

Select Committee on Adopting Artificial Intelligence (AI)

Foreword

Basic Income Australia thanks the Select Committee on Adopting Artificial Intelligence for the opportunity to make a submission about how AI should be adopted in Australia, and in particular its implications under terms of reference:

- b) risks and harms arising from the adoption of AI technologies, including bias, discrimination, and error; and
- f) potential threats to democracy and trust in institutions from generative AI;

Basic Income Australia Limited is a newly formed registered Charity set up to promote the implementation of a Basic Income in Australia.

This submission has been written by [Michael Haines](#). Mr Haines has worked at senior and board levels in many companies in brewing, construction, consumer goods, and in manufacturing at Toyota. He was a Board Member of Australian Logistics Council, and a Member of Austroads Intelligent Transport Industry Reference Group. In 2011, he established VANZI (Virtual Australia and New Zealand) which drew together senior representatives from State and Federal Government, as well as major national and international organizations covering: planning, surveying, architecture, engineering, manufacturing, construction, facilities management, insurance, finance, and technology providers, to broker development of a legal framework for the emerging Digital Built Environment.

He has also spent 40 years investigating how our money, banking, tax, and welfare systems function together; publishing various papers on Tax, Modern Monetary Theory, Universal Basic Income, and Central Bank Digital Currencies (this last by the Levy Economics Institute in the USA). In 2021 he led development of a Basic Income policy, and then helped to set up Basic Income Australia Limited where is a Director and Chair.

Introduction

While AI offers enormous opportunities, it also brings societal risks. The world is already facing increasing fear, anger, and hatred due to many factors: climate change, religious and ideological differences, and the threat of automation among them. AI is likely to exacerbate these tensions as traditional jobs are transformed and eliminated.

The risk is also that production could actually fall. As our factories and service providers become even more automated, they will retain the same or greater capacity to produce. However, as people lose their jobs, they also lose their income. This not only creates trauma for them, but it also means they no longer have the money they earned to spend on the goods and services we could produce. As a result, production gets cut back, leading to more layoffs.

Obviously, this is not a problem right now as the labour market remains relatively buoyant. But the rate of change occurring with AI (as well as ongoing automation of production, and virtualization of products and services) portends significant disruption.

One way to mitigate the impact of AI is using a Universal Basic Income - *set to keep the labour market in balance*. This would have the benefit of eliminating systemic poverty, a major source of fear and anger, while also providing the money to support fledgling entrepreneurs.

Pilots from around the world have shown that a UBI can lift trust in our institutions, including especially our political institutions, as people no longer fear being cast into poverty if they lose their job, or get sick or injured, or for any other reason cannot work for a time.

Why We Need a Basic Income

There are two main reasons why we need a Universal Basic Income.

First, to eliminate systemic poverty. Which will help to reduce fear, anger, and hate in the community

Second, which is directly relevant to this Committee, to ease the transition to an AI based society where paid work becomes less available, or much less secure and/or less well-paid for most people. Which will also help to reduce fear, anger, and hate in the community, while helping to maintain spending which supports all businesses.

Eliminating Systemic Poverty

Once, it was every person's birthright to live off the land. Since the invention of money, property rights, and the system of paid work, most people now need money to survive. And most get it from paid work.

The difficulty is that only around 45-50% of the population can do paid work at any time. The rest (our young, sick and injured, disabled and aged, and their unpaid carers, along with those between jobs) must rely on savings, family support or welfare. This is not a static group. The young grow up, the sick and injured recover, the disabled age, and the aged die, and their carers and those between jobs find other paid work... only to be replaced by a new group.

For those without adequate savings or family support, the only options are welfare, charity... and crime.

While welfare is supposed to 'fill the gap', it doesn't. This is not because people are heartless. It is a function of the way the system is designed.

Current benefits are designed to *replace* income from working. If the benefits are above the poverty line, it is *rational* for people to take the benefit in lieu of a low-paid job. For this reason, governments are 'forced' to keep the benefits low, to 'encourage' those who can work to take the available jobs.

Unfortunately, this forces 12-14% of the population into poverty. Those who cannot (for a time) do paid work, and who have no savings or family support. This is around 3.2 million Australian's, including 17% of *all* children, who consequently face enormous barriers in learning, and in developing life skills required to become a contributing member of society.

This is an indictment on the system.

We've created this system, which has resulted in huge benefits for the great majority: extending the human lifespan and delivering goods and services that would seem like magic to earlier generations.

But it has not been without cost. First, to the biosphere (which is another topic altogether), and secondly, in terms of human tragedy.

The second problem is not due to a lack of resources. It is simply the fact that a large section of the population lack access to the money they require to signal their needs in the market. We really don't need charities to be providing food and clothing (though recycling clothing is great). We have a perfectly good distribution network called 'shops'... as long as people have enough money to buy what they need.

If we provide a basic income, this money will circulate, benefiting not just the recipients, but everyone else, as the money is spent.

Balancing the Labour Market

As noted, this feature of a UBI is unique to our proposal and has direct relevance to the increasing use of AI that threatens to transform and eliminate many jobs.

Once the UBI reaches the poverty line, if the demand for labour falls (say due to automation, virtualization, and AI), the UBI can be increased as far above the poverty line as necessary. As it rises, some people will choose to cut back their hours or drop out of paid work altogether (depending on their circumstances). As they do, this will leave room for those wanting the extra money that the work provides... bringing the market back into balance. No one can complain about those not working, as everyone would have the same UBI; and, by definition, there would be no job for them in a balanced market. Because people would be choosing to cut back their hours or to no longer do paid work, there is no worry that they will be cast into despair for lack of meaning. For they will be making their own meaning, as most retired people do who have enough money to live on. Nor can employers complain, as in a balanced market, most jobs should be filled in a reasonable time.

Flow on Effects

A UBI will not only eliminate systemic poverty.

Pilots from around the world show that it reduces domestic violence (currently a major issue in the community). First, by relieving financial pressures that build stresses in a family that lead to domestic violence. Secondly, it provides women with an independent income that may allow them to leave an abusive relationship. This underlying freedom could also help to reduce abuse, as both parties would know there is an escape route.

It also provides a 'strike fund' to help workers gain a fairer share of the extra productivity generated by automation, virtualization and now AI... reinvigorating the struggle between labour and capital that saw huge gains for workers in the mid-20th Century... creating a much more prosperous, settled, and less fearful society overall.

This can be done without taking anything from anyone, as we have the productive capacity in Australia to meet all basic needs. The extra money will simply generate extra production

to meet those needs – without inflation, if implemented gradually.

It would also give low-paid workers an effective wage rise, offsetting the impacts of the last few years' inflation. As this would be at no cost to employers, it would forestall further cost push inflation, while boosting sales as people would have the money required to signal their basic needs, that are currently going unmet.

The pilots also show that, given unconditional cash, people spend both the money, and their time, wisely. It provides a floor to stand on, not a ceiling to achievement. It frees people from the stress of 'survival', to work (when they can) to better themselves and their families.

Not a Silver Bullet

We recognise that a UBI is not a 'silver' bullet'. It tackles only the demand side. Government still needs to tackle the supply side (either directly or through regulation) to ensure adequate health, housing, education, and other public services.

How Would it Work

Basic Income Australia has devised a way to gradually introduce a UBI over 5-6 years, giving the supply chain time to adapt, without causing shortages that drive inflation. As well as a unique way of funding it that requires no increases in tax or debt, while ensuring the net impact is not inflationary.

We have also established relationships with several major Australian Universities that stand ready to design and evaluate a proposed Pilot.

While over 200 pilots have been conducted across the world over the last 40 years, none have been trialled in Australia, within our unique welfare and employment environments.

For this reason, we have already made a submission to the Federal Government seeking support for an Australian Pilot.

Recommendation

That this Committee support a Pilot UBI program, as a means of mitigating the threats to social order that AI potentially poses.

The pilot would be funded by the Federal Government, to evaluate the pros and cons of a Universal Basic Income in Australia based upon the policy proposal developed by Basic Income Australia Limited, as outlined in this submission, and detailed more fully in our submission to the Federal Government dated 21 February, 2024. With several major Australian Universities engaged to help design and evaluate the pilot.