

# #JUStNow

Now is the Time for Just and Fair Economic Reform

## Economic Reform is Needed Now

The coronavirus pandemic has brought fresh challenges, and accelerated transformations that were already occurring in the economy. Bold changes, focussed on inclusion and economic justice were already long overdue, and can no longer be postponed. A reimagined social contract is needed. The three core elements of this new social contract are:

- 1) A nationwide **Jobs creation** and public works program, revitalising and transforming Australia's infrastructure and economy, preparing it for the challenges and opportunities ahead.
- 2) A **Universal Social dividend**, meaning a payment, sufficient for the necessities of a dignified life, paid to all members of the Australian community without exception, providing a foundation to enable empowered participation in economic, cultural and social life.
- 3) **Tax reform**, to make sure the better-off pay their fair share, and that the wealth we collectively generate is used for the benefit of all, flowing freely through the economy.

## Jobs Creation and Infrastructure

Australia must step up to the challenges of the new century. These include restarting a stalled economy, mitigating and adapting to climate change, and maintaining our status as a productive, cutting edge nation in ever more competitive global economy. But along with these challenges are huge opportunities in areas like renewable hydrogen, low carbon steel, and high tech manufacturing. We should be using our highly skilled and educated workforce, adding value in Australia rather than exporting raw materials to be processed in low wage, high pollution industrial complexes overseas. The education, research and development sectors, where Australia already excels, should also be developed until and beyond the point of world's-best.

Local supply chains for essential items, the value of which have been demonstrated dramatically during the recent crisis, should also be strengthened and reinvigorated, reversing decades of neglect. Other areas of investment could include:

- speeding the transition to renewables-based electricity generation
- a national high speed rail network,
- a more general upgrade of transport infrastructure both in the major cities and the regions,
- construction of social housing
- an expansion of the human services, caring for the disadvantaged, elderly, disabled, and mentally ill.

All this would mean high quality jobs for Australians, delivering real value to the national community and the world beyond our shores.

But Jobs Creation alone will not give Australia resilience in the face of future crises that destroy people's livelihoods, like the bushfires or pandemic. When a crisis hits, it is not possible to ramp up job creation or provide traditional welfare fast enough to ensure that people can continue to put

food on the table. To ensure that everyone has continuous financial support through whatever crisis the future brings, we need a...

## Universal Social Dividend

As Australia moves into the post-scarcity era, we should put the wellbeing of our people front and centre, and recognise the inherent value of each person, above and beyond their contribution to the economy through labour. No one in Australia should be hungry, homeless, or living in precarity. The best way to guarantee this is through a universal social dividend; a basic income paid by the tax system to every Australian above the age of 16. There must be no means testing, no activity requirements, no ifs ands or buts. As soon as you have a tax file number and a bank account, you start receiving it, and you keep receiving it for the rest of your life. The power of such a system is its simplicity, eliminating the overwhelming majority of the glitches, delays and humiliating intrusions that the current welfare system subjects those to - though some additional payments would need to stay in place for parents, caregivers, the disabled, and others with additional needs beyond normal individual subsistence.

The “social” aspect of the social dividend recognises that we are all valued members of our society. In addition to cash payments, we must continue to support our people with high quality public health care, education, and services for special needs.

Not everyone will reach their full potential through waged labour. Thinkers, carers, artists, entrepreneurs, homemakers, and many others, all provide value that the labour market does not, in general, adequately reward. A social dividend would support all these activities, which enrich our national character and life. It would also allow those who do wish to engage in the labour market to do so from a position of strength rather than weakness, with an independent income allowing them to work fewer hours, negotiate for better pay or conditions, hold out for a more suitable job, leave an exploitative employer, transition from employment to training (and back again) with less disruption and less of an income penalty.

This would have flow on effects across the economy, driving increases in efficiency and productivity, as properly priced labour would be less likely to be wasted in low value, low wage work. Menial, repetitive, unpleasant or dangerous work would be eliminated or automated at an increased rate. The difficult, dirty or otherwise undesirable work that did still need doing would have to be compensated fairly, with good wages and conditions, as a stimulated economic system, and greater individual leverage, tilted the playing field back in favour of the ordinary Australian worker.

Some Australians, though, are already doing very well, and could contribute more to the general wellbeing, and perhaps take a little less from our collective pool of resources. And one of the objections often raised to a universal payment such as the one proposed above is that it makes no sense to further top-up the incomes of those who already have so much. Others will say we cannot afford to pay *everyone*. The solution to both these issues is...

## Tax Reform

The dividend should be paired with a new, progressive, tax which could fund the payment in part or full.

This would mean that those who currently have no income, and low wage earners would benefit the most from the new system, those in the middle would benefit a little, and those at the top, above a certain “break-even” threshold would be net payees, contributing more in taxes than they get in payments. This makes the tax-and dividend package, as a whole, redistributive, as well as stimulatory, increasing the purchasing power of those at the bottom, while lessening that of those at the top. Overall the policy reforms should be designed to make everyone better off, and everyone will benefit from a richer, more dynamic and egalitarian society, but these improvements should be especially concentrated among those currently doing it the hardest.

The advantage of achieving this targeting via tax, rather than through means testing the payments and only helping those who can prove they need it is simplicity: you only measure income once, when taxing. If there’s a delay or a mistake, it won’t ever mean that someone needy goes without the basics. On one hand, everyone gets the payment, like everyone gets access to public parks, schools, roads and hospitals and other public goods. No one is left out, by design, by malice, or by error. No one is intimidated by the bureaucratic process. No one is confused about their entitlements. Meanwhile, on the other hand, people contribute their skills and labour according to their capacities and obligations, with more freedom to accept whatever work they can find, safe in the knowledge that the extra income they earn will not affect their dividend.

Most importantly, the next time there is a crisis there will be no need for the Government to be scrambling to put together support packages; no need for long queues at Centrelink offices; and no period of time during which people have to borrow (if indeed they can) to put food on the table.

The end result is a more just, more resilient and more prosperous society, which is something all Australians can and should get behind.