A GUARANTEED ADEQUATE INCOME SCHEME FOR AUSTRALIA IN THE 1990S;
PROPOSALS AND ISSUES
Revised by John Wiseman, 11-11-1991

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1. INTRODUCTION

It has become something of a cliché to suggest that our 'welfare state', in common with 'welfare states' around the world, is in 'crisis' (Mishra, 1984). What might be meant by the notion of "crisis "and how it might best be explained could doubtless take up a lot of time. Irrespective of the outcome of such a discussion, it now seems to some Australians that we should begin to rethink what we have traditionally meant by things like "welfare" "work", and “social security". This has become a pressing need given that many of the social and economic conditions which were present in the 1940s had vanished by the 1980s. It was this recognition that led to the Social Security Review, which ran from 1986 to 1989. It was the first comprehensive review of the Social Security system since its inception in the 1940s. The resultant series of discussion papers was prepared by a team led by Professor Bettina Cass. (See for example Cass, 1986; Cass, 1988). These papers set out to address some of the significant changes in Australia's economy and society which arguably – had rendered the income support scheme less and less relevant or suited to the conditions of the late '1980s.

Whether the Cass Review has done its job well and or with the prescience often demanded, remains to be seen. Certainly in the eyes of some, including this writer, it failed to seize the opportunity in front of it. It seems to some critics to have remained tied to outmoded assumptions, whilst to others it failed to be imaginative and to discuss a range of possible options or to open up the issues which the "crisis of the welfare state" seems to demand (Watts, 1990; Gunn, 1989).

It is in the light of this last observation that this paper is offered. This paper is an argument for a Guaranteed Adequate Income Scheme (or GAI). It is seen as doing something which the Cass Review might well have done, yet did not do. A Guaranteed Adequate Income Scheme is a far-reaching proposal for a major reform of our current social security system. In essence, it provides for the universal payment, as a matter of right, of an adequate income to all citizens irrespective of age or economic condition. This might initially seem an impossibly utopian suggestion. However, I believe it is both practicable and could become a reform as important as the granting of universal voting rights in the late 19th and early 20th centuries. In addition, a GAI also begins to address some of the emergent prospects for social transformation which will be necessary if we are to have sustainable and a just society in the 21st century.

It seems to me that what we need more than ever before is the capacity to imagine a future which is worth having. In the 1960s, a popular Bob Dylan song spoke accurately enough about how the "times they are a changing". Perhaps it was a bit premature, or perhaps the political and social capacities to take charge of our history were not quite to hand then. Since then older, colder winds have blown. In the way in which some centuries often seem to peter out, the 1980s and the 1990s have seen a nostalgic return to the idiocies of the late 1920s. This has been so especially in terms of the theories about how best to run our economy and our governments. It would be unfortunate if our fin de siecle is to be remembered for its nostalgia for old and worn out ideas. It would be better if the 1990s were remembered for the restoration, both of optimism and of a viable civic and public culture in which traditional Australian
democratic and egalitarian values were once more linked to the practices of justice and sustainability. It is in that spirit that this paper is offered.

A final introductory note. This paper is heavily reliant on the last three chapters of David Purdy's excellent analysis, Social Power and the Labour Market (1989). I have in effect taken many of his arguments and/or modified them in the light of Australian experience or conditions. Purdy's is a fine, densely woven argument in favour of what he calls a Basic Income (BI) system. Readers are referred to his book for a more detailed and technically focussed discussion which is based in the United Kingdom.
2. The “CRISIS” OF THE WELFARE STATE?

One of the basic arguments in favour of a Guaranteed Adequate Income model for reforming the social security system is its capacity to move beyond the problems which have surfaced since the 1970s. Since its inception in the 1940s (Watts, 1987) and its consolidation in the 1970s (Jones, 1990), Australia's welfare state has come increasingly unstuck. The so-called "crisis" of the welfare state (OECD, 1979; Mishra, 1984) is really the re-presentation of the increasing gap between the framing assumptions of the architects of the welfare state in the 1940s, and the remarkable transformations in the social and economic fabric of Australia which have taken place since the 1940s. Whether this be a crisis in the usual neo-Marxist sense, or simply the emergence of new forms of social life and social creativity (MacDonald, 1990), is not a point that should detain us here. What is of moment is that the gap is there and will have to be dealt with. One primary argument in favour of a Guaranteed Adequate Income scheme is the capacity of a GAI to deal with the problems which have arisen since the 1960s between the welfare state and its ever changing context. The second, no less significant, argument in its favour is its capacity to further enhance and promote those transformative impulses already straining beneath the surface of the old order to give birth to a new order. In this section of the paper some attention is given to documenting the nature of the "crisis" of the welfare state in terms of its relations to a changing social world. The transformative aspects of a Guaranteed Adequate Income system will be dealt with later in the paper.

The "great depression" of the 1930s and the needs of "total war" between 1939 and 1945 framed the political and policy processes which were present at the genesis of the national welfare state in Australia (Watts, 1987). That "welfare state" gave priority to the doctrine of "full employment". "Full employment" in turn presupposed constant growth in the economy, and was to be backed up and supplemented by a system of income support benefit and pensions schemes. Against the normal trend, found in most other countries, Australia elected to retain a means tested, general taxation funded system of social security benefits. Economic growth and "employment for all" (males) were deemed to be sufficient to abolish poverty and to ensure the fundamental conditions of human welfare and of social security. A minimal "safety net" system of benefits for the aged, the sick and disabled, the unemployed and the widowed would ensure that no one excluded from the wage labour market would suffer undue hardship. The current "crisis" of the welfare state arises out of the fact that that for a number of complex reasons the assumptions, as well as the social and economic relations which the architects of the welfare state in the 1940s took to be either self-evidently true or enduring for all time, have proven to be neither true nor durable. In this sense, the current "crisis" of the welfare state has less to do with the imbalance between revenues and expenditures, in the way O'Connor (1974) spoke about, and has much more to do with fundamental changes in our society.

As Purdy notes (1989; 202) five key assumptions now stand out as the basis upon which the progenitors of the welfare state went about building the edifice of state interventions in the 1940s. These five assumptions went something like this.

**Assumption 1:** There are only two kinds of work done in Australia, paid work and unpaid work. Unpaid work consists of domestic labour, done largely by married women who choose freely to be financially dependent on their breadwinner husbands.
and who choose domestic labour. Paid work on the other hand is organised on a formal and contractual basis between employers and employees, the bulk of whom are men within the prime age band of 16 to 65.

**Assumption 2:** Wage work on a full-time basis is effective in preventing poverty for all Australian workers and for their dependents. This is because the full-time earnings of men are sufficient to keep a man, his wife and their children out of poverty. In Australia this view had been enshrined as early as 1907 in the Harvester judgement brought down by Justice H.B. Higgins in his "basic wage "award, which appeared to take the needs of such a family into account when determining the value of minimum wages (MacIntyre, 1985). As a sub-proposition, it was held as self-evident that if for some reason there was an interruption to the income flow of the prime wage earner, then family income could be sustained through a system of income support operated by the federal government.

**Assumption 3:** Within the labour market, jobs are available on a prescriptively full-time basis and are filled by a labour force consisting of prime age male workers who remain permanently active in the labour market from school leaving age till retirement age.

**Assumption 4:** An average state of full employment for this primary labour force is both feasible and desirable, and would ideally provide work for all genuine job seekers. Unemployment would, therefore, only affect those who had fallen into the unemployable category or those who were "between jobs".

**Assumption 5:** High rates of economic growth are both feasible and desirable and can be achieved by purposive state interventions employing Keynesian demand management techniques.

As Purdy notes for the British case, not all of these assumptions were spelled out in precisely these terms or in this kind of explicit way in the mid to late 1940s. In Australia, assumptions (2) and (4) were spelled out in a variety of government publications, including the May 1945 White Paper on Full Employment and so were registered as official policy commitments. Assumptions (1) and (3) were not spelled out because they had the status of the “commonsense” of the times and could be safely assumed to be beyond criticism. Testifying to their power, however, was the concerted campaign waged to persuade married women who had filled up jobs left vacant by men otherwise engaged in war duties, to get back to the homes and resume their “proper careers” as wives and mothers. Assumption (5) was not stated in the 1940s except as a desirable objective. Indeed the bulk of the policy – makers of the 1940s feared if anything that the low growth of the 1930s was likely to return to further hold back the economy and obstruct the task of post-war reconstruction (see Purdy, 1988; 202-213). Only in the early 1950s did it seem that the spectre of "depression" and unemployment of labour and resources had been banished, and so the assumption about hyper-expansionism became another "commonsense" proposition of the post-war era (Maddock and McLean, 1987;5-18). Indeed Australia, in common with many other post-war capitalist, economies enjoyed a golden era of high growth rates. Only recently has this period of high growth been shown to have been an aberration against the longer term patterns of the 20th century. It is now possible in the early 1990s to see that each of these foundational assumptions have
proven to be either wrong, or dubious, or incapable of sustained realisation. Each of these assumptions is now examined briefly below. One of the real obstacles to programmes of reform are the irrational attachments to dogmas which no longer make sense or to "imaginaries" which have no base in reality.

ASSUMPTION 1: THE SEXUAL DIVISION OF LABOUR AND THE DISTINCTION BETWEEN PAID AND UNPAID LABOUR WHICH IT SUSTAINS IS A NORMAL AND INEVITABLE FEATURE OF OUR SOCIETY

The "welfare state" and the reconstruction of the labour market which took place in the 1940s and 1950s was built on the continuing subordination and/or invisibility of women’s domestic labour. The premise that they were primarily to be involved in domestic labour in turn played a large role in denying married women access to the wage labour market. Since then, Australia, in common with other western societies, has undergone far-reaching changes in the division of labour and the self-identity of women (Cass and Whiteford, 1989). This has led to an erosion of the once firm "traditional" sex roles and the gendered division of labour. The traditional sexual division of labour had women type-cast as house workers and child carers, whilst men went out into the labour market to earn the family's income. It would be reasonable to suggest that this "traditional" picture held true till the late 1960s and early 1970s (Bryson, 1988). It would be going too far to say that the gendered division of labour has been obliterated in the 1990s. It is, however, clear that the gendered division of labour of the 1940s is no more. Amongst other things:

- The labour force participation rate for Australian women has risen constantly through the 20th century. By February 1989 51.9% of women were in the labour force (ABS, 1989; Cat. No. 6203.0). In 1989 some 24.9 of the employed labour force were married women compared with the rate of 15.8 in 1966 (Ibid). Overall some 64% of married women were working in the labour force while 49% were working as part-time workers, compared with 35.9% in 1966 (ABS, 1986, Cat. No. 6203.0).

- Some 54.4% of married women with dependent children were involved in workforce participation and paid work of some kind in 1989 (ABS, 1989; Cat. No. 6203.0).

- The exodus of women out into paid labour has been accompanied by changes in the pattern of family formation. Single parent households, typically headed by women, have become an increasingly important part of the family profile of Australia; in 1986 there were some 247,000 single parent headed families. More generally the once traditional and normatively "ideal" family form, the nuclear family with a male breadwinner and a dependent wife and children now comprises barely 20.5% of all families (ABS 1989; Cat. No. 6203.0). It is true, of course, that just on half of all families conform to the nuclear family model, although the wife/mother in the great bulk of cases is now also involved in labour-force activity. What is clear now is that the framing assumption about the traditional family and the gendered division of labour it supported, no longer holds good. Some 54.4% of married couples, for example, who have dependent children are now dual income earning units.
• It is now also clear that the work patterns of Australians in the 1990s can no longer be divided between unpaid domestic labour and paid, public work. New kinds of work have emerged or re-emerged. Perhaps the more basic division now runs between work done in the monetised and work done in the non-monetised economy. (By monetised economy is meant that part of the economy where activities do not receive a monetary compensation. An example is the provision of labour in hospitals or institutions, by volunteers.)

• Traditional wage labour still predominates in the monetised economy, but is perhaps less preponderant than it once was. New forms of paid work have arisen. Home working and outwork have taken off in both "old" industries (for example, the clothing industry) and in "new" industries (for example, computer programming). There has been some increase in the self-employed sector. The so-called "black economy" of cash transactions has also flourished in the 1980s, though in an imperfectly quantified way. (Treasury estimates, however, speak in terms of billions of dollars worth of transactions in the "black economy".) Second jobs, moonlighting, fee-for-service work and work done invisibly to escape the net of Social Security field surveillance officers and the Income Taxation Office, are all on the rise (Castle, Lewis and Mangan, 1986). All of this constitutes some movement away from once unchallengeable norms.

• In the non-monetised sector, old and new forms of production and service delivery are now tending to obscure the once clear boundaries between "work" and "leisure". Voluntary work, self-provision, producer and consumer co-operatives, barter and service exchange co-operatives are all now appearing or re-appearing on the scene. These trends may well be given a new impetus in the early 1990s as the recession deepens its hold on the population and as living standards take a battering. This personal and local networking economic sector may well become a significant alternative to the mainstream economy.

• It is also plain, following the work of Waring (1988) and Ironmonger (1989) that we will need to radically reconceptualise the household economy. Seen for the last 50 years by the mainstream - or is it the "male stream"? - of economists as a unit of consumption only, Ironmonger provides us with a new view of the household economy as a highly invisible yet highly productive sector of activity. For the mid-1970s, for example, Ironmonger estimates that if valued in the usual way, that the household sector would have added an additional $49 billion (in unvalued productivity) to the officially valued Gross Domestic Product of Australia for 1974 of $64 billion. On another measure, the household economy offered 11 billion hours of labour to the 10 billion of hours in the waged economy (Ironmonger, 1988; 17-19).

• As I have suggested elsewhere (Watts, 1991), there is now an urgent need to revise many of the categories and models used for researching things like "poverty lines", "standards of living" and indexes of deprivation which have relied on a series of masculinist conceptions of "production" and the "household". We need a new model of the productive household sector.
• Finally, it is dear that especially since the long term global-crisis began to affect the Australian economy that the traditional assumptions about a formal, stable labour contract existing over a worker's lifetime have also had to be revised, as the practice of that assumption has been abridged. Outwork, subcontracting, temporary hiring, short-term contracts, flexi-time, and part-time work have all been part of a major revision of wage labour processes as it was traditionally understood and defined in the 20th century. (Ford, 1987).

In all of these ways the practice of gendered division of labour and the once clear split between paid and unpaid labour have been revised by quite real changes in the way things get done and in the personnel who do them.

In part, these changes have come about as a consequence of ethically and politically charged concerns about the subordinate and unequal treatment accorded women. In part it has come about because of the sheer press of new social and economic imperatives. It is also plain that the trends outlined here will continue irrespective of whether a Guaranteed Adequate Income system is introduced or not.

The introduction of a GAI has one incalculable advantage and that is its capacity to ease some of their pains involved in this continuing revolution in the way work is done and to enhance the creation of more choices for more workers, both men and women.

ASSUMPTION 2: WAGE WORK IN COMBINATION WITH THE SOCIAL SECURITY SAFETY NET IS ADEQUATE TO PREVENT POVERTY.

It was a long cherished belief in Australia after 1945 that "poverty" and unemployment had been effectively banished. Full employment together with the safety net of social security benefits and pensions had seen to that. We now know better.

There has been a good deal of debate about how best to define and even measure the scope and effects of "poverty" in Australia (Tulloch, 1979). Whatever the difficulties attendant on resolving those issues, there are few people now prepared to argue that poverty was effectively abolished in Australia by virtue of the achievement of "full employment" and a social security system. Beginning in the late 1960s, the "rediscovery of poverty", whatever the meaning of this rediscovery (Sharpe, 1974) has significantly challenged the perhaps naive expectation that "full employment" and an income support safety net would abolish poverty in this country. Henderson's research (1970; 1975) in particular, provided a compelling argument that the beneficiaries of the social security system were in fact precisely the Australians most likely to be in poverty, as defined against his "poverty line". Since then, the persistent if often criticised "poverty line" has been used to demonstrate to governments not eager to hear the news, that the income support provided by the Federal Ministry of Social Security is an invitation to beneficiaries to become poor (Trethewey, 1989).

• In broad terms, it seems that poverty has been on the increase all through the 1980s. In 1981-2, where 15.0% of all income units were below the Henderson derived "poverty line" (and before housing costs were taken into account) by
1985-6, some 17.7% of income units were below that "poverty line" (King 1987, 17).

- As is by now well established, single parent households have the dubious distinction of enduring the highest rate of poverty. In 1985-6, some 43.5% of single parent households were in poverty, largely by reason of the sole parent's inability to get into the paid labour market and/or their subsequent reliance on the Social security system.

- Larger families are also another form of household very likely to be in poverty, and this may be so in spite of the fact that the breadwinner may be in paid employment. In 1985-6 some 14.3% of families with 3 children were in poverty, whilst poverty affected some 31.0% of families with 4 or more children.

- As Cass (1986; 6-7) noted, another category of citizen very much at risk of poverty were Australian children. In the 1980s there has been a big increase in the numbers of children in poverty. In the early 1970s, children in poverty made up around 1/3 of poor people; By the 1980s, children made up 44% of people in poverty. Much of this increase followed the general increase in the numbers of people on social security benefits in the 1970s.

- Between 1966 and 1986 there was a very large increase in the population of dependent Australians. In 1966 there were some 861,572 people whose sole or main income source was the Social Security System. By 1986 some 2.7 million Australian were reliant on Social Security for their main income or 22.5% of the 16+ aged population. By definition this excludes the significant numbers of children and dependents of these clients of the social security system. Best recent estimates place this number of children of social security clients in excess of 740,000 children. Taken together it is not unreasonable to suggest that some 3.4 million people (or 1/5 of the population) are in poverty in this country.

- In the light of the current recession of 1990-91, researchers like Doyle and Bradbury expect a significant surge in the numbers of people in poverty as unemployment bites into the ranks of single parents. Their recent estimate suggests that at least another 84,000 to 100,000 children will drop into poverty (The Age, 17th July 1991).

- The old belief that to be in a paid job would automatically protect you against poverty was probably a never very sound proposition. There has always been a segment of the labour force caught in jobs which offered low wages, insecure tenure of those jobs and increased risks of unemployment. There has never been a tight connection between the level of wages and the idea of minimal needs having to be met as a matter of right. Employers have long argued, and mostly successfully that it is industry's capacity to pay, or its level of productivity, which should be the primary consideration in setting wage levels. Whilst it is easy to be bewitched by talk of "average wages", the reality is that many Australians continue to receive low wages. In 1986, for example, some 17.4% of single income earning units received less than $249 per week
at a time when the median income for a couple with one child was $435 a week and $460 a week for a couple and two children. It is also worth noting that in 1986 another 37% of single income units received less than the median income.

- Perhaps the single most striking acknowledgement that low wages were a problem was the Hawke Government's decision to introduce a Family Allowance Supplement in 1987. This was a salutary reminder that the "working poor" were a reality. The Family Allowance Supplement is made available to low income families with children and both legitimises low wages and tacitly accepts the existence of a gap between need and wage levels for a significant minority of families. In 1989-90 some 164,000 families and some 411,200 children were beneficiaries of the Allowance Scheme. The existence of the FAS illustrates in a simple yet graphic way the point that not everyone in full-time wage work has adequate resources to support a non-income earning partner and children.

- Finally, the problem of poverty needs to be put into the broader picture of a society with a radically unequal distribution of income. If the profile of income distribution from the 1986 Income Distribution Survey is looked at, it would suggest that the bottom 30% of income earners, that is, two adults with children, received only 14% of the total available income compared with the 24% of income which went into the top 10% of income units. Indeed it is remarkable though rarely remarked on in the Australian media that the bottom half of the population had the same share of income as the top 10% of income units. This is a powerful measure of a basic pattern of systematic income inequality.

In a simple sense, it does not seem too far fetched to suggest that between one quarter and one third of the Australian population live in straitened economic circumstances. Officially, of course, governments and those involved in the social policy or the economic policy fields will want to quibble with such a conclusion. The traditional Henderson "poverty line" would suggest that only around 10% of Australians were in poverty in the years from 1983 to 1989 for example. We know that about 20% of the population are reliant on Social Security. It is not unreasonable to suspect that another 5-10% live in circumstances not much better, Yet the Henderson "poverty line" was always known to be extremely austere. The current recession "we had to have", with its high levels of unemployment with between 10% and 20% of the workforce jobless, will undoubtedly attack those Australians already vulnerable by reason of low incomes and reduced access to other cultural and social resources.

It is also fairly clear that neither full employment nor the current levels of employment, nor the current social security system are able to prevent significant numbers of Australians from living in poverty. And the prognosis for the future is hardly an optimistic one.
ASSUMPTION 3: PAID LABOUR IS BOTH DESIRABLE AND IS ACTUALLY AVAILABLE ON A FULL-TIME BASIS

One of the major features of the last 20 years has been the dramatic increase in the numbers of people working on a part-time basis. In 1966, as the golden years rolled on without apparent end, only some 9.8% of all employed persons were doing so on a part-time basis. In 1966 very few men worked part-time, testimony to the still powerful gendered assumptions that men's work had to be full-time. Only 3.7% of men worked part-time, whilst 24.0% of women were working part-time. By the late 1980s all of this was clearly changing. By now part-time work had become a significant feature of the labour market. In 1989, one fifth of workers were engaged in part-time work.

- In August 1989 some 20.9% of all workers were part-time workers. Again women were far more likely to be part-time workers with some 40.1% of all women working this way. Some 7.8% of men were also part-time workers.

- There is no evidence of this trend ceasing. Where and when this trend ends will doubtless be revealed in the fullness of time. It is important to note that much of the vaunted Hawke Government's strategy to increase jobs was possible only because of this increase in part-time work. This increase in turn was only possible because of the significant deconstruction of traditional industries, like the manufacturing and primary industries, and the radical increase in the role of the service industries in areas like fast food, hospitality and financial services.

- The trend towards increased part-time work also means that minimum wage levels will be lowered over time and this could sustain a trend towards greater income inequality.

- The growth in part-time employment has been particularly strong for married women. It was the form of work for 46.9% of married women compared with 29.4% of unmarried women (ABS, 1989, Cat. No. 6203.0).

'The trend towards part-time work probably reflects, therefore, a convergence in a number of factors including the shift towards a service economy, the need of employers for what they call a "flexible" work force, and the "needs" of women who make up such a large proportion of the part-time workforce.

If we put together all of the elements of the current employment picture, it soon becomes apparent that the "traditional" model of a full-time wage workforce is hardly the majority forms its admirers might imagine it to be. In particular, if we look at the numbers of those who are in the workforce, those who are self employed, those who are unemployed or jobless then this becomes quite apparent.

<table>
<thead>
<tr>
<th>Self employed</th>
<th>Unemployed</th>
<th>Out of Labour force (ABS 1989)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
That is to say, that if we look at the total population of prime age persons full-time wage work is probably still the largest single form of work in which people engage. However, it is not by any stretch of the imagination the universal or dominant form it has long been held to be. In short, the notion that the patterns of time use in which full-time wage work is established as the norm is eroding for any number of reasons. It is no longer dear that wage labour on a full-time basis can continue to be the central security conferring and identity bestowing and central life activity for the great majority of work age persons. This, however, also needs to be put against the question of whether wage work should continue to bear this burden of significance, that it has borne to date.

ASSUMPTIONS 4 and 5: FULL EMPLOYMENT AND HIGH RATES OF ECONOMIC GROWTH ARE BOTH FEASIBLE AND DESIRABLE OBJECTIVES OF NATIONAL ECONOMIC POLICY

The post-war compact we call the "Keynesian welfare state", linked high economic growth based on a mass-consumption model and Fordist work processes to the achievement of "full employment". "Full employment", of course, was designed amongst other things to provide a market of eager, income spending consumers who would provide the sustaining demand for goods and services necessary for growth;

It remains a melancholy fact that well after the demise of full employment in Australia (which took place circa. 1974-75), the political, administrative and secular cultures remain emotionally tied to, even obsessed with, the idea of economic growth and full employment. That is to say, that for any number of reasons, the dominant and articulate community of interests represented by employers and employees and their respective organisations, and the state apparatus, see a growth oriented and fully employed economy as a very "good thing" indeed. For this community of interest, the only puzzle is how this is to be achieved, not whether it is a good thing or not.

In the 1980s, considerable effort was expanded by governments on developing the base for a recovery of employment. That effort was confounded. The 1980s was witness to a veritable see-saw of oscillations between bust-boom-bust as deregulation and a culture of pseudo-entrepreneurialism wrecked the economy on the shoal of paper profit making and unproductive debt.

The scale of this wrecking is partially revealed in the following table which points to the catastrophic level of private sector indebtedness, the great bulk of which was NOT invested in new equity or productive assets.

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>PRIVATE SECTOR DEBT To Financial Institutions</th>
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<tbody>
<tr>
<td>At 30 June</td>
<td>$Billion</td>
</tr>
<tr>
<td>1965</td>
<td>5.8</td>
</tr>
<tr>
<td>1970</td>
<td>11.6</td>
</tr>
<tr>
<td>1975</td>
<td>29.2</td>
</tr>
<tr>
<td>1980</td>
<td>62.4</td>
</tr>
<tr>
<td>1985</td>
<td>126.0</td>
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</tbody>
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During the years 1981 to 1990, the total debt of the private sector leapt from $90 billion to $450 billion, whilst interest payments as a per cent of corporate earnings rose from 20% in 1981 to 40% in 1990. As experts are now agreeing, much of this vast increase in debt was used largely in the expensive business of corporate takeovers and restructuring of existing debts and in paper profit-making. Very little of this debt was used constructively to finance new enterprise or new jobs. (Business investment in new buildings and machinery increased over the decade as a % of GDP from only 10.3% to 11.6%.) It was an orgy with a severe hangover for the banks in June 1991 they appear to have loans not earning interest worth in excess of $25 billion.

In the 1990s the goal of full employment remains as difficult of achievement as it proved to be in the 1980s.

The Hawke government persists in its claim to have created 1.6 million new jobs. This squares ill with the fact that the labour force grew by only 700,000 between 1983 and 1990, though this is presumably something its spokespersons might one day address. The reality is that the Australian economy faces a tough uphill battle both to create enough new jobs for all the school-leavers who come onto the job market each year AND cut into the already established unemployment, much of it becoming increasingly longer and longer in average duration. As groups like the Economic Policy Advisory Council (EPAC) have pointed out, the goal of full employment is likely to be a long-term goal rather than one to be achieved in the next decade. A number of features stand out about this whole issue of unemployment and employment.

- Firstly, as has been established since the early 1980s (Stricker and Sheehan, 1981), the official measure of unemployment that provided by the Australian Bureau of Statistics survey method needs to be considerably augmented to take account of the so-called "hidden unemployed". The "hidden unemployed" are all of those Australians who are without jobs and would take one if it were available, but who for various reasons do not get to be counted within the ABS survey. (This can include discouraged job seekers, people working as little as one hour per week and who are in every respect unemployed, and all those who for one reason or another escape the official ABS net.) It is now widely accepted, though it is not widely publicised, that the official unemployment rates and numbers usually only tell about half of the story. (Technically speaking, it is possible to define a labour surplus in terms of the difference between the aggregate supply of hours offered to labour market activity and the aggregate hours of employment actually made available to employers.) In the current recession, even some of the media now acknowledge that the official ABS unemployment rate for June 1991 can be effectively doubled to embrace some 1.9 million jobless.

- Secondly it has been recognized generally by economists, that the level of growth needed within the Australian economy to both provide the normal...
The problem, as I have already suggested, can be presented simply, even if it is not a simple problem to solve. The economy, if it were to solve the unemployment problem, needs to be able to do two things simultaneously.

(i) Firstly, it needs to absorb all of the new labour power coming onto the job market from school-leavers.
(ii) Secondly, it also needs to supply jobs to those already unemployed, especially to those facing longer and longer waiting periods on the dole queue.

Economists have long been interested to establish what it needs to make employment growth possible. The prevailing wisdom, apparently convincingly demonstrated by Arthur Okun, and known as Okun's Law, is that a certain level of economic growth is vital before unemployment can be made to go away. Some work has been done by economists to establish the scale of the growth, typically measured in terms of increases in Gross Domestic Product needed to produce a certain level of reduced unemployment. Okun's law holds that the rate of growth in output (that is, the rate of growth in GDP) must equal labour force growth in order to at least keep the level of unemployment stable. Okun's law suggested, therefore, to Australian economists in 1984-85, that a 4% rate of increase in output per year would be needed just to maintain the then current rate of unemployment. (It was then hovering around the 10% rate.) (Economic Roundup, May 1987.)

As the INDECs group wrote some years later, Okun's law would suggest, given all the known variables found in Australian economy, that an annual growth rate in (non-farm) output of between 3.25% to 3.75% would stabilises the rate of unemployment. That is, there would be no increase and no decrease in the level of unemployment. Or to put it more in optimistic terms, for every additional 1% increase in output, there should be a 0.375% to 0.4% fall in the unemployment rate. Thus, if Australia could do the impossible or at least the improbable - and achieve a growth rate of 5% in GDP, then the unemployment rate would fall by around 1.5% every year that growth rate was maintained.

If we look at the historical record of Australian economic growth, we see no real evidence for ANY optimism on this score. The pattern of output growth has been both weak and or inconsistent during the 1980s. This point is made forcefully in the chart below which traces out the rate of output growth from the early to the late 1980s. In only one period did the economy daw its way, past 2% and for the greater part of the 1980s, it dung to the 1% rate. (As some economists have done this is a cause for surprise that the underlying rate of unemployment didn't skyrocket as it might have been expected to do.)

(See Chart 1 overleaf)
If we take a somewhat longer view, as the next Chart from INDECs suggests, there is little in the longer run to draw any comfort from. As this chart suggests, only once in 1964 did GDP growth approach 5% (and that was in 1964). In only 8 years did output growth or an increase in GDP get close to the 3% level, whilst in another 8 years, the rate of growth failed to increase by 0.5% per annum.
As EPAC, the Hawke government's most senior advisory body on economic policy has indicated (EPAC, 1986), the prospects for any improvement in the unemployment rate were looking good only for the mid-1990s and only then if significant and sustained economic growth was being delivered. By the early 1990s, even that guarded caution now seems increasingly irrelevant. It is no longer dear how and or when the Australian economy will ever again be able to deliver the kind of sustained low unemployment it did from the mid-1940s to the mid 1970s. That period set against the broad backcloth of the 20th century, now looks increasingly the aberrant period in this century, and from which no confident extrapolations may be drawn about the future or even the near present period.

If Okun is right, and if high levels of growth are needed to reduce our unemployment, then Australians will be waiting a very long time indeed before full employment is again on their horizon. This "prediction" is, of course, not infallible. If governments set out to create the conditions for new investment in labour intensive and new technologies, then this pessimism may be aborted. However, at the moment there is almost no space provided or any credibility accorded to policies which envisage high levels of government intervention in pursuit of employment creation. The political agenda has been ruthlessly purged of any items which might presage a return to state interventions of that kind; the disgracing of the Cain/Jolley era in Victorian politics has seemingly completed the routing of "Keynesian style" macro-economic policies from the Australian political stage.

There are then some very powerful concerns that need to be systematically explored in policy debates about the medium term feasibility of returning to a low unemployment regime. The even more basic question, and one which rarely gets "air-time" in the Australian political or media arenas, is whether Australia should even want to return to a high growth/full employment economy. The desirability of such an economy should now become a critical point for debate in the political culture.

The long term view, often unstated, and sometimes not even defended in any rigorous way, is that a regime of high growth is a positive good, well able to outweigh any possible negative features or costs. The desirability of this 50 year old commitment to hyper-expansionism has until quite recently never been seriously challenged (for a start though, see Melbourne Economics Group, 1989). We can certainly see now that the intellectual and theoretical basis for some compelling environmental arguments against endless growth scenarios have been developed, and have even achieved a certain currency thanks to the new style environmental evangelists like Suzuki and Bellamy. However, it may still be the case that these kinds of arguments have yet to receive the weight or the legitimacy which would see them actually determine effective new anti growth policies.

At the moment it seems that a case by case approach has been developed in policy and decision making circles. Do we build "this" dam, or do we log "this" forest or licence "this" mine? The case by case approach has its merits. However, it also means that it is hard to stage the kind of reasonable debate about the general policy parameters and objectives, which could see for example a serious debate about deconstructing certain environmentally dangerous industries out of the economy in a staged, orderly and just way.
In this sense then we have yet to have in this country that substantive debate which goes well beyond the issue of the feasibility of full employment and actually addresses the more fundamental question of its desirability.

The questions that the desirability of hyper-growth raise are not technical or analytic questions that can be simply run through some kind of cost-benefit computer model. As writers like David Suzuki have insisted, the questions are ultimately ethical and aesthetic in nature. There is an inevitably historical character to these questions in the sense of asking do we, as a species wish to have a future and if so what kind of future will it be? Will it be a future worth having?

The ethical and political question (which if we follow Aristotle is the same question) have to do with how we will live the good and the just life. To this kind of question there is no technical or objective answer possible. They are 'profoundly human issues and must in the long run be asked - and answered -collectively. We can increasingly ill-afford the destructive luxury of allowing small and powerful interest groups to answer these questions on our behalf. We must be able to start a global dialogue around questions like:

- What are the interests of future generations of humans and of other species of life? How can these interests be identified and protected now?

- What kind of evidence is there already to hand about the damage reversible or otherwise, that is, ruining our environment and what can and must be done now to intervene? (This is a thoroughly vexatious question for example in regard to the Greenhouse effect. It has been argued that by the time the mainstream community of scientists are convinced that the evidence is "in", it may be way too late to do anything about the effect of carbon dioxide emissions and the whole Greenhouse effect will, in the worst sense of the word be purely of academic interest.)

- How do we, as communities within which we find both fundamental inequalities of power and access to and ownership of resources, come to a consensus about such issues? How do we on a global basis where there are even more terrifying inequalities between the nations which are rich and powerful, and those that are not, with their national and local analogues, be constructed in time?

An increasing number of people are convinced that a viable and sustainable CONSERVER social and economic order can be built. Such an order is oriented to achieving some of the following goals;

- Deconstruction of certain chemical and energy industries which sustain highly toxic and destructive economic and social activities, and their replacement by environmentally friendly and sustainable industries and activities.

- A commitment to energy saving as a matter of national and global priority.

- Protection of the bio-sphere especially from Greenhouse gas emissions, again as a matter of urgent priority.
• Promotion of new, high technology, low-energy based industrial development.

• Promotion of labour intensive industries and activities based on the new Four R's, Repair, Reconditioning, Re-cycling and Re-use.

• Redistribution of work, reduction of the working week, promotion of sharing of work, work, and a more equitable distribution between men and women of domestic and productive work activities.

• Support for "non-traditional production and consumption systems such as co-operatives and barter and service exchange co-operatives. It should be noted, that is, not the least of the virtues of the kind of Guaranteed Adequate Income scheme outlined here that it can play a central part in the transition towards such a sustainable and just social and economic order.

ASSUMPTION 5: THE AUSTRALIAN SOCIAL SECURITY SYSTEM WILL BE ABLE TO SUSTAIN THE GREAT MAJORITY OF AUSTRALIANS AT AN ADEQUATE LEVEL OF INCOME SUPPORT.

Australia has long been somewhat at odds with the rest of the world in NOT having a social insurance based income support system. ) Under those schemes, which are found in the United Kingdom, the U.S.A. and most of the European countries, individuals have to work for wages in order to be able to pay in to a central social insurance fund their premiums to cover them against the risk of sickness, old age, unemployment and so on. In most cases the benefits are paid as a matter of right when the risk is realised, though in many cases the length of the benefit is fixed and cannot be indefinitely prolonged. (At the cessation of these social security benefits the client is then either able to claim special benefits to deal with the ending of the insurance benefit, or she is thrown onto the streets or onto charity, as is often the case in the USA.)

In Australia, on the other hand, general tax revenues have provided the funds for our social security payments to claimants, and provided the claimant can pass the eligibility and any means or assets tests, the benefit can be paid indefinitely. (Changes to the old Unemployment Benefit system, introduced in July 1991, will alter this for the unemployed group.) In this sense there has been a very close relationship between our taxation system and the social security system. Our social security system is also seen as providing a highly targeted scheme, meaning that only those "most in need" can get the benefit, which is another way of saying that the beneficiaries of our social security system get to be kept in the poverty they have often been accustomed to.

The Australian Federal Government's Income Support Scheme provides benefits for, amongst others:

• widows;
• the sick and disabled;
• unemployed;
• old age people;
• veterans;
The social security portfolio is a very high cost part of government activities. It is the single largest area of government expenditure (see Jones, 1990). In 1989-90 of a Total Budget Outlay (TBO) of $86.9 billion, some $26.3 billion or 30.2% Of TBO went into the Social Security portfolio. In 1990-91, the forward estimates identified 30.6% of TBO going on the social security area (Budget Statements, 1990-91).

Against the ruling assumptions of the architects of the original welfare state that the great bulk of the systems clients would be both small in number and short term in their claims on the system, the reality has diverged dramatically in the intervening decades. That change began to be registered in the late 1960s. This is dearly revealed when we look at some of the figures.

As a point of comparison we can see that between 1966 and 1989, the Australian population increased from roughly 11.5 million to 16.6 million, a 44% increase. Between 1966 and 1972, the population increased by 15.6%. At the same time the number of people receiving social security benefits increased by 33% or almost twice the rate of population increase. Over the whole period, 1966-1989, the number of people receiving benefits and pensions increased by over 300%. In the unemployment benefits area alone there were 20 times the number of people getting Unemployment Benefits in 1989 than in 1966. To put this another way about 15.9% of the population aged 15 years and over was getting a pension or benefit (Jamrozik, 1991; 110-113). To catch the scale of this increase we can isolate out some of the categories where the growth was greatest.

Table 2
SOCIAL SECURITY BENEFICIARIES 1983-1989

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>1983</th>
<th>1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged Pensions</td>
<td>1.4m</td>
<td>1.36m</td>
</tr>
<tr>
<td>Invalid Benefits</td>
<td>0.279m</td>
<td>0.402m</td>
</tr>
<tr>
<td>Unemployment benefits</td>
<td>0.635m</td>
<td>0.390m</td>
</tr>
<tr>
<td>Sickness</td>
<td>0.64m</td>
<td>0.78m</td>
</tr>
<tr>
<td>Widows</td>
<td>0.164m</td>
<td>0.136m</td>
</tr>
<tr>
<td>Supporting Parents</td>
<td>0.140m</td>
<td>0.188m</td>
</tr>
</tbody>
</table>

(Source Jamrozik, '1991, p.253.)

In addition to these people receiving benefits or pensions, there were another 1.9 million families with 3.7 million children receiving family allowances in 1989.

Finally, and in addition to the adults who were in receipt of a benefit or a pension which comprised their primary income source, which in 1989 meant some 2.6 million people, there were in excess of some 800,000 dependent children of these beneficiaries, or attached to the beneficiary families. Whiteford (1987) has pointed out that 1 in 4 of the 4.1 million Australian children lived in families whose main income source was a government benefit.
What all of this suggests is that the much vaunted labour market is weakening over time as a source of basic income.) It suggest too, a correlative increase in the value of the public sector as a source of basic living incomes for around one in five Australians. There is plenty of international evidence to suggest that Australia is in no way unique or aberrant in this pattern, and that we are essentially following other societies down a similar road (Gorz, 1989).

It is also plain that the scale of support the Federal government makes available is not adequate, and that the bulk of our social security beneficiaries are living in poverty. Equally, this does not imply that all of those who earn wages are well-off. We have already demonstrated that this is not so, especially for some 400,000 low wage earners with large families. It is, however, to suggest that if a person or household is reliant upon a government benefit for their income, there is a very high probability that they will be living in poverty. Government exercises in the 1980s to "better target" the provision of income support may mean that the administrative efficiency of the system, or some of its costs have been fixed up or improved. However, it does not mean that low income families are better off.

The Government has shown a willingness to increase monitoring and surveillance of the poor and to impose harsher new means and assets tests. This may satisfy those who are outraged by what they see as "dole frauds" or angered by giving people something for nothing, but it has not dearly improved the standard of living of those in poverty.

Australia has never in any serious way, adopted a commitment to universal citizenship rights or to the practice of a universal system of benefits. A powerful bias in favour of male wage earners has permeated much of the practice of state interventions since the beginning of the 20th century (Castles, 1985). This in practice has meant a preference to secure "welfare" through the wages and the arbitration system, with its in-built bias towards male wage earners. This together with the claim that governments should not provide incentives to those who do not wish to work has meant that the Australian system has favoured means tested, restrictive benefits, and that this has become the commonsense. As Cass has demonstrated, the original linkage between the tax and the social security system has meant the creation of savage poverty traps. The tax system has set very high rates of marginal tax rates on income earned over and above that coming from social security pensions which forces people either to give up the extra income or to move off the benefit altogether. (It usually entails the former.) For many low skilled, low income workers and women with family responsibilities the result is that they are trapped in a cycle of low income and reduced access to ‘wage work.

In summary the original and framing expectations of the 1940s welfare state that the benefit system would only provide a short term back-up to a small number of Australians has proven to be wrong. By the 1960s this was coming unstuck. The very scale of dependency is such that the viability of the current system can no longer be taken for granted. At issue is not whether governments continue to provide income support. At issue only is HOW they can do it better and more effectively, and do ’it as part of a major transformation of our economy and of our society. This is the
question, notwithstanding the "new right" delusions that a return to the market place will fix everything up.

CONCLUSION

It would seem that with regard to each of the framing assumptions which went in to the making of the welfare state of the 1940s, that they can no longer be seen as providing a secure foundation for the original edifice. Australia has moved on since the 1940s. Basic social and cultural and economic transformations have made Australia over. Of course, in the usual way of things, nostalgia for the way things were continues to animate the things people want and do. Full employment, endless consumerism, unlimited growth and traditional family patterns where men are men and women are dependent, continue to exercise a powerful grip on the imaginations of many. Yet a new world has emerged, and with it even greater novelty and change and challenges are emerging. What is now the only question is what kind of future can we have, and will it be a future worth having? The value of a discussion about a Guaranteed Adequate Income Scheme is not that it is a utopian nostrum which will solve everything, or be the key to a golden age. It is a proposal with two great advantages. Firstly it is an idea which of itself raises up fundamental questions about the old attachments and values, to wage work, to men's work, to the idea of poverty as being somehow justifiable, and to ideas of endless growth. Secondly, it is an idea which can work and may well become as important a policy innovation as universal voting rights, or equal employment opportunity legislation.
3. THE IDEA OF A GUARANTEED ADEQUATE INCOME SCHEME

At least since the early 1940s some Australians, as well as writers and commentators in other countries, have thought and written about the kinds of ideas which are here called a Guaranteed Adequate Income. In Australia, Ronald Henderson gave the idea some measure of popularity in 1975 in his Main Report for the Commission of Inquiry into Poverty (Henderson, 1975) when he argued for what he called a Guaranteed Minimum Income (or a GMI). In Britain it has been called a "universal grant" (Ashby, 1984), "social dividend" (Miller, 1983), “citizens wage” or simply the "basic income" (Purdy, 1989; 194). In America, Senator George McGovern in the 1972 Presidential campaign argued for what he called a "Demogrant". All of these are variations on what is here called a Guaranteed Adequate Income (or a GAI).

What all of these various names refer to is an idea with certain common features. Those features begin with the proposition that a major reform of a country's social security system is needed. Social security systems refers to those forms of income payments which central governments make to people who are old age pensioners, or recipients of Unemployment Benefits or to families who get a Family Allowance Benefit to help them with raising children. The aim of a social security system is typically to provide income support to people whose normal incomes are insufficient for some reason or other. The essential idea behind a GAI is to take all of the existing forms of social security benefits which in Australia as in most other countries are numerous and amalgamate them into one, single payment. Without getting too technical it is useful to in fact indicate here that there are a number of different ways of making this payment.

A.B. Atkinson has identified three broad models which have been developed and argued for (Atkinson, 1983; 273-281) and which can for our purposes be identified as:

(i) the social dividend model;
(ii) the tax credit model; and
(iii) the negative income tax model.

Each of these models identifies slightly different ways of doing some of the same things, though there are significant differences in terms of the scope of the proposed distribution of income and the nature of the linkages between the tax system and the payment method.

The social dividend model is the most radical of the three models and would entail the complete replacement of all present social security payments and pensions, as well as the existing tax system. In its place would be a single integrated system for paying out a Guaranteed Adequate Income to every citizen. The revenue required to finance the GAI, and to replace the existing income tax scheme would be raised by a new comprehensive and progressive income tax scheme. Following Atkinson the logic of this model is represented in the first figure.
The line marked social dividend shows the income after allowing for tax and the social dividend. The point where the dividend (or GAI) is exactly offset by the tax payable is shown as the break-even point. Those with low incomes would be net gainers and better off than with the existing income tax.

As Atkinson notes there are dear attractions with this model. If the GAI is set at a level sufficient to raise a family with no other income up to the poverty line or above then its effectiveness would not be in doubt. There are any number of compelling arguments for going this way which are spelled out later. However, as Atkinson also makes clear the major difficulty attendant on such a universal system is the increase in tax rates needed to fund such a system. The logic of the problem is spelled out clearly when we consider the following. The GAI is to be set at X percent of the average income for individuals or households. The Government in order to fund the scheme must raise the tax rate by an additional Y percent. This then determines the rate of tax, i.e. X+ Y per cent. For any likely values of X and Y, for example X: = 35% and Y = 15% the tax will be around 50% over the whole range of taxation. If we turn to the other two models their advantages and features can be equally quickly spoken about.

The negative income tax model uses a different combination of tax and social security systems to archive some similar effects. Basic to most of the proposals is the idea that there will be a guaranteed payment which will be made not on a universal basis but only to an established proportion of the population on low incomes. It uses the existing tax system and sets a certain benchmark which did not disadvantage existing low income people. In the USA it has been suggested that the payment to families would cease at something between the 33% and 50% rate. As Figure 2 (from Atkinson) suggests, this could lead to an overlap where some people get both a negative income tax payment and continue to pay ordinary income tax.
Negative income tax schemes of this kind would certainly seem to assist low income people, without any of the disadvantages and stigma attached to the current means-tested system. The scheme would in a limited sense be universal, and the methods of payment could be made automatic. Atkinson usefully canvasses some of the difficulties associated with these kinds of models (Atkinson, 1983; 276-277).

The third and final model is the Tax Credit scheme. This in effect means reversing the current tax system and paying benefits to those below a certain tax threshold. A key advocate for this kind of model has been Milton Friedman. Each tax payer or citizen would be required to lodge a tax statement of income each year and on the basis of the information provided the Tax Office would determine whether the person has to pay taxation or receive a negative tax credit or payment. As Figure 3 below indicates, this model is neat and avoids any overlap between the negative and positive tax levels.

As Atkinson notes the chief problem with what is undoubtedly the cleanest and simplest of the models is that it does very little to effect a major improvement in the income resources available to low income people and families. One Government
assessment in the United Kingdom, for example, saw around 100,000 pensioners being raised above the supplementary pension level, or fewer than 10% of the total.

AN AUSTRALIAN GUARANTEED ADEQUATE INCOME SCHEME

In the following illustrative model it is suggested that an Australian GAI could be introduced which would offer some additional benefits by way of added income support to those Australians on low-incomes, as well as offer an administratively simpler system, which was also more efficient. Such a system could also promote greater flexibility in the relationship between the labour market and the population likely to be interested in wage labour.

Here it is suggested that every Australian, man, woman and child would receive a Guaranteed Adequate Income as a matter of right. It would involve amalgamating all of the current Social Security payments, as well as all forms of student allowances (such as AUSTUDY), all indirect financial benefits in the forms of various personal income tax allowance, and all other government benefits to people, including small business grants and subsidies into one regular payment. That is, a GAI would replace the current mess of personal income supports with a single guaranteed income payment paid regularly to every single Australian within the jurisdiction of the Commonwealth government.

The idea of a single uniform payment in practice would probably need some adjustment or fine tuning. For example, there would be a recognition that age is of some significance so that GAI payments would be graduated according to age, so that children would get less whilst older folk would get more. Disability would also need to be brought into the calculation; some supplementary recognition would cover the contingencies of maternity, bereavement, invalidity and handicap according to the degree of disability involved. The basic GAI, however, would be set at a consensually established level of adequacy, which in the first instance might be set at a rate something like 120% of the so-called "poverty-line" adjusted to take account of the variety of households in Australia. This is hardly going to be a generous level of provision. However, it will do something to lessen the gross inequalities of a pattern of income distribution in Australia which has been steadily worsening over the last 20 years.

In order to illustrate something of the magnitude of the proposal a possible, and very simplified set of payments and costings is offered here. The base year chosen is 1989, and all of the numbers are 1989 numbers or dollar values. (This is a problem occasioned by the lag in the production of taxation statistics)

If we begin with the situation at June 1989, then the base rate for all Social Security benefits and pensions was set as follows;

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single person rate</td>
<td>$129.20 per week or $6718 yearly</td>
</tr>
<tr>
<td>Married Rate</td>
<td>$215.40 per week or $11200 yearly</td>
</tr>
<tr>
<td>Children(1-13 years)</td>
<td>$24.00 per week</td>
</tr>
<tr>
<td>Children (13-15 years)</td>
<td>$34.10 per week</td>
</tr>
<tr>
<td>Private Rental Assistance - Single</td>
<td>$15 per week</td>
</tr>
<tr>
<td>Private Rental Assistance - Children</td>
<td>$30.00 per week</td>
</tr>
</tbody>
</table>
Using this as a comparative base, and for illustrative purposes only a full fledged Guaranteed Adequate Income Scheme could look like this.

Firstly: the tax free threshold (that is the amount of money the Taxation Commissioner permits a taxpayer to earn free of any taxation liability) would be raised from the current level of $5250 per annum to $7280 for all taxpayers. This in turn becomes the amount proposed as the base GAI for all adults over the age of 16 years. In administrative terms whether or not all adults actually got a cheque or weekly/fortnightly parts thereof would need to be a matter for later fine tuning. It might be possible to issue notifications to every one regularly about their tax liabilities’ with the GAI component in it, whilst allowing or encouraging those people who actually wanted to receive the GAI to notify the agency responsible for administering the system, (which would probably be a somewhat expanded Taxation Office) so that regular payments could be made to these people. For low income Australians the latter option would dearly need to be put into place. All children could receive the regular child GAI payment. In real terms.

If we look to Table Three, a notional GAI scheme would provide a scale of benefits as indicated;

| TABLE 3 |
| A GUARANTEED ADEQUATE INCOME SCHEME; ILLUSTRATIVE SCALES AND ANNUAL COSTS 1989-90 |
| Universal GAI Rates | Weekly Rates | Annual |
| Adult (15 years+) | $140.00 | $7280 |
| Child (1-15) | $33.00 | $1716 |

NB. The annual cost of the Childrens' GAI would be in the order of $6.1 billion. As one basis for estimating the numbers and costs involved we could take the 1986 Income Distribution Survey as an clue to the sums involved.

The 1985 ABS Survey suggests, again only approximately, that there are some 3.1 million income units who earn up to $7499 pa. as individuals or up to $14 999 if in a couple relationship. This I could suggest is the target population which could be expected to apply for an actual GAI payment as a matter of right, and without any means tests applied. On this basis we would have some 3,103,400 adult units receiving $7270 p. at a total cost of $22.3 billion pa. plus some 3.7 million children at a cost of $6.3 billion. The total cost would therefore be some $28.6 billion.

[NB This compares with the total Social Security expenditure on direct payment of benefits in 1989-90 of around $23.5 billion, out of a total Social Security outlays of $26.3 billion. On this basis it would seem that an additional $5.1 billion would need to be found to fund the actual payment of a GAI to some 3.1 million low income Australians]

In broad terms the calls on extra revenue would therefore appear to be as follows;
1. Extra cost of a GAI in real payments of $5.1 billion for 3.1 million adults plus all the children.

   Sub- TOTAL $5.1 Billion

2. Revenue lost as a result of raising the Tax free threshold from $5250 to $7280 would be in the order of $2.9 billion (assuming no other tax rate changes.)

   Sub-TOTAL $2.9 Billion

(NOTE; This is based on the calculation that raising the tax-free threshold would provide an extra $2030 pa free of the current 20% (initial) marginal tax rate or a maximum saving in the order of $362 per person. Assuming some 8 million taxpayers are affected we are looking at around $2.8 to $2.9 billion in lost revenues. Advice received from Mr. E Risstrom, AM., National Director, Australian Taxpayers Association is here gratefully acknowledged.)

If we add together the two amounts of money involved we would need to find an additional $8 Billion (assuming no other changes in portfolio allocations by the Federal Government).

Without delaying the argument further here it should be added that this indicative amount could and should be found through an increase in the marginal tax rates especially on the most highly paid members of the workforce, the self employed and those who receive an income from their investments. For 1989-90, the apparent total taxable income was in the order of $185.7 billion. This generated net income tax revenues of $44.8 billion, so the revenue yield would have needed to be raised to something in the order of $53 billion to accommodate a GAI of the kind indicated here. It should further be noted here that of the 7.9 million taxpayers around 42% had taxable incomes up to $17999 pa., and that this group paid tax amounting to 9.73% of the total revenue raised. Conversely, 40% of net tax was raised from some 13.9% of taxpayers then earning in excess of $35,000 pa. in 1988-89. (Tax Statistics, 1988-89, pp.26-7.) A more, rather than less steep, tax rate is called for, as against the general thrust of tax reform under the Hawke Government which has advantaged massively the already well-off. Given the general raising of the tax threshold for all, there can be no arguments against an equitable increase in both personal income tax payers earning in excess of $50000 pa. paying a top marginal tax rate of around 55% to 65%. in addition an increase in capital tax gains should be possible by not accounting for inflation, a perquisite available only to those who have the wherewithal to invest in capital in the first place. (This is a particularly odious rort, in which equity arguments have been used to justify the indefensible. If capital gains are indexed for inflation why aren't wage incomes or taxable incomes accorded the same treatment?)

It should also be noted that there are very strong arguments in favour of removing the powerful poverty traps currently built into the relations between the tax system and social security benefits where some people can end up paying 100 cents in the dollar for earned income in excess of their benefits. One of the chief merits of a GAI is that it removes such a disincentive for low income people to search for paid work. It would mean that all people would be subject to the same rules, the same tax rates AND ALL AUSTRALIANS WOULD START WITH A GUARANTEED INCOME BASE. THIS REMOVES A VERY POWERFUL SOURCE OF STIGMA AND ANY OF THE DISINCENTIVES WHICH A 100% TAX RATE POSES.
All of this does not, nor should it, disguise the fundamentally political character of the proposed reform. (The notion of political here is the original Greek notion of politics as that debate about how we should lead and live the good life in it ethical sense.) Certainly to raise this idea is to initiate a long overdue debate about the fundamental equity -or otherwise- of the current tax system and the wider social and economic framework. Part of that debate would have to centre on the cost implications of the kind of GAI proposed here, and I have already indicated that it must be met by a larger slice being taken from those high income earners who have benefited, even during the current recession from an unequal social and economic order which makes for that grave inequality in the distribution of life-chances, which seems so integral to our social order.

This is probably the single most crucial factor in the whole debate about the desirability or otherwise of introducing such a reform. Ultimately its acceptability will only come about as a consequence of a lot of people assessing its capacity to assist them to lead a good or better life than that currently open to them.

It is important to stress that at the heart of the GAI is the proposition that the right to receive it comes with being a permanent resident of Australia. That is, it 'would be quite unlike the current system of benefits which provides no absolute guarantee that a resident/citizen is eligible simply by virtue of being a resident/citizen. Most of our current system is means-tested, and there are a host of eligibility criteria used to determine who can receive a given benefit.

It is, therefore, important to highlight the fact that a GAI would be provided irrespective of the usual kinds of considerations. A GAI would be offered to all irrespective of;

1. Current wage labour status. A GAI would be received by wage workers, with jobs, full or part-time, by unemployed persons, by small businessmen, by employers and by people not normally counted as being in "the labour force".

2. Willingness to enter paid employment. Unlike the current Unemployment system which is both work-tested and activity-tested (that is, you have to prove you are looking for work or are being trained) a GAI would not be conditional on any such test. The only "test" is permanent residency status.

3. Income from other sources. A GAI would be paid to rich and poor alike. There would be no means test, and there would be no poverty traps in a GAI system since the GAI does not inhibit people from entering the labour force.

4. Majority/minority or marital/parental status. Under a GAI scheme, children receive the appropriate rate of GAI as well as parents and adults. Likewise adult entitlements remain the same whether they are married or single, homosexual or heterosexual, childless or parents.

5. Size and Composition of households. A GAI would be paid to everyone irrespective of whether they live in a single person household or in a
household of 12 adults and 25 children, or in a nuclear family with two adults and 1.7 children.

6. Sex race and citizenship. There is and there can be no discrimination on any of these grounds. The only qualifying condition is permanent residence within Australia and the annual filing of an income tax return to the Commonwealth Commissioner for Taxation.
OTHER FEATURES OF AN AUSTRALIAN GAI

It is helpful here to spell out some other relevant features of a possible GAI, especially in terms of how it might operate. There are, for example, issues about work obligations, the treatment of housing costs, the financing of the GAI payments and the definition of the unit to whom the GAI would be paid and from which tax would be withdrawn.

(a) Work Obligations

One of the usual criticisms of a GAI type scheme is its alleged impact on peoples propensity to work for wages or to look for wages; in short its effect on the work ethic. Not all the advocates of a GAI scheme would support the unconditionality idea. Some would insist that the right to a guaranteed income must be linked to a reciprocal obligation on all prime age workers to perform something like work -or a socially valued service - at some time in the course of their lives. This kind of argument draws heavily on liberal contract theory and its notions of a set of mutually binding obligations and rights between the state and citizen. This kind of argument as Pateman has shown is fundamentally flawed by reason of its systematic and sexist exclusion of women who have never been cognised as citizens possessing that fundamental right, the right to own and to dispose of one's own body. Certainly those who raise the question of an obligation to work tend to overlook the fact that half of the work that is done in our kind of society is made' invisible and is undervalued as well as not receiving any of the formal and public rewards which are now attached to wage labour.

Any generalised requirement to work for a GAI raises very large questions both of enforcement and of monitoring. Lurking behind these kinds of concerns is usually a fair dose of authoritarianism and a notion that the discipline of work somehow keeps the moral fibre of the individual and of the community intact (Advocates of the obligation to work fairly quickly retreat to fears of a "tidal wave "of "beach bums and riffraff" in the cities being paid to do nothing. Military service and some form of community service are frequently proposed as well. Perhaps there might be some merit in exploring this kind of service requirement. However, for reasons which are addressed later in this paper, there are very good grounds, including the administrative difficulties in administering a work obligation test in not requiring some community service as a necessary precondition for receiving the GAI.

(b) Housing Costs

Housing and its costs pose a special set of issues in general for social policy and for questions relating to the adequacy of social security programmes. It also impacts heavily in: research designed to establish "poverty lines", standards of living and indexes of deprivation. Part of the problems about housing costs have to do with the fact that in Australia,

- housing costs can be a very substantial part of the "cost of living of individuals and of households;
housing costs can vary enormously from one individual (or household) to the next, dependent on the size or the age of the members, the standards of accommodation sought, and the form of housing tenure involved.

For purposes of developing the idea of a GAI here it is proposed that housing costs not in the first instance be involved in setting a consensus about the scale and adequacy of the GAI, and that current forms of rental and purchase subsidies would continue in the short term to operate to provide limited support to low-income groups. (The bulk of these schemes are currently provided by State governments, sometimes with Federal government funding support.)

(c) Revenue Raising to Fund the GAI

As might be anticipated, the costs of a GAI will add considerably to the current level of expenditures in the Social security portfolio. Most of the better developed proposals for a GAI have developed models which integrate the GAI with the personal Income Tax system. There are many good reasons for following suit especially given the;

- administrative efficiencies which such a linkage makes possible;
- the possibility of ensuring that social justice considerations and progressively in the income tax scale can be effectively meshed with the GAI scales. ("Progressively" here refers to the principle of equity in taxation whereby the higher your income the greater the proportion of taxation paid.)

Here the proposed GAI is funded out of the personal income taxation system which the great bulk of taxpayers are currently covered by. It presupposes that the GAI is funded by a somewhat more progressive Income tax scale than is currently the case and that the tax will be paid on all income earned and unearned, of each individual. It is also presumed that all current personal tax allowances and rebates are abolished with the exception of tax relief for contributions to a number of occupational superannuation and life assurance premiums. Amongst the necessary reforms that would need to be introduced would be;

- an increased progressively in the tax scales;
- a means whereby the taxpayer could identify that part of the tax going to fund the GAI, via some identifying tag such as Guaranteed Income Fund Contribution. (This is suggested so as to improve the transparency of the GAI which would be a large political help in having a GAI accepted by all members of the community.) That is, the entire community, to whom the GAI would be paid would also be able to see the measure of their own contribution to the GAI whilst higher income earners would be able to establish a sense of how low income earners coped with the scale of support which is integrated between the scale of GAI payment and the kind of tax bite which would be taken from income earners.

- Other reforms to come in alongside the reforms to the personal income tax system would include the reintroduction of a capital/wealth tax payable at death or on gifts being made to escape the imposition of a wealth tax.
(d) The Individual Basis of a GAI/Tax System

It is proposed here that the basis of the GAI system would be the same as the basic of the personal income tax system, namely individual persons who would each receive the payment. This would be irrespective of whether the individual is a single person household, a member of a nuclear family, a gay couple or a large communal household. That is, each individual Australian or permanent resident would be the recipient of their own GAI. (For practical purposes, it is likely that children would receive their GAI through payment to a designated primary carer up to perhaps that child's 15th birthday. At that point, payment could then be made directly to the teenager concerned directly.) All GAI payments would commence to all residents of the country from the date of registration of a Birth certificate or the granting of permanent residence status and would cease at death.

This proposal to individualise the payments of the GAI (alongside the individualised tax base) rests on two principles worth spelling out:

1. No adult should expect or be expected to be financially dependent on or responsible for any other adult.
2. No individual's tax liability or GAI entitlement should be dependent on another persons circumstances.

It is suggested that a GAI built on these principles will largely avoid any discriminatory, or paternalist conceptions of individuals rights which arguably have long been buried in our current social security benefits system.
WHY A GUARANTEED ADEQUATEED INCOME SCHEME

In a simple sense the GAI outlined here is seen as fulfilling two major objectives:

1. Firstly, it is seen as a response to already well established social and economic trends which have been and are transforming our society. Major technological and economic restructuring for example is heading in directions which may well lead to wage labour becoming a minority option in the 21st century (Gorz, 1989).

A GAI of the kind outlined here may well ease the transition to such an outcome and protect the standards of living of our citizens caught up in this kind of transition.

2. Secondly the GAI can be a pro-active part of a strategy for social transformation and economic restructuring. Our society confronts the need to re-examine its commitments both to social justice and to economic sustainability. A GAI can also play a role in assisting the transformation of basic gender roles and the sexual division of labour, in rethinking the role of wage labour and the work ethic, and in the promotion of new economic goals and processes which may lead to a just and a sustainable society.

Australia, since the 1970s, has witnessed both a revival and the temporary triumph of a 'laissez-faire discourse replete with justifications for the unjustifiable. We are now told amongst other things that; a market economy is both rational and has the best interests of the community in mind; that egoism and greed are social goods and should flourish that poverty and inequality are the products of individual failure, and that government intervention is a recipe for economic and social trouble.

The values and the policies currently in place are in reality producing widespread social dislocation, personal distress and economic dysfunction. We urgently need a revived and reconstituted social and democratic compact in which men and women re-establish the basic ground rules for a just, creative and sustainable society A GAI it is suggested will be an element in the transformation to such a society.

A GAI AS AN AID TO SOCIAL TRANSFORMATION

A GAI is especially important in any scenario for a future worth having. It can play a central role in a large-scale process of social transformation. It can do this because it may help societies like Australia to begin to address a range of problems which capitalist economies appear to generate, especially given the continuing reliance on the institution of the wage labour market and the continuing orientation of production to a regime of hyper-consumption as the only way the economy can function or be regarded as “healthy”. In what follows I attempt to spell out some of the reasons why a GAI may be a useful adjunct to other social and economic changes.
In putting these arguments together in this way I am mindful of the problems in so doing. Inherent in this paper is an attempt to spell out a possible programme for the future. As Herbert Marcuse put it in the 1960s, the single most powerful argument against change is the way things already are.

On a whole series of crucial points attempts to argue by extrapolation from the way things are to the way things might be will always be problematic. There can be no reliable alternative to actual historical experience. On the critical question for example of what will happen if a GAI is introduced to the supply of labour and the GAI has suddenly increased the options available to people, we cannot be exactly sure what the responses will look like if we rely on assumptions or experiences constructed in the current context. All we can be sure about perhaps is that the worst fears and the greatest expectations will both be somewhat disappointed. This is a useful caveat from which to launch forth.

I suggest that a Guaranteed Adequate Income scheme will be useful because;

1. It can play a role in reducing working time, redistributing employment, and deconstructing the current norms around full-time wage work.
2. It can play a role in further assisting the deconstruction of the current gender division of labour, and countermand a tendency to extend the period of dependency amongst teenagers and young adults.
3. It will work to promote fundamental and progressive reform in the Social security system. In order to develop these comments a short digression is necessary'

SOME BACKGROUND

A GAI arguably can play a lay role in helping us to make the transition into a society in which wage work is becoming a less and less centred or defining feature of the economic order. The development of recognizably capitalist economies in the nineteenth century and of wages systems which were relatively efficient and effective ways of harnessing individual - largely male - effort, skill, and self-interest to the realm of public production has rightly been seen as the central achievement of the modernising project. Underneath that public realm, a largely invisible, and undervalued household economic sector, built on domestic production, service provision and childcare and largely performed by women provided an absolute foundation for the edifice built up of public work. In this way, the pre-capitalist sexual division of labour, was reformulated and refined; the "private "sphere of the household became the domain of unpaid, female labour, whilst the labour market was dominated by paid male labour (Murgatroyd, 1983; Lewis and O'13rien, 1987). In this way did nineteenth century capitalist economies solve the enduring problems of all economic formations.

It is arguable that all economies and societies wishing to survive over time have to ensure that a certain number of basic "systems" problems are addressed in terms of the production and use of the net output of goods and services. These include;

(i) the provision of a culturally relative and defined minimum standard of individual consumption for each of its' members including its aged, its children, its
sick and so on. This is not to say that there aren't some severe conceptual problems involved in defining such a standard (see Watts, 1991);

(ii) a range of goods and services in the "public sector", however, defined (embracing schools, hospitals, and charity functions) have also to be provided in terms and in ways which the prevailing decision-makers can agree on, and for which they may even compel the mass of ordinary people to pay for;

(iii) finally there is also usually a level of investment (again, however, defined) in new facilities and replacement of old facilities to augment the productive capacity of the dominant or controlling interest groups which must be organised and directed.

Each of these three claims on the available output have also to deal with such recurrent human urges in the direction of ostentatious displays of wealth and power and the more worrisome matter of war-making. Both can be enormously costly in terms both of the resources diverted to these ends and in terms of the distortions they introduce into the social fabric. Both of these activities can and do frequently irrupt into the finely tuned balances established to ensure that the claims on output identified at (i) though (iii) are actually met (Purdy 1988; 198-201).

The social mechanisms used to harness the human resources and skills to achieve productive output have varied enormously across time and place. Slavery, punishment, moral uplift and exhortation, starvation or its threatened appearance, and wages have been some of the favoured means to compel or cajole productive labour from the people able and more or less willing to work have done so in unremitting, menial and fatiguing work activities. Modern capitalism and the dramatic release of productive output it has been able to mobilise and achieve has proven unique so far in its capacity to free up an increasing proportion of the population from direct productive toil and to permit the development of a wide range of no-productive labour activities in the public realm. (No such freeing up has yet been achieved in the domestic household economic sector.)

Capitalism is marked out as a distinctive social and economic formation by the emergence of a wage -labour market and by the ever ramifying activities of capital investment. Wages have provided the major though by no means the only inducement to the great proportion of the prime age (male) work population, and since the 1960s for women wage workers as well. Coercion, non-materialised rewards such as the social conviviality which paid work offers, and the moral imperatives to work hard and to be "successful" retain their traditional roles into the 1990s if not always in their original proportions. The payment of wages and the income/expenditure activities that wages opens up, appear to generate a number of significant social and economic corollaries. These include some of the following;

Material incentives become the pre-eminent inducement to supply labour to the labour market as paid work becomes the dominant source of income for the vast proportion of the population up into the 1960s, most importantly for those who lack access to productive property themselves (Marsden,1986).
Monetary forms become increasingly significant over the last two centuries, replacing other, older forms such as barter, or service exchange.

As economies fall more and more completely under the sway of that "universal commodity" (Marx), money, the acquisition and disposal of money becomes an increasingly discernible motivation in many more economic decisions for both individuals and for enterprises. In an economy increasingly given over to commodity production, labour which has also become a commodity, becomes both a source of monetary value and of personal identity and personal/social prestige and value.

Social power, status and prestige, along with this conferring of personal identity for male workers (and by attribution for their "dependent" wives and children) comes increasingly to depend on access to employment and on the position within the hierarchy of the labour market, where skill and income become key markers of value. In this sense the modern wage labour market produces status and prestige as well as the more usual range of commodities, and the incomes which go with the job. For groups excluded from this new and potent arena of value-production, groups like women (at least until the 1960s), the sick and the disabled, the aged, the young, and the unemployed, lack of access to the labour market rapidly becomes a matter of serious disability, both economically and in terms of psycho-social forms of well-being and affirmation.

At least this was the case until the 1970s and early 1980s. The wage labour system proved itself until recent times to be a flexible, durable and largely stable device for ensuring that the problems of securing productive output were achieved. (This is so even taking into account the scarifying crises of depression and mass unemployment of the 1890s and the 1930s and the wobbles of the 1920s. Even though in theory, especially of the kind certain Marxist analysts promoted, the class relations between the "Bosses" and the "workers" were supposed to run as a zero-sum game, in practice class conflict rarely got pushed to the limits which the logic of a zero-sum game implied. Class warfare when it happened rarely resolved into a fight to the death; at its worst it was more like a perpetual film of cowboys and Indians (Rosen, 1969; Smith, 1979).

In Australia, the regime of the "New Liberalism" of the 1890s ushered onto the centre stage of the civic culture a bland version of an Hegelian synthesis of individual and class interests resolving themselves into something called the "community interest" which the state undertook to look after and to protect (MacIntyre, 1986). Elaborate mechanisms for conciliation and arbitration were developed which led even to the invention of a centralised wage fixing system, theoretically oriented to providing a "basic wage" for the average man, his wife and children.

This was the Australian version of the "new liberalism", uncomplicated in its affirmation of male wage labour as the norm (Castles, 1985). By the-mid 20th century a comprehensive consensus had apparently been forged around the proposition that "full (male) employment" was a very good thing and that governments and business enterprises could and would cooperate in ensuring that the right to work, temporarily abrogated during the "Great Depression", would be sustained. Alongside this compact
other agreements were implicitly stitched up; endless growth in profits for business enterprise was affirmed and endless growth in government revenues was likewise no longer a dream.

The Keynesian consensus of the 1930s appeared to demonstrate that full employment, modest income redistribution, endless economic growth and a consumer-based economy were both desirable and practicable. The "new order" was ushered in, in May 1945 when the Chifley Labor government released its White Paper on Full Employment. In it the Federal government made the objective of full employment its primary national objective. The new wisdom had it that the key to economic security lay in continuous growth in demand and in productive output, which in turn guaranteed the permanent banishment of mass unemployment, whilst presupposing that households would do the right thing and consume vastly.

Few then possessed the indubitable gift of hindsight we now possess which allows us to see how doubtful were the economic and the social premises upon which this happy consensus rested. Few too, were prepared then to think backwards or look forwards and ponder the significance of two seemingly inexorable trends.

One of these trends involved the tremendous increase in labour productivity which was in evidence all through the 19th and the 20th centuries. Endless technological refinements, new forms of work process, and capital investment by leading edge manufacturers has led to a constant improvement in the labour productivity of worker. For example, Maddison (1977) surveyed a sample of 16 advanced capitalist countries from 1870 to 1976. Their total output multiplied by a factor of 19 and output per head of population increased by a factor of 6. Even Britain, regarded as a laggard increased its output per capita by a factor of 4. Likewise real average real wages increased by a factor of between 4 to 5 times in the same period in Britain (Phelps-Browne and Browne, 1968; 344). In Australia similar trends are plainly visible.

If we use a measure like the real Gross Domestic Product (GDP) per worker as a measure of real increases in productivity we would get the following picture:

<table>
<thead>
<tr>
<th>Period</th>
<th>Real GDP per Worker (1966$)</th>
<th>Annual Growth Rate ' (Average % for decade)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>2,071</td>
<td>1.3%</td>
</tr>
<tr>
<td>1914</td>
<td>2,441</td>
<td>0.1</td>
</tr>
<tr>
<td>1921</td>
<td>2,422</td>
<td>0.0</td>
</tr>
<tr>
<td>1929</td>
<td>2,424</td>
<td>-1.7</td>
</tr>
<tr>
<td>1933</td>
<td>2,259</td>
<td>1.5</td>
</tr>
<tr>
<td>1939</td>
<td>2,445</td>
<td>1.5</td>
</tr>
<tr>
<td>1947</td>
<td>2,762</td>
<td>2.5</td>
</tr>
<tr>
<td>1961</td>
<td>3,901</td>
<td>2.7</td>
</tr>
<tr>
<td>1974</td>
<td>5,508</td>
<td>0.7</td>
</tr>
<tr>
<td>1981</td>
<td>5,762</td>
<td></td>
</tr>
</tbody>
</table>
There is here evidence of real productivity increases through the 20th century. The century began with marked fluctuations around a very slowly rising trend to the late 1930s, followed by a sustained boom over the next 30 years, and a slowdown, thereafter, but to rates of growth that were reminiscent of the early decades. Withers (1987, in Maddock and McLean) points to a three fold increase in productivity if the equation between increases in real wages and productivity holds true. Certainly the relatively less impressive rates of increase point to other features of a dependent and narrowly based economy lacking the capacity to shape its own economic destiny in the ways that the great metropolitan economies like those of the United Kingdom or the U.S.A. were able to do. (In particular, Australia's lack of a high value-added secondary industry base oriented to a world export market is reflected obliquely in this data.) Even so the evidence points in the same direction. There has been a significant increase in Australian labour productivity over the 20th century.

As Barry Jones and others have pointed out, the long term implications of this tremendous revolution in productivity have rarely been systematically considered or debated adequately (Jones, 1982).

To date, what Gorz has called the ideology of work has been a normal feature of "work based societies". This ideology or discourse holds that inter alia:

1. The more each individual works the better off every one will be.
2. Those who work little or not at all are acting against the interests of the community as a whole and do not deserve to be members of it.
3. Those who work hard, achieve social success, and those who don't succeed have only themselves to blame.

As Gorz points out this work ethic has become obsolete. It is, he says, "no longer true that producing more means working more, or that producing more will lead to a better life. The connection between more and better has been broken, our needs for many products and services are already more than adequately met" (Gorz, 1989, 220).

If this is in fact the case, then Australians face some large issues about how we will make the transition to a society in which wage work ceases to be the central institutional feature for securing incomes for the bulk of its citizenry. It is this issue which a GAI can begin to help us address.

**A GAI AND THE REDUCTION OF WORK TIME AND LABOUR TOIL**

A Guaranteed Adequate Income scheme holds out the possibility of reducing working time and redistributing employment and thereby assisting our society to move away from the central role hitherto played by full-time wage work. That is, a GAI system can play a role, along with other initiatives, in reducing job time and in redistributing waged labour. There is no inherent guarantee that it will do so. It will only do this if
there is the political will and a certain level of acceptance on the part of organised labour in particular that this is not a covert assault on their role or on the conditions and wages of the union membership.

The essential contribution that a GAI makes is that it provides a guaranteed base of income which in effect becomes a safe harbour from which individuals and families (or households) can venture into uncharted waters. A GAI creates new options and more real choices for people. Those choices include:

- part-time work;
- flexi-time;
- lifelong access to training and continuing education;
- reduced work time, job sharing and so on;
- movement into non-traditional forms of production, co-operatives; and enhancement of the general trend towards greater experimentation in economic processes and activities.

A GAI inserts a degree of optional and choice for the great bulk of those people already coerced into being part of the labour force. To that extent though it is not, of course, possible to quantify the extent of the effect, GAI makes a proportion of the quantity of extent expended on waged work optional. A GAI significantly reduces the coercive aspects of the wages system as a mechanism for controlling workers and their use of time. Employers cannot rely on the threat of starvation or economic stringency to recruit or retain a labour force. An unconditionally available base income is now available to all citizens, whilst the conditionality of the old social security system has been removed.)

For employers too there are advantages. No longer do employers have to take into account the living needs of their workers to the same extent as prior to the introduction of the GAI.

David Purdy provides an idealized theoretical account of how and why a GAI will affect the propensity of workers to reduce their supply of labour power to the labour market given the increase in real income which a GAI holds out. Purdy's model is a highly sophisticated and technical presentation best pursued in his text. It assumes that the workers preferences between free time and income remain the same after the introduction of the GAI. It is also plain as Purdy indicates, that in order for this reduction in work time to take place certain social preferences and changes in the perceptions by men and by women about the role of wage work would need to be in place. (See Purdy, 1989; 223-229)., Purdy is also dear that crucial to the success of the GAI would be high level of consensus from the union movement about keeping the gross hourly wage rates unchanged. As he points out, it is possible that some workers will go for higher gross wages on top of the increase in income via the GAI. This could see employers reduce the demand for labour or concede the press for wage increases and so erode the value of the GAI and/or lead to a cancelling out of the propensity to trade away income for more free time. There is no point denying the possibility that the introduction of a GAI would in the first instance upset the traditional wage relativities between the well paid and the not so well paid workers, in which the well paid see themselves as disadvantaged. Given that one of the intentions of the GAI is to reduce income inequalities, it is clear that the best paid, and probably
the 'best organised workers, will need to exercise some restraint in the wider interests of the community and the commitment to reducing inequality.

The net effect of the introduction of a GAI is that:
– workers are no longer constrained to act as if they really are wage slaves;
– employers are no longer constrained to act as if they have to take into account the payment of a living wage;
– wages are also left to a considerable extent to freely adjust in response to workers preferences for different forms of work contract and conditions of work;
– workers are in a dear position to make their choices effective choices.

The introduction of a GAI will do much over time to dissolve the distinctions customarily drawn between "full-time employee", "part-time employee" "self-employed" "unemployed" and "economically inactive". One effect of the shortening of working hours would be a blurring of the status division between full and part-time work. More importantly, the introduction of a GAI helps to decouple the link between income and work and thereby will do much to diminish the pre-eminence of wage work, compared with other forms of work and other uses of time. A GAI scheme can also confidently be expected to further the dissolution of traditional sexual roles and the division of labour which they inform.

Within families and households, a GAI would assist in the progressive redistribution of economic and social power and the responsibilities of men and women. The concepts of a "primary breadwinner" or of the "family wage" are considerably undercut by a GAI. The proportion of average family income derived from wage labour will be reduced as the GAI comes on line. The proportion of average family income accruing to women in their own right increases especially when as is proposed here, the GAI paid to children is actually paid to the wife/mother for the duration of the childhood of the children. This by itself would herald a major advance in freeing women from the artificial dependence which the traditional division of labour has fostered. To put it bluntly, a GAI subverts the power relations within a family whereby men have traditionally held the key access to economic resources.

As numerous time use surveys show, the actual shift in behaviours around domestic labour within families has not kept pace with changes in women's attitudes or expectations. Whilst it is true that younger men now appear to be taking more responsibility for domestic labour it would also be fair to say that for the great bulk of families female responsibility for domestic labour has not been substantially altered. Women may certainly have altered their consciousness, and some men may say theirs has been affected too, but the actual behavioural changes on men's part has yet to make the adjustment real. A GAI may play its role over time in assisting more men to take on an equal share in the doing of domestic labour. It is possible that in the transitional period, women who currently work part-time to "supplement" their partners wages may withdraw from that part-time work and simply keep the GAI. In this respect they may well opt to escape the dual career of domestic labour AND part-time wage work, but they will do so without penalty or loss of their financial autonomy.
It may be too, that the old invisibility of domestic labour may be altered with the introduction of a GAI. This is not to create a false analogy between the GAI and the feminist arguments demanding "wages for housework". The point of a GAI is that it is an unconditional right which follows on from one's status as a citizen; it is not a monetary compensation for contributions to social labour. Even so, by dislocating the traditional equation of "work" with employment in the labour force, it may achieve something of an equivalent effect. The success of a GAI in helping to transform or to renegotiate the sexual division of labour will lie largely in its giving women an additional economic foundation for pressing their claims for a more equal division of labour and in encouraging men to go along with such a transformation. Men may choose to use any additional free time they elect to take in the home.

That is, only to say that a GAI marks one more step in the long and ongoing process of changing the old gender system. For men, a GAI holds out both a threat, in the loss of traditional male prerogatives, and an opportunity, in the increased free time it makes available. They may well choose to use their time to explore new options in terms of child care, nurturing work in the community, or in new forms of socially creative work outside the formal labour market.

Finally, there is the role which a GAI can play in countermanding the current trend to extend the period of dependency for jobless young people. Bessant (1991 (a) and (b)) has suggested that the coincidence of increased teenage unemployment and government interventions, designed to expand the time spent in formal secondary and post-secondary education, threatens to lengthen the already excessive period of adolescent dependence. Adolescence has for much of the 20th century entailed economic dependence, along with emotional and social fuzziness about roles and behavioural norms. It has also entailed a lengthening of the age-based segregation of teenagers in schools and training institutions with all of the difficulties and tensions attendant on that segregation. Current moves to increase school retention rates and post-secondary enrolments may well lead to a whole new phase in the life cycle which further compounds the problems which the inventions of "childhood" and later of "adolescence" have perpetrated. Payment of a GAI to young people may obviate the worst effects of the dependency of young adults for whom access to the labour market will for any number of reasons diminish or recede.

The chief value of a GAI then lies in its potential as a new base for more creative and equitable choices by both men and women and young adults. It is a safe harbour. Part-time work, job splitting, flexi-time, changes to the sex role division of labour and personally creative lifestyles become a more real option once a GAI is in place. Like the provision of universal suffrage, what is done with it will depend on the usual mixture of individual initiative and social constraint.

A second set of considerations envisages the GAI opening up alternative economic activities, and the ways in which we currently monitor and count the various forms of economic or social activities.

For instance the opportunity to become self employed, or to set up a small business (whether on an owner-proprietor partnership or co-operative basis), is limited by the requirements of commercial viability. All such projects have to meet the fundamental requirement of giving their workers, or those involved in the project, a subsistence
income as well as covering their other costs. In a society with a GAI system, these imperatives are somewhat ameliorated. A GAI now guarantees at the least a subsistence income. Projects would need only to worry about cost covering for energy, materials, and overheads. It makes possible a scenario where in some projects the intrinsic satisfaction of the work becomes its own chief reward, such as artistic creation, or service to the community, simply from the relations which are set up, as in producers co-operative, for example.

This in turn could lead to a major rethink about the current categories we use to name what people do, and from which we proceed to measure things like "employment" or "unemployment". Statistics based on the collection of social security benefits would be rendered redundant. Rather than persist in counting the unemployed, it might make far better sense to carry out regular population activity surveys. This could determine the size of the labour surplus in the monetized economy, whilst also making it clear that unemployment in the old sense was no longer measurable. Activity surveys could also encourage the adoption of new indicators of well being and the quality of life. For example, time use surveys could lead to activity profiles which take account of the numbers and kinds of people taking part in various forms of social and cultural activities In effect what Purdy has called a "basic income capitalism", or what here would be called a Guaranteed Adequate Income capitalism, needs a fundamental revision of the categories of economic and social activity. We would need new forms of social auditing which could well lead to fundamental revision of the traditional forms of national accounts, which were developed in the 1930s and 1940s by Keynesian economist as the new welfare state capitalism carne into being. Waring has trenchantly criticised the gender blindness of the ways in which figures on some kinds of production done by men are included, but other production by women and children gets obliterated in Gross National Income accounts (Waring, 1988). Environmentalists have likewise insisted that that such national accounting leaves out the environmental costs of economic growth. Such accounting also fails to take into account the wide range of non monetised productive and creative and caring work done by many people (or else, in a bizarre way counts in some of these activities which are activities designed to minimise the costs of other activities, but counts them as additions to GDP) At the least, the shift towards a GAI system will again enhance arguments in favour of a radical revision of the way we name the parts of our economy and the ways in which we record the socially valued activities of our citizens (Gittins, 1990).

Finally, there is the role that a GAI can play in revising the less pleasant aspects of the work world A GAI can be expected to reduce the toil of work. To reduce the toil of jobs involves more than the reduction of labour time. It also entails the phasing out of jobs which are intrinsically unrewarding, menial, demeaning or unpleasurable. It requires the cultivation of more rewarding work experiences. There is no intrinsic merit in work being unrewarding; usually those who so argue have never had to do that sort of work.

Again it cannot be expected that a GAI becomes a form of magic elixir. To reduce the toil of work will require more than just the admixture of a GAI, but with it in place, the push to reduce toil can be expected to be more likely. It is worth remembering that a GAI reduces the disciplinary and coercive capacity of employers and of managers to force or to require workers to work in ways they would not otherwise choose. It can
be hoped that after the introduction of a GAI, workers will begin to move away from the intrinsically unrewarding and unpleasant jobs. In the short run, employers may well have to offer higher wages to attract workers to those kinds of jobs. In the longer run, employers will move to automate the high toil jobs. Boring, dangerous, menial and oppressive jobs will be subjected to technological replacement, or to job enrichment processes, or to more tender management approaches.

There is no magic logic which says, however, that this will happen. Unions and management alike with a strong conservative propensity may take the easy way out and take action which perpetuates the high toil, and oppressive job sector. Some faith may, however, be put in the consequences of hours reduction having an impact on the distribution of jobs within large enterprises. If standards of work intensity are held constant, for example, then reduced working hours can lead to job upgrading, enhanced promotion prospects and a general redistribution of jobs. This might take the form of an increased ratio between junior and senior staff, or the redistribution downwards of the more highly skilled and regarded job tasks within the organisation. If management can see the advantages of trading away some of the pseudo benefits of an artificially constructed hierarchy (with its perks like executive washrooms) in favour of improved productivity, morale and profits form such a revision then some will take advantage of the potential for such a revision. This will be so, especially if the abatement of toil leads to a more intensive work process. There is in short no intrinsic reason why reduced hours or the abolition of menial and unrewarding labour processes cannot work in the interests of both management and of the workers. If job quality can become a major factor in decision-making and within the industrial or enterprise culture, then the issue of the quality of work takes on a new priority, and can begin to inform decisions about job design and the choice of techniques.

Again the point is not that a GAI is a magic all-inclusive solution. What it does hold out is a promise of assisting other processes and changes to take place by removing some of the current implicit punitive or fear-filled consequences of our present wages-employment linkage.
A GAI AND THE REFORM OF THE SOCIAL SECURITY SYSTEM

It was R.F. Henderson in his 1975 Main Report from his Commission of Enquiry who first argued in a compelling way for the reforming elements of his Guaranteed Minimum Income proposal on the then Australian social security system. He saw its chief virtues in terms of a dramatic reduction in the administrative complexity and costs of that system, as well as providing a capacity for an overhaul of the taxation system. In the 1990s a GAI scheme holds out the prospects of making the existing complex, inaccessible, frightening and sometimes punitive system more effective, more humane, more equitable and cheaper to administer.

It will be more effective in that because the GAI will be paid automatically to every citizen there is no need to employ a vast bureaucracy to administer the system with its current elaborate eligibility and means tests. A birth certificate will function in much the same way as it does in regard to the Medicare card system. It will confer automatic eligibility to the child GAI rate. A death certificate at the other end of the life cycle extinguishes the entitlement of each citizen to the GAI. In between, the individual or her parents, are responsible for the annual filing of a tax return which will guarantee the continuing payment of the GAI. There will be a consequent need to shift administrative resources from the current Social security system over to the taxation office. At the same time it is likely that significant administrative savings will be possible, though the extent of these are difficult to quantify here.

A GAI will be far more humane than the current system with its petty tyrannies, the need to expose the details of ones sexual or other private aspects of a life to the prying eyes of a bureaucrat. A GAI almost entirely disposes of the odious and oppressive means and assets testing of the current system. No-one has to prove eligibility for a benefit or pension. There will be no need to employ squads of surveillance officers. It also follows from the need to readjust the taxation system that a GAI abolishes the current poverty traps. Apart from any extra costs involved in taking up or changing jobs (for example, to do with extra transport or childcare costs) anyone who does any kind of paid work at all for, however, many hours and, however, little income, is financially better off than before. This will hold true even if they continue paying a standard tax rate. By the same token a GAI satisfies the traditional principle of lesser eligibility. That principle long enshrined in the principles of social security systems holds that anyone who is "unemployed" cannot obtain a higher income than someone receiving income from a paid job. By definition too, welfare fraud as a major concern of those fussed about such things is removed as a possibility (Undoubtedly people may try to claim several GAI’s by forging birth certificates but the monitoring capacities of modern computer systems should obviate this as a major problem.)

A GAI is also an equitable system. It certainly avoids the current inequities thrown up by the different rates of pensions and benefits. Everyone’s untaxed minimum income is the same as everyone else’s, allowing for any age and additional disability supplements. Otherwise the problems of equity are then transferred to the tax system where income additional to the GAI will be taxed on a known basis of tax liability. The precise terms of such a tax scale and the possibility of making it a genuinely progressive tax system are critical matters, but will plainly depend on the political will
of governments. It is, however, likely that amongst other things that the reforms would include expanding the capacity of low income earners to have a larger quantum of tax free income up to a certain point above and beyond their initial GAI. This could take the form of a low earnings tax exemption which would be useful in offsetting transport or child care costs for low income earners. It may also play a role in helping to dissuade low income women from withdrawing from the labour market.

From the point of view of enhancing the attractions of a GAI scheme, its comparative cheapness in contrast to the current system should be stressed. There is a major trade off between the vast increase in the sheer volume of income transfers which a GAI scheme entails and the reduction in the complexity and costly system which we currently have. A GAI is a genuine universal system. The proposed individualisation of the tax/benefit unit certainly increases the volume of payments and taxation calculations that would need to be processed. This, however, is an effect of scale only. There would be very large savings coming from the integration and the simplification of the tax/benefit transfers that a GAI entails. There may even be some savings in the administration of the Commonwealth taxation commissioner’s office, since one of the effects of the GAI may be to diminish the tendency to conceal "black economy" earnings. These benefits can be summarised as follows. The tax base is likely to be considerably enlarged. The larger the tax base, the lower the tax rate needed to finance the GAI; the lower the tax rate the less the gain from tax evasion; and the more the "black economy" is regularised the smaller the strain it imposes on the consensus around the fairness of the tax regime.
6. IN DEFENCE OF A GUARANTEED ADEQUATE INCOME SYSTEM

It is quite impossible to conceive of a proposal such as is contained in the previous pages not arousing a good deal of criticism. Some of this criticism is likely to be fair and well intentioned, some of it likely to be hysterical and unreasonable. It is a radical proposal which entertains in a serious way some major changes to the way some traditional assumptions and social activities have been understood or defended. In this section I attempt to anticipate some of the key objections and indicate why they may not be so serious as initially thought, especially if the idea of a GAI is seen as a crucial means of giving effect to the idea of citizenship rights.

In a very simple way the advocacy of the idea begins with an acceptance of the compelling claims that the idea of citizenship entails. Alastair Davidson has suggested recently that Australia has never been a society possessing a political culture in which those ideas of citizenship have been accorded, either legitimacy or put seriously into effect (Davidson, 1991). Writing in 1950, T.H.Marshall saw in the idea of citizenship the practice of extending to all members of a nation state, a common body of civil, political and social rights. This "logic of citizenship" is inherently an egalitarian undertaking since it entails even if slowly the abatement of class inequality and the promotion of social justice. It entails to some extent, offsetting the inequalities which are rooted in the capitalist economy and in the gender division of labour and power. Getting the extent of this offset right and specific has proven hard to achieve. In 1978, it was Goldthorpe's optimistic expectation that the very effort to spell out the nature of these citizenship rights would be useful.

"... with the realisation of citizenship, the contrast between the principled equality of rights that it bestows, and the unprincipled inequalities thrown up by the market will be highlighted, and ... the latter will thus increasingly be called into question" (Goldthorpe, 1978, 202).

Goldthorpe may have been excessively optimistic. The economic crisis of the 1970s and 1980s, and the savage turn rightwards, has led if anything to a thick smokescreen been put up over the facts of inequality and a host of arguments in favour of untrammelled free市场化 as the only solution. It is, therefore, in a troubled context that the fight to restore some energy into the fight for the extension of the idea of citizenship is undertaken.

It seems to me that there are a number of key objections likely to be thrown up against the idea of a Guaranteed Adequate Income scheme. I highlight four kinds of objections.

1. There is firstly the proposition that if no-one is obliged to work for a living why would anyone continue to sell their labour power. This is the argument about the loss of economic incentives said to be crucial in a free market economy. The absence of the incentives it is suggested will lead to general impoverishment, and undermine the revenue base of a GAI.
2. There is the ethical argument that it is wrong in principle and unjust for the State to transfer income to people who have not worked for it or who have done nothing to deserve it.

3. There is the social justice argument which holds that the payment of a GAI to high income earners is unjust and that payments should only be made to those in greatest need.

4. Finally, there are those arguments which suggest that it is all very good in theory but the thing is impractical and won't win the political support of those whose support will make it or break it. Here the unions are often pointed to, or alternately those already with great wealth or high incomes to protect, as key obstacles to the scheme being realized.

Let me address each of these kinds of objections in turn.

1. The GAI is An Assault On Incentives

This set of objections takes as a given that the current economic system provides all of the crucial psychological and economic incentives which drives people to invest, to save or to sell their labour power to others. A GAI it is suggested would insert a whole lot of disincentives and lead to the impoverishment and ruination of the economy. It is argued that if people are given a GAI they will stop working as hard or else will withdraw altogether from the labour market. Withdrawal will lead to a smaller income pool and so affect the tax revenues needed to finance the scheme. To maintain payments the tax rate will need to be raised, but this will only erode the incentives and there will be a generalised downward spiralling to the point where the whole economy crashes.

Several initial points can be made. There is no doubt that for some people, most likely to be those already in a part-time or marginal labour market niche, the offer of a GAI may well lead to them walking away from their current level of labour market involvement. It may also, indeed hopefully it will lead to, a partial reduction in the labour time of prime age full-time male workers. At the same time it must also be remembered that one of the points of the scheme is its removing of obstacles to those currently caught in poverty traps within the social security system to re-enter the labour market. That is, a GAI reduces the wage/work incentives for some workers, and increases the incentives for others currently excluded from the labour market by the existing social security system.

Secondly another of the intended outcomes of a GAI is that it will reduce or remove altogether the need for surreptitious labour market activity in the so-called "black economy" by current beneficiaries of the social security system.

That is, it will have some impact on formerly illicit waged self-employed work. in the black economy. This in turn will lead to a broadening of the income tax base, and so expand the revenue base for the purposes of paying out the GAI. A GAI will also have a facilitating effect on the alternative economy in terms of self employment, co-operative ventures and the small business sector, which should see some increase in activity by virtue of the implied subsidy effect of a GAI. Again there should be some
improvement in overall economic activity, leading again to a growth in the overall size of the measured economic cake.

Thirdly, it must be remembered that a GAI does not do away with the principle of "lesser eligibility". This is the principle that the lowest wages available through the wages system will always be more attractive than any system of Government income support. This is another way of saying that there still exists a powerful incentive for those who wish to and are able to improve their income above the GAI level to do so. (In economic terms the GAI affects the labour supply "at the margins"). The base income provided by a GAI is still hardly likely to be a powerful incentive to drop out of the labour market altogether for the great bulk of the prime age work force.

Fourthly, it must be kept in mind what factors it is that determines the supply of labour. It is a banal, but necessary observation that it is not the supply of labour which determines the demand for labour. In the first instance it is employers who set the demand for labour by virtue of their investment and productivity schedules, or in the case of government sector employment the level of expenditure which determines the demand for labour. In the second instance it is an extremely curious argument to suggest that a GAI will lead to a labour shortfall when the experience in Australia since 1975 has been of a real and existing labour surplus. That is, the problem from one point of view in the last 20 years has not been the threat of a labour shortfall, but the reality of unemployment and a significant labour surplus. It has also been suggested, with much to support the suggestion, that an early return to full employment is simply wishful thinking. Against such a backdrop, as Purdy puts it, "fears that a (GAI) will precipitate a drastic labour shortage seem decidedly eccentric" (Purdy, 1989, 244).

It seems far more pertinent to suggest that if Australia is to move to a low-growth, even "no-growth" macro economic policy setting, that a GAI becomes a powerful tool to assist in achieving this objective. It will assist in the marginal redistribution of labour and in the reduction of overall work hours for some part of the work force. It will attract back people currently facing severe disincentives form the poverty trap combination of low social security benefits and very high marginal tax rates on earned income in excess of their benefit. It does not need nor is it likely that it will produce a growth at any costs economic policy goal to work. The GAI will encourage more job openings to be created, whilst the hours of paid work are likely to shared out on a more equitable basis. It will lead to a situation where fewer people are totally unemployed. It will also lead to the creation of alternative and socially useful activities and permit a more creative and caring set of job options for male workers. A GAI is much more an instrument for changing the internal composition of social employment than an instrument for changing the overall level of employment.

The essential requirement that will make or break any experiment with a GAI will be the integration of the GAI system with the personal income taxation system. It is, as Purdy suggests fairly likely that any move to a GAI system would need to be staged so that the effects, foreseen or otherwise, can be assessed as the scheme comes into existence. It is suggested indeed that a cautious introduction beginning with a partial GAI moving over a number of years to a fully universal system would permit any problems arising in the supply and demand for labour to be ironed out as they occur.
Again as Purdy points out the fact they we don't know with precision what the labour supply/demand effects of a GAI will be is not an objection in principle only a necessary caution against proceeding in ways which are careless or irresponsible. If a fully articulated relationship between tax and GAI is established, then the effects of the GAI can be more closely monitored and any fine tuning can be done along the way (Purdy 1989, 244).

2. The GAI as an Offence Against Morality

It might be objected that a GAI is morally offensive because it appears to reward social parasites and is unfair and socially divisive. That is, some people may see a GAI as encouraging people to rely on and to receive handouts based on taxed income and sacrifice and hard work of the great bulk of the population. Why, it might be asked should "they" get something for nothing, when we have had to sacrifice and struggle and work hard? Much of the implied support for the original social security system rested on the premise that it came from taxes taken from the bulk of the working population, and that this established the right to expect support in bad times. The unfairness and divisive arguments follow on from this observation. "Why should those who have made no contribution get something for nothing", "it is unfair, because equal sacrifices ought to lead to equal rewards". It is divisive because it might lead to anger or annoyance on the part of the great majority that a minority are getting favoured treatment when they have not made the requisite sacrifice.

There are several crisp responses to these objections.

Firstly, a GAI is an equitable system. It treats everyone alike, with the exception of some recognition being given to the aged and the disabled. The incomes of anyone who moves out into the monetised economy exceeds that of anyone who chooses not to work at all, or who chooses to work outside the non-monetised economy. A GAI does not produce any radical equalising of wages, by means of paying money over to some of the "undeserving poor". There is no instantaneous levelling of incomes, nor is there radical alteration of the existing inequalities of wealth or income distribution. Even after a GAI is introduced, radical and extensive inequalities in income distribution will continue to be felt and observed. This is not say that a GAI system does not draw attention to some of these inequalities. One of the strengths of a GAI scheme is its capacity to draw attention to these inequalities and to perhaps put some light and heat into the debate we never seem to be able to generate about the distribution of economic resources. At the bottom of it, a GAI is in itself equitable, because it treats everybody in a uniform way. In regard to the charge that it is unfair this objection has no purchase. There are basic unfairnesses and inequalities in our society and by itself a GAI does not undo these by redistributing from the hard working to the non-working. If one elects to remain out of the monetised economy then there are certain consequences of this choice. In short a GAI does not appear to violate any commonsense notion of equity understood as a proportionality between reward and sacrifice.

If we turn to the argument about social parasitism, it seems that this objection too misses the point of what it is that a GAI does and why it is possible. A GAI does not erode the proposition that work is preferable to idleness. Work will continue to be a basic and sustaining activity in our society. There is no reason to disagree with the
view that work is a social duty or an integral part of a well rounded human experience and existence. If a GAI is possible, it is possible because in essence, our kind of society has evolved a highly productive and efficient system of production which relies less on raw brute labour and more on cleverness in the division of labour. To this extent the capacity to offer a GAI to every citizen says that we are now at this advanced stage because of the generations before whose ingenuity, toil, investment, intelligence and so on have all worked to make this possible. This is so irrespective of whether-one is currently hard working and industrious, or bone lazy.

What a GAI offers is more choice and new options. What will count as work, and the extent to which it remains a matter of demeaning toil will increasingly become a matter of enlightened choice. In one sense anyone who contributes to social reproduction now must be regarded as working. The unpaid domestic worker, the volunteer who staffs a meals on wheels programme, the aspiring poet, the student are working every bit as productively as any clerk or sales assistant, advertising executive or farmer. All are contributing to the task of social reproduction. It remains desirable that everyone contribute to society's work. It also remains desirable that as far as is possible, work roles should be chosen freely and not enforced by threat of starvation or crude coercion. In a general sense the kind of economy Australia now has is evidence of the decreasing role sheer economic necessity now plays and needs to play in determining who has to work and where they have to work. The volume of productivity is now such that we can afford to build in more choice. Not absolutely free choice, of course, but MORE choice.

Even if a minority of people opt to take the GAI and offer no socially creative work back to the society there is no problem with this. That is, unless their actions threaten at some point to deplete the supply of labour to the monetised economy, and the likelihood of this happening would seem to be remote. There is also no reason to believe that community attitudes about the "work shy" would not continue to be expressed and to make their impact known. Staying dear of all forms of socially useful activity would prove both difficult and no less likely in the future to attract subtle criticism than it does now.

In short, the ethical objections spelled out earlier do not seem to have great force. The actual intention and the likely effects of a GAI are not likely to lead to a wholesale rejection of the value of work. What it does do is open up some new options and some new opportunities, and to play a small role in continuing to make work a more creative, humanizing and freely chosen and affirming activity.

3. **The GAI Gives Benefits to Those Who Do Not Need It and Thus Offends The Principle Of Justice.**

It is plain that a GAI is a universal benefit. It is in this sense like the right to vote in that everyone has access to the right. It is, therefore, very much unlike the current social security system which is selective (because means-tested) and appears to operate on the principle that only those in greatest need should get a benefit. To some this is the only way to operate a social security system. Why, they will say, should everyone get something which in reality only a few actually need? Why don't we just do a better job of targeting, as the Hawke government claims it has been doing and ensure that the really poor get looked after?
There are some simple responses to this objection. Firstly, there is the whole unsolved and unresolvable problem which any selective system sets up for itself. That is, where do we draw the income line at which someone becomes entitled to a pension or benefit? One of the standard problems of selectivity is that it always remains open to allegations that those just outside the income barrier are no less in need that those who sneak under it. Such systems are also complex to administer and accordingly more costly to operate than a universal system.

From the point of view of those who would argue that a GAI is socially divisive, the fact is that selective systems are themselves highly divisive. Selective systems drive a sharp distinction between the beneficiaries of the system and those taxpayers who contribute to it. Whilst the state undertakes to mediate between the giver and the receiver, the dependency relationship that characterises charity is not abolished under the social security system, merely socialised and somewhat prettied up, cosmetically.

One of the great attractions of a GAI scheme is that it minimises the current conceptual and practical split between taxpayers and beneficiaries, and may even lead over time to a recognition that because everyone is implicated in the system, and everyone has a stake in it, there may be a growth in the collective responsibility and the will to tackle questions like poverty and inequality.

Even more is the fact that under a GAI, there is a much higher degree of visibility for this kind of income transfer than for any other kind. That is, everyone is aware of the workings of the scheme because everyone is a beneficiary of it.

And everyone, especially those who are amongst the best off in Australia will receive regular reminder of how much the poorest members of the society are having to make do with. Everyone will be able to assess where they stand in relation to the base-line minima. It may even lead to a greater degree of informed debate about the issues of income transfers, and the reasons why such things exist in the first place.

It is also important to recognise that the payment of the GAI to both rich and poor acknowledge that there is an important issue of equity and feasibility to be dealt with. The whole question of where to start the GAI in terms of a weekly (or monthly) amount is a serious one. There can be little doubt that there will be considerable suspicion about and resistance to the introduction of a GAI. It will be expensive. The fine details of such a scheme will require its architects to sail between the rock of setting the scale at such a low level that the low income groups could end up worse off than before, and the hard place of setting the GAI rate at too generous a level from the point of view of the conservative and outraged members of the community. In any case it will be important to insist that any GAI rate must leave those already in poverty better off after the introduction of such a system. It may, however, not be possible to meet the expectation that from the start, the poor should become immediately and/or dramatically better off.

Here we might imagine that if some of the better off in the community are really concerned about the inequity of paying both the rich and the poor, a GAI scheme may well make it possible for those who do not wish to receive the GAI, to avoid receiving the payment. Without voiding their rights to receive a GAI; high income earners for
example could voluntarily forego their GAI payments or they might allow the state to
direct their payments to other community activities or even permit the payment to be
made over to a private charity (without attracting tax relief benefits for the amount of
money involved in the GAI). In short there is no reason why the well off have to feel
in any way that by taking up a GAI they are infringing the principle of equity. Indeed
they should be encouraged to manifest this interest in equity on a thoroughly regular
basis. Perhaps there is no reason to expect that the well off will act in these ways, nor
should they be required to do so. Hopefully a well structured and progressive personal
income tax rate will ensure that in the long run a greater degree of equity can be
inserted into the income distribution profile of the society At the end of the day the
question of the equity of a GAI should not blind us to the real problem. It is not the
GAI or the tax system or any other government intervention which creates the
inequity. The inequities are built into our patterns of economic resource distribution
and the resulting economic power structures and are especially powerfully manifested
in the ownership of productive wealth. It is reasonable to expect that a GAI will, over
time, lead to a more equitable society. It is also to be remembered that the benefit of a
GAI involves a general opening up of a number of transforming possibilities, and that
it must be seen to be acceptable and credible in a generally conservative and a
community often suspicious of change.

4. A GAI is Politically Unrealistic and Impractical

For some Australians it sometimes seems that any proposal to change the way things
are is enough to disqualify the proposed change. It is true that the political community
appears to be suspicious of change, especially if we look at the history of Federal
referenda to approve constitutional change. It is clear that for the GAI to work it must
be seen to be politically realistic or feasible. It is, of course, not good enough to insist
that all political proposals be realistic. There is a constant trickle of change in which
the dialogue between the "realistic" and the "transformative" is always audible.
Indeed arguments about the desirability and the feasibility of a given proposal for
change is one of the ways a political community adjusts its sense of what is realistic.
Current attempts by the Liberal Party to promote a general Consumption tax, for
example are part of the exercise whereby a major change gets to be seen as a realistic
option. Discussion and debate become one of the means whereby the boundaries of
the politically possible are pushed back

Having said that there is little doubt that one of the ways a proposal for change
becomes possible or not, is the response of different interest groups to that proposal.
This might be put in terms of the "winners" and "losers" from the proposal. In the case
of a GAI the score card might look like this.

The Winners: These are likely to include the large number of low paid and/or part-
time workers. It should include the large numbers of people whose sole income is a
Social Security benefit or pension. It might include some self-employed persons and
all of those people involved in alternate economic activities. People who are currently
out of work may expect to get slightly better incomes and improved chances of paid
work. Even if they remain jobless they will be better off. The same will be true of
those jobless by reason of disability or handicap. Those who are genuinely
unemployable in paid work will no longer have to jump through the hoops devised by
an unthinking and unfeeling bureaucracy. Most married women will gain substantially
in terms of enhanced economic freedom, and they may well feel they have more real choice about the decisions to enter the paid workforce or to work at home or to work in the community. Single parents will certainly gain in terms of economic security and in the freedom of choice open to them. Aged couples will gain in terms of not having to worry about poverty traps and in terms of restoring choice to their use of time. In short there are good grounds for believing that the great bulk of people who are currently in the lower half of the population in terms of income distribution (that is, the 50% of the population who earn barely 29% of the total income available) can expect to do better in a number of different ways after the introduction of the GAI. From this large and diverse group it might be hoped that support would be forthcoming.

The Losers: It is highly likely that those with above average incomes will perceive a GAI as a problem. That is, all those with earned and unearned incomes which are above average will probably end up seeing their GAI payments as inadequately compensating for the increased tax rates which will take a larger share of their income. It is also likely that other significant and traditional, and powerful interests groups, including the big corporations and even elements of the trade union movement might come out against the GAI. The role of the union movement will be discussed shortly. These groups often mobilise not necessarily to protect their own interests so much as to defend a set of ideological propositions whose erosion they fear.

On balance it is possible that from the point of view of interests, that a very substantial majority of the population might favour the introduction of a GAI. This by itself may not be enough. The power of corporations which include the media interests could be mobilised against a GAI. There is no inherent consensus existing across the variety of groups that might make up this numerical majority. It might be unwise and divisive to emphasise the role a GAI can play in a battle between the rich and the poor. The capacities of the various interests to remote or to defend their positions will be very different. At the moment the political culture is running strongly in the direction of free marketeerism. Traditionally defined progressive groups are in disarray and have tasted nothing but the bitter cup of defeat and loss for some decades. At the same time new, more diverse social movements with a genuine commitment to rethinking and reworking old dogmas and looking to alternate social relations and political processes are redefining the political culture. With it the parameters of what is possible will alter. Feminism, environmentalism, peace, and a concern for social justice remain vital elements in this process of redefinition. The breakdown of the last of the "cold war" mentality may well now allow a more creative re-examination of domestic reform agendas without having to deal with the bogey of "international communism". Given the multi faceted nature of a GAI in terms of its capacity to touch on a number of transformative projects this diversity may well be a strength in the development of campaigns and arguments for its adoption. This will be especially important in dealing with the trade union movement.

In a curious way the ambivalent nature of the union movement has found it caught out in new ways in the 1990s. It has always been subject to the criticism that its postures and tactics have left it tied captive to the fortunes and prerogative of capital. As a movement dedicated to the defence of workers right and interests, it has had of necessity to work within the ground rules set up which protect the interests of capital.
It has been profoundly racist in the past and continues to enshrine some of the worst features of male sexism, hardly surprising given the traditional dominance of wage labour by men. Of late, it has had to come to terms with the painful debate about growth, and employment creation versus the demands of environmental sustainability. For all of its ambivalence and its conservatism, the union movement remains a crucial arena for debate, and it clearly retains a good deal of flexibility and creativity. It can mobilise itself in defence of traditional notions of universal and citizen’s rights. Like any other major social institution, it has not found coming to terms with modernity easy or painless. The union movements' attitudes to a GAI will be critical to its success or failure.

A GAI may not be what the union movement currently defines as a crucial idea. On the face of it, a GAI conflicts with the traditional objectives of the Australian union movement. In particular, it appears to give up on the, objective of a return to full employment. It appears to give up on the defence of the existing social security system and the social wage concept as it has been employed since the 1970s. It might even seem to limit further the activities of the union movement s as a mechanism to defend living standards because it provides a new means to defend living standards via base-line GAI. It also seems to lessen the role of the unions in debates about income distribution.

Enough has been said earlier to suggest why many of these concerns should not be taken seriously. The existing social security system needs to be radically dismantled for the 21st century. The goal of full employment is inherently problematic. The old assumptions about what it meant and who it was for, can no longer be reinstated. The desirability and the feasibility of full employment is precisely why a GAI, needs to be debated. More to the point elements within the trade union movement are already looking at a new employment policy which is entirely compatible with a GAI. Such a new employment programme includes:

- reduction of average hours of employment;
- redistribution of job opportunities in favour of once marginalised groups;
- reduction of the toilsome aspects of work which are demeaning and oppressive;
- examination of job sharing options;
- encouraging the development of non materially motivated work and expansion of community work;
- reform of the current gender division of labour;
- moves to upgrade the training and job skill aspects of wage labour, with a view to enhancing the creativity and flexibility of labour.

This redefinition of employment policy is precisely what the introduction of a GAI will enhance and go some way to permit. There is no inherent contradiction between this kind of union employment policy, and the possibilities of a GAI scheme. The need to move beyond the relatively crude debates of the past about more jobs and more growth is rapidly becoming a central imperative. The older unionists and the older discourses about how to get more growth and more jobs must at some point soon give way to a more sophisticated debate about the best mix of socially and economically useful and creative work which our community wants to put in place.
and to do it in ways which recognise the requirements of sustainability. In this way it is not a GAI which holds out an ultimate threat to the union movement. It is the outmoded conceptions of union objectives and interests which constitute that threat. Just as capital, and the party political apparatuses of the 20th century will have to readjust themselves to new expectations from the community, the union movement has a responsible and important role to play in the great and urgent task of social and economic transformation. A GAI does not conflict with the ongoing activities of unions involved in wage bargaining and the protection and enhancement of members conditions. A GAI does not conflict with the continuing role of the Australian arbitration and conciliation system, nor of the union’s role within that system. A GAI becomes an important adjunct to the continuing role of unions. A GAI does not reduce the need for union activities. Capital retains its inherent interest in maximising its profits, if necessary at the expense of its workforce. It is only necessary that unions in assessing a GAI proposal look carefully at what it offers, and not leap to premature conclusions.

A GAI system necessarily impacts on many aspects of the work experience and on the interests of workers. It also begins to challenge long established definitions and perceptions to do with the organisation and distribution of work. This, perhaps inevitably, brings into very sharp focus, the contradictions and tensions of our society. It raises into sharp relief lines of potential or actual opposition between the employed and the jobless, low paid and high paid workers, men and women, blue collar and white collar work, those in secure work and those in marginal positions. These divisions exist in potential or actual terms; the development of a GAI does not invent them, but it may make them harder to ignore.

For a GAI to succeed there will need to be ongoing discussion and negotiation between all of these sectional interests and groups with common aspirations. It may be utopian and unrealistic to expect an immediate or easy consensus between such polarities, but at least the effort must be made to build up a culture in which the differences and the commonalities can be articulated and possibly even brought to points of agreement. The Australian trade union movement provides an important organisational architecture, and the kind of political capacity that might lead to a tremendous increase in the realisation of the citizenship programme embedded within the GAI model. It certainly is functioning in reduced circumstances. Its membership is in decline. The mainstream of the union movement and its leadership since the ACTU presidency of Cliff Dolan has opted through the 1980s for a backward looking programme. The elements which have made up the long running and much amended Accord have, in spite of the rhetoric, been at the least regressive or at the worst profoundly anachronistic. Industrial regeneration, corporatist policy directions, traditional state social security programmes, and the search for the elixir of growth all face squarely back into the past, a past which is vanishing or has already gone. The union movement as much as any other key social player needs an orientation to the future. The advance of the rights of citizenship, ‘allied to a commitment to social justice and sustainability provide the broad parameters for the kind of regeneration which the union movement so desperately needs to embrace, and which we in the progressive end of the political spectrum need it to embrace.

For a GAI to work it will need broad based support from numerous interest groups and social movements. It will need the support of the women's movement, of ethnic
community groups, of housing tenants and other claimant unions, of anti poverty
groups, of environmental and peace groups and not least of all. There can be little
doubt that a GAI needs the support of the union movement. The union movement may
initially be suspicious of a GAI. Yet once the union movement recognises that idea of
a GAI does not threaten the ongoing role of the union movement in terms of wage
bargaining and playing its part in macro-economic determinations, then that suspicion
may begin to lift. Once the union movement sees too the immense potential of a GAI
as a point for promoting social transformation then the unions may see a new and
important historical role for itself. There must be a broad social alliance which as in
earlier citizenship struggles over the right to vote first for men and then for women,
provides a show of strength and ensures that all of the key groups can play their part
in shaping the final outcome.

7. CONCLUSION
8. REFERENCES


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