

# ***A Basic Income Guarantee for All:***

## ***The Time Has Arrived***

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Last week was remarkable for the cause of Basic Income. Basic Income Canada Network registered supporter number 2000 of the idea of a Basic Income Guarantee for everyone in Canada.<sup>1</sup> We are on pace to top 10,000 supporters by year-end and this, towards what could become a roster of hundreds of thousands of Canadians committed to this reflection of social justice.

Niagara Regional Council became the latest in a string of Ontario municipalities to express its support for Basic Income.<sup>2</sup> This followed the lead of the City of Kingston which on December 15<sup>th</sup> became the first government in Canada to pass a resolution favourable to Basic Income.<sup>3</sup> That was, in turn, in the wake of many mayors—headlined by Naheed Nenshi in Calgary and Don Iveson in Edmonton— who have voiced their enthusiasm.<sup>4</sup>

It was also reported that the Government of Québec is seriously considering Basic Income, apparently due advocacy by the Minister of Employment and Social Solidarity, François Blais, who wrote a commendable book on Basic Income in 2002.<sup>5</sup>

Further last week, a front-page Globe and Mail story mentioned the interest of Jean-Yves Duclos, the federal Minister of Families, Children and Social Development, in “guaranteed minimum income.” Minister Duclos, who holds a PhD in economics and has written positively about Basic Income, said that “...it’s the principles behind the idea that matter. These principles are greater simplicity for the government, greater transparency on the part of families and greater equity for everyone.”<sup>6</sup>

Basic Income advocates are thrilled with this traction, but also aware of the tough road ahead for policy breakthroughs. A first challenge is to be clear about what we are talking about. At the outset, note that Basic Income is known by other terms, for

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example guaranteed minimum income, guaranteed annual income, universal demogrant, citizen's income, liveable income, and unconditional cash transfer. Cases can be made for this or that phrase over others. What matters, however, is not so much what the thing is called, but that the concept is understood.

The international Basic Income Earth Network defines Basic Income as “an income unconditionally granted to all on an individual basis, without means test or work requirement.”<sup>7</sup> This definition connotes perhaps a simple idea, but it must be said that it does not necessarily meet with widespread agreement. That's because within the definition are concepts that represent tough trade-offs, and which thus bear significant challenges for policy design, and for public and political acceptability. Consequently, debate on these concepts results in what has been called “the problem of persistent disagreement” among Basic Income advocates.<sup>8</sup>

Basic Income Canada Network defines a Basic Income Guarantee as that which “ensures everyone an income sufficient to meet basic needs and live with dignity, regardless of work status.”<sup>9</sup> This, too, includes concepts subject to debate. For myself I find it helpful to offer an expanded definition that recognizes that, in the end, it may well be publicly acceptable for the receipt of Basic Income to be subject to income testing, even if some Basic Income advocates vigorously oppose that.

So here's another crack at a definition:

*Basic Income involves a regular, reliable distribution of money from government to people to help ensure total income sufficient to meet common, basic needs. The distribution is made without regard for whether recipients have paid labour or not, though total income can be factored as to whether a person receives Basic Income.*

Minister Duclos last week recognized the principles of simplicity, transparency and equity as underlying Basic Income. To these can be added further principles that have widespread support among advocates, such as security, dignity, autonomy, sufficiency and reliability. Such values, of course, constitute a high bar for policy to clear. At the same time, they reflect the fair and just society that is within our grasp.

Basic Income is a means for upholding such human rights as to food, to housing, and to a standard of living adequate to the health and well-being of oneself and one's family—rights enshrined in the 1948 Universal Declaration of Human Rights and related international law. Basic Income is also a means for:

- Preventing or at least reducing poverty, with qualification that Basic Income is only part of poverty's multi-faceted solution;
- Promoting health, for the correlation between low income and poor health, and conversely higher income and better health, is profound;
- Reducing, at least to a degree, income and wealth inequality;
- More importantly, promoting opportunity equality, for we know that with modest increases in income, opportunities expand greatly;
- Most broadly of all, alleviating the economic insecurity which grips huge swaths of society, witness for example the one in 42 in Canada who turned to a food bank for food support in March 2015;<sup>10</sup> the one in four Canadian workers who lived paycheque to paycheque in 2015;<sup>11</sup> and the one in two of us who last year reported feeling stressed over lack of financial stability, even in the absence of any emergency situation.<sup>12</sup>

Basic Income advocates are claiming a lot in terms of its beneficial impact. On our side is a growing body of evidence regarding the health, educational, economic and other outcomes that flow from cash transfer programs.<sup>13</sup>

Nonetheless, Basic Income is not a panacea. It cannot be a one-size-fits-all prescription. Alongside it must remain many other forms of public support, for example for housing, early childhood development, transportation, disabilities, arts and recreation. With all this in place we would finally have a modernized system of social security.

Happily, Canada does not have to begin Basic Income at square one. Various programs that approximate Basic Income are already in place—the start of a more comprehensive scheme.

For example, the new Canada Child Benefit will improve the existing child benefits framework and closely resemble a Basic Income for pre-adult children. To illustrate, via the Benefit a family with two children and household income of just \$15,000 will receive \$11,800. A 2-child family with income of \$45,000 will receive \$9,000. And the Benefit won't phase out until income is well above \$100,000, meaning most households with pre-adult children will gain.<sup>14</sup>

This is wise investment: child benefit programs lead to higher expenditure by low income families on food, child care, transportation and education.<sup>15</sup> Moreover, to the extent that household financial stress can be alleviated, this can significantly impact the brain development of infants and pre-schoolers, which in turn has major influence on future life outcomes.<sup>16</sup>

As another example, Old Age Security (OAS) and the Guaranteed Income Supplement (GIS), along with Canada and Québec pension plans, are associated with seniors

having the lowest rate of poverty of any demographic group in Canada. As seniors draw on OAS and GIS, their health outcomes improve compared to those aged 60-64. Arguably this makes a case for lowering the entry age for OAS and GIS, rather than raising it to 67, such as the previous federal government aimed to do.<sup>17</sup>

The poverty of children and of seniors is still very much with us. However, for these cohorts a measure of humane, relatively unconditional income support has been established. We ought to go further with their Basic Income, and meanwhile introduce a Basic Income Guarantee for working-age adults.

For adults aged 18-64 we confront some of the toughest challenges in terms of Basic Income policy design. How certain questions are answered will affect a policy's public and political acceptability, the impact of a policy on the people it is meant to help, and of course a policy's programmatic cost.

The questions include:

- Should there be a residency requirement for Basic Income and, if so, what should it be? Should landed immigrants receive Basic Income? Refugees? Those in prison?
- Should Basic Income be paid on an individual basis only, or should household income be taken into account? If on a household basis, what constitutes a household?
- Should receipt of Basic Income be subject to an income test? If so, what should be the income threshold?
- What is the optimal level of Basic Income? Should there be regional differences in the level, factoring variable costs of living?
- How frequent should Basic Income be paid—monthly, for example, or some other interval?
- How should Basic Income be financed?

Basic Income advocates must grapple with such questions, including with those who would enact or administer a policy. We must recognize that full agreement on the answers will be elusive. We must be willing to compromise, towards arriving at a policy framework with the greatest likelihood of being actionable.

Policy design, then, represents a huge challenge. So too does overcoming the major concerns or outright objections, of which two crop up most often.

One is over Basic Income's perceived or feared financial cost. Of course to this must first be replied that we are bearing massive cost from poverty, inequality and economic insecurity. For example Canadian spending on health care tops \$200 billion a year. About 20 percent of this—or \$40 billion plus—is due what are called health inequities between lower and higher income Canadians.<sup>18</sup> The Canadian Medical

Association, which last year passed a resolution in support of Basic Income,<sup>19</sup> has thus called income “the great divide when it comes to Canadians’ health.”<sup>20</sup>

The cost of poverty—in health care, criminal justice, and lost productivity—has been estimated at 5.5 to 6.6 percent of Canada’s Gross Domestic Product.<sup>21</sup> Our GDP is now in the range of \$1.5-\$2.0 trillion a year,<sup>22</sup> meaning that poverty costs in the range of \$82-\$132 billion per year. Thus it stands to reason that as poverty is reduced, potentially sharply by Basic Income, the savings are going to be substantial.

Basic Income’s net cost will ultimately depend on the policy goals that are set; the program design specifics that follow; the expenditure required for implementation; the outcomes that are yielded; and the resulting savings. No one can yet predict the net cost of a comprehensive scheme. But whatever it will be, I am confident the required revenue can be found. For example, thanks to nearly 200 tax breaks in the income tax system, some \$100 billion in revenue is not being collected annually by the federal government.<sup>23</sup> Many of these tax breaks are known as “boutique tax credits,” designed to favour particular populations even though deemed bad in terms of sound economics and public policy.<sup>24</sup> Imagine if even a quarter of this foregone revenue could be recaptured and directed to Basic Income.

In a world in which in which the richest one percent have wealth greater than the remaining 99 percent,<sup>25</sup> we can never accept that Basic Income is an unaffordable proposition. Indeed, as the great economist John Kenneth Galbraith said: “A rich country...must give everybody the assurance of a basic income. This can be afforded and would be a major source of social tranquility....Let us always keep in mind that nothing so denies liberty as a total absence of money.”<sup>26</sup>

Another big worry about Basic Income is its so-called work disincentive. To remind, central to the idea of Basic Income is to separate income security from labour market attachment. This is, of course, a radical notion, a paradigm shift. We have all grown up believing that in order to eat, to be housed, to be secure, we must work. And who has not thought that there is a linear relationship between work effort and well-being?

This correlation is now untrue, if ever it were. Countless people work hard yet struggle daily to survive, while others may not work at all yet enjoy the most sumptuous cuisine and the most luxurious surroundings. As has been said, if hard work equated with wealth, every woman in Africa would be a millionaire.

To the belief that if people receive money for nothing they will lie about in sloth, one can reply by saying that, yes, some people in low income who receive Basic Income—just as for some people with high incomes today—will do little of productive value. However, we ought not to base our income security system on subjective judgments of human behaviour, or what Churchill, in proposing his first unemployment insurance plan for Great Britain, in 1911, called mixing mathematics with moralities.<sup>27</sup>

There are reasons why most people, even with Basic Income, will continue to pursue paid labour. First, Basic Income is meant (in a typical conception) to help cover common, basic needs, and not necessarily more than this. These needs are definable, as has been demonstrated through the work of the Joseph Rowntree Foundation to establish “a minimum income standard” for the United Kingdom.<sup>28</sup> But for a new laptop, a woodworking course, a distant vacation etc., income from employment, self-employment, investment or other sources will likely remain necessary.

One can also argue that doing meaningful work is essential for well-being, to have the pleasure of applying oneself to one’s talents and to seeing a job well done. So whereas Basic Income can help satisfy some of what Maslow called the “hierarchy of needs,” pursuing one’s potential, finding joy in accomplishment, building self esteem and so forth can often best be met through meaningful work. As the great American painter Georgia O’Keeffe said, “[t]he days you work are the best days.”<sup>29</sup>

Further, recent research has shown that when citizens have greater economic security, in the form of government support, they are more likely to pursue business start-ups. Writing for *The Atlantic* magazine in March 2015, Walter Frick, an associate editor at the Harvard Business Review, reported that “[a] robust social safety net encourages more Americans to attempt the high-wire act of entrepreneurship.”<sup>30</sup>

Indeed, where cash transfer programs have been tried, the evidence shows positive economic effects overall.<sup>31</sup> This may lie in the desire of most people to apply themselves in ways conducive to their well-being and that of their families and communities. We should thus be confident that as Basic Income becomes available to working-age adults, the vast majority will draw upon it as a springboard for opportunity, leveraging on their talent to be part of a creative, innovative, vibrant society. The difference from today is that we will be better able to sleep at night, knowing that if our risk-taking bears little fruit, we will still have food on the table.

It must also be mentioned that with Basic Income, many people will have the support to engage in work that is not amenable to the paid labour market but that is worthy in its own right. In this vital sense, Basic Income helps to ascribe value to care-giving, volunteering and creative pursuits of many kinds.

Now all that said, let’s touch on something that is bringing more people to the cause of Basic Income, and that spotlights all the more the need for a stronger income security system. That is the phenomenon, or at least the worry, of technological unemployment.

We are at the dawn of a new era of technology without parallel in history. Along with it, concern is rising that automation of all kinds, being developed at exponential rates, will displace labour on an unprecedented scale. For example, a 2013 study out of Oxford University predicted that automation will cause 47% of the jobs in the U.S. to

disappear within 20 years.<sup>32</sup> We are talking about not only the work that's been called "the dull, dirty, and dangerous," which some believe should be handled by robots.<sup>33</sup> Rather, we are talking about work of creative skill too, or requiring significant analytical power.

Our machines can now write prose, with a prediction that by 2030, 90 percent of journalistic writing will be done by computers.<sup>34</sup> Our machines can compose music.<sup>35</sup> They can even do things as delicate as administering anaesthesia<sup>36</sup> or performing unassisted surgery.<sup>37</sup>

As writes Martin Ford, author of the 2015 book *Rise of the Robots: Technology and the Threat of a Jobless Future*: "The machines are coming for the high-wage, high-skill jobs as well....Automation is blind to the colour of your collar."<sup>38</sup>

Technological unemployment is not just about the elimination of jobs completely, but also about the elimination of tasks within jobs that might yet remain, giving rise to the question of what if anything will replace that task time. A report published last November by the McKinsey Global Institute found that 45 percent of 2000 distinct types of work activities, across 800 occupations, "could be automated, affecting workers in a wide variety of roles. For example, up to 20% of the activities of a chief executive could be automated, such as analyzing operations data and reviewing status reports."<sup>39</sup>

For a short and sobering look at technological unemployment, watch the acclaimed video *Humans Need Not Apply*, available on YouTube.<sup>40</sup> Suffice it to say: should vast job loss due to automation come to pass, the conversations being had today about Basic Income may be of a much different flavour. And indeed, one is seeing some technology experts recommending Basic Income as public policy, as does Martin Ford in his book.<sup>41</sup> One analyst has gone as far to say that "all robot labor should be nationalized and put in the public sector, and all citizens should receive a basic stipend from it. Then, if robots make an automobile, the profits will not go solely to a corporation that owns the robots, but rather to all the citizens. It wouldn't be practical anyway for the robots to be making things for unemployed, penniless humans."<sup>42</sup>

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We have the ability and the imperative to establish a Basic Income Guarantee for everyone. Following Medicare and the Charter of Rights and Freedoms, a Basic Income Guarantee for all could be Canada's next great public policy legacy. Indeed, like health care and the Charter, Basic Income should be there for when you need it.

Our movement is growing, witness the mounting activity of Basic Income Canada Network and that of an ever-expanding number of sister groups, such as Basic Income

Victoria, Basic Income Vancouver, Basic Income Manitoba Network, Revenu de base Québec, Basic Income Nova Scotia, C-BIG-PEI, and action groups now in London, Waterloo, the Niagara region, Toronto, Peterborough, Sudbury, Kingston and Ottawa.

Our advocacy is carrying Basic Income deeper into the realm of public consciousness, and deeper into the halls of government. Nonetheless, realizing a Basic Income scheme that improves the security of pre-adult children and seniors, and fully embraces working-age adults, is going to take tremendous effort by many people across the land. And it may be years yet before we witness the ends we seek, just as it was many years for Medicare and the Charter to be secured.

If you are not already involved in this movement but wish to contribute, please join us. We have an historic moment to build this legacy, for each other, for our loved ones, and for future generations. As said the 19<sup>th</sup> century poet and novelist, Victor Hugo: “Nothing is stronger than an idea whose time has come.”<sup>43</sup>

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<sup>1</sup> <http://www.basicincomecanada.org/>

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<sup>6</sup> <http://www.theglobeandmail.com/news/politics/guaranteed-income-has-merit-as-a-national-policy-minister-says/article28588670/>

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<sup>8</sup> [https://d3n8a8pro7vnm.cloudfront.net/bicn/pages/57/attachments/original/1452005008/2015\\_The\\_Political\\_Analysis\\_of\\_Universal\\_Basic\\_Income\\_%28Jurgen\\_De\\_Wispelaere%29\\_\\_819631\\_.pdf?1452005008](https://d3n8a8pro7vnm.cloudfront.net/bicn/pages/57/attachments/original/1452005008/2015_The_Political_Analysis_of_Universal_Basic_Income_%28Jurgen_De_Wispelaere%29__819631_.pdf?1452005008)

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<sup>13</sup> [https://d3n8a8pro7vnm.cloudfront.net/bicn/pages/164/attachments/original/1447859557/Evidence\\_from\\_Cash\\_Transfer\\_Initiatives\\_%28updated\\_to\\_Nov\\_16\\_2015%29.pdf?1447859557](https://d3n8a8pro7vnm.cloudfront.net/bicn/pages/164/attachments/original/1447859557/Evidence_from_Cash_Transfer_Initiatives_%28updated_to_Nov_16_2015%29.pdf?1447859557)

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<sup>15</sup> <http://martinprosperity.org/content/how-do-families-who-receive-the-cctb-and-ncb-spend-the-money/>

<sup>16</sup> <http://www.theglobeandmail.com/opinion/editorials/how-to-improve-life-for-at-risk-children/article4607474/>

<sup>17</sup> <http://policyschool.ucalgary.ca/?q=content/how-guaranteed-annual-income-could-put-food-banks-out-business>

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<sup>19</sup> [http://c.yimcdn.com/sites/www.alphaweb.org/resource/resmgr/Resolutions/CMA\\_BIG\\_Resolution\\_2015.pdf](http://c.yimcdn.com/sites/www.alphaweb.org/resource/resmgr/Resolutions/CMA_BIG_Resolution_2015.pdf)

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<sup>21</sup> <http://www.cbc.ca/strombo/news/10-things-you-might-not-know-about-poverty-in-canada>

<sup>22</sup> <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/dsbbcan-eng.htm>

<sup>23</sup> [http://www.conferenceboard.ca/temp/7e17cb3f-13cf-4604-b891-2bf3beed4623/12-281\\_reinventcantaxsystem\\_ea.pdf](http://www.conferenceboard.ca/temp/7e17cb3f-13cf-4604-b891-2bf3beed4623/12-281_reinventcantaxsystem_ea.pdf)

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