

## Some Pros and Cons of Universal Basic Income

V2 20 Jul 2020. Comments welcome at [thebrisbanedialogues@gmail.com](mailto:thebrisbanedialogues@gmail.com)

### Arguments For:

**Fairness/equity:** Some people lack the talent or skills valued in a market economy through no fault of their own, while others enjoy high rewards resulting, to a considerable extent, from good fortune, public investment and private endeavour over generations. UBI provides a floor, not just a safety net.

UBI is also a mechanism to recognise valuable non-market-based work such as unpaid caring and volunteering, improving gender equity.

**Social dividend:** All citizens deserve a dividend from publicly-owned or common resources such as minerals, aggregated data and cumulative technology.

**Automation:** is hollowing out employment and is happening so fast that the usual market mechanisms and government education and training programs will not cope, leading to mass unemployment, suffering and social discord.

**Necessary to support aggregate demand:** particularly in times of recession or depression, which has particular resonance in the context of the pandemic-induced economic downturn currently.

**"BS jobs":** Society would be better off without a lot of current jobs and would improve if people doing them could afford to do something creative, caring or otherwise contributory to the community.

**Reduce the indignity, stigmatisation, complexity and administrative cost of welfare:** eliminating or greatly reducing conditionality will not only save admin costs, but free recipients up to pursue productive pathways. Most people will grasp the opportunity to improve their lives.

**Reduce the total cost of government services and income support:** savings from better employment, tax, education, health and justice system outcomes will reduce welfare dependency over time. Projections of income support under the current system are unsustainable.

**Reinforce individual responsibility:** UBI at an adequate level will remove excuses for not being able to find a job, retrain, pay child maintenance, do volunteer work and so on. Families and communities will hold individuals to account.

**Reduce work disincentives:** properly-structured and well-funded, UBI would remove the welfare trap by which recipients lose net income or gain only marginally if they work.

**Tax reform:** a UBI is affordable but would require new taxes, reducing Australia's dependence on income tax.

## Arguments Against

**Unfairness/inequity:** It is not fair to the mass of taxpayers to be forced to support people who are able but unwilling to work. Any right to a state income must come attached with the responsibility to contribute something in return.

**It's simply unrealistic:** "the impossible trinity": it is not possible to have a payment which:

- is universal
- adequate to live on, and
- does not drastically increase taxes

Choose any two, but you cannot have all three at once. Another expression of the impossible trinity is a UBI which:

- provides an adequate level of income
- does not cost any more in taxes and
- increases work incentives (by having a low effective tax on earned income).

**Welfare must be targeted to those most in need:** scarce taxpayer dollars must be targeted to those unable to work, not paid to those unwilling to work. Under a UBI, some current welfare recipients would be worse off, as a result of the scattering of welfare funds.

**Does not address the cause of the problem:** long-run socioeconomic poverty and disillusion are created by many factors apart from just a lack of income, e.g. isolation from job and social support networks. The long-run problem cannot be fixed just by handing out money to poor people.

**Tax capacity:** Middle income earners are generally struggling and striving, many taking risks and making sacrifices, to improve their lives and communities. They are already paying taxes to fund essential government operations and a safety net for those most in need. Higher income earners pay the lion's share of income tax. (The top 20% pay 80%) Soaking the super-rich would not go far.

**National debt and inflation:** If not funded from taxation, UBI will add to the national debt, which has to be paid back and serviced in the meantime. It would also be inflationary, increasing the money supply without corresponding increases in goods and services will lead to inflation.

**Will remove the essential dignity of work for many:** Introducing a UBI in response to supposed technology-caused job destruction condemns many to unemployment and loss of relevance and identity. Training and job guarantees are a better option.

**There is plenty of work to be done:** private markets and government activity keep creating jobs and work. Predictions of technology-induced job destruction always turn out to be wrong in the long term. In the short term, targeted adjustment measures are a better use of scarce taxpayer funds. There is no shortage of public infrastructure, environmental and community work to be organised and funded, or private sector work which could be stimulated.

**Abolishing "BS jobs":** would require destructive state intervention in the economy and reduce the tax base dramatically.