



Join the Conversation

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THE BASICS OF BASIC INCOME

Public dialogue about basic income, also known by other names, is growing. BICN has developed this primer series on the subject to make it easier for more people to participate.

WHAT IS A BASIC INCOME?

A basic income ensures that everyone can meet basic needs and live with dignity regardless of their work status. It is unconditional income from government sent directly to individuals, providing:

- financial security;
- freedom to decide how to best spend your own time and money;
- a foundation for health, wellbeing and a better life.

WHERE DID THE IDEA COME FROM?

The basic income concept has a long history going back to philosophers like Thomas More in the 1500s and Thomas Paine in the 1700s. In more recent times, it includes noted economists such as John Kenneth Galbraith, anthropologist Margaret Mead, social psychologist Erich Fromm and civil rights leader Martin Luther King Jr. They recognized that people deprived of the means to live are also deprived of freedom and inclusion in society.

In the 1970s, basic income experiments were conducted in several American and Canadian cities. Around the world, many people continue to write, research and promote the idea. Forms of basic income have made their way into public policy, including in Canada and Brazil, and the number of pilots is growing, from India and Namibia to Finland and the United States.

WHY IS IT GETTING SO MUCH ATTENTION NOW?

There are many reasons, both moral and practical. Here are some key ones.

It's about values

Women and men from all backgrounds believe that values like respect for human dignity should be guiding public policy. They think the economy should work for all of us. Yet, everywhere we see extreme wealth for some and deepening poverty and insecurity for others. People talk about finding our moral compass again and about upholding human rights commitments.

They are also concerned about the societal tension growing out of fear, insecurity and divisiveness that is threatening democracy. They believe governments must do better. A basic income is good public policy that

can improve wellbeing for everyone and support cooperation instead of conflict.

It's about 'work'

Three main trends are making life more insecure. First, rapid technological change is affecting all parts of our lives, especially employment. Many of the jobs humans do, both low and high skill ones, can be done better, faster and cheaper by machines, robots and algorithms. This can make some lives better, but individuals and families who are displaced or vulnerable are struggling. Our social fabric is wearing thin in the process.

Second, much of society's most essential and meaningful work is unpaid. It includes raising children, creating vibrant communities and sustaining democracies. We haven't done a good job of valuing, sharing and supporting it. The lives of anyone who does this work, women's lives in particular, continue to be very precarious.

Third, public policy is all over the map. Some has been driven by austerity, adding to job insecurity while reducing income security programs and other services. At the same time, there have been many programs aimed at poverty reduction. Some help. Some harm. Some are too complex to work. Many are outdated or inadequate to meet current and future realities.

It's about evidence

- It is now known that income is the most important factor affecting health, much more influential than health care systems, genetics or lifestyle. A key outcome of basic income programs and pilots every-

where is improved health, both physical and mental.

- Constant stress can damage our brains and bodies, sometimes permanently. Insecurity, dangerous living conditions, discrimination, stigma and lack of control are harmful. Some income programs add to the problem. A basic income reduces stress, enabling people to be healthier and more productive in all aspects of life.
- The costs of poverty and inequality to individuals and society are increasingly well documented. More equal societies do better. What we think we're saving in income security we pay for elsewhere in homeless shelters, food banks and a host of social ills from health problems to crime. A basic income helps reduce these downstream problems and their costs.
- What we don't see with basic income programs and pilots is evidence that people stop working. Some work more, in fact, and some work differently to better manage employment, education and family responsibilities. This fear that basic income will make people lazy is like a zombie that just refuses to die. We must not let simplistic economic theories or our imaginings get in the way of evidence and human dignity.
- Basic income programs and pilots do provide evidence of community-wide benefits. In India, a basic income pilot enabled cooperation to make improvements for the entire village and it had especially empowering impacts on women.

Even in rich countries, there are communities and neighbourhoods with high concentrations of people living poverty that could be significantly transformed in new and creative ways.

HOW DOES A BASIC INCOME WORK?

This is where a simple idea meets complex reality. Every country has a different mix of existing income and service supports, taxation systems and other historical and cultural factors that shape public policy. A basic income can, therefore, take different forms in different places. That said, there are some major threads to follow.

Two schools of thought

Two main schools of thought can be found among basic income advocates. One, notably set out by free-market economist Milton Friedman several decades ago, sees a basic income as a replacement for most public services. That is not the vision of BICN nor of most writers and activists supporting basic income now.

The basic income we want works with public services. These services are a bargain because none of us could create such things as health care and education systems, or labour standards, on our own. With a basic income, public services can do what they do best, relieved of many problems that poverty and insecurity put at their doorstep.

Two general models

The demogrant, or Universal Basic Income (UBI), refers to a model where everyone receives the same basic income amount no

matter how much other income they have. Higher income earners will see it effectively taxed away.

The refundable tax credit or Negative Income Tax (NIT) model provides payment to people whose income falls below a certain threshold. People who have sufficient income won't get it but they have security knowing it's there.

Both models involve a progressive tax system in order to provide greatest benefit to those who need it most. There are pros and cons to each model and hybrids also exist. Note as well that both models are the opposite of the 'welfare' or 'social assistance' model of income support that is intrusive, rule-bound and stigmatizing.

Alaska provides a demogrant. It's not large enough to be a full basic income but it is universal going to every individual in that state. Canada's benefits for seniors are a hybrid of demogrant based on age and a NIT-type supplement based on income.

Other design issues

These include the question of whether the benefit should be based on the individual or the household, or both; what level is considered adequate to meet basic needs; and whether benefits should simply bring people up to that level, or whether benefits should be reduced, and how quickly, as income rises. The module in this series that describes The Canadian Overview, shows how it works in practice in Canada.

WHAT WILL IT COST AND HOW DO WE PAY FOR IT?

The cost in any country will depend on design details, the extent and depth of poverty and income insecurity, the kinds of other programs and services that will be affected, and most importantly, the benefits that the basic income will bring in greater health and wellbeing for society. This is an investment and if designed well the benefits will outweigh the costs.

Practical mechanisms to fund a basic income include: redistribution of general revenues; redesign of tax benefits that tend to benefit the wealthy by making them refundable and based on income; restructure other tax measures to make them more progressive; financial transaction taxes; inheritance taxes; dividends from resource or other national wealth funds. Some funds can be transferred from old programs that the basic income replaces, some savings can be achieved from reductions in downstream programs. Increased economic activity by individuals, and through local economic development in communities, will create revenue that will also help it pay for itself.

There is no question that we can afford this. There is enormous wealth sitting idle or being put to questionable use. This is part of our problem. Our economies require putting money into the hands of people who need it and will use it. We can't afford not to have a basic income.

HOW CAN I GET INVOLVED?

Here are examples of the many ways people are contributing to give you ideas:

- Creating or joining an existing local basic income advocacy group
- Supporting this issue in an organization you already work with, such as public health or teachers associations, chambers of commerce, unions, student groups
- Writing, researching, publishing, blogging, tweeting
- Donating to organizations promoting a basic income
- Organizing discussions, from informal ones around kitchen tables, church basements or community centres to seminars and large multi-disciplinary conferences
- Meeting with representatives of government -- Municipal, Regional, Provincial, Territorial, First Nations and Federal -- and the media.

