Let’s Talk BIG
Basic Income Guarantee

TOWARD A PROGRESSIVE BASIC INCOME GUARANTEE
A community activist resource
ABOUT THIS RESOURCE

This resource is designed to facilitate an understanding around a basic income (BI) as a social policy that can help move the dial on poverty, income inequality, and food insecurity in Canada. It does this by laying out the potential design and delivery features of a BI program, as well as the evidence and rationale in support of this policy so advocates and interested citizens alike have the background knowledge and access to resources they need to feel confident presenting and answering questions, or simply to advance their understanding around what can be a rather complex policy.

Each section contains high-level discussion notes, as well as related resources that can either complement your content or simply allow you to dig a little deeper into the policy elements and their related issues.

Given the enormous potential income enhancements play in reducing poverty, income inequality, and food insecurity, Community Food Centres Canada (CFCC) feels that it is important that we and our communities carefully consider how a basic income can contribute to our goals. This starts with understanding how a BI can work and why, when properly structured, it can be beneficial. It includes having responses to the concerns opponents will raise and an appreciation of why some BI proposals do more harm than good.

Overall the goal is to equip individuals, groups, and communities with the information they need to make an informed decision on a basic income and help promote a version of this concept that will support the social transformations we need to reduce poverty, income inequality, and food insecurity in Canada.
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“UNCONDITIONAL BASIC INCOME IS NOT LEFT OR RIGHT, IT’S FORWARD.”

- Scott Santens
Writer and advocate
INTRODUCTION

At Community Food Centres Canada (CFCC), we build health, belonging, and social justice in low-income communities across Canada through the power of food. We’ve seen how food can be the start of a transformative force for people living in poverty. And we know that to create lasting change we must take action at the systemic level and empower low-income community members, our partner organizations, and concerned citizens to learn about and advocate for policies that reduce poverty, food insecurity, and poor health.

Our day-to-day work is driven by the harsh reality that one in seven Canadians is food insecure. That means over four million of our fellow citizens, neighbours, family, friends, or the people we pass by on the street do not have enough to eat. That’s not acceptable, and we need to do something about it.

For us, doing something about it means addressing the systemic issues that are ultimately responsible for perpetuating hunger. And when it comes to food insecurity, nothing has a more profound impact than income. In fact, we feel that reducing inequalities in health, education, and so many other parts of Canadian life depends largely on income enhancements, as well as further investments in social infrastructure so everyone has the ability to meet their basic needs and realize their potential. Achieving these goals will require a cascade of policy changes, but one particular policy that has captured our attention is the idea of a basic income guarantee.

Canada already has some experience with basic income programs, including Old Age Security and the Guaranteed Income Supplement for seniors 65 and older and the Canadian Child Benefit for parents with dependents under 18. All three of these income security programs have shown to improve social and health outcomes for seniors over 65 and families, including a decline in food insecurity. We believe that a basic income can extend these good results to all Canadians, especially working age adults between 18 and 64, provided it is designed with these goals in mind.

The momentum for a basic income guarantee (BIG) is strong in Canada and abroad. With Ontario’s basic income pilot moving forward and Quebec and Prince Edward Island interested in following suit, this is an opportune time to explore the question of a national basic income. However, in light of the different views and questions about this policy, and the importance of its careful design, it is crucial to understand the commitment needed to ensure that a basic income policy is bold and substantial enough to transform our approach to income security social policy, and not a version that functions as an austerity measure and leaves people worse off. Achieving the desired results will take understanding and commitment to promoting the idea from many sectors of society.

We hope this resource will help you understand what a basic income is and assist you in making an informed decision about how it can contribute to a healthier and food-secure society.
NAMES AND DEFINITIONS

Basic income is a concept that has been referred to in a number of different ways. While these terms are often used interchangeably, each has a slightly different meaning, and different camps of advocates have their reasons for favouring one over the other.

Historically the most popular term in Canada was Guaranteed Annual Income. However, in recent years, basic income (BI) has gained momentum and is currently being used by the Basic Income Canada Network (BICN) and the Ontario Government.

“A basic income guarantee ensures everyone an income sufficient to meet basic needs and live with dignity, regardless of work status.”
- Basic Income Canada Network

INTERESTING FACT:

The concept of a basic income dates back to the 16th century, when Johannes Ludovicus Vives (1492-1540) of France worked out a detailed scheme and comprehensive argument for what he saw as a crime prevention strategy. He reasoned that when people do not have the means to survive, theft becomes a survival tactic, and that a guaranteed minimum income would offer people the means to meet their basic needs and prevent crime from happening in the first place (Basic Income Earth Network).

RELATED RESOURCES

Basic Income Canada Network
(http://www.basicincomecanada.org/)

Basic Income Earth Network
(http://basicincome.org/)

Basic income guarantee backgrounder
social dividend
basic income
negative income tax
guaranteed livable income
guaranteed annual income
social dividend
territorial dividend
guaranteed adequate income
demogrant
citizen’s wage
citizen’s dividend
state bonus
assured annual income
demogrant
citizen’s wage
basic income
negative income tax
basic income
assured annual income
guaranteed livable income
guaranteed annual income
citizen’s wage
FOUR QUESTIONS YOU NEED TO ASK ABOUT A BASIC INCOME

There are a number of different ways that a basic income plan can work in practice. To help inform discussion and debate on a complex issue, we borrow from Young and Mulvale’s “Possibilities and Prospects: the debate over a guaranteed income” (2016) and look at four questions that any BI scheme would have to address.

1. Who would receive a basic income?

2. What would they have to do to receive it?

3. What will it mean for other publicly funded programs?

4. How much would a basic income be and how much can someone earn on top of the income benefit before it is clawed back, or before they are no longer eligible?

1. Who would receive a basic income?

When deciding on a basic income program, the first question to address is, who should get it. Is it for every adult member of society regardless of income, or is it for a certain segment of the population, like those who fall under the poverty line?

In theory, paying a basic income to every adult—what is often called a universal basic income—might sound appealing. But the amount of money needed to achieve this, even if it were taxed back from those above a certain level of income, would be so great that there would be real pressure to make the payment a modest one, such that it would not be high enough to have any real impact on poverty.

When it comes to who should receive a BI, we also need to tackle questions like whether it should be offered to households or to individuals, or to both at different levels. It is administratively easier and more fair to give a basic income to an individual, since household compositions change, and each person should be able to control their own finances. However, giving every adult in the same household a basic income raises questions about how several adults living together in one household would disproportionately benefit over single or smaller households.

If a BI is not to go to all adults living in Canada, we will need a benchmark, a level of income below which we decide no one should fall. This will require ways to assess both income and need. But to be truly fair, we will have to take into account at least the cost of nutritious food, adequate clothing, and housing. An effective plan would take into account whether an adult has dependent children, whether adults are sharing housing expenses, whether disability, for example, requires expenditures not incurred by persons without disabilities, and regional disparities in the cost of food, housing, and other essentials.

2. What do you have to do to receive it?

Canada’s income security programs all have some conditions that must be met in order to be eligible. For example, in order to receive Old Age Security, you must prove that you are 65 years of age. In order to receive employment insurance, you must have paid into benefits and worked enough hours to qualify and not left your job without cause. And to be eligible for the Canadian Child Benefit, your annual household earnings must not exceed a certain amount.

Most basic income proposals are unconditional. That means the income would be available to all eligible adults regardless of whether or not they are working, looking for work, or able to work. The payment would simply be based on bringing everyone up to a minimum income level.
Creating an unconditional basic income will allow individuals and families to move beyond our punitive and stigmatizing welfare system. With a massive growth in the precariousness of employment, with many stuck in low-wage or part-time jobs, this approach helps to balance out the ups and downs of an individual work life and the labour market, as well as enabling people to consider options like training and education. However, making it unconditional also stands as one of the greatest obstacles to its general acceptance, as it activates judgmental notions about “the poor not wanting to work.” Research has shown, as discussed below, that these fears are unfounded.

It is important to get beyond judgments based on stereotypes and bias and adopt a pragmatic approach, informed by evidence and empathy, and a realisation that the vast majority of us could from time to time find ourselves in a position where such a program would be helpful.

3. What will a basic income mean for other publicly funded programs?

Canada offers a wide array of income security programs, such as Old Age Security, Canadian child benefit and employment insurance, to name a few. Some advocates see a BI replacing many of all of these. This is a way to shift the funds from these programs into a basic income program while also saving the administrative costs involved in enforcing eligibility rules.

Others see a basic income as a way to complement and build on our existing programs. This would likely mean a basic income program delivered through the existing income security system—e.g., expanding the federal HST credit to build out a benefit that would assist working age adults in the same way that Old Age Security and the Canadian Child Benefit target families with dependents under 18. The simplest way to understand this is to see it as a negative income tax: people whose income is less than the amount set for the basic income would receive a tax refund to bring them to the basic income level.

Many progressive basic income advocates support the idea of eliminating social assistance programs and replacing them with a basic income, leaving all other key supports, such as housing, public health, and all other publicly funded programs and services fully intact. The benefits of this approach would also extend to other low-income earners or pensioners whose income falls below the poverty line while also creating an incentive to work.

This is an important question, since the response could have wide-reaching implications that could easily result in a net loss when people are forced to pay for the things they now receive as benefits.

For a comprehensive listing of what should be protected and maintained, we have borrowed from the work of the Basic Income Canada Network, the Kingston Basic Income Guarantee Action Centre, and Poverty Free Ontario to list a set of conditions that need to be met if we want to end up with a basic income that ensures everyone is better off—see page 12.

We also provide examples of basic income designs in the appendix titled “Basic Income Designs” which offers some imagined iterations of a basic income as well as some proposed models.

4. How much would a basic income be and how much can someone earn on top of the income benefit before it is clawed back or before they are no longer eligible?

There are many different ideas about how much a basic income should be. Some proposals call for an amount that would ensure all people are moved above the poverty line. Others argue that it should be set at something less than that in order to maintain the incentive to work.

Quite apart from the amount, there is also the issue of whether the BI should be the same amount for each individual receiving the benefit across the country, or whether the amount should reflect regional variations in cost of living. Clearly there are divergent ideas when it comes to the amount. Needless to say, where we land will have a significant impact on our ability to reduce poverty.
Fundamentally, we need to discuss ways of assessing need. In order to be truly fair, we will need to take into account at least the cost of nutritious food, adequate clothing, and housing. An effective plan would consider whether an adult has dependent children, whether adults are sharing housing expenses, whether disability, for example, requires expenditures not incurred by persons without disabilities, and regional disparities in the cost of food, housing, and other essentials.

In order to build in an incentive to work, many basic income advocates are calling for a negative income tax where anyone living below the maximum income benefit would be ensured this amount, but it also creates an opportunity for them to earn more before those additional earnings are clawed back. We discuss this aspect of basic income design in the section titled, Negative Income Tax versus a Universal Basic Income.

Ultimately if we want to shift people out of food insecurity they must be able to afford their basic needs. In order for that to happen, social assistance rates need to increase at a minimum to 75% of the low-income measure, but ideally everyone should be ensured a minimum income floor that lifts them above the poverty line. Without this kind of increase, we cannot expect to have any meaningful impact on reducing food insecurity.

**RELATED RESOURCES**

- **Possibilities and prospects: the debate over a guaranteed income**

- **A young person’s guide to a basic income**

- **Basic income: rethinking social policy**
Hugh Segal, Canadian political strategist, author, commentator, academic, former senator and long-time basic income supporter.
A BASIC INCOME THAT ENSURES EVERYONE IS BETTER OFF

Many basic income advocates have carefully considered what needs to be protected and maintained when designing a basic income for Canadians. The following conditions were informed by the Basic Income Canada Network, the Kingston Basic Income Action Centre, and Poverty Free Ontario. If a basic income program is designed to meet these conditions, than we can be confident that it is a policy that ensures everyone is better off.

- Basic income must be sufficient to allow people to meet their basic needs and live a healthy and dignified life within their community.

- Basic income must replace income provided through social assistance systems that impose paternalistic and stigmatizing conditions not applicable to other Canadians, but must build on and maintain ancillary benefits and programs, such as social assistance health benefits and rent-garanteed income-housing.

- Basic income must ensure an income floor under which no one can fall. This amount must be indexed to inflation and one that declines in a measured and supportive way as other income increases. It must be enhanced in circumstances such as disability and lone parenthood and remain consistent with the recognition such circumstances currently receive in the tax system and other programs.

- Basic income must apply to all individuals and families whose income is beneath a certain level, whatever the reason (e.g., unemployment, disability, precarious work, and therefore will not be made conditional upon any particular work requirement.

- Aside from existing income security payments, basic income must not replace or diminish any existing health and social service programs.

- Basic income must not substitute for an affordable housing strategy.

- Basic income recipients must be able to access additional supports to develop and advance their talents and skills through education, employments and other pursuits driven by their own personal initiative.

- Basic income must complement and not supplant the government’s obligation to create well-paying, stable jobs.

- In order to ensure that basic income is not a subsidy for low-wage employers, any basic income implementation must be accompanied by legislation ensuring an adequate minimum wage.
NEGATIVE INCOME TAX
VERSUS A UNIVERSAL BASIC INCOME

Much of the debate around a basic income, and perhaps one of the more confounding issues for many Canadians, is how it will be delivered. This section examines two basic income delivery design methods, a negative income tax (NIT) and a universal basic income (UBI), and offers hypothetical examples of how each can work in practice, as well as the pros and cons of each approach.

Negative Income Tax
The idea of a negative income tax has a fairly long history, but its widespread recognition is mainly attributed to an American economist, Milton Freedman, who advocated for its use during the 1960s.

The NIT model has three key features:

1. **Benefit level** – The maximum income benefit payable to any individual.
2. **Reduction rate** – The percentage of the income benefit decrease due to higher earnings.
3. **Break-even level** – The income at which you receive no income benefit.

These three key features result in a NIT having three groups of benefit recipients:

1. Those receiving the full income benefit
2. Those receiving partial income benefits
3. Those receiving no income benefits.

The benefit level establishes a minimum income floor that no one can fall below. This amount is also the maximum benefit any individual can receive.

Under a NIT, individuals or households whose earnings fall below the **break-even level** receive an income benefit. This is the maximum amount you can earn before your tax credit is reduced to zero.

The **reduction rate** is the percentage by which the income benefit decreases as a person’s earnings increase.

Suppose we had a negative income tax that was designed as follows:

- **The benefit level is set at $19,460.**
- **The reduction rate is set at 30%.**
- **The break-even level is set at 40,000.**

Now suppose an individual earned $30,000 a year. Here’s how their tax credit would be calculated:

\[
\text{break-even level} - \text{annual earnings} = \text{tax credit}
\]

\[
$40,000 - $30,000 = $10,000
\]

\[
30\% \times $10,000 = $3,000
\]

In this example, an individual earning $30,000 would see a tax credit of $3,000, increasing this person’s annual income to $33,000.

Now let’s calculate the tax credit for a single adult on social assistance:

With an annual income of $8,472 a year (based on Ontario social assistance rates), this individual falls below the benefit level, so their income would automatically increase to $19,460, the maximum benefit level.

The third example is someone who exceeds the break-even level. In this case, anyone earning more than $40,000 would not be eligible for a tax credit.

A NIT is usually envisioned as a mechanism that would be delivered through the Canada Revenue Agency. However, one of the shortcomings of this approach is that it is not very responsive to changes in income or personal circumstances, since the CRA only conducts assessments on an annual basis. However, it is possible to develop a model that allows for quarterly returns so monthly payments are more closely aligned with actual income and reflect changes in personal circumstances.
Universal Basic Income
A universal basic income, also known as a universal demogrant, is an upfront income benefit payable to everyone regardless of how much they make.

The calculation for this delivery method is straightforward. Because it is universal, everyone receives it, regardless of their income. That is what makes it so easy to administer.

One of the disadvantages of a UBI is the upfront spending required, at least if it is going to have any real impact on reducing poverty. The amount needed to do this would quickly bankrupt Canada. However, it is possible to even out these costs through a progressive tax-back rate where the money that wealthy Canadians receive is taken back through progressive taxation. Another possible scenario includes creating a new tax bracket for the extremely wealthy to further offset the costs of lifting individuals and families out of poverty. In this way, a universal basic income becomes a mechanism for redistributing wealth.

If taking this approach, a negative income tax (NIT) and a universal basic income can be thought of as two different ways of achieving the same result: one gives an income benefit according to income, and the other gives the same amount to everyone and taxes back different amounts depending on how much a person earns.

Most progressive basic income proposals support a NIT as the preferred method of delivery for three reasons: it requires less upfront spending; it gives money to those who need it most; and it creates an incentive to work.

### Negative Income Tax

**Pros**
- Less upfront spending
- More likely to have a real impact on poverty reduction
- Designed to create an incentive to work

**Cons**
- More complicated to deliver
- Less responsive to sudden changes or fluctuations in income

### Universal Basic Income

**Pros**
- Everyone receives it
- Non-stigmatizing
- Easy to administer
- Advances money in the present to those who need it

**Cons**
- Too expensive, at least if you want to have a real impact on reducing poverty
- Raises questions about providing the benefit also to wealthy people

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**THEORETICAL EXAMPLE OF A NEGATIVE INCOME TAX**

Three features of a negative income tax:

1. **Benefit level**: the maximum income benefit payable to any individual

2. **Reduction rate**: the percentage of the income benefit decrease due to higher earnings.

3. **Break-even level**: the income at which no income benefit is received.
CANADA’S INCOME SECURITY SYSTEM

Two of the most common questions regarding a basic income ask how much will a basic income cost to implement, and can we afford it?

Determining the cost of a BI depends primarily on two things: how many people would receive it and the benefit level. Among progressive income supporters there seems to be a general consensus that this level should be set with Statistics Canada Low Income Measure (LIM). Another option is the Market Basket Measure (MBM), led by Human Resources and Skills Development Canada. These two measures use different calculations for setting the poverty line. The Market Basket Measure is based on the cost of paying for a modest, basic standard of living including the cost of food, clothes, footwear, transportation, shelter, and other expenses relative to the size of the community and its geographic location. For example, the cost of housing is much higher in a city like Toronto than it is in a smaller city such as Medicine Hat. Another example would be the cost of food in a remote northern community compared to an urban area. The benefit of the MBM is that it reflects regional variations in the cost of living in Canada’s diverse communities. The LIM is a measure of relative poverty developed by Statistics Canada. It represents a fixed percentage (50%) of median income that is adjusted based on the size of the family.

According to economist David Macdonald with the Canadian Centre for Policy Alternatives, lifting all Canadians to at least the poverty line of $21,800 per person (LIM-AT 2016) via a negative income tax would cost between $49 billion and $177 billion, depending on the reduction rate of the benefit as extra income is earned (Macdonald, 2016:29). This amount does not reflect any administrative savings that would result from the dismantling of social assistance programs, nor does it account for the long-term savings we can expect to see in the areas of health care, criminal justice, and homelessness.

For those who might be quick to dismiss this figure as being too high, consider Canada’s unequal distribution of federal tax expenditures as discussed by Macdonald in his paper “Out of the shadows: shining a light on Canada’s unequal tax expenditures.” According to his research, Canada’s current system of tax expenditures disproportionately benefits the rich. Those on the top receive benefits equal to $15,000 in tax savings, and those on the bottom receive $130 to $1,130. These personal income tax credits come with an annual price tag of $103 billion. Macdonald argues that eliminating these expenses would roughly double the amount of income tax collected and generate enough revenue to provide Canadians an annual cheque of at least $21,800, effectively eliminating poverty (Macdonald, 2016: 29).

This leaves no question about who is favoured when it comes to investing, and the bias does not end there. In his paper “A basic income for all Canadians,” policy analyst, John Stapleton, offers some critical insights into what Canada’s income security system tells us about our national values. His analysis points to a system that favours direct contributions via paid employment, and one that disproportionately benefits families with children and seniors 65 and older over working age adults (Stapleton, 2017). Ultimately this reflects a firmly entrenched myth that there are jobs for all, and that people of 18 to 64 should earn a living rather than relying on government support.

But people do want to work; they want stable and gainful employment. Work adds meaning and value to our lives. Unfortunately there are challenges and barriers to economic prosperity through simple paid employment, whether it’s the rules of social assistance, or our fast-changing economy.

It seems the roadblocks to a basic income have little to do with affordability. We can afford it. The real problem is a system that favours the wealthy and penalizes the poor, a system that supports those who work, but disadvantages those who do not.
### Canada’s Income Security Programs—Who Gets What

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<thead>
<tr>
<th>TARGET GROUP</th>
<th>% OF POPULATION</th>
<th>SHARE OF INCOME SECURITY SYSTEM</th>
<th>DIFFERENCE</th>
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</thead>
<tbody>
<tr>
<td>SENIORS</td>
<td>16.5%</td>
<td>52.0%</td>
<td>+35.5%</td>
</tr>
<tr>
<td>CHILDREN</td>
<td>19.3%</td>
<td>38%</td>
<td>-10.3%</td>
</tr>
<tr>
<td>ADULTS 18-64</td>
<td>64.2%</td>
<td>9%</td>
<td>-26.2%</td>
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</tbody>
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### RELATED RESOURCES

- [Preferential treatment: the history and cost of tax exemptions, credits, and loopholes in Canada](https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2017/05/Preferential_Treatment.pdf)

A basic income is an economically viable policy in Canada. All we need is a political willingness to invest.
INCOME PROGRAMS IN ACTION

Income pilot programs from across the world consistently demonstrate that when you offer people money free of conditions the result is improved outcomes.

A review of the basic income literature is outside of the scope of this resource. Instead we have listed income pilot programs occurring between 1968 and recent times, which serves to illustrate how often this topic has been researched and evaluated. This list was informed by a document prepared by Rob Rainer, basic income advocate, and can be found on the Basic Income Canada Network website.

We have also identified the common themes emerging from this research, which serves to illustrate how a basic income positively impacts social and health outcomes.

WEALTHY COUNTRIES

- **United States**: Income Maintenance Experiments, Opportunity NYC, Alaska's Permanent Fund Dividend, Casino Profit Sharing
- **United Kingdom**: Personalized Budgets for Rough Sleepers
- **Canada**: Mincome, Canadian Child Benefit, Old Age Security, and Guarantee Income Supplement for Seniors

LOW-INCOME & MID-WEALTH COUNTRIES

- **Mexico**: Oportunidades
- **Brazil**: Bolsa Familia Family Grant
- **India**: Madhya Pradesh India Unconditional Cash Transfers Project
- **Kenya and Uganda**: Give Directly
- **Bangladesh**: BangShombhob Conditional Cash Transfer Project
- **Malawi**: Cash Transfer Program
- **Namibia**: Basic Income Grant Pilot Project
- **Philippines**: Pantawid Pamilyang Pilipino Program
- **Zambia**: Kalomo Pilot Social Cash Transfer Scheme
- **Nicaragua**: Social Protection Network

### COMMON RESEARCH THEMES

- Decrease in food insecurity
- Improved nutrition
- Improved physical and mental health
- Reduced stress
- Reduced health care costs
- Improved educational outcomes
- Increase in entrepreneurship
- No increase in spending on unhealthy behaviours
- Negligible to negative impact on participation in the workforce

### RELATED RESOURCES

- [The town with no poverty](https://public.econ.duke.edu/~erw/197/forget-cea%20(2).pdf)
- [How do families who receive the CCTB and NCB spend the money?](http://martinprosperity.org/media/CCTB-and-NCB-Family-Spending.pdf)
- [Reduction of food insecurity among low-income Canadian seniors as a likely impact of a guaranteed annual income](http://www.utpjournals.press/doi/full/10.3138/cpp.2015-069)
- [Evidence from cash transfer programs](https://d3n8a8pro7vhmx.cloudfront.net/bicn/pages/164/attachments/original/1447859557/Evidence_from_Cash_Transfer_Initiatives_%28updated_to_Nov_16_2015%29.pdf?1447859557)
“I am now convinced that the simplest approach will prove to be the most effective—the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income.”

-Martin Luther King Jr.
FIVE MYTHS ABOUT A BASIC INCOME

We believe that a strong and compelling rationale in support of a BI is built on four pillars:

- Poverty is bad for our health
- Our changing economy
- Benefits to the business community
- Dignity and human rights

The remainder of this document is focused on offering high-level discussion notes informed by the evidence that supports this rationale for a basic income. At the same time, we also anticipate that specific concerns around a basic income will arise so we have endeavoured to identify common concerns in advance by dispelling five common myths about a basic income.

1. We can’t afford a basic income.

FACTS: The cost of providing a basic income is likely to be significantly less than the cost of NOT providing a basic income over time.

- It’s estimated that the costs of the consequences of poverty are costing Canadians $72 billion to $86 billion every year (health care, criminal justice and lost productivity costs associated with poverty).
- People living in poverty use more health care resources resulting in an additional $40 billion every year.
- Canada’s federal tax expenditures benefit the wealthy and carry an annual price tag of $103 billion. If we eliminated these taxes, we could increase everyone’s income to $21,800 effectively eliminating poverty.

If we are paying for poverty anyway, why not pay to prevent it?

2. If you give people money for doing nothing, they won’t work.

FACTS: A basic income will never be paid at a level that removes the incentive to earn income—people will always aspire to a better standard of living for themselves and their families. The social assistance system itself contains some barriers to employment, not because of the provision of income support, but because of its low levels and the rules under which it operates. A basic income is likely to remove some of the recognized barriers to participation in the labour force caused by these rules, as well as by poor health, poor education outcomes, and lack of ability to pursue employment, education, or training.

- Research from around the world, including the Mincome study that ran in Dauphin and Winnipeg, Manitoba, from 1974 to 1979, has shown that offering people a basic income does not result in a disincentive to work for primary wage earners.
3. A basic income will cause inflation to increase.

FACTS: There is no evidence from other income programs to suggest that a basic income will cause inflation to increase.

- The Bank of Canada controls inflation and is a built-in stabilization system that will prevent a BI from driving up inflation, should it for some reason have this effect.
- As for an increase, the price of goods and services such as food, this would only be temporary. Food retailers operate in a very competitive environment, and they would increase supplies of food available for sale in an area to meet the new demand, and prices would quickly return to previous levels.
- Housing would be the exception to this rule, but with recent rent controls (at least in Ontario), consumers are now protected from exorbitant increases.

4. If we give people a basic income they will just spend it on booze and drugs.

FACTS: Research from Canada’s income security programs (Old Age Security, Guaranteed Income Supplement, and the Canada Child Benefit) has shown that low-income families put their money back into the economy, and they spend it wisely.

- Money is spent on education, including more on tuition and computer equipment; food, childcare, transportation, and recreation.
- Decreased spending on unhealthy and risky behaviours (drinking and smoking).
- Individuals and families experience less stress.
- Mental health improves.
- Extra money is spent in the local economy which benefits businesses and ultimately the larger economy.

5. Anyone who wants to work can work

FACTS: Since the 1980s, there has been a decline in stable, well-paying manufacturing jobs, a massive decrease in full-time jobs, and an increase in precarious work that has replaced stable, long-term employment with benefits and pensions. A basic income can provide the bridge between jobs that is likely to be needed for the foreseeable future.

- Automation, globalization, and increasingly, artificial intelligence have resulted in loss of jobs in Canada, and there is no sign these forces abating.
- 42% of jobs are at risk of automation.
- Over 2 million workers are in temporary employment, the highest number to date.
- Low paying retail is now the leading employment sector in the Canadian economy.
- More than 60% of new part-time jobs were filled by workers 55 and older.
- The share of part-time work rose from 18% to 20% during the 2008 recession and has remained elevated at 19.3%.
- Part-time jobs accounted for 90% of all jobs created in 2015/16.
POVERTY IS BAD FOR OUR HEALTH

Poverty is bad for your health, plain and simple. In fact, many would argue that a basic income has caught the interest of politicians and policy makers because of the growing realization—thanks to the evidence—that poverty and health are interconnected.

The grocery bill is one of the only major expenditures with any flexibility, especially when food banks are a resort to backfill empty budgets. Less money for food often results in poorer nutrition, and as a proliferation of unhealthy foods makes its way downstream, it translates into more spending on health care.

Approximately 12.6% or about 4 million Canadians were food insecure in 2007 (Tarasuk et al, 2015). According to PROOF, an interdisciplinary research team investigating household food insecurity at the University of Toronto, the average health care cost for food secure Canadians is $1,600 a year, but as food insecurity rises, that cost increases.

The annual health care cost for individuals is $2,160 for those who are marginally food insecure, $2,800 for those who are moderately food insecure, and $4,000 for those in severe situations (Tarasuk et al, 2015).

According to the Canadian Medical Association (2013), 20% of the $200 billion spent on health care every year can be attributed to socioeconomic disparities, and over half of health care outcomes are directly related to the social determinants of health i.e. income, housing nutrition, early childhood development. Based on this estimate we can glean that poverty is costing Canadians $40 billion in health care costs every year.

The review of cash transfer programs from around the world has demonstrated the positive influences they have on food insecurity. In the Canadian context, we know that the Guaranteed Income Supplement has resulted in significant improvements in food security for seniors, dropping from 40% to 16% once people turn 65 (McIntyre, Dutton, Kwok & Emery, 2015).

In Newfoundland and Labrador, food insecurity among social assistance recipients dropped from 16% to under 10% within a year of increases to income supports and other social assistance reforms (Tarasuk, Mitchell & Dachner, 2012).

There’s no question that low income puts people at greater risk of being food insecure. These findings are well established. And the more extreme the food insecurity, the more toxic it is for a person’s health and the more significant the costs to our health care system.

Reducing food insecurity in Canada requires income supports that ensures individuals and families have the means to put food in the budget. A progressive basic income is one of the policy mechanisms that can make that happen.

RELATED RESOURCES

PROOF food insecurity policy research fact sheets (http://proof.utoronto.ca/resources/fact-sheets/#health)


Prevalence, severity and impact of household food insecurity: a serious public health issue (http://www.dietitians.ca/Downloads/Public/HFI-Background-DC-FINAL.aspx)

Implications for a basic income guarantee for household food insecurity (http://proof.utoronto.ca/wp-content/uploads/2017/06/Paper-Tarasuk-BIG-EN-17.06.13-1712.pdf)

OUR CHANGING ECONOMY

The Canadian economy and, indeed, all western world economies, have been undergoing major shifts since the 1980s. This decline in stable, well-paying manufacturing jobs has contributed to the erosion of our country’s middle class and ushered in austerity measures that have deepened and exacerbated the conditions of people living in poverty.

The shift in Canada’s labour market is largely due to automation, globalization and increasingly, artificial intelligence, and there is no sign of these forces abating. The fact is, we used to manipulate things and now we manipulate information. This transfer of jobs from humans to machines may bring new specialized jobs, but those jobs do not come close to replacing the ones we have lost or the ones we will lose.

At one time a university education was a ticket to economic prosperity from the perils of insecure and low-wage employment. But today even highly skilled and educated workers are struggling with precarious employment.

Guy Standing, an economist and basic income advocate at the University of London, says the conditions of the economy have led to a new term for post-millennial educated workers, a group he calls the precariat (Standing, 2011).

According to Standing (2011), the precariat are defined as part-time employees without benefits or pensions who typically work more than one job and typically live from one pay-cheque to the next. The work is typically contractual or part-time.

In the past precarious work was tied to service-sector jobs, but in today’s economy precarious work has also usurped the realm of stable employment with benefits and pensions. Precarious workers are no longer solely found hustling behind fast-food counters or occupying low-wage jobs; they now include highly skilled professionals with master’s degrees.

The laws of the market are not going to change. Capitalism is driven by profit, so we can fully expect that everything that can be automated will be automated, and we can fully expect these changes to intensify.

Automation since the 1980’s has been about overcoming the limitations of the human body. The next stage of development is about overcoming the limitations of individual minds. Drive-through banking was unfathomable in the 1950s, so maybe virtual surgeons are not so far off.

As the need for human labour shrinks, it is time for us to rethink work and envision new ways to use our time. Unless we want widening levels of income inequality and growing rates of poverty, it is time to bring in social policies that respond to the realities of work and life in our increasingly high-tech world.

RELATED RESOURCES

The precariat: the new dangerous class

The precarity penalty

The talented Mr. Robot: the impact of automation on Canada’s workforce

Humans need not apply
[https://www.youtube.com/watch?v=7Pq-]
“42% of the Canadian workforce is at high risk of being affected by automation.”

Lamb, Creig 2016
BENEFITS TO BUSINESS

One of the many benefits of a basic income is the positive impact it would have on local businesses, and ultimately the larger economy. After all, when you have a budget that does not meet your basic needs, if that budget were to double, where would you spend your extra income? Food? Clothes? A computer and internet connection? Your child’s field trip? Maybe some new shoes or towels?

For families and individuals with a low income, that’s exactly where the money is spent. Research from Canada’s income security programs has shown that low-income families are putting their money back into the economy, and they are spending it wisely (Jones, Milligan & Stabile, 2015). From food, education, and computer equipment to child care transportation and recreation, the extra income is helping families to live healthier, less stressful lives.

Research results from cash transfer programs from all over the world report similar findings. Income programs improve quality of life, and money is well spent.

The research also demonstrates that these same families were spending less on alcohol and tobacco, and engaging less in unhealthy habits often exacerbated by poverty (Jones, Milligan & Stabile, 2015). Again, similar findings were observed in several other income pilot programs.

On top of the healthy, productive spending habits, these extra purchases stimulate the local economy and lead to what is called the multiplier effect: when low-income households spend more money on goods and services within their local economy, it becomes someone else’s money, and so on and so on. Ultimately this contributes to a larger GDP and a more economically prosperous country. It is a win-win situation.

RELATED RESOURCES

The multiplier effect
(https://www.youtube.com/watch?v=RqWYmQQzXxs)

How do families who receive the CCTB and the NCB spend the money?
(http://martinprosperity.org/media/CCTB-and-NCB-Family-Spending.pdf)
DIGNITY & HUMAN RIGHTS

When it comes to human rights, many people tend to think about the conditions in developing countries, but human rights are equally relevant to Canadians. In fact, Canada recognized the economic and social rights of all when it signed the Universal Declaration of Human Rights (UDHR) in 1948. This milestone document established human rights as deserving of universal protection.

Of the 30 articles listed in the Declaration, Articles 3 and 25 align with the principles and values of a progressive basic income:

Article 3: Everyone has the right to life, liberty and security of person.

Article 25: Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

However, despite our commitment, we do not have any mechanisms to enforce these rights. This needs to be challenged. We must talk about our social and economic rights and urge our government to develop the regulatory mechanisms that enshrine social and economic rights the same way we do civil and political rights. Fulfilling these rights is not some far-fetched utopian ideal. Every person deserves to have their basic needs met and live a dignified life. A progressive BI is one mechanism that can help us actualize these rights within Canadian society.

A basic income would also give individuals greater flexibility in the job market and the freedom to choose where to work rather than being forced into a job they are ill-suited for in order to survive. It would also create the income stability people need to pursue their passion and interests without having to take huge risks or put themselves or their families in jeopardy during a transition to something better.

At the same time, a basic income would assign value to some of the most important work that goes on in society: raising children and caring for the elderly or disabled, not to mention the untold volunteer hours that contribute to healthier and stronger communities.

RELATED RESOURCES

What are the universal human rights? Canada without Poverty (https://www.youtube.com/watch?v=nDglVseTkuE)


Implementing a basic income in Canada is a financially viable option, but it will require tremendous political will, and civil society has an important role to play. If Canada is ever going to see a national basic income program, we need to spark the conversation with everyday citizens so more people understand the potential benefits of what can be a proactive upstream social policy. Sure, the concept has gained traction in the media in recent years, and we even have a three-year basic income pilot launching in Ontario, but if this idea is going to move past the political gates and manifest into a national policy, we need to start with creating an informed public that supports the kind of basic income that ensures everyone is better off.

We hope this resource will help to further the conversation and ultimately contribute to a more informed civil society.

If this is a concept you support, initiate the conversation with as many people as you can. Start with your friends, family, co-workers and neighbours, and take it to your community and social justice groups. Let them know about the evidence, the benefits, and how it can work in practice. Help them understand that a basic income can play a critical role in reducing poverty, food insecurity, and income inequality in Canada if it is designed properly.

“Poverty is not an accident. Like slavery and apartheid, it is man-made, and can be removed by the action of human beings.”

- Nelson Mandela
REFERENCES


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BASIC INCOME DESIGNS

Universal Basic Income (Utopian)

Who would receive the basic income?
All citizens and individuals who are landed immigrants/permanent residents.

What are the conditions that must be met in order to receive it?
It is an unconditional payment made whether people are working, at low-paying or temporary/precarious jobs, upgrading their skills or caring for family members.

What will implementing a basic income mean for other publicly funded programs? Will other programs end or change?
The UBI will replace all existing income security programs (employment insurance, Canadian Child Benefit, Old Age Security, with all other publicly funded programs remaining intact (housing subsidies, child care subsidies, public health, etc.).

How much will a basic income be and how much can people earn before it is clawed back or before they are no longer entitled to the income benefit?
The UBI would be set at the LIM, which is $21,800 per person (LIM-AT 2016) for a single adult. No adjustments will be made for household size, but children and youth living with their parents will receive a smaller benefit. The UBI is not clawed back as a result of additional earnings.

How much will it cost to deliver?
The cost of delivering a UBI is estimated to be approximately $500 billion, 20% of GDP (Kevin Milligan) a year, but this does not reflect the true cost.

Universal Basic Income (Libertarian)

Who would receive the basic income?
All citizens and individuals who are landed immigrants/permanent residents.

What are the conditions that must be met in order to receive it?
It is an unconditional payment made whether people are working, at low-paying or temporary/precarious jobs, upgrading their skills or caring for family members.

What will implementing a basic income mean for other publicly funded programs? Will other programs end or change?
This approach favours the elimination of all other income programs. It is based on the radical downsizing of the welfare state, and limited government.

How much will a basic income be and how much can people earn before it is clawed back or before they are no longer entitled to the income benefit?
The UBI would be set at 75% of the LIM or $16,989 per individual. The UBI is not clawed back as a result of additional earnings.

How much will it cost to deliver?
The costs of delivering this particular program are unknown, but the intention of this approach is to reduce government involvement, focus on the individual to the exclusion of the community, and ultimately function as an austerity measure. The net result would be to decrease poverty.
Negative Income Tax
Hugh Segal, 2016

Who would receive the basic income?
Working age adults (18-64) who have lived at their residence for at least 12 months and whose earnings fall below the NIT break-even line.

What are the conditions that must be met in order to receive it?
It is an unconditional payment made whether people are working, at low-paying or temporary/precarious jobs, upgrading their skills or caring for family members.

What will implementing a basic income mean for other publicly-funded programs? Will other programs end or change?
The NIT will replace social assistance programs, with all other social programs remaining fully intact.

How much will a basic income be and how much can people earn before it is clawed back or before they are no longer entitled to the income benefit?
Each single adult would receive either 75% ($16,898) or 100% ($20,811) (Segal suggests that both be tested) of the LIM. The amount of benefits received by participants would be a function of both their net family income and their family composition, such as the number of adults. Basic income payments would be equally divided and paid to all adults in the family, so as to provide each adult with an independent source of income and financial autonomy. Individuals with a medical disability would receive an additional $500 and additional earnings beyond the basic income would be taxed at varying rates. These tax rates would apply until an individual has paid, in taxes on earned income, the exact equivalent of the basic income, with a threshold (or break-even point) after which earned incomes would be subject to the normal income tax schedule that governs all working Ontarians.

How much will it cost to deliver?
The cost of province-wide delivery are unknown.

Negative Income Tax
Ontario Pilot Model
(2017)

Who would receive the basic income?
Working age adults (18-64) who have lived at their residence for at least 12 months and whose earnings fall below the NIT break-even benefit line.

What are the conditions that must be met in order to receive it?
It is an unconditional payment made whether people are working, at low-paying or temporary/precarious jobs, caring for family members or upgrading their skills.

What will implementing a basic income mean for other publicly funded programs? Will other programs end or change?
The NIT will replace social assistance programs, with all other social programs remaining fully intact.

How much will a basic income be and how much can people earn before it is clawed back or before they are no longer entitled to the income benefit?
A single adult would receive 75% of the LIM or $16,989. A couple would receive $24,027. Additional adjustments would be made for family size. Individuals with a medical disability would receive an additional $500. Participants in the pilot will be able to increase their total earnings by combining a basic income with income they earn through work. The basic income amount will decrease by 50 cents for every dollar an individual earns by working. CPP and Employment Insurance will be deducted at 100%.

How much will it cost to deliver?
The province is spending $50 million on the pilot over three years. The costs of delivering this model province-wide is unknown.
Negative Income Tax
Boadway, Cuff and Koebel
(2017)

Who would receive the basic income?
Working age adults (18-64) who are citizens or landed immigrants/permanent residents and whose earnings fall below the NIT break-even line.

What are the conditions that must be met in order to receive it?
It is an unconditional payment made whether people are working, at low-paying or temporary/precarious jobs, upgrading their skills or caring for family members.

What will implementing a basic income mean for other publicly funded programs? Will other programs end or change?
The NIT would replace Old Age Security, Guaranteed Income Supplement and all provincial and territorial social assistance programs, with all other social programs (housing, childcare, public health) remaining fully intact.

How much will a basic income be and how much can people earn before it is clawed back or before they are no longer entitled to the income benefit?
$20,000 per adult, adjusted for family size, with a claw-back rate of 30% based on family net income.

How much will it cost to deliver?
This model is virtually self-financing, or revenue-neutral. That’s because this design involves reforming our government transfer programs and replacing existing transfers delivered through the tax system, including many non-refundable and refundable tax credits. In other words, this approach entails a redistribution of wealth.

Please note that none of these cost calculations take into account the savings that will result from any related administrative savings, nor do they reflect the long-term savings we can expect to see when investing in people upfront, namely reduced costs associated with the health care, education, and criminal justice systems. Thus the estimates are higher than the likely reality.
TOWARD A PROGRESSIVE BASIC INCOME GUARANTEE
A COMMUNITY ACTIVIST RESOURCE
is produced by Community Food Centres Canada.

Community Food Centres Canada provides resources and a proven approach to partner organizations across Canada to create Community Food Centres that bring people together to build health, belonging and social justice in low-income communities across Canada through the power of food.