

Situating Basic Income and a Job Guarantee in a Hierarchy of Pragmatic-Utopian Reform

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Basic Income (BI) and a Job Guarantee (JG) are two reform proposals that have attracted increased attention and debate in recent years. They are framed, variously, as progressive responses to deepening inequality, insecurity, poverty and the threat posed to jobs by automation and digitisation.

BI is being trialed, in different forms, in Finland, the Netherlands, Canada, the US, Scotland and Kenya, while a JG has been advocated by prominent economists, politicians and activist groups. In Australia, the Greens have stated their support for BI, while the campaign group GetUp! advocates both a 'National job guarantee' and a 'Guaranteed basic income' as part of their economic vision for the country.

BI and a JG are often held up as rival reforms, with advocates of one idea sometimes exhibiting hostility towards proponents of the other idea. I argue that both BI and a JG can be situated in a hierarchy of "pragmatic-utopian reform" that can be supported – and pursued – by progressives in Australia.

Context

The economic picture in Australia is mixed. On the one hand, the country has experienced a record period of economic expansion driven by the long mining boom, economic stimulus during the GFC, population growth, the housing sector and the public sector. On the other hand, the fruits of this success have not been equally shared. Wage stagnation, insecure work and underemployment are all at, or near, record levels, while inequality continues to rise.

This economic context exists alongside – and informs – a political context characterised by the breakdown of the neoliberal consensus that cohered Australia's political class pre-2007-8. Neoliberalism, since the GFC, is dead as a crusading political project but lives on in "zombie form" in institutions and as part of a "class reflex" on the political Right.

The core of the Right – including the Coalition government – continues to focus on regressive tax cuts for big business and individuals, and on attacking trade unions through the Trade Union Royal Commission, Registered Organisations

Commission and Australian Building and Construction Commission. The cultural Right obsesses over “political correctness”, “ABC bias” and threats to “Western civilisation.”

On the Left or progressive side of politics, we have witnessed something of a rhetorical and policy shift. The ALP regularly points to inequality as a major social issue, expresses some commitment to full employment and has put forward policy proposals that would wind back some of the more regressive tax concessions that disproportionately benefit the well-off. The Greens have advanced radical measures, including BI, a People’s Bank and shorter workweeks, alongside more modest ideas like increasing the Newstart payment.

These political shifts are occurring in a social context marked, on the one hand, by increased levels of public frustration with “politics as usual” and a corresponding willingness to support “political outsiders” such as Clive Palmer, Pauline Hanson and Nick Xenophon. But, on the other hand, recent polling by *Per Capita* and *The Guardian* points to clear majority support among Australians for increased public spending on key social services, such as health, education and age care. In addition, another recent survey found a majority of Australian Millennials held a positive attitude towards socialism.

Overall, Australia’s economic, political and social contexts have created a paradoxical situation in which Left and progressive forces are “mostly losing” but have the potential to make big political gains.

Response: A Program of Pragmatic-Utopian Reform

A program of pragmatic-utopian reform can be characterised as one that addresses pressing social and economic needs while, at the same time, exciting the imagination and harnessing the affective – not just the rational – dimension of politics. This program should be underpinned by a universalist ethos and needs to have short-term (5 year), intermediate (10 year) and longer-term (20 year) goals.

The Left and progressives need to avoid the combination of endless “defensive battles” and an overly conservative “incrementalism” that crimps the political imagination and saps the political energy needed to drive social change. Even if most reforms that are actually won are incremental, they need to be informed and energised by a broader vision.

Exciting the imagination is essential to any program of pragmatic-utopian reform but so too is the Left jettisoning its inferiority complex when it comes to economic policy. Partly, this comes down to basic economic literacy. For

example, simply knowing that the 2018-19 Federal Budget has total expenditures of \$488 billion helps you have some means of assessing whether a particular policy proposal is reasonable or not. Or being aware that Australia is relatively low-taxing country compared to other rich nations (6 percentage points of GDP lower than the OECD average in 2015) helps make the argument that there is ample fiscal space to increase spending on the services and infrastructure Australians want and need.

Short-Term (5 year)

Increasing the Newstart payment to unemployed Australians is an obvious place to start in terms of addressing disadvantage. Newstart has not increased in real terms since the early 1990s and only costs between \$10 and \$11 billion today (out of a \$488 billion Federal Budget). There is no fiscal obstacle to increasing the payment by 20 to 30 percent next year, but that social stigma attached to the category of “dole bludger” suggests this policy change should be nested within a broader package of progressive reform that benefits a larger cohort. For example, this package might include: 2 years of universal childcare, 1 year of paid parental leave, implementation of the Change the Rules/Jobs You Can Count On ACTU campaign demands, 1 publicly-funded university/TAFE qualification per person, large and sustained infrastructure investment, etc. These policies occupy the pragmatic end of the spectrum of “pragmatic-utopian” reform, but the point here is not to focus on any one reform (such as increasing Newstart) in isolation and, therefore, to keep the universalist ethos front of mind.

Intermediate (10 year)

A Job Guarantee (JG) could be an intermediate goal in a program of pragmatic-utopian reform. It would institute a new social right to a minimum number of hours doing socially/environmentally useful work at the minimum wage. There is a substantial literature on the JG (see Bill Mitchell, Stephanie Kelton, Pavlina Tcherneva).

A JG would be a pragmatic way of reducing income poverty and inequality in Australia for the simple reason that a \$600-\$650 weekly JG income is substantially higher than the \$250-\$300 individuals receive via Newstart. A JG is somewhat utopian in that it directly challenges the power imbalance created by capital’s assumed right to access a permanent pool of unemployed, underemployed and contingently-employed people.

As long as the JG was paid at the minimum wage and was voluntary it would be quantitatively and qualitatively distinct from workfare policies like Work for the Dole. There would of course be significant administrative costs and challenges in

relation to implementing a JG, and the overall cost – which would fluctuate with economic cycles – of the scheme would be substantial.

The fact that a JG – like a higher Newstart payment – would most directly benefit the unemployed suggests that combining a campaign for a JG with another intermediate reform may enhance its political prospects. For example, a shorter four-day workweek (4DW) could be phased in over a number of years (*ie* 38 to 32 hours as standard workweek with no reduction in pay).

Based on a model of “worker-centred flexibility”, individuals might have a statutory right to take Monday or Friday off, but could also negotiate another day off if it suited themselves and their employer, alongside more varied start/end times. A 4DW would be a pragmatic way of addressing issues of overwork, underemployment, work/life balance, caring responsibilities, traffic congestion, etc. It is utopian in that it challenges employers’ power to set the terms and conditions of employment and reclaims some “social time” for activities outside of paid work.

Longer-Term (20 year)

A Basic Income (BI) could be a longer-term goal in a program of pragmatic-utopian reform. A progressive BI would institute a new social right to an unconditional and universal income floor. There is a substantial literature on BI (see Philippe Van Parijs, Guy Standing, Kathi Weeks, Karl Widerquist and Jurgen De Wispelaere).

It would be a pragmatic way of addressing income poverty, income insecurity and inequality. It would be utopian in that it partially severs the connection between income and paid work for working age people which opens up the space to experiment with different ways of living. Communes plus Netflix anyone?

There is a wide array of BI models with very different fiscal implications. Ben Phillips, Ben Spies-Butcher and Troy Henderson have estimated the cost of an “affluence-tested” BI for Australians age 18-65 at around \$100 billion. This would provide a \$300 per week universal income floor with the payment reduced as incomes rise. To put this in perspective, the current cost of major tax expenditures that disproportionately benefit the wealthy (including superannuation tax concessions and capital gains tax exemptions for the family home) is over \$100 billion a year in revenue foregone.

Job Guarantee vs Basic Income

While JG and BI are often counterposed, there is no reason they cannot be pursued together as part of a program of pragmatic-utopian reform. As long as the BI floor is universal and unconditional and a JG is optional, these policies can be complementary. As FitzRoy and Jin argue in the *Journal of Poverty and Social Justice* (2018):

‘A modest BI combined with a JO [Job Offer] is more likely to be achievable than just a generous BI, partly by attenuating widespread opposition to ‘something for nothing’, and importantly, because BI alone would fail to provide the widely-recognised and documented, essential second component of psychological wellbeing for most people (Mitchell and Fazi, 2017), namely ‘dignity of work’. This dignity – the vital importance of meaningful employment for life satisfaction – is not provided by many ‘bad’ jobs, and even a modest BI would increase worker bargaining power and their ability to reject such jobs.’

As previously mentioned, some JG and BI proponents passionately dislike each other’s proposals. This can be amusing in social media forums, but often stems from unproductive caricaturing of their respective positions. BI advocates deride a JG as a glorified work for the dole scheme, while JG proponents dismiss BI as a neoliberal plot to destroy the welfare state or as an inherently inflationary policy.

If we accept that a JG and BI could be complementary policies situated within a framework of pragmatic-utopian reform we can turn to address two other questions. Firstly, at the political/strategic level, we need to decide which reform to prioritise at a given point in time in a given economic/political/social context. Second, if both reforms are implemented, we face the personal/family choice between the additional “free” time that comes with BI and the extra income that comes with a JG.

Conclusion

Australia is an immensely wealthy country in which millions of people experience the negative consequences of rising inequality, wage stagnation, poverty, underemployment, insecure work and work/life tensions. The Left and progressives have an opportunity to address these issues, but need to avoid the “trap” of extreme incrementalism.

A program of “pragmatic-utopian” reform is one way of avoiding that trap. More secure jobs, universal services and social time should lie at the heart of such a program. Developing this program requires a combination of concrete policy detail, strategic political organisation and crusading activism and advocacy. A voluntary JG and a universal and unconditional BI floor could be important – and complementary – parts of this 21st century progressive political project.