

Universal Basic Income

Pt 1- What is a Universal Basic Income?

The welfare system in Aotearoa New Zealand, while broadly well intentioned, has many dysfunctions. Many of these dysfunctions and inadequacies are only known to those living within the welfare system, or those who work alongside them in social services. As residents and citizens of a developed country, most of us accept that housing, food, and enough money to cover these basics, is a right. Despite this, there remains a persistent reluctance to ensure those provided with government assistance receive a liveable income through that assistance. Currently this is best exemplified by the proposal for the Income Insurance Scheme (IIS). Via the user pays scheme, the IIS offers much more to someone who is made redundant or laid off than to those on a basic benefit, deemed by those who support the IIS to be insufficient to maintain the 'dignity of life' that working members of society are accustomed to. The children of beneficiaries are, of course, the most impacted.

Across the New Zealand political spectrum, a Universal Basic Income (UBI) is seen as a fringe concept, correspondingly bandied about by fringe parties. In a pre-Budget interview, prominent economist Max Rashbrooke argued that the cost is simply too prohibitive. And yet, the UBI continues to be raised internationally, in a variety of political spheres, and is gaining traction in diverse economics circles. Several pilot experiments have investigated its impacts on the welfare of its recipients. The results are overwhelmingly positive.

The Current System

Aotearoa is often touted as a trailblazer of state support, beginning with our bold wartime creation of the welfare state. However, our three-year election cycle, that characteristically swings between two sides of the political centre, has resulted in a mutated mess of welfare legislation. The system consists of a complex set of hoops to jump through, information to process to understand how much one is entitled to, who you can live with, where you can spend your money. Increases in payments are rarely fast enough to cope with a hike in living costs, and as we experience another CPI shock, those who are receiving benefits are falling further into grinding poverty. The consistent message is that we are a nation who will help, but only those who are worthy, and within a punitive paradigm that encourages the individual to no longer access that assistance.

Traditional neoliberal 'trickle down' economics has failed the working class and impoverished our economically vulnerable. The cuts of the 'Mother of All Budgets' have cast a long shadow. But perhaps the lingering harm is in how many New Zealanders view beneficiaries. Commentary around 'bottom feeders' and 'welfare queens' dominate many conversations around those who access state support, despite the reality of many beneficiaries lived experience of being working whānau who cannot meet the modern costs of living. Because of this perception of 'the kind of people' who are on the benefit, there is huge political capital needed to do more than tinker within a largely unfit and unwieldy system.

A new way to distribute wealth has become starkly necessary. The complexity of the current system seems intended to ensure only the 'worthy' receive assistance, and likely costs more than if we just provided support when asked. User pays initiatives such as the IIS or ACC, are intended to patch holes

that open during crises. In reality, they serve to commodify people, suggesting they're only as valuable as their salary, offering more, both in terms of finances and security, to those who earn more.

The reality of the current stage of capitalism is that a small minority have control over the assets necessary to live a dignified life. And, if those of the non-asset owning class wish to live such a life, they must work in a system which furthers exacerbates this material inequality. It is not only the current working generation that is suffering, as we know that, overwhelmingly, the inheritable nature of wealth is also the inheritable nature of wealth deficit. By not taking action, we are setting up future generations of New Zealanders up for hardship that will only become more difficult to rectify.

What is a UBI?

A UBI, is a payment made to everyone within a populace meeting either an age or citizenship qualifier. In the case of New Zealand, the most likely additional qualifier would be residency or citizenship. The amount that is paid for a UBI is uniform, it is not means nor location tested. The amount paid to the individual varies between models, but is based on calculations around current cost of living. An option for New Zealand would be to replace the current welfare system wholesale, ensuring that each recipient had enough to live on i.e., the living wage rate. While replacing the welfare system completely would be ideal, it requires significant political capital. As a result, a more politically palatable version of monthly payments to supplement income also has potential.

The potential cost of this system is significant. However, something similar to the [Alaskan model](#) of Basic Income is also feasible – a small yearly payment to each citizen/resident that is taken straight from tax revenue generated from large businesses. There would still be the requirement for an effective main benefit, but many of the additional supports and the bureaucratic systems that manage them could be removed, e.g., accommodation supplements, Working for Families.

In the 2020 election, The Opportunities Party (TOP) suggested that there is leeway for a UBI to be implemented through the imposition of a Capital Gains Tax. While TOP has recently changed its position, the suggestion spotlighted the potential revenue trapped in the housing market, and the social capital lost as a result. As housing inequality is one of the main indicators and contributors to nationwide wealth inequality, this seems an appropriate avenue for redistribution.