

## Newsletter

21 November 2002

### **Finale**

Thirteen years ago OASIS-Australia was created with a convenor and a small group of people interested in supporting further studies in the area of universal income support. Just over 30 supporters subscribed to the first series of newsletters, commencing in February 1989. Apart from a period of post graduate study publication of the newsletter has continued with varying degrees of energy and enthusiasm, moving in the late 1990's from a printed format to a mainly e-mail distribution. The mailing list has also grown considerably, both nationally and internationally

Today this process of publishing newsletters and papers comes to an end. This is the final newsletter to be published in my name as convenor. Before going on any further I would like to acknowledge the support and encouragement I have received during these thirteen years, and to offer my most sincere thanks to all who have participated. Without this support I could not have continued.

OASIS-Australia is not a formal or structured organisation, and was never intended as such. It was developed as a forum for discussion and exchange of views. Perhaps it can continue as such. The web site will be maintained, my e-mail address will be maintained, and I personally will continue to maintain a strong interest in future developments within Australia and internationally. However, I feel that the time has come for me to retire from the self-designated position of convenor.

This decision to retire from an active role can be attributed to two reasons. First there is the ageing process which has influenced the timing of this decision. I am finding it increasingly difficult to devote sufficient energy to do justice to the role.

Second, and more importantly, it has become clearer in recent years that the promotion of this concept within Australia is more properly a role for an interested and committed group within a university school or department. Academic and political interest in the Basic Income concept is growing rapidly world wide, as evidenced by the report on the latest BIEN Congress published later in this newsletter, and Australia needs to have a greater representation in this area.

Unfortunately, in recent years there has appeared to be an intriguing lack of interest or concern within academia in this country for consideration of the basic income concept, or even for consideration of any innovative income support measures which could remove the injustices and the politicisation of means tested income support. At the most senior research levels there still appears to be a head-in-the-sand attitude to other than targeted and means tested income support. I have been hoping for some time that within one of our universities there would be a research group with the interest and enthusiasm to encourage further research and study into the development of a better system, and also to maintain contact with the rest of the world and represent Australia in the international scene. The opportunity exists - but on past performance there is little scope for optimism. It is so easy to gain the impression that our social scientists are far too busy trying to defend the indefensible - to defend the inherent weaknesses in our existing system rather than to seek an alternative system.

However, there is now at least one group with the interest and understanding to attempt to develop a basic income system for Australia, and to ensure that Australian social scientists maintain contact with international developments in this field. Within the Queensland University of Technology (QUT) School of Humanities and Human Services a group to be known as the Basic Income Guarantee Australia (BIGA) will operate on the QUT web site. John Tomlinson and Simon Schooneveldt plan to commence operating BIGA in March 2003. They may be contacted by e-mail:

John Tomlinson - [j.tomlinson@qut.edu.au](mailto:j.tomlinson@qut.edu.au)

Simon Schooneveldt - [spschoon@iprimus.com.au](mailto:spschoon@iprimus.com.au)

We wish them well in their new venture.

The following report on the recent BIEN congress highlights the international developments in this field, and need for Australia to be well represented. We hope that BIGA will be able to develop this representation and extend the range of interest within academic and professional institutions.

### **Ninth Congress of the Basic Income European Network** (Geneva, 12-14 September 2002)

Extracts from the September BIEN Newsflash

So many things happen, and so quickly, and so simultaneously, at a meeting like this, that no overall account could be given. Those interested are invited to consult our web site (<http://www.basicincome.org>) for some of the press coverage of the congress and above all for a full version of most of the papers briefly presented and discussed at the parallel sessions, as well as that of the plenary addresses by Anthony Atkinson, Edouard Dommen, Ron Dore, Scott Goldsmith, Raymond Plant, Guy Standing, Eduardo Suplicy and Philippe Van Parijs.

Other active participants, who did not present a formal paper, included Finland's green party leader and former minister Osmo Soininvaara, the British-born feminist writer and UCLA philosophy professor Carole Pateman, the high-tech businessman Roland Duchâtelet, founder of Belgium's basic-income-focused party "Vivant", Bath University Professor Ian Gough, editor of the Journal of European Social Policy, and the impressively inexhaustible Irish activist Maire Mullarney, now over 80 but more enthusiastic than ever over both basic income and esperanto.

The congress proper was preceded by an interesting afternoon session (in French) focused on Switzerland, and in particular on the canton of Geneva. Thus, we heard that an attempt was made, under the impulsion of the canton's former minister of social affairs Guy-Olivier Segond (from the radical party), to introduce a means-tested but very comprehensive and quite generous guaranteed minimum income ("revenu minimum de réinsertion"). A majority of 57% supported it in the Canton's parliamentary assembly in 2000, but to the dismay of many, it was defeated in May 2002 by a 59% majority in a referendum for which 35% of the electors turned up. Might there be a tension between moves towards a basic income and direct democracy?

#### **Back door versus front gate**

More than ever, however, most of the action was in the many parallel sessions, where an unprecedented (nearly) 100 papers, positive or normative, highly technical or more generally accessible, were presented and (when lucky) discussed. Some of the sessions were fairly heterogeneous, while others were more focused, such as the extremely interesting session on South Africa. If one general impression emerges from the more forward-looking presentations at the congress, it is the contrast between a soft-spoken back-door approach in Europe, and a more upbeat front-gate approach in such countries as South Africa and Brazil, where a lot has been happening lately. The back-door approach was presented and analysed, among others, by Tony Atkinson in his clarifying plenary presentation on the British case, by Yannick Vanderborght in his in-depth case study on Belgium and the Netherlands, and by Sean Healy and Brigid Reynolds in their vivid description of what is going on in Ireland, including the recent breakthrough achieved with the publication of the government's green paper (<http://www.corii.ie/justice/index.htm>), the first major official publication on basic income in Europe since the 1985 report of the Dutch Scientific Council for Governmental Policy. Even in this last case, basic income seems to be coming nearer through the actual or planned introduction, increase and generalisation of refundable tax credits, which gradually shrinks to very little the part of the cost of introducing a (modest) genuine basic income that could not be covered by restructuring existing tax exemptions and re-labelling the bottom part of existing benefits.

By contrast, the route impressively followed by South Africa's Basic Income Grant campaign is far less tortuous: 100 rands or 10 euros per month for every South African. Several front actors in this campaign and several academics involved in fine-tuning the proposal were actively present at the congress. As one of them provocatively put it: BIEN may well be as wrong about basic income being far more feasible in the Europe than in Africa as Marx was about socialism being more feasible in England than in Russia. *Qui vivra verra!*

For the time being, this possibility certainly gained some plausibility from the fact that the first prime minister (currently in office) to address a congress of BIEN was from Africa. In his speech at the opening plenary session, Mozambique's Prime Minister Pascoal Mocumbi stated that "the BIEN project, particularly the component that seeks to ensure a minimum income to guarantee school attendance, represents an innovative perspective which should be integrated into the national poverty reduction strategy" (<http://allafrica.com/stories/200209130186.html>).

The Brazilian means-tested and school-attendance-tested family guaranteed income to which the prime minister refers is of course quite remote from the unconditional individual basic income proposed in South Africa. But along with South Africa's existing means-tested but non-contributory and individual basic pension scheme, it is arguably an important realistic step forward, well worth thinking about and experimenting.

### **BIEN at ILO**

These discussions illustrate the way in which being hosted by the International Labour Organisation provided BIEN with an opportunity, and indeed an obligation, to think on a wider scale. This dimension has been present ever since Brazilian Senator Eduardo Suplicy started attending BIEN's congresses in 1994 - as he unforgettably did this time again, even succeeding in getting the audience to join him and sing "The answer is blowing in the wind". But it had never been as ubiquitous as it has been this time, forcing BIEN's General Assembly (see extract from minutes below) to think again about what its relationship should be to Europe and to the rest of the world.

Certainly BIEN will never be quite the same again after this memorable visit it paid to the ILO. Nor will, perhaps, the ILO be quite the same again after this visit it received from BIEN. Many prominent members of its staff attended large parts of the congress. Among them its Director General Juan Somavia, whose welcome speech went far beyond polite generalities. "Yes", he told congress participants by way of punch line, "the moment may be nearing when your ideas will become common sense." We are not quite there yet, and there is still a lot of work to be done, but with this sort of endorsement from this sort of person in this sort of place, the road ahead suddenly looks not quite so steep.

### **Extract from minutes of BIEN General Assembly**

(8) Worldwide basic income network ?

The idea of transforming BIEN into a Basic Income Earth Network or a Basic Income for Everyone Network was briefly discussed. There was general agreement that the links with discussions in other parts of the world, far more conspicuous at this Congress than at any of its predecessors, must be nurtured and developed. But there did not seem to be agreement on whether BIEN (with 3/4 of its members from Europe, 1/6 from North America and 1/12 from the remaining 90% of the planet) should be turned into a worldwide network. It was decided by consensus that the issue of how to organise on a world scale would be one of the issues on which the next Executive Committee would organise consultation and make proposals six months in advance of the next meeting of the GA.

### **Social Policy in Australia**

Returning to the domestic scene, this is an important time in Australia's social development - a time for consideration of a change of philosophy, a change of social policy. For the past two decades we have enjoyed continuing economic growth at a level far exceeding many other countries in the industrialised world, but it has come at a price. There has been a widening of the gap between the rich and the poor, there has been an increase in the number of people (particularly children) in poverty, and a continuing trend towards directing the benefits of economic growth directly or indirectly towards the rich and the well-off and away from those most in need. Has our economic growth been achieved at the expense of the poor and the disadvantaged?

During these decades there has been a steady growth in the assistance, direct or indirect, provided by governments (with the tacit support of the opposition) in areas such as private health, private education, and superannuation - all areas where those most in need cannot participate. For example, the benefits of economic growth have been directed towards private health insurance at the expense of our public health system, and today the private health industry is lobbying for further assistance while the government is refusing to take steps to prevent more and more doctors ceasing to bulk bill patients.

Economists, and economics driven politicians, are always quick to point out that economic growth provides the capability for greater welfare assistance to those in need. This is indeed true. However, it is only a capability, not an automatic action. It will only occur if and when governments decide it will occur, and in Australia today it has not occurred. There have been welfare improvements, but largely they have been politically motivated - a situation which is possible and probable when there is a welfare system based on ad hoc decision making and conditional, means tested benefits vulnerable to political discrimination. Nowhere is this more noticeable than in the welfare provisions for the unemployed.

Despite the fact that successive governments have not been able to achieve any significant reduction in the

unemployment rate, and the only growth in the number of employed has been in part time and casual employment leading to a growth in the number of underemployed, the provision of welfare assistance for them has been subject to extreme political discrimination. The need for electoral support has far outweighed the needs of individuals.

Comparing the assistance provided for the unemployed and for the "self-funded retirees" illustrates this discrimination. The means test for the aged provides a nominal tax rate of 40 per cent - for the unemployed the nominal tax rate rises to 100 per cent. The basic level of pension for the aged exceeds the basic level of benefit for the unemployed. The age pension is not subject to the "mutual obligation" conditions which can result in a loss of benefit. The assets test for the age pension is also far more liberal than for the unemployed - as claimed by financial advisers a couple with assets up to \$600,000 over and above the value of their residence can be eligible for a full or part pension. Quoting from a current advertisement in the regional press:

"If your assets (excluding family home) are less than \$600,000 you could be eligible for full or part pension. If not, change some of your investments into Centrelink approved products - as safe as a bank yet not counted for the means test.

- . No reduction in existing investment income
- . Extra income in the form of the age pension
- . Full concession card for discount and health benefits
- . Cheaper aged care, Hostel and Nursing Home fees, if need arises"

(The Observer, November 13, 2002, p.11)

To exacerbate the position further there is a bill currently being debated in parliament which has the capacity to extend the conditions imposed on the unemployed to other welfare beneficiaries. Following is a statement released by the President of the Australian Council of Social Service (ACOSS)

### **Welfare Reform and Breaching**

The welfare reform process is at a crossroad.

Poor decisions, or surrender to indecision, risk leaving many of the most vulnerable in our society stuck in poverty.

The Family and Community Services Legislation Amendment (Australians Working Together and other 2001 Budget Measures) Bill 2002 is an important legislative initiative to arise from the welfare reform process.

Australians Working Together includes the Working Credit proposal which will help those able to work their way out of poverty by providing for an accumulating credit to maximise income from paid work. ACOSS strongly supports the Working Credit initiative contained in the Bill. More liberal activity compliance requirements proposed for the new groups under Australians Working Together is encouraging.

However, the Australians Working Together Bill will extend the notion of mutual obligation, and the risk of breach penalties, to a range of new groups - single parents, parents whose partners rely on social security as well as older unemployed people.

The 2002/03 Federal Budget proposed a tightening of eligibility for the Disability Support Pension. There was a fear that many people with disabilities would be shifted onto unemployment payments where they would struggle to cope with the breaching regime. ACOSS, together with a range of disability organisations, has been active, and to date successful, in supporting rejection by the Senate of that proposal.

In the last financial year 260,000 breach penalties were imposed on unemployed people - a welcome reduction on the high water mark for breaches set during 2000/01 of 389, 000 breaches.

An Internal Review by Centrelink of the breaching system was undertaken during 2001 and this led to a number of improvements in administration. The Commonwealth Ombudsman recently reported on the breach system noting

many unfair and unreasonable practices. The Independent Review of Breaches and Penalties in the Social Security System (the Pearce Report) found that there were inherent failings in the design and implementation of the breaching system causing many "unemployed people to suffer arbitrary, unfair or excessively harsh" penalties. That report made a range of recommendations to reform the breaching system that ACOSS has commended.

I urge you to join ACOSS in calling on the Parliament of Australia to implement the recommendations of the Pearce Report.

Andrew McCallum  
ACOSS President

### **Considerations for the future**

OASIS-Australia was created as a vehicle for promoting considerations for the future, and it seems appropriate to conclude this newsletter with the topic - "considerations for the future".

Furthermore it appears that the time is now right, socially and politically, to develop new philosophies and new objectives which will be appropriate for the twenty first century. There are external threats to our security, and the probability of slower economic growth which will put pressure on our social and welfare policies.

The Labor party has already indicated a need for a new slogan for a new philosophy (or is it to be a new slogan for an old philosophy?). The Democrats badly need a new, positive philosophy to replace their previous negative policy and help achieve greater cohesiveness. The Greens need to extend their philosophy to capitalise on their recent electoral gains. The Coalition, after their last electoral victory, will no doubt build on their current philosophy which can be described as one of extreme lack of tolerance verging on hatred for the poor and the disadvantaged, for the asylum seekers and the indigenous population, for the trade union movement and the unemployed, and for that matter for anyone else who does not have the attributes of selfishness and greed to benefit from economic growth in a market society.

One might question whether the "lack of tolerance verging on hatred" is too strong for a political party in government in a democracy with a tradition of fair play and "government for all". However, in the current climate dominated by fundamentalism in religion and in economic teaching, by nationalism, by professionalism, and by the selfishness and greed engendered by free market policies, such a comment is realistic and believable. Even regulation in a competitive trading world can breed intolerance and hatred, as evidenced by the statement by a leading retailer that he hates the regulator. (Courier-Mail, 20 Nov 02, p.9. "I hate him with a passion")

The danger is that other political parties will follow suit to seek electoral support. There is already evidence of this trend in the "get tough on crime" policies being promoted by all parties. How can this trend be countered?

In the August newsletter I put forward the view that "social objectives in capitalist societies are changing from protecting the poor to rewarding the successful and the better-off", and raised the question "Should the role of the state be extended to embrace sharing of economic prosperity?" Could the objective of "an equitable sharing of economic wealth" form the basis of a new political philosophy? It is certainly a philosophy which could extend to a wide range of political considerations, and could readily be adopted by all parties to their electoral advantage. It is a philosophy which could be well received in a democracy with a long history of social awareness and support for those in need. It is a philosophy which could lead to tolerance and care, rather than the present intolerance and hatred.

### **Quote of the year**

I now leave you with a quotation which appears to be especially relevant to the attitude of the government towards the disadvantaged, and in particular towards the indigenous population and the "stolen generation". This is from an article by Albert Friedlander, Rabbi Emeritus of the Westminster Synagogue in London, in The New Scientist, 11 May 02, p.48.

*"Most religions hold that you do not carry the burden of the sins that have been committed in the past by your*

*ancestors, but you carry the responsibility to undo the effects of these past actions."*

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