

Newstart Senate Submission

The Citizen's Dividend Organisation's view of Newstart is that it should be scrapped in favour of a much more holistic system – namely the Universal Basic Income (UBI).

In addition to putting an end to parliamentary commissions such as this, a UBI's socio-economic environment benefits are ubiquitous:

1. Eradicate poverty;
2. Abolish means-testing;
3. Eliminate welfare-receiving stigma, harassment and entrapment in the never-ending, even intergenerational, dystopian Newstart/Welfare cycle;
4. Create *full*-employment;
5. Liberate individuals from a survival mentality;
6. Unleash creativity;
7. Advance human capital;
8. Return the economy to the efficient production of goods-and-services without the secondary focus of 'creating/protecting jobs';
9. End the political use of the public sector to soak up the unemployed in soul-destroying environment-degrading jobs;
10. Rectify the overwhelming social-status premium on paid-work vis-a-vis unpaid-work.
11. Radically reduce our environmental problems;
12. Encourage urban decentralization;
13. Demolish the present welfare-to-work disincentive;
14. Decrease tax-avoidance as taxpayers observe their taxes no longer being wasted, which allows lower marginal rates and decreases the black-market;
15. Inside a decade, double national *effective*-income;
16. Maximise utility/happiness; and,
17. Engender intra-societal trust, respect and love (friendship) – i.e. maximise societal-unity.

Regarding each of these issues, doesn't it feel like we're constantly swimming against the current?

So, why try and address each of these issues separately in an ad-hoc fashion, when the UBI can collectively address them?

In a post-Industrial Revolution (i.e. *societal*-wide rather than *community*-based) society, the natural foundation needed is the Universal Opportunity Foundation (UOF) whose natural-morality-consistent cornerstones are:

1. Universal Liberal Democracy;
2. Universal Healthcare;
3. Universal Education; and,
4. The Universal Basic Income (UBI).

Thus, in Australia, The UBI is the last outstanding socio-econo-environment harmonizing cornerstone.

Nevertheless, there are two major objections to a UBI:

1. The 'enormous cost'; and,
2. 'Rewarding laziness'.

Regarding affordability, first, the UBI is *not* a cost on society in the way the income schemes we currently have are – i.e. there's virtually zero Dead Weight Loss (DWL) because there is no massive bureaucratic infrastructure, which doesn't contribute to producing anything we really want like food, fuel, cars, houses, computers etc..

On the contrary, rather than being a cost, the UBI is a *transfer* from taxpayers to citizens.

That is, whereas inefficiency and waste and undue health costs and crime are all ‘costs’, the UBI is a ‘transfer’ – i.e. far from being a loss, it’s still a benefit just to a slightly different group – i.e. from taxpayers to citizens, which, of course, has tremendous overlap.

So, counterintuitively, a UBI would actually make us much richer – the ‘magic’ middle-class, for instance, would be far better off.

Of course, as well as buying goods and services, wealth can also buy the intangibles of leisure-time and freedom – for example, to spend more time with and/or caring for family.

First, the headline cost for \$1500 a month for every adult citizen (assume 20 million) and \$400 a month for every child (assume 4 million) is about \$380 billion AUD – which is, indeed, massive.

However, this can be achieved via just three not too invasive changes (on 2018 figures):

1. The social services budget is about \$175 billion - so, we can use about 150 of it for the UBI and use the remaining \$25 to top up the UBI for those over 65 – there’s no more Centrelink and other wasteful non-productive means-testing, stigma-manufacturing, frustration-generating, mental-health-crucifying and mistake-making bureaucracies;
2. The tax-free threshold is gone - people now pay tax on their first dollar of paid-work – that’s around \$35 billion;
3. There is a 20% full-breadth GST (\$200 billion) - the current 10% gap-ridden one only gets \$60 billion - so, net \$140 billion, which as well as minimizing distortion (i.e. if everything rises in price by 20% it doesn’t change people’s decisions much) means the rich cannot avoid it, multinationals cannot avoid it and, with everyone paying some GST, the taxpayer-to-citizen overlap is maximized (i.e. everyone is receiving and everyone is, according to their demonstrated capacity to do so, contributing, which is great for societal-unity).

Total is about \$325 billion, which, to begin with, leaves around \$55 billion outstanding.

However, the economy-wide efficiency gains are astronomical:

1. The economy becomes re-focused on the efficient production of goods and services we desire rather than also being focused on creating jobs for the sake of creating jobs;
2. The minimum wage is no longer needed because people are taken care of - this means Australia's 5.7 million volunteers can get paid a little, the 600,000 unemployed can get jobs, the 1.1 million underemployed can get more work, the disabled and those with irregular hours available (i.e. carers) can get work and they can all pay some income tax;
3. Business is unleashed;
4. Creativity is unleashed;
5. Human capital sky-rockets;
6. Despite no longer having a minimum wage, most wages actually get bidden up;
7. A truly happy society - produces enormous trust pay-offs - goodbye class-warfare and identity-warfare - goodbye poverty and homelessness - crime, mental health, domestic violence etc. are all drastically lowered to the point, rather than being out-of-control, they become *manageable*;
8. All the extremely talented people from Centrelink et al are unleashed into *productive* employment;
9. It becomes a workers' paradise because people don't have to work, which means business has to get much better at constructing *positive*-workplaces, which in turn turbo-charges productivity;
10. Tradeables such as the car industry suddenly become competitive (I worked at Ford and some of the foot-shooting stories...);
11. The next generation of children will be cared for much better, which will translate into an intergenerational societal-wide benefit;
12. As stated, a full-breadth GST is non-distortionary - if everything goes up by 20% it doesn't change decision-making - plus the rich and the multinationals can't avoid it
13. ...

Regarding lazy people, there will be vastly fewer - most so-called lazy people have been so lashed by their situation and are so broken, they escape and rebel into laziness, drug and alcohol abuse and violence. [Virtually everyone wants to contribute and to be valued for that contribution.]

With an opportunity foundation and freedom, laziness will be reasonlessly self-destructive behavior.

Perhaps, the biggest ‘problem’ with a UBI is that it annihilates traditional class-warfare and soothes identity-warfare.

Thus, it takes the rug from under those political organisations, which inter-temporally share power through toggling their wins based on class-warfare and identity-politics issues.

Nevertheless, despite this political weakness, the UBI is a fully-fledged societally-unifying economic-efficiency-maximising and environmentally-sustaining cornerstone, which is, therefore, a worthy replacement for the, at-best, second-best Newstart.

Paul Ross

Founder

The Citizen’s Dividend Organisation

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