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## A Universal Basic Income Would Create A Permanent Underclass

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Greens leader Richard Di Natale told the National Press Club yesterday that, because of the changing nature of work, Australia should introduce a universal basic income. His proposal would be costly, unnecessary and would create a permanent underclass.

A UBI is a liveable, unconditional payment to all citizens. Theoretically, a UBI could be almost cost neutral if it replaced all welfare, health, education, and housing expenditure. However, this is not what the Greens are proposing. Di Natale has called for a UBI *in addition* to government services.

A UBI equal to the aged pension, which leaves no welfare recipient worse off, would cost an additional \$230 billion, according to calculations by the Centre for Independent Studies. To raise this revenue, it would require a 60 per cent marginal income tax for median earners and 80 per cent for high earners.

Even this, a pure UBI where everyone receives the same payment, is unlikely to eventuate. In practice, there would be pressure to introduce top-up payments for families, disability, and more.

The UBI would become a more expensive version of our existing welfare system designed to buy off the middle class.

It is also not clear that a UBI is necessary. UBI proponents typically assert that technology, particularly artificial intelligence, will shortly lead to mass unemployment.

Such predictions are commonplace in history. In the 19th century, the Luddites violently destroyed machines because they would put artisans out of a job; and in the 20th century there were similar concerns about computers and the internet.

Widespread joblessness has not eventuated. Economists Jeff Borland and Michael Coelli of the University of Melbourne recently concluded that technology has not decreased the total availability of work in Australia, and there is a lack of evidence that this will happen in future.

In the 1960s, a quarter of Australians worked in manufacturing; today it is just 7 per cent. This has not caused mass unemployment. The type of work we do has changed. Technology has made us more productive. We now do better, higher paying, and more interesting jobs.



The trouble with safety nets is that people get tangled up in them.

The inevitable result of the UBI, paying people to not work, is that fewer people will work. This would create permanent underclass living at subsistence level – enough to survive, but lacking in the dignity of purpose in life provided by work and envious of those better off.

Meanwhile, the rest of society would be forced to slave away for their benefit.

Both the underclass and the workers would grow frustrated. This is a model for social collapse, not a visionary plan for the future.

During his speech, Di Natale said full time work in the future may be neither “possible or desirable”. It is no surprise that the Greens, whose support comes from knowledge economy professionals, have a condescending attitude to the working class. The Greens want those with low skills and education to squander their lives on welfare – rather than everyone having the income and purpose provided by a job.

We should be removing welfare traps, improving skills training, cutting red tape, and reforming industrial relations to get people into work – not encouraging unemployment with massive unaffordable handouts.

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