Mandatory sentencing?

According to reports from the Un(der)employed People's Movement against Poverty (UMP) the automatic financial penalties applied to the unemployed for breaches such as failing to keep an appointment or not turning up at a meeting, or failing to get a medical certificate, increased significantly in the year ending June 2000.

For a first breech the penalty is 18 per cent of the benefit for six months, for a second breech 24 per cent for six months, and for a third breech loss of allowance for 8 weeks. For a person receiving Newstart allowance the base rate is now $175.40 p.w. which for some reason is only 88.8 per cent of, or $21.65 p.w. less than the basic pension rate. For a first breech the penalty is 18 per cent or just over $31 p.w., reducing the allowance to $144 p.w. The total value of the sanction is $806. The penalties for the second and third breeches are correspondingly higher.

There are, of course, higher penalties for more serious breeches. To move to an area of lower employment, for example, carries a penalty of loss of allowance for six months.

With more than 17 per cent of all Australian children living in jobless families, the effect of these sanctions can be severe. And the number of breeches is growing. Despite a significant reduction in the number of registered unemployed in 1999-2000, the breeches or sanctions increased almost as significantly. The total number of breeches rose by 22.4 per cent from 165,471 to 202,479 while the number of unemployed fell by 26.2 per cent from 755,362 to 557,400. The total loss of benefits for the year was over $111Million ($111,887,568).

In the last financial year, about 30 per cent of all unemployed in South Australia were breached, and around 70 per cent of young and indigenous people. In Queensland every second person receiving Newstart or Youth Allowance must have been sanctioned.

These breeches may not lead to incarceration, but they do lead to very harsh financial penalties for those who can least afford them, and they are being strictly enforced, often without proper regard for the welfare of individuals or families. It is in principle a system of mandatory sentencing. Little wonder that the government could not in all sincerity oppose or reject the Northern Territory mandatory sentencing legislation.

Source: UPM against Poverty, Brooklyn Park, SA Website: www.webcom.com/ausisle/upm

Basic Income European Network

In the previous newsletter I mentioned that the BIEN International Congress was held in Berlin on 6-7 October. Some of the papers (or extracts) presented at this Congress are now published on our website.

Our thanks to Sally Lerner, Canada, for providing a report on the Congress. Following are some extracts.

In his opening remarks, Guy Standing, ILO Senior Researcher and BIEN co-chair, spoke of a three-stage process underway that is of concern to BIEN: first, there has been neoliberalism with its repudiation of governmental social responsibility, followed by the current stage of paternalism characterized by attempts at social integration through behavioural modification, and exemplified by workfare in all its forms. As a third stage, in this period of increasing need to address distributional questions, we must move toward the legitimization of all forms of work (in the home, volunteer, study, etc.), re-embedding the economy in society.

Yale professor and author of The Stakeholder Society, Bruce Ackerman, reviewed his proposal to provide a "stake" of US $85,000 for each citizen at age 25 (with details on funding and taxation) as an alternative to a BI. He suggested that the stake would be more politically appealing to a wider public since it would address the fact that most people do not stand to inherit any such lump sum. Thus it would represent the democratization of inheritance and reinforce the idea of the citizen's right to a "public inheritance". This is an interesting example of the fruitful debate about alternative forms of BI that BIEN engenders.

All of the opening addresses were stimulating.
Ralf Fuecks highlighted the continued prominence of issues of whether or not a BI should be conditional, and if so on what.

Ute Klammer noted the current concern in German labour circles about the increasing polarization of society and therefore their interest in BI proposals.

Ingrid Robeyns reiterated the extent and importance of non-market work in various European countries, noting that recognizing and rewarding it is long overdue.

Roger Godino stressed the importance, in France, attached to maintaining democracy in a market economy and suggested that a BI is a necessary step to keep politics from becoming a possession of the rich, a way of reducing inequality without diluting motivation. He outlined a plan for a French version of BI (Minimum Integration Revenue).

Wolf-Dieter Just, speaking as a social ethicist, noted that previous notions of a social contract assumed full employment, which is not happening. He sees the need for social justice as key in discussions of BI, and suggested a set of principles that should guide decision making on how to provide economic security.

Eduardo Suplicy, a Brazilian senator, referred us to Amartya Sen's recent book, Development as Freedom (Anchor Books, 2000) for a relevant look at the importance of economic security. He also spoke eloquently of a program in Brazil that provides a minimal income to poor families that keep their children in school, and meet other conditions.

The local organizing committee for the Congress was headed by Professor Claus Offe of the Institute for Social Sciences at Humboldt University in Berlin. At the final Congress session, he offered an insightful discussion of what topics need further work by BI researchers and advocates, as follows:

Questions about Basic Income that require attention relate to:
its feasibility (working out specifics for actual regional and national situations);
its supportability (developing broad public support and on to the political agenda);
its technical effectiveness to solve problems;
the nature of the justice to which it is relevant.

Further, attention should be given to the allocation of burden of proof: if the labourist ideas and programs of opponents of BI (such as workfare) fail to solve the problems of un-, under- and insecure employment...... then the burden of proof should shift to them-- to make an effective case against BI rather than insisting that BI advocates "prove" the case for such an approach. "Getting people into market work has become an obsession - is it really about controlling people and keeping them off the street?"

Summary reports from the theme sessions stressed many of these same points and also emphasized that:

Basic Income must always be seen, studied and presented as one component of a broad societal commitment to social justice and social inclusion in the form of equality of access to adequate food, housing, education, transportation, child care and choice.

Different countries/regions will want to look at different versions of how to provide universal economic security without coercion. The goals can be met in a variety of ways, and we should beware of insistence on one label or one template. A series of steps (for example, from tax credits to negative income tax to de facto BI) may be the path to advocate in some places.

For many people BI is a non-starter because it is seen as unjust. Thus we need to marshall arguments as to why it is just, as well as engage in institutional re-design. It is inevitable that the same issues will have to be discussed and debated repeatedly as more people are exposed to the Basic Income idea for the first time.

The 9th BIEN Congress, "Income Security as a Right", will be held in Geneva in September 2002 with the
International Labour Organization (ILO) as the lead sponsor.

Rod Dobell (Univ. of Victoria, BC), Sally Lerner and George Francis (Univ. of Waterloo, ON), Francois Blais and Araar Abdelkrim (Laval Univ., PQ), and Eugenie Samier (Simon Fraser Univ., BC) were the Canadians who participated in this BIEN Congress. Our new network, Basic Income/Canada, was warmly welcomed to the growing group of national BI networks.

Social responsibility

Recently the National Australia Bank (NAB), followed by Westpac, announced new or higher bank charges, including for the first time charges on ATM transactions and telephone banking. (So much for the technological revolution) These announcements attracted widespread criticism from many sections of the community, including government, decrying the apparent lack of social responsibility being shown by these leading banks. In essence the criticism was based on the banks observing one of the major foundation blocks of a capitalist society - that the interest of the shareholders is paramount. Certainly the interests of the shareholders had precedence over the interest of the community.

The government is now facing a similar call to show greater social responsibility in relation to petrol prices. In the light of escalating petrol prices and the recently introduced GST there are calls for a freeze on the fuel excise when the next CPI increase is due. Like the new bank charges, the monetary increase in cost to the community of the anticipated excise increase will not be large, but to freeze the excise will be seen as a gesture to help ease the cost burden for society. The Prime Minister and the Treasurer are both strongly resisting this call - the Prime Minister claiming, as reported in the media today, "The worst and most irresponsible thing this government could do at the present time is embrace a rundown of the commonwealth budget surplus." The government is merely observing another of the major foundation blocks of a capitalist society - the interest of the economy is paramount.

Once again it is the bottom line - whether for shareholders or the economy - that determines policy. Despite calls for greater social responsibility, and for greater mutual obligation by all parties, it seems that the only people required to meet their "obligations" are those who are the last in the line to benefit from returns to shareholders or economic prosperity - i.e. the unemployed and the underemployed.

Following Paper

The paper which will be forwarded immediately following this newsletter is in the nature of an abstract which lends itself to amplification according to individual or group interests. Entitled "Employment Statistics", it questions whether the manner in which employment and labour market statistics are presented is a political and economic scam, or just plain misleading.