Last year, when introducing the IR legislation into parliament, the Prime Minister and the Workplace Relations Minister on a number of occasions claimed that the existing industrial relations system was out of date and not meeting the requirements of the 21st century. Likewise it can also be claimed that the existing social welfare system based on targeting and means testing income support is out of date and not meeting the requirements of the 21st century. Today over 25 per cent of the population is dependent to some degree on the present system. Does this mean that over 25 per cent of the population is regarded as being in need of income support - surely an indictment of our social policies and our income support system - or does it mean that there are many who are virtually in receipt of political favours.

How many changes to the income support system in the past decade have been designed to meet particular social needs, and how many have been introduced for political or economic reasons. The easing of the means test for age pensions, the changes attributable to the concept of mutual obligation, the recent changes to move disabled and single parents on to Newstart, have all been politically inspired or designed to meet economic targets. Even the superannuation system introduced by the three K's, Keating, Kelty and Kernot, was economically inspired and at the time was recognised as favouring the rich. Today it is a major contributor to the growing income inequality in Australia, directly through the principle of the more you earn the more you get, and indirectly by the influence of superannuation fund investments increasing demand, and hence prices on the stock exchange.

Family benefits were a response to a social need, but they have been politicised to the extent that they contribute significantly to the over 25 per cent of Australians dependent to some degree on income support. Meanwhile there are over 350,000 families with children which have insufficient money after meeting housing costs to pay for food, clothing, heating and transport. (Mike Seketee - The Australian - 7 Jan 06)
How much has conservative political ideology been influenced by the view that there is no such thing as relative poverty, and that poverty means absolute poverty - i.e. people begging in the streets. This is a "master race" attitude which should have no place in Australian politics. It is against the ethos of "mateship". It is against the picture of an egalitarian society. It is simply a reprehensible attitude. It is an attitude derived from economic fundamentalism where the creation of wealth is paramount, and unfortunately it is an attitude which persists today.

Means testing income support on a national scale with an ageing population, with built-in unemployment of at least 5 per cent and an underemployment level of a further 4-5 per cent, and with a program which will lead to even greater financial and employment insecurity, is inadequate and accentuates income and wealth inequality. Labour market reform should be accompanied by social reform.

Professor Andre Sapir, in a background document for presentation at ECOFIN Informal meeting in Manchester, 9 September 2005, States: "First, the global economy of the twenty-first century is characterised by rapid changes which create both threats and opportunities. The biggest challenge for the European economy is to become sufficiently flexible so as to avail of the opportunities and surmount the threats. This requires, above all, reforming labour market and social policies."

A system of income support based on targeting and means testing is basically a hand-out system which originated in the parishes in England three centuries ago. Not only does it have inherent weaknesses which are magnified when applied on a national scale, but it is subject to hand-outs based on political rather than welfare considerations.

Hence the deliberations of the Treasurer as he plans how to spend the budget surplus. Will he provide tax relief for middle income families and child care savings which are largely for two income families, as already suggested, or will he provide assistance for the over 350,000 families living in poverty? Little wonder the Brotherhood of St.Laurence chief executive, Tony Nicholson, says that given Australia's failure to make
significant inroads into child poverty during a decade or more of record growth we run the risk of worsening rates when there is an inevitable economic downturn. (Mike Seketee)

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Targeting and means testing income support creates disincentives to work, creates a dependency on income support, and requires an extensive bureaucracy to administer the system on a national basis. The system is cumbersome and expensive to operate, and it is subject to political pressure leading to piecemeal changes. Experience has shown that attempts to ease the administrative burden through estimations can prove costly for many beneficiaries. The system offers no support for any program of labour market reform - on the contrary labour market reform as recently introduced will lead to further administrative and social problems and to greater political pressures. The existing system already discriminates against the unemployed by providing a lower level of income support than provided for others such as the aged, and with a tighter means test. The recent legislation to move some disabled pensioners and single parents on to Newstart with a reduction of income support adds to this discrimination.

Some major change is required - a change that will move social policy away from the principle of helping those in need to a policy based on the principle of sharing aimed at preventing people being in need. This inevitably means consideration of a universal system of income support along the lines of a Basic Income being promoted by a number of groups world-wide, (1) and a Support Income system. (2) It is suggested that this universal system of income support be in the form of a National Dividend, which embraces the concept of all Australians being shareholders in Australia, and entitled to a dividend paid as a universal income, indexed according to changes in GDP per Capita.

OASIS-Australia first promoted the concept of a National Dividend in 2001 when it was felt that there should be a stronger relationship between our social welfare policies and our labour market policies. In a paper in August 2001 it was stated "Proposals for universal income support are not based on a welfare approach, but on a sharing approach - sharing part of national income equally amongst all citizens." "There is a view that the future of capitalism depends upon the ability of capitalist societies to ensure the benefits of global economic growth are shared by all citizens. The introduction of a national dividend embracing the concept of a support
income system/basic income can be seen as a move in this direction."

References:
(1) The Basic Income Earth Network (BIEN); www.etes.ucl.ac.be.BIEN/index.html
The Basic Income Guarantee Australia (BIGA); www.basicincome.qut.edu.au
The Citizens Income in the UK; www.citizensincome.org
The United States Basic Income (USBIG); www.usbig.net
The Universal Basic Income New Zealand (UBINZ); www.geocities.com/ubinz
(2) A Support Income system, which was the subject of a Master's thesis and subsequent self-published book "Unemployment Forever, or a Support Income System and Work For All", Allan McDonald, 1995.

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