From Idea to Reality: Universal Basic Income in Australia by 2030

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This essay explores universal basic income in Australia. It uses causal layered analysis and scenarios to deepen and broaden the debate.

From Idea to Reality

The idea of the universal basic income (UBI) is gaining momentum in popular and political discourse, as it migrates from fanciful theory to a feasible welfare alternative in the face of a changing global labour market and rapid advances in artificial intelligence and automation.

A recent World Development Report “asserts that 68.9% of jobs in India are at high risk - and that number remains at 42.6% even if adjusted for a lag in technology adoption.” (Verick, 2017). In the United States, economists Carl Frey and Michael Osborne concluded 47% of jobs are at high risk of automation. The International Labour Organization estimates that 137 million workers or 56% of the salaried workforce from Cambodia, Indonesia, the Philippines, Thailand and Vietnam are at great risk of losing employment in the next twenty years (Aravindan & Wong, 2016).

While retraining is the normal policy prescription, the scale of automation suggests retraining is unlikely to be enough. Automation strikes at the core of the capitalist economy, with the notion of work itself potentially under threat. Universal basic income creates a base from which other alternatives can spring forth leading to enhanced entrepreneurship, innovation, social stability, and cooperatives, for example. Of course, in Western history, debates on universal basic income go back centuries, with many considering Johannes Vives (pp. 1492-1540) the founder of the idea even though he resisted a preventive mode of economy, that is, the notion of providing income before the need arose (Basic Income Earth Network, n.d.).

Earlier, Bertrand Russell (1872-1970) argued that a new global economic model was required. He wrote:

“Anarchism has the advantage as regards liberty, Socialism as regards the inducement to work. Can we not find a method of combining these two advantages? It seems to me that we can. [...] Stated in more familiar terms, the plan we are advocating amounts essentially to this: that a certain small income, sufficient for necessaries, should be secured to all, whether they work or not, and that a larger income – as much larger as might be warranted by the total amount of commodities produced – should be given to those who are willing to engage in some work which the community recognizes as useful... When education is finished, no one should be compelled to work,
and those who choose not to work should receive a bare livelihood and be left completely free.” (Russell, 1918) (Basic Income Earth Network, n.d.).

In the Asian context, philosopher P.R. Sarkar (1921-1990) argued - through his third way model, Prout (the progressive utilization theory) - that intellectual and spiritual progress was only possible if the basic needs of all humans (housing, education, clothes, food, and health) were met (Sarkar, 2018). Along with a minimum base there is to be a maximum ceiling that continuously moved as more wealth was created through spiritual and technological innovation. While in his preferred articulation this is accomplished to increasing worker purchasing power, full employment is increasingly becoming a challenge.

More recently, in “1984, a group of researchers and trade unionists close to the University of Louvain (Belgium) published a provocative UBI scenario.” (Basic Income Earth Network, n.d.) which led to a gathering of UBI supporters.

But while many have imagined a UBI, concrete trials have been recent.

In 2017 – 2018, Finland became the first European country to trial the application of a UBI – a guaranteed and unconditional payment made to all adult citizens to allow them to meet their basic needs, which is not activity or means tested – with unemployed Finns receiving a guaranteed payment per month for two years, paid even if they find work during that period (The Independent, 2017). The nation has decided it not to continue the trial with the evaluation suggesting that participants were happier - less stressed - but jobs did not result. (BBC, 2019).

Since 2017, two cities in Ontario, Canada have been trialing basic income. One group receives a basic income and another does not. Barcelona has also has been trialing UBI since October 2017. Again one group of a 1000 receives income and the second does not. Scotland will provide 250,000 pounds for a trial as well (Reynolds, Matt, 2018). American presidential candidate Andrew Yang has called for a UBI of 1000 US$ for each American citizen (Darrough, 2019).

Along with political leaders experimenting, corporate thought leaders such as Elon Musk (Weller, 2017), Richard Branson (Chapman, 2017) and Mark Zuckerberg - have also stepped in suggesting that UBI may be an idea whose time has come. In May 2017, Facebook CEO Mark Zuckerberg called on the need to consider universal basic income in America during his Harvard Commencement Speech (Haselton, 2017). ‘Every generation expands its definition of equality. Now it’s time for our generation to define a new social contract,’ Zuckerberg said. ‘We should have a society that measures progress not by economic metrics like GDP but by how many of us have a role we find meaningful. We should explore ideas like universal basic income to make sure everyone has a cushion to try new ideas.’

Of course, others argue that this must be more than about income, in fact, we need a system of universal basic assets. This would reduce inequity (Fosco, 2018).

Why the Interest?

While universal basic assets is a novel, UBI is not a new idea as argued above. For decades, if not hundreds of years, it has been promulgated by various economists and politicians. Yet it has experienced a fit of renewed interest in recent years. Along with experiments in the wealthier regions of the planet’s small scale schemes have been introduced in developing nations such as Kenya and India (The Economist, 2017), and a UBI trial is being considered in Uganda (McFarland, 2016). Namibia has seen its basic income program reduce poverty by 18%, average income beyond UBI increase by 29%, and malnourishment drop by 32% (Kingma, n.d.). The idea has also been explored in Australia over the years, including in a research paper published by the Australian Government’s Parliamentary Library in late 2016.

UBI’s re-emergence on the policy agenda is driven by growing concern about permanent mass job loss as a result of automation and technological change. Stemming from the Global Financial Crisis, the ‘growing polarization of labour-market opportunities between high- and low-skill jobs, ... stagnating incomes for a large proportion of households, and income inequality’ (Manyika, 2017) is leading to a loss of confidence in the future labour-market’s ability to generate enough jobs to employ the majority.
With unemployment likely built into the future, alternatives are required. And, it is not just automation but the rising peer to peer economy which can create unemployment, as we are witnessing the taxi, hotel, and now even the sex industry (Fleming, 2019).

While it can be argued that the new technologies will create new types of jobs; for example, as Leah Zahidi (2019) playfully suggests: recreationists (using genomics, 4d printing, plus AI to create species gone extinct) or Reality Rehabilitators (bringing back virtual AI addicts to the “real world”) or sex therapists focused on robotic sex for those addicted to sex with robots...or, as likely is that because of dramatic developments in Artificial intelligence ie the fourth industrial revolution, work as we know it will disappear since humanity will live in abundance. Blue and white collar jobs will disappear.

Indeed, Bank of England Governor, Mark Carney has warned “up to 15 million of the current jobs in Britain - almost half of the 31.8 million workforce - could be replaced by robots over the coming years... entire professions such as accounting would likely disappear (Duncan, 2016). And going further, Ruchir Sharma, chief global strategist at Morgan Stanley Investment Management, argues that” before long economists [will] be worrying about a global shortage of robots” (Sharma, 2016). In Australia, The Committee for Economic Development in Australia considers 60% of all jobs in rural and regional Australia are at risk by 2030 (Tuffley, 2015).

**Does the Idea Have Merit?**

A groundswell of advocates contend UBI is a viable policy response to the future world of work, providing a foundation to smooth working-life transitions in a gig economy (where there is a great degree of freedom to choose project work but little financial or legal support if gigs or health fails), foster creativity and innovation (Painter & Thoung, 2015), and provide an efficient alternative to labour-based, complex welfare systems that will become untenable as the labour market contracts.

Opposition to UBI contends it is a ‘dangerous idea’ (Foster, 2016), and typically centres on the high cost and economic impact of a UBI scheme, scepticism that technological change will result in the permanent, pervasive depression of the labour market, and anxiety that a UBI would be politically and economically unsustainable (Mather, 2017), particularly in a capitalist society (Foster, 2016).

The changing nature of work, increasing disparity in wealth distribution and rise of automation signals the advent of a different work and welfare environment in Australia. A UBI is unlikely to be a panacea for the future challenges of the labour market. However, if properly implemented, could a UBI be the foundation for a new social construct that preserves prosperity and equality?

**What Could the Future of an Australian UBI Look Like?**

Causal layered analysis (CLA) is used as a method in futures thinking to more effectively consider and understand potential futures particularly the underlying myths and metaphors that support policy and data (Inayatullah, 2015, p.2). A CLA considers four dimensions (the litany, the systemic, the worldview and the metaphor) and integrates these four levels of understanding to provide a coherent view of the future. Applying a CLA to the introduction of a UBI deepens the understanding of societal responses to develop future scenarios.

As part of an Melbourne Business School executive program at the University of Melbourne, a CLA was undertaken which contemplates a future Australia which experiences a net shift in the unemployment rate from ~6% to 30 – 40% as a result of automation, with the benefits of economic growth experienced almost exclusively by those with the highest income s rather than the community as a whole. The CLA was developed by the first author of this essay.

The CLA set out at Table 1 considered the introduction of a UBI in Australia from the perspectives of:

- Conservative government and companies operating within the current capitalist construct. For them, the litany is that we live in a society of dole bludgers. If we trusted the invisible hand of the market, we could easily
traverse the forthcoming technological disruptions. Government policy will likely skew the needed dislocations, picking certain industries over other. Let the market innovate.

- A citizen who has the security of pre-existing financial wealth and/ or an occupation that has not, or is unlikely to be, mechanised or otherwise made redundant. For this group, UBI may be welcome to ensure their class safety, but the cost could be that they must work even harder. Their preferred story is that those who are being dislocated should work harder.

- A citizen who does not have security outside the welfare net; that is, a citizen who does not have pre-existing financial security and/or is unable to find gainful employment (though they may be able and willing). For this group, new technologies will reaffirm the scales of injustice. A UBI is an excellent way forward. And

- A ‘transformed’ perspective, which presents a worldview grounded in preserving Australia’s egalitarian precepts through the application of ‘contributary democracy’, where a UBI model is part of a system where citizens’ and corporations’ contribution to society is measured, and citizens who would otherwise be part of the labour force (but cannot gain employment) contribute to society by means other than private sector employment. In this future, we share the meal, small or large.

Table 1: Causal Layered Analysis – UBI in Australia by 2030

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Conservative Government/ Corporations</th>
<th>Secure Citizen</th>
<th>Insecure Citizen</th>
<th>TRANSFORMED</th>
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| **Litany** (day-to-day future, current headlines of the way things are or should be) | • Society of dole bludgers
• Paying for UBI will cripple the economy
• This is communism | • Your choices determine your future
• Anyone can change their stars
• Why should I work hard to support them to sit around and do nothing | • Corporations took my job (automation)
• The system sets me up to fail – I cannot win in the current system | • We are all in this together
• We all win if one wins |
| **System** (social, economic, political causes of the issue) | • Welfare system designed around labour market (job hunting, pension schemes (unable to work due to age or disability etc.))
• Competition drives innovation | • Capitalism drives economic prosperity and societal advancement
• Hard work = reward
• Monetary investment is my means to climb social rungs and secure my future | • Current welfare drives poverty line
• Assessment-based approach
• Competition drives labour elimination | • Welfare system based on contribution to society
• ‘Contributory democracy’ |
| **Worldview** (cognitive lenses used to understand and shape the world) | • Capitalism
• Government promotes business to support economic growth and national prosperity | • Agency / free will
• My talent and hard work drives my success
• I look after my own patch of turf
• Welfare fatigue
• “Work harder” – millions on welfare depend on you | • The government should serve and protect its citizens
• I have no social mobility because the system defeats me | |
| **Myths and metaphor** (the narrative) | “the invisible hand” works for all | “Scales of injustice” – poverty ascribed to the masses, wealth increasingly concentrated in the hands of a tiny minority | | |

Durnan and Inayatullah
A successful strategy to introduce UBI in Australia thus must address the different narratives - it would need to be a broad based as strategy could be thwarted by any party. This is further explored in the integrated scenario in Table 2.

**Potential Future Scenarios**

Scenario planning unpacks potential futures and provides a breadth and depth of analysis to inform policy responses. While there are numerous scenario methods, we use Inayatullah’s integrated approach as it seeks to link the long term with the short term, the vision with current political reality (Inayatullah, 2015).

Building on the perspectives of the CLA, four potential future scenarios of an Australian UBI emerge (summarised in Table 2). These scenarios are imagined versions of the future; ‘unlike predictions or forecasts, scenarios are stories about possible futures, about what could happen, not what will or should happen’ (Inayatullah, 2015, p.66). These were developed by the first author of this essay.

| Table 2: Potential future scenarios – UBI in Australia by 2030 (Australian UBI by 2030) |
|---------------------------------|---------------------------------|
| **Preferred (the desired future) Share the meal** | **Disowned (the rejected/non-negotiable future) Communism-lite** |
| • Harmonious, altruistic society | • Lack of work ethic |
| • Fosters inclusion, drives innovation and improved environmental outcomes | • Global welfare mentality |
| **Integrated (unifying the preferred and disowned futures) The new Fair Go for All** | • Lack of social mobility and individual agency |
| • Contributory democracy | **Outlier (surprise future based on disruption) Hunger Games** |
| • Shifting shared value ethos from capitalism to social development and equality | • Work unattainable for the majority |
| • Reformed welfare system and tax system | • Endemic poverty subsistence |
| • Non-work contributions valued and measured | • Extreme wealth concentrated in a tiny minority |
| • Bi-partisan support | • Societal breakdown |
| • Rise of cooperatives | • Civil war |
| | • Geopolitical shifts |

**Preferred scenario – Share the meal**

The preferred scenario envisages a future where the construct of capitalism is redefined and the welfare and tax system is radically overhauled, to enable a more equitable redistribution of wealth for all. This scenario envisages that with this redistribution, all citizens will have the opportunity to experience Zuckerberg’s ‘cushion for new ideas’, driving innovation, peace, true environmental stewardship and altruistic behaviours.

This scenario would likely rely on the introduction of analogous tax and welfare systems on a global scale, so corporations and wealthy citizens could not simply debunk to a country with a more advantageous system that enables disproportionate wealth generation.

**Disowned scenario – Communism-lite**

The disowned future depicts ‘Communism-lite’, where a balance is unsuccessfully struck between the preservation of capitalist enterprise and the emergence of a socialist state with a false economy based on 100% make-work employment.

This scenario envisages a future where Australia transitions to a pseudo-socialist state, to ensure the population is occupied and civil unrest or widespread poverty is avoided. In this scenario, the state falls prey to the pitfalls of past socialist enterprises.
Outlier scenario – Hunger Games

The outlier scenario considers societal breakdown and unrest as a result of entrenched, interminable inequality, culminating in a civil war or revolution with an uncertain outcome at its conclusion.

This scenario envisages a future where citizens have little agency or prospects, where wealth resides with increasingly powerful corporations that generate and control profit through automated processes and robot-performed functions. Those with jobs or assets (shares, property etc.) have security; the majority subsists on welfare or contract-based employment. Without reliable, paid work for the majority, poverty or subsistence becomes endemic. There is an aching gulf between the haves and have-nots, with an apparent failure of wealth redistribution (through tax systems or welfare systems), leaving the populace little prospect of social mobility and the emergence of an entrenched class or caste system.

Integrated scenario – the new ‘Fair Go’

The integrated approach contemplates a new ‘Fair Go for all’, a future in which the best intentions of the preferred and disowned futures are applied to the practical realities and constraints of democratic capitalism to engineer a reimagined state of ‘contributory democracy’, where a UBI is introduced that re-orientates individuals and entities (citizens, government and private enterprise) to measure and value their contribution to that society distinct from wealth creation.

This scenario envisages a modified UBI which is not unconditional but rather, is contingent on those who could work (but cannot secure work) delivering a social contribution of some kind. An approach like this could balance the preservation of capitalism (and the agency, innovation and social mobility it enables) with a reformed welfare system that retains a measure of agency while redefining the dominant basic values that underpin Australia’s current society. It could reconcile the tension between those who work and those who don’t, by having those that do not work contributing to social progress in other ways. Redefining social constructs and values could help navigate a path to preserve Australia’s relatively flat class structure and its egalitarian traditions.

Here Be Dragons

On medieval maps, dragons or sea monsters represent uncharted areas or dangerous waters. Realising the integrated future described above would require a nuanced, comprehensive policy response to navigate a course that treads new ground, preserving the benefits of capitalism yet pursuing wealth redistribution and a progressive form of social contribution.

The introduction of a successful, sustainable UBI model would be dependent on its design, as well as the design of the wider policy landscape in which it operates. Sweeping change requires foresight and anticipation. In this case, futures thinking assists in shaping the desired future by forecasting socio-political changes and the necessary repositioning of societal value. It illustrates that effective UBI introduction would require policy intervention to cast wider than welfare, education, tax and banking structure reform; policy levers would need to go further, to support the evolution of the Australian value set from foundational capitalist principles to social contribution and betterment.

Would the Australian government be able to develop a UBI prior to the foreseen dramatic job losses likely to occur through automation and developments in the peer-to-peer economy? If the response to climate change is an indicator, then most likely Australia will lag far behind other regions. The fear of dragons will overwhelm the imperative to create and innovate.

References


