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ECONOMIC RIGHTS AND A BASIC INCOME

Dr Elise Klein*

This paper examines the case of a basic income as a way to secure and resecure rights in Australia. The paper argues that the negligence of economic rights has resulted in an increased threat to civil and political rights and highlights a need to secure economic security for all. The article first explores current trends in growing inequality and the persistence of poverty in Australia. Following this, the paper analyses structures within the economic and political systems that are contributing to these trends. The paper then proposes a basic income as part of a way to address structural injustice through presenting basic income as a 'rightful share'.

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* Elise Klein is a Lecturer in Development Studies at the University of Melbourne, who has taken a keen interest in the prospect of a universal basic income in Australia.
I INTRODUCTION

It is frequently claimed that Australians live in one of the world’s best democracies. Yet in the last 30 years, we have seen a demise of power held by the people of Australia. The post-war era in the West has focused on preserving and advocating for civil and political rights such as voting rights, freedom of assembly, and expression. Yet, economic rights — such as those relating to full and meaningful work, economic security, and distribution — have been eroded at best, and purposefully neglected at worst. Economic rights are a base or a floor that provides security and dignity. They are not to be confused with private property rights. The negligence of economic rights in the post-war era has meant that the freedom of all Australians has been radically undermined. The rise of neoliberalism has seen the pact between the state and its citizens demise at an unprecedented rate. We have seen the State acting not in the interests of its people, but instead, the interests of capital. This not only degrades economic rights, but also civil liberties which were fought hard for earlier this century and well before. I will argue in this paper that we now need to focus on economic rights as a means not just to restore democracy, but also as a way to fight poverty, inequality, the uncertain future of work, and climate change. I suggest a universal basic income as an important way to achieve this.

To take a quick tour of the “state of affairs” in today’s Australia, the 2014 Senate Report on inequality titled, ‘Bridging Our Growing Divide: Inequality in Australia, The Extent of Income Inequality in Australia’, is a good place to begin. This inquiry, representing members from diverse political persuasions, concluded that, ‘even in a country that has experienced 15 years of uninterrupted economic growth and one of the highest living standards in the world, there is severe hardship’. The report found that the richest 20 per cent of households in Australia now account for 61 per cent of total household net worth, whereas the poorest 20 per cent of households account for just 1 per cent of the total. Moreover, despite the best efforts to make us think otherwise, social mobility and the reality for people to be able to change their circumstances is limited.

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2 Ibid.
3 Ibid.
4 Community Affairs References Committee, Australian Senate, Bridging Our Growing Divide: Inequality in Australia, the Extent of Income Inequality in Australia (2014) 55.
6 Ibid 8–9.
reality is that there are over two million people in Australia that at some stage worry about where their next meal is coming from. One in eight Australian's live below the poverty line.

Specific groups of Australians suffer disproportionately. Inequality for women continues to increase with women on average earning 15.3 per cent less than men. This shows that gender equality has a political economy inherently connected to capitalist relations of paid and non-paid productive labour, as well as restrictive norms regulating perceptions of women's workplace abilities. Continued attempts at assimilation, denial of sovereignty, punitive policies, and incarceration have continued to ensure systemic inequality between first nation's peoples and settlers.

Neoliberal capitalism has been the major ideology governing contemporary capitalism globally. Neoliberalism emphasises the complete reconfiguration of the exercise of political power to resemble that of the logic of markets. For example, the state champions progress through market competition where there is a focus on individuals determining their own economic outcomes (the transformation of people into *homo economicus*). In order to feed economic growth, states governing in the neoliberal era can jeopardise their citizen's democratic freedoms through a process that Tim Jackson refers to as the 'conflicted state':

On the one hand government is bound to the pursuit of economic growth. On the other, it finds itself having to intervene to protect the common good from the

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11 Elise Klein, 'Norms and Women’s Economic Empowerment' (Background paper to the UN High Level Panel on Women’s Economic Empowerment, 2016) 1–36.
incursions of the market. The state itself is deeply conflicted, striving on the one hand to encourage consumer freedoms that lead to growth and on the other to protect social goods and defend ecological limits.\footnote{Ibid.}

We see this with the rhetoric of making Australia more “business friendly” which translates to exploitable labour (hidden behind the term “flexibility”). We also see this through low company tax rates (or paying no tax), and a whole host of other benefits to capital. These include limiting protections on Australian institutions, such as the justice system who interfere with these relations — seen best through the Trade Pacific Partnerships (TPPs).\footnote{Natasha Lennard, ‘Noam Chomsky: Trans-Pacific Partnership Is a “Neoliberal Assault”’, \textit{Salon} (online), 13 January 2014 <https://www.salon.com/2014/01/13/chomsky_tpp_is_a_neoliberal_assault/>.
} The removal of labour protections has also increased the precariousness of paid work, including the casualisation of the workforce and underemployment.\footnote{Guy Standing, \textit{The Precariat: The New Dangerous Class} (Bloomsbury, 2011) 1–32.} The future of full and dignified employment is further threatened by automation.\footnote{See, eg, Tim Dunlop, \textit{Why the Future Is Workless} (New South, 2016).} As a result of Australia’s efforts to be competitive in global markets, we see the erosion of citizen rights and the transfer of class power from the lower and middle class to the elite.\footnote{David Harvey, \textit{A Brief History of Neoliberalism} (Oxford University Press, 2005) 1–4.

Contrary to claims that neoliberalism is \textit{laissez faire} or free market without state intervention regulating it, actual practiced neoliberalism has mass regulation by the state.\footnote{Damien Cahill, \textit{The End of Laissez-Faire?: On the Durability of Embedded Neoliberalism} (Edward Elgar Publishing, 2014) 14–30.} The key distinction to make is that the state, instead of regulating for the wellbeing of the people, now regulates in the interests of the market and capital.\footnote{Standing, above n 18, 1–32; Harvey, above n 20, 1–4.} State regulation in the neoliberal era is extremely paternalistic and punitive to citizens, with the vulnerable of society being dealt the harshest blows. For example, Indigenous Australians are constantly scrutinised by the Australian state and constantly accused of welfare dependency and refusing to participate in the neo-liberal economy. Since the early 2000s, the Australian state (including both Labour and Liberal governments) have dismantled any remnants of national policy supporting Indigenous self-determination, instead using punitive techniques on Indigenous populations seen through the Northern
Territory intervention, compulsory income management, and compulsory work for the dole.23

Most notable is how neoliberal and libertarian thinking attribute poverty and the need for support to the fault of the individual. Such sentiment purports that welfare creates dependency, and so policy should target vulnerable groups with conditions and sanctions ‘for failing to act in an autonomous, responsible manner’.24 By creating categories of the deserving and undeserving poor, this approach sets up a mechanism whereby citizens “self-police”: ‘citizen internalises and acts upon the norms structuring and embodied in the state, which, under capitalism, means (re)configuring oneself as a rational actor capable of responding to the market’.25 The individual taking responsibility is essential, as well as the desired subjectivity, in a neoliberal society.

It is also worth noting that this dramatic shift has not been entirely under the provenance of the far-right economic rationalists and neoliberals. It has also occurred on the watch of the social democrats who have been neutral at best and complementary at worst of neoliberal ideology. In an essay in the Monthly, Kevin Rudd laid out his vision for social democracy to save Australia’s politics, stating that ‘[i]t is] the battle between free-market fundamentalism and the social democratic belief that individual reward can be balanced with social responsibility’.26 Yet the social democratic belief in restoring a balance within capitalism was an illusion and neglected the unequal social and ecological relations under capitalism. While the Rudd government managed to weaken the brunt of the global financial crisis in Australia, it only preserved “business as usual” — in other words, rising inequality and ecological destruction in the name of economic “growth”. The unprecedented surge in inequality and the changing ecological climate is not just evidence of the failure of neoliberalism and economic rationality but also the failure of

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social democracy. By taking the neutral stance on capitalism, social democrats have been swept along with the current shift to the right.

It should not come as much of a surprise that trends appearing in Australia are also echoed in other parts of the "developed" world, where inequality in the West has substantially increased.27 As Thomas Piketty points out:

> For millions of people, “wealth” amounts to little more than a few weeks’ wages in a checking account or low-interest savings account, a car, and a few pieces of furniture. The inescapable reality is this: wealth is so concentrated that a large segment of society is virtually unaware of its existence, so that some people imagine that it belongs to surreal or mysterious entities.28

The Organisation for Economic Co-operation and Development (‘OECD’) reports that income inequality in OECD countries is at its highest level for the past half-century where ‘[t]he average income of the richest 10 [per cent] of the population is about nine times that of the poorest 10 [per cent] across the OECD, up from seven times 25 years ago’.29 This has been the case even when economies have continued to grow.

II Securing Economic Rights

Citizenship has historically involved the promotion of civil and political rights with less focus on economic rights.30 The tragedy being that the negligence of economic rights has meant the downfall of civil and political rights. We must now work towards securing economic rights through radical distribution, providing avenues for meaningful work, and ensuring real economic security for all. In an increasingly insecure world, economic security would mean that people are not worried about keeping food on the table and a roof over their heads. It would mean that all people have access to good health care, reclaim time, and have the education to engage in political struggles that affect their lives. Economic rights are essential in the restoration of democracy.

28 Ibid, 259.
One model that could lead towards providing economic rights is universal basic income (‘BI’). A BI is a simple idea which has garnered support over the centuries by scholars and intellectuals from Thomas More in his 1516 Utopia,31 to Thomas Paine,32 Henry George,33 Bertrand Russell,34 and Tony Atkinson.35 BI unconditionally provides every resident (children and adults) of Australia with a regular subsistence wage. It is about providing a regular, universal, unconditional payment to every individual of a society.36 It is not enough to make you rich, but enough to cover the costs of living at a modest level. It is not meant to stop you from working either — in that there are no disincentives if you choose to work alongside the payment. But it also gives you the freedom not to work if you choose, or if the options for labour are underpaid, undignified, and/or exploitative.37

BI schemes have been garnering support globally.38 Internationally, Basic Income programs have largely been a successful form of economic safety net for extremely marginalised populations, such as found in the Basic Income Trial in India and Namibia,39 and in unconditional cash transfers in other parts of Southern Africa.40 Basic Income in the global north has included the agreement of a trial in Utrecht, Netherlands, and the Finnish Parliament, which are supporting a targeted trial for unemployed people in the trial site.41 The Canadian Province of Ontario has also recently committed to conduct a trial of BI in three communities.42 Moreover, the Alaskan Permanent Fund Dividend, started in 1982, acts similarly to a Basic Income, paying unconditional annual dividends to all residents of Alaska, generated from oil wealth.43 However, the dividend paid out is

37 Karl Widerquist and Grant McCall, *Prehistoric Myths in Modern Political Philosophy* (Edinburgh University Press, 2017) 244.
39 SEWA Bharat, ‘A Little More, How Much It Is ... Piloting Basic Income Transfers in Madhya Pradesh, India’ (Research Report, SEWA Bharat (supported by UNICEF), 2014).
42 Ibid.
43 Ibid.
only a proportion of the total cost of living.\textsuperscript{44} Debates around economic security and Basic Income continue to gain more traction in growing global economic precariousness and the increase of automation amidst the labour market.\textsuperscript{45}

BI has resonance across the political spectrum. Milton Friedman saw BI as a way to cash out of social services such as healthcare and education.\textsuperscript{46} Instead of providing these, Friedman favoured giving people cash so people could pay for what they needed, whilst at the same time, reducing bureaucracy, improving incentives, and even saving tax revenue to stimulate economic growth.\textsuperscript{47} This view of BI is dangerous as it is deeply commodifying, and there is no guarantee that a basic income will cover items like medical treatment and education. It also fails to engage with structural inequalities through accumulation by dispossession inherent in capitalism.\textsuperscript{48}

So from the outset, it is useful to say that BI is not a panacea or a complete replacement for social security. Rather, BI is a crucial measure accompanying many other important areas of the social security system. In this spirit, BI can be a way of thinking about the kind of society and economy we want and the freedom needed for that. For example, Basic Income is not a grant but a rightful share, as argued by James Ferguson.\textsuperscript{49} Grants infer some form of hierarchical relationship, incapacity, or charity to which the recipient is bestowed. In this sense, the framing of a grant may obscure the structural inequality within generating sums of capital to be “granted”.

Moreover, in the anthropological literature, value within capitalism is socially constructed.\textsuperscript{50} Similar to Marx’s “social value”, commodities are valued through social relations whereby particular assemblages are deemed economically relevant for accumulation. There is social labour that goes into reproducing this value. For example,

\textsuperscript{44}Karl Widerquist, \textit{History of Basic Income} (2014) Basic Income Earth Network <http://basicincome.org/basic-income/history/>.
\textsuperscript{45} See, eg, Guy Standing, \textit{A Precariat Charter: From Denizens to Citizens} (Bloomsbury Academic, 2014).
\textsuperscript{47} Karl Widerquist, \textit{History of Basic Income} (2014) Basic Income Earth Network <http://basicincome.org/basic-income/history/>.
\textsuperscript{49} Ferguson, above n 40, 165–190.
football is profitable because of all the millions that adore and value the game. In order to reflect the right to inherit a share of wealth, Ferguson suggests a ‘rightful share’ as appropriate for framing basic income. Ferguson sees a rightful share as a way to radically redistribute wealth where ‘the entire production apparatus must be treated as a single, common inheritance’,51 rather than a grant, benefit, or charity.

A rightful share BI is a mechanism to promote social justice. A BI could secure economic citizenship and, in doing so, would create real freedom for all peoples within a society — freedom from exploitation and rising economic insecurity and freedom to live a life people value. A BI could support an individual through a period of trying a new idea and being innovative, such as starting an enterprise, or undertaking work not valued within capitalism (for example forms of ecological, community, or domestic care work). It could also keep people from having to go down exploitative avenues that keep vulnerable people in insecure situations, such as avoiding dangerous or unequal labour conditions.

A BI has the potential to de-commodify work as it can support those who are interested in engaging in activities not rewarded or valued by capitalist labour markets.52 Such non-paid productive labour includes care-work, which disproportionately falls to women, creative endeavours, and working on country (particularly for Indigenous people living on country).53 Interestingly, an iteration of a BI proved successful for Indigenous peoples under the recently axed Community Development Employment Program (CDEP). A 2016 article by Jon Altman documented how CDEP as a basic income supported productive labour in country and remote Australia, whilst providing economic security for populations without a formal labour market.54 Since the axing of CDEP, these populations have fallen further into poverty.55

A BI could also be a mechanism to promote ecological and intergenerational justice. The ecological argument is an important one as, on a broader scale, transitioning to a low-carbon, slow-growth economy is not a small matter of a technical fix and a policy prescription to get economic incentives right within a capitalist structure. Instead, it is a

51 Ferguson, above n 40, 186.
52 See, eg. Weeks, above n 10.
54 Altman, above n 53, 179–205.
transformation of whole patterns of social life in terms of work, family, transport, community, food, housing, and leisure. The economic rights gained through a universal basic income are precisely what would give people the freedom to innovate towards this paradigmatic shift. Economic rights are not just about the distribution of wealth, but also about the distribution of time and opportunities. A BI could allow for human freedom in its fullest sense — to explore, create, and connect with each other and our ecological surroundings, while not being tied to an endless drive for profit and economic growth.

Still, a BI must be implemented as part of a broader suite of social and economic policies. A BI, whilst necessary, is not sufficient alone to aid Australia moving towards a socially just economy that is also ecologically sustainable. A BI could be funded through the abolishment of things such as: expensive welfare surveillance and governance systems, general revenues, and tax reform (including maximum income tax on the wealthy, higher taxes on capital — instead of labour — and eco-taxes, and/or revenue from depletion and emissions-certificate auctions). To manage changes to the tax and labour markets, the implementation of a BI could be eased in slowly, where the amount paid to each individual could be gradually increased over time.

III Conclusion

Whilst avenues for implementation of a BI need to be debated and detailed, it is an important proposition that cannot be overlooked. BI is an idea poised to address issues ranging from economic security, wealth distribution, justice, poverty through to ecological justice and gender equality. At its heart, a BI is about instilling inalienable economic rights to all. A BI is not charity but a social dividend distributing to all their rightful share. The insurmountable and perpetual challenges to the global economy continue to be revealed, from growing inequality and dispossession, to the failure of ‘employment’ as the institution to provide economic security in the Global South as well as increasingly in the Global North. There is a real need to refocus policy and support on people and the environment instead of on market logic and growth securing economic rights, starting with a BI. Basic Income is an idea whose time has come.

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