 1790s. It has been proposed under various banners, including Henderson's Guaranteed Minimum Income (GMI) scheme. BI has been advocated by thinkers and activists on the Left, the Centre, and the Right. It has enjoyed renewed public attention since the Global Financial Crisis of 2007–08 and the ensuing Great Recession as more and more people search for solutions to rising inequality, high levels of economic insecurity and persistent poverty. The debate is more advanced in other regions of the world than is the case in Australia, but there are signs even here of elevated interest.

This chapter focuses on the principles, benefits and politics of a Basic Income Scheme for Australia. The first section briefly explains the concept of BI, including four broad models of this social policy reform. Four key principles that underpin the ethical case for BI are then outlined, followed by the potential benefits of a BI Scheme for Australia. The final section before the conclusion examines the politics of BI, focusing on learning the lessons of history, countering standard critiques of the policy, and tailoring BI proposals to Australia's particular institutional, cultural and political economic

traditions and circumstances. The technical detail of Henderson's GMI scheme—along with contemporary BI options—will be addressed in the next chapter.

What Is Basic Income?

While there is no consensus on the meaning of BI, some commonly cited definitions are useful in highlighting its key aspects. The Basic Income Earth Network (BIEN), the peak academic and advocacy body for BI, defines it as: 'a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement' (BIEN, 2018).

The BIEN General Assembly also passed an important resolution at its 2016 Congress affirming that BI should be

stable in size and frequency and high enough to be, in combination with other social services, part of a policy strategy to eliminate material poverty and enable the social and cultural participation of every individual. We [the General Assembly] oppose the replacement of social services or entitlements, if that replacement worsens the situation of relatively disadvantaged, vulnerable, or lower-income people (Yamamori, 2016).

Not all forms of BI would meet all of these criteria. However, the BIEN definition neatly captures the core aspiration of BI as a policy goal: *to provide all individual members of a given community with an unconditional cash payment.*

There are four broad BI models: social dividend; stakeholder grant; universal pension; and Negative Income Tax (NIT). These are now described and compared.

Social Dividend Model

This model would provide all members of a community with a regular distribution (dividend) from a publicly owned fund. The fund could be based on the public ownership of—or investment in—major corporations, the profits of state-owned enterprises, and/or on the cumulative profits generated by the use of key national resources (for example, raw materials, broadband spectrum).

The Alaska Permanent Fund is the longest-standing example of this form of BI. The Fund was set up by the state's Republican Governor, Jay Hammond, in 1976 to reinvest a portion of the profits from Alaska's oil industry. Since 1982 the Fund has paid the Permanent Fund Dividend (PFD) to every man, woman and child who meets Alaska's residency requirements (Widerquist and Sheahan, 2012). The annual per person dividend varies considerably, but can be as high as US\$10 000 for a family of five.

This model is based on the principle that all individuals should share in a country/region's common wealth. However, it requires a large and profitable fund to provide a substantial and reliable social dividend.

Stakeholder Grant Model

This model would provide all individuals with a lump sum at a particular age, for example \$100 000 at age twenty-one. Proponents of this model differ on whether individuals should be free to spend the grant on whatever they like or if there should be some constraints (for example, it could be allocated to housing, education, or starting a business, but not on gambling) (Ackerman and Alstott, 2006).

This model would put people on a more equal financial footing early in their adult lives. However, the lump sum could be squandered and a grant would not provide the income security of a regular payment.

Pension Model

This model conforms most closely to the BIEN definition of Basic Income. It can be thought of as a universal pension where a regular (fortnightly, monthly) amount is paid to all members of a given community with no strings attached.

It would be truly universal, while providing superior income security, enhanced personal autonomy and improved bargaining power for workers. However, the fiscal cost would be high (for any adequate level of payment) and the model would generate substantial levels of fiscal churning as everyone would receive the payment before it is taxed back from net contributors to fund the scheme.

Negative Income Tax (NIT) Model

This model is often associated with neoliberal or right-wing libertarian models of BI (advocated, for example, by Milton Friedman, 2013). However, this does not mean that the NIT model is necessarily regressive. This model can be understood as providing a universal income floor. For example, if the NIT level is \$15 000 per year and your market income is \$8000, you would be entitled to a top-up income, sometimes called a tax credit, of the difference, that is \$7000.

This model could achieve the same distributional outcomes as the pension model with much lower gross fiscal cost and greatly reduced fiscal churning. However, it may not be perceived as a universal payment and it could generate administrative challenges (for example, in making fortnightly or monthly payments accurately as incomes fluctuate).

Principles of BI

The principles that justify BI in the specific case of Australia are fundamentally the same as those that justify BI in general. This section identifies four fundamental principles that I argue can underpin the ethical case for a Basic Income Scheme for Australia.

These principles are: maximin 'real freedom' for all; 'total social productivity'; 'deep form social reciprocity'; and recognition that BI is not a panacea or silver bullet policy solution for all our social ills.

These principles echo Henderson's own anti-paternalistic, social trust-oriented, empowerment-centred and multi-pronged approach to poverty alleviation in Australia in the 1970s:

Henderson on Poverty: The elimination of poverty should be a vital national goal. For this goal to be realised, social change and the allocation of substantial sums from growth in the national income to a comprehensive welfare program over the next decade will be essential. Redistribution of income and services should also be accompanied by other measures to increase the capacity of poor people to exercise power, thus enabling them to take an effective part in decision-making processes along with other sections of the community. Socio-economic status, power and social norms are so closely interrelated that significant change in

one area must be accompanied by changes in the others. (*First Main Report*, 1975, in Regan, 2014, p. 23)

Henderson on Autonomy for the Poor. We reject the argument that because some poor people may abuse their freedom to spend—as many rich people do—and because they may drink or gamble instead of looking after their children, therefore they should be provided in kind with the goods or services someone in authority thinks they should have. (Commission of Inquiry into Poverty, 1975, p. 304)

Maximin Real Freedom For All

The Belgian philosopher Philippe Van Parijs is the pivotal figure in the BI literature of the last three decades. In his key work *Real Freedom for All: What (If Anything) Can Justify Capitalism?* (hereafter RFA) (1997), Van Parijs develops a normative justification of BI grounded in a ‘real-libertarian’ theory of justice.

His aim was ‘to spell out a conception of social justice that would articulate to our satisfaction the importance we attach to freedom, equality and efficiency’ that ‘would provide concrete guidance for progressive policy-making as we enter the new century’ (Van Parijs, 2001, p. 106).

Van Parijs begins RFA by stating his two basic premises: ‘1: Our capitalist societies are replete with unacceptable inequalities. 2. Freedom is of paramount importance’ (Van Parijs, 1997, p. 2). He rejects a narrow libertarian concept of freedom as negative liberty and adopts the term ‘real freedom’ to express a notion of liberty that combines ‘having the right to do what one might want to do’ with ‘having the means for doing it’ (Van Parijs, 1997, pp. 23, 22, 5).

Van Parijs argues that the real freedom of the least advantaged members of a given society should be maximised—the real freedom floor should be as high as possible—subject to the security and self-ownership of all members of society being protected (Van Parijs, 1997, pp. 21, 27). He argues that the optimal way to achieve maximin real freedom would be to provide each individual with an unconditional Basic Income in cash set at the highest sustainable level (Van Parijs, 1997, p. 32).

Van Parijs’ theory has been subjected to some perceptive critiques (see Barry, 2006; Widerquist, 2013a). However, Van Parijs

has done BI scholars a great service by developing a theoretical framework that provides such an elegant linking of an egalitarian principle of justice with a practical policy mechanism, and it should be retained as part of a progressive vision for BI in Australia, and elsewhere.

Total Social Productivity

Many philosophers and other scholars have sought to justify a more egalitarian distribution of resources based on access to ‘external resources’ (see Dworkin, 1981; Van Parijs, 1997). The principle of ‘total social productivity’ (TSP) rejects any requirement to identify ‘external resources’ (for example, land, public and private wealth, job opportunities, carbon, broadband spectrum, etc.) as a legitimate tax base for funding a substantial BI (see Henderson, 2017).

TSP is informed by Herbert Simon’s contention that social capital is the key determinant of social wealth and that ‘it is hard to conclude that social capital can produce less than about 90 per cent of income in wealthy societies’ (Simon, 2013, pp. 240–1).

Individuals are all subject to the triple accident of birth: they have no choice over the time, place and class into which they emerge. Put simply, wealth and income are produced by fundamentally social and evolutionary processes. It is not possible to measure, with any precision, a particular individual’s discrete contribution to the sum of social wealth. TSP recognises these facts.

TSP for a given society is defined as the sum of the value of Gross Domestic Product (GDP) and Unremunerated Work (UW).

This can be expressed as $TSP = GDP + UW$

The magnitude of TSP, the ratio of GDP to UW, and the changes in these values over time, are all significant factors in this formulation, and there are clear empirical challenges in measuring the two components.

The assertion of a universal social right to share in the sum of social wealth stems from the latter’s overwhelmingly social and evolutionary character. The key claim is that UW is a major component of TSP and that those who perform it should have an equal right to a share in socially produced economic resources in order to pursue their conception of the good life. This approach grounds the justification of BI in a commitment to a deep form of social reciprocity.

Deep Form Social Reciprocity

The ‘reciprocity debate’ is central to the ethical justification of BI. It revolves around the question of whether an individual has the right to receive BI from society regardless of whether they make a recognised contribution to that society. On one side of this debate, the argument has been that many individuals—especially young men—will not work if they receive an unconditional BI (see Van Parijs, 2013, and White, 1997).

The introduction of a feminist perspective on reciprocity points to a far larger issue: the ‘massive free-riding in the household’ where men ‘take advantage of the unpaid work of wives [and female partners in general] and avoid doing their fair share of the caring work’ (Pateman, 2004, p. 99). This is the result of the ‘arbitrary prioritisation of paid forms of work over non-remunerated forms of work’ (Mulligan, 2013, p.159) (see also chapter 12 in this volume).

While some feminists have critiqued BI (see Orloff, 2013, and Robeyns, 2013), a version that results in a net transfer of economic resources from (over-)remunerated to (under-)unremunerated forms of work has merit from a feminist perspective. Such a version would value reproductive and care work that is not optional for society as a whole and lower the opportunity cost of participating in these forms of (under-)unremunerated work.

Therefore, BI based on a principle of ‘deep form social reciprocity’ could be expected to increase the real freedom of individuals to combine paid work, caring for children (or others) and surfing in different ratios according to their heterogeneous circumstances, responsibilities and preferences. It would also recognise, at least partially, the enormous contribution of unremunerated work to social wealth.

Not a Panacea

Henderson understood that alleviating—or indeed eliminating—poverty in Australia requires a range of strategies. This principle is particularly important in any discussion of BI given the tendency of some advocates to pose this reform as a panacea or silver bullet solution to a host of social ills.

There is a clear challenge in reconciling the principle of maximin real freedom with the mechanism of the highest

sustainable basic income when there are many individuals in a given society who have differing capacities and needs.

Here we must adopt a pragmatic approach regarding the prioritisation of BI versus, say, increasing disability support payments and services, or childcare support. Sen's 'capability approach' (see Robeyns, 2003) and Fraser's 'participatory parity' framework (see Fraser, 2001) may offer more useful guides in relation to weighting the relative importance of constrained BI maximisation and other policy priorities. Whether we use Sen's framework that emphasises the differing capacities of individuals to convert a given stock of resources into particular 'beings' and 'doings', or Fraser's focus on an equal right to participate in society, it is clear that a uniform rate of BI for all individuals will not generate equitable outcomes. There is a clear case for supplementing a universal BI with additional payments and services that recognise the multi-dimensional nature of disadvantage and the variance in abilities that obtain in any given society.

While there is no easy answer to this problem in practical terms, a rich country like Australia is likely to be able to pursue BI alongside other social policy priorities. The precise policy mix and distribution of resources can only be decided by the messy process of continuous democratic deliberation, complemented by ongoing analysis of the evidence regarding the relationship between specific policies and desired social ends.

Benefits of BI

A wide range of potential benefits could flow from implementing a Basic Income Scheme for Australia. These include: reinvigorating our democracy, reducing poverty, inequality and insecurity, bolstering workers' rights, de-stigmatising welfare recipients, and enhancing the efficiency of the social security system.

Henderson himself identified five benefits of his proposed GMI scheme that remain pertinent to contemporary considerations of BI:

- (i) The payment of a minimum income to all, and a higher rate to particular categories would reduce the existing differential in payments, and thus the incentive to join favoured categories.
- (ii) Administrative integration would reduce poverty traps.
- (iii) Individuals with fluctuating incomes, who may become beneficiaries for part of the year, would no longer be favoured relative

- to those with the same annual income received steadily throughout the year. (It should be noted that this factor is less of an issue today because most pensions/benefits are taxable).
- (iv) Automatic payment of the GMI will avoid the problems of those who do not receive, for whatever reason, their pension or benefit entitlement under existing arrangements.
 - (v) Separate administrations imply a 'social segregation by income' which is undesirable. (Saunders, 1981, p. 23)

Democracy

BI can be framed as a 'pragmatic-utopian' reform (Henderson, 2017), echoing Henderson's framing of GMI as part of a program of 'moderately radical reform' (Saunders, 1981, p. 20). In an era of high levels of anger and cynicism towards 'politics as usual', a campaign for a new universal social right to BI (the socio-economic analogue of the political right to vote) could go some way towards reinvigorating Australian democracy.

Poverty, Inequality and Insecurity

Poverty reduction was an obvious concern of Henderson's Inquiry, but wealth and income inequality were perhaps less prominent an issue in the 1970s than in contemporary Australia. A well-designed and skilfully implemented BI scheme could reduce both poverty and inequality simultaneously.

However, it must be noted that this outcome would not automatically flow from a BI scheme (because poverty rates could in fact increase while inequality falls, and vice versa depending on the type of scheme). This underscores the key role that social scientists can play in the policy design process.

Many feminists, and others, have argued that BI could lead to a fairer distribution of income along gender lines by providing compensation for unpaid work that is disproportionately done by women (see chapter 12 of this volume). Unpaid care work, including childcare, elder care and care for those with disabilities, has great social importance that BI (would partially) recognise.

BI also has the potential to enhance income security, increase personal autonomy and improve physical and mental health outcomes over time. Various studies (for example, Howe et al., 2012)

have highlighted the growth of economic insecurity in Australia in recent decades. Progressives have also neglected freedom and autonomy as a goal over this same period. Finally, the social determinants of health literature provide some grounds for optimism regarding BI's long-term effects on mental and physical health.

Workers' Rights

BI has the potential to improve workers' rights in a number of areas. Leading scholars argue that a BI would enhance workers' bargaining power (see Howard, 2015 and Wright, 2006). As Vanderborght states:

If the level of BI is sufficient, it could easily be used (as part of or in total) as a source of funding for strike purposes ... With a BI, strikers would be able to face long-lasting resistance from employers, and the collective power of unions would therefore be enhanced. (2006, pp. 5–6)

More generally, BI at a sufficient level could enhance workers' bargaining power at a collective level in society and on a day-to-day level in the workplace. Enhanced bargaining power could combine with increased capacity to reject poor wages and conditions to create tighter labour markets and, consequently, higher wages (especially in low-wage work).

It is also important to remember that the history of the labour movement is not only one of a struggle for better working conditions and higher wages. It is also a history of the fight to secure greater autonomy over how workers use their time. From the eight-hour day to the weekend and paid annual leave campaigns, trade unions have fought for *freedom from excessive work*, alongside the *right to work*. BI could increase 'worker-centred flexibility' (Henderson, 2014) by increasing their ability to make choices that suit their circumstances and wishes at different times across the life course.

Literature about the threat posed by automation and digitisation to employment opportunities in the future is growing (Frey and Osborne, 2013). Given that automation anxiety is nothing new, it is right to be sceptical of claims that BI is a necessity due to a coming robot-driven jobs apocalypse. However, BI would still provide

workers with a form of partial social insurance in cases where they are adversely affected directly.

De-stigmatisation

Workfare treats people receiving social assistance in a punitive and stigmatising manner. While governments should adopt policy settings aimed at creating high-quality conditions of work for everybody, it is widely recognised that, without state intervention, market economies leave large numbers of people unemployed or in subsistence poverty through no fault of their own. The unconditional nature of BI would shift the burden of responsibility for involuntary unemployment from the individual to society.

Efficiency

BI has the potential to enhance efficiency by removing poverty traps within the welfare system, eliminate unnecessary bureaucratic interference in people's lives and achieve better integration of the tax and transfer systems.

Politics of BI

The politics of BI depends on three key factors: i) learning the lessons of the failures of various BI proposals to lead to policy implementation historically; ii) countering the standard objections to BI; and iii) tailoring contemporary BI proposals to the particular institutional, cultural and political economic environments of different countries and regions. This section begins with a look at key episodes in the history of BI with a view to identifying the major reasons for their lack of success before addressing some of the standard objections to BI, and then turning to the question of how to think through BI in the Australian context.

Lessons of History

The early BI proposals in England, the US and Belgium (1790s–1850s) were justified on the principle of an equal right to a stake in nature's common wealth that had been prevented by the unequal ownership of land.

The solution was the socialisation of rent and the payment of social dividends to all citizens of a given community. As the

industrial revolution gathered steam in the latter part of the nineteenth century these ideas retreated as the great forces of the labour movement, labour parties and socialist political parties rose to prominence.

BI re-emerged in the first industrialised country, the United Kingdom, in the 1920s and was debated at the highest level into the 1950s. The justification focused on the 'social question' (how to ameliorate conflict between capital and labour), and there was greater attention to macroeconomic concerns, such as consumer demand and labour supply.

Quakers, Keynesian economists, Fabian socialists and Labour Party activists, among others, supported some form of BI (Cunliffe and Erreygers, 2004). However, the most prominent BI advocate during the period was the Liberal Party activist Lady Juliet Rhys-Williams.

Rhys-Williams published *Something to Look Forward to: A Suggestion for a New Social Contract* in 1943 as a direct alternative to the famous Beveridge Report. She argued for a weekly BI paid to individuals on the grounds that they agreed to attend a labour exchange and take up employment when offered (Torry, 2013, p. 33). This proposal can be understood as a type of 'participation income', a variant of BI advocated in more recent times by Atkinson (2015).

Rhys-Williams' detailed proposal attracted both support and opposition from prominent economists, bureaucrats and politicians. The post-war Attlee Labour government 'showed little interest' in her version of BI 'since the concept ... cut across both elements of Labour's traditional egalitarian strategy ... higher wages for working men and collective provision of necessities such as health, education and housing' (Sloman, 2016, pp. 208, 211, 212).

Her idea was finally rejected by the Royal Commission on the Taxation of Profits and Income in 1951. Here, she was opposed by Commission economists, the Board of Inland Revenue, the Trades Union Congress and the British Employers' Confederation (Sloman, 2016, pp. 212–13).

This failure highlights the limitations of being an individual policy entrepreneur, the strong support for Beveridge's model of targeted welfare and social insurance within the bureaucracy and the political class, and Rhys-Williams' personal hostility towards

socialism that prevented even the possibility of an alliance with the labour movement.

The next moment in BI's history occurred in North America during the 1960s and 1970s. BI was supported by various intellectuals on the Left and Right during the 1960s and was taken up by bureaucrats during the Johnson administration as part of his 'war on poverty'. But it was ultimately Richard Nixon who really pushed the idea as part of his Families Assistance Plan (FAP) in 1969 under the banner of a Guaranteed Annual Income (GAI).

There was strong initial support for Nixon's plan in the press and public opinion polls. It passed the US House of Representatives in 1970 (and again in 1971) but was rejected by the Senate Finance Committee by a combination of conservative Republicans and progressive Democrats.

While Nixon's GAI was not implemented, North America was the site of five innovative GAI experiments between 1968 and 1980 that retain importance to anyone interested in BI. These trials included around 10 000 families in New Jersey and Pennsylvania, Iowa and North Carolina, Indiana, Seattle and Denver, and Manitoba in Canada (Widerquist, 2013b, p. 218).

The results of US trials were widely discussed and debated in the 1970s and 1980s. The results of the Manitoba trials, on the other hand, were simply archived without analysis when the project was cancelled in 1979 after the election of a conservative government. The vast quantity of data was not studied until the 1990s and is still being analysed today.

There are several explanations for the fact that the North American political campaigns and experimental trials did not lead to implementation of BI. These include: political opposition in both countries, the elite-driven nature of the GAI proposals (progressive bureaucrats were the main backers of the idea), the lack of support from the working poor the policy was aimed to assist, the cultural force of ideas of the 'deserving' and 'undeserving' poor (Steenland, 2006), the political manipulation of the empirical results, and the stagflation recession of the 1970s in the US.

The clearest example of the way in which data from the trials had a political impact relates to the fate of Jimmy Carter's Program

for Better Jobs and Income, which included a proposal for a GAI. The results from one of the GAI experiments appeared to show a large increase in the divorce rate for experimental families. This caused Senator Moynihan, an early backer of GAI, to drop his support. The result was later found to be a statistical error but the political damage was done (Forget, 2011, p. 5).

The two most significant developments to date during this period of renewed interest are the Swiss BI referendum in June 2016 and the two-year Finnish BI trial that commenced in January 2017.

In the Swiss referendum, BI was opposed by business, government and some trade unions and ultimately attracted 23 per cent of those who voted. However, 35 per cent of eighteen to thirty-five-year-olds voted yes and most Swiss expect there to be another vote on BI in the future (Wagner, 2017). The principal significance of the Swiss vote is that it marks the first time a grassroots political movement has explicitly campaigned for BI.

The Finland BI trial commenced on 1 January 2017 and ran until the end of 2018. It has been criticised for its narrow focus on the unemployed and opposed by the Central Organisation of Finnish Trade Unions (FAK) (Tiessalo, 2017). Data from the trial will be made available early in 2019. The Finnish government decided not to extend the policy beyond the initial two-year period.

A number of other trials have started—or are slated to start soon—in Canada, the Netherlands, Kenya, Scotland and the US (McFarland, 2017). The recent cancellation of several innovative trials of the policy in Ontario (following a change of government) highlights the susceptibility of these experiments to political shifts.

In summary, analysis of the history of BI proposals brings to light a range of factors that must be considered in contemporary debates regarding the pros and cons of this radical reform. These include: the potential that there are superior alternatives to BI in relation to addressing poverty, inequality and insecurity (for example, full employment and expanded social services, a Job Guarantee, etc.); the possibility that attracting support from the Left and the Right is a weakness rather than a strength in terms of the politics of BI; the structural barrier to severing the link between paid work and income for the working age population in capitalist societies; the ongoing cultural power of the ‘work ethic’ and the distinction between the

‘deserving’ and ‘undeserving’ poor; the limitations of individual policy entrepreneurs like Rhys-Williams and bureaucratic elites pursuing BI without any connection to a social base; the limitations of BI trials as a vehicle for building widespread social support for BI; and macroeconomic circumstances (such as high inflation) that may be especially unfavourable to implementing BI.

Standard Objections

In addition to these ‘lessons of history’, there are several standard objections that are raised to BI that must be countered if a reform proposal is to achieve the requisite social and political support to move from the realm of ideas to that of policy implementation. Here, the focus is on the two most common objections to BI, which are: i) it is too expensive; and ii) people will not work.

The cost of any particular BI scheme depends on the model implemented and the level of BI. The Alaska Permanent Fund Dividend has already demonstrated that paying a modest BI is feasible with a large enough fund dedicated to that purpose.

The Stakeholder Model is also a feasible BI option. For example, paying all Australians \$100 000 at age twenty-one (around 300 000 individuals today) would cost around \$30 billion per annum. That is an affordable sum in the context of a \$485 billion federal budget.

The universal Pension Model or ‘demogrant’ style of BI would have the largest fiscal impact. Here again, the precise cost would vary depending on the interaction between the BI and other social transfers and services. The Negative Income Tax (NIT) or ‘income floor’ approach would have a lower fiscal impact while potentially having the same net distributional outcome as the Pension Model. Implementing either of these models of BI—alongside Australia’s existing welfare state—would require a substantial increase in Australia’s tax-to-GDP ratio.

The main empirical source to cite in response to this question of whether or not people will work if they receive BI is the GAI trials in the US and Canada discussed in the earlier section. Widerquist’s review of the literature on the five trials found a reduction of working hours ranging between 0.5 per cent and 9 per cent for husbands, 0 and 27 per cent for wives and 15 and 30 per cent for single mothers compared with the control groups (Widerquist, 2013b).

Married women, according to Forget, chose to 'take some part of the increased family income in the form of more time for household production, particularly staying home with newborns'. This translated into a relatively small reduction in average working hours for primary earners (typically male full-time workers), and larger reductions for wives and adult children (Forget, 2011, p. 5).

Nobel Laureate economist Robert Solow, reflecting on the trials in 1986, concluded that the results showed: 'There is a labour supply effect, as every economist thought there would be; but it could hardly be described as large enough to jeopardise the work ethic and therefore the labour supply' for the economy as a whole (Solow, 1987, p. 221).

Hum and Simpson (1993) found average work reductions in the Canadian trials of 'about one per cent for men, three per cent for wives, and five per cent for unmarried women'. They argue that the fact the Manitoba experiments showed smaller average work reductions than the US trials emphasised the importance of studying these experiments in their different cultural, social and institutional contexts (Hum and Simpson, 1993, pp. 80–2).

These results may be considered positive in a double sense for BI advocates, who face the challenge of allaying fears regarding the potential for large negative labour supply effects, on the one hand, and wanting to cite the reduced compulsion to work as a key attribute of BI, on the other. The experiments showed the GAI was associated with a reduction in work effort but not to such an extent as to suggest the scheme would be unviable if conducted on a larger scale.

Pathways to BI in Australia

Since Henderson's GMI proposal there has been little interest in BI in Australia besides a few academic investigations of the policy. The unique character of Australia's highly targeted and reasonably redistributive welfare state presents some challenges in relation to developing appropriate BI options.

Spies-Butcher and Henderson have argued for a 'pathways' or 'stepping stones' approach to BI in Australia that identifies intermediate steps that might take Australia towards a more universal system of welfare provision.

One option is to look at combining a truly universal Age Pension with a Youth Basic Income for those aged from twenty to twenty-four as a ‘stepping stone’ towards a BI that includes the whole working age population (Spies-Butcher and Henderson, 2017). It is also important to consider how existing features of Australia’s tax and transfer system, such as ‘affluence testing’ (see Spies-Butcher and Henderson, 2018) can be adapted in relation to implementing a version of BI.

Conclusions

Henderson recognised the potential benefits of BI in his GMI proposal forty years ago, and that potential remains to this day. Basic Income is not a one-size-fits-all solution to all social and economic problems in Australia, but it could play a major role in reducing poverty and inequality, recognising unpaid work, increasing personal autonomy and improving the efficiency of the tax and transfer system. This chapter has identified four key principles that could underpin the ethical case for BI while also identifying some of the obstacles to moving from BI as a ‘nice idea’ to BI as a policy reality.

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