A Basic Income for Alberta

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This report was published by Parkland Institute
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Acknowledgements

The authors wish to extend gratitude to the basic income research and advocacy community for their energy and expertise, particularly Basic Income Calgary and its Make It B.I.G. network conference, and the Basic Income Canada Network. Thanks to Scott Harris for producing the report, and Flavio Rojas for the design. The authors also thank the two anonymous peer reviewers whose suggestions made this report incalculably better. The authors would like to acknowledge the contribution received from the Alberta College of Social Workers in support of this research project.

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Executive Summary

Debate about establishing a basic income guarantee has moved to the forefront in recent discussions of income policy in Canada and in many places around the world. The “basic income debate” is not simply between those who oppose and those who support establishing basic income policies. The conversation involves much more complex analyses of poverty, the changing nature of work and, more broadly, the actions needed to change fundamental directions in social and economic policy for the public good. As such, the idea of a basic or guaranteed income simultaneously promises and challenges progressive reimaginings of our economic status quo.

One of the biggest selling points for basic income has been its claim to wide-ranging support across the political spectrum. However, the debate over basic income is as much ideological as it is economic. A review of academic and popular literature indicates that, far from an emerging consensus about basic income, the perspectives from the left and right represent oppositional positions in their goals, assumptions, and preferred social/economic policy directions. In short, there is unlikely to be any acceptable middle ground. The future of political action and policy development on basic income may be a brewing storm.

This report provides an overview of basic income with a focus on the Albertan context. After outlining some of the diverse definitions of “basic income,” the report investigates how motives and opportunities for basic income vary across the political spectrum. We then review the mechanisms by which different scholars recommend providing a basic income, including through tax measures, negative income tax, and other financial tools. Overviews of basic income pilot projects in Manitoba and Ontario clarify political lessons that should inform an Albertan approach to basic income. Further, we consider basic income at the intersections of gender and decolonization to demonstrate how basic income can complicate, and redress, axes of oppression that go beyond low incomes. The report asks what considerations must be made for future economic and social policy, and whether some form of basic income can—or even should—be part of that future.

Much of the recent commentary surrounding basic income centres on the changing nature of work, advancing basic income as a possible response to increasing levels of insecure, part-time and temporary employment, labour market restructuring, and job loss due to automation. Facing declining job prospects in the fossil fuel industry, Albertan workers stand to benefit from a basic income that could compensate care and community work, and buffer against job loss and precarity. This report considers basic income as one way among many to address the current challenges arising from economic and social inequality.
This research finds:

- Basic income is popular because it is an ambiguous term, championed by those with diverse—and at times opposing—agendas and interests
- While some models of basic income are more progressive than others, there is no guarantee that any particular basic income model will be transformative in its application
- A basic income would likely benefit very-low-income Albertans. However, basic income in and of itself does not adequately address the root causes of poverty and inequality that harm low-income people.

This report recommends implementing a livable basic income in Alberta, sufficient to meet the basic needs of people with no other source of income. However, a basic income on its own is insufficient for assuring long-term poverty elimination without a suite of other policy and social changes, including:

- developing broad social and political consensus that an Albertan basic income is intended to be sufficient to meet basic needs, without conditionality based on job seeking, or other characteristics besides need,
- reforming tax and royalty rates to address revenue gaps, and reinvesting in the Heritage Savings Trust Fund,
- creating long-term, low-carbon, unionized jobs by leveraging government procurement and "green" infrastructure projects to support resource workers, and equity-seeking groups,
- reinforcing universally delivered public services like health care and education that address root causes of poverty. Expanding the social safety net to include pharmacare, universal dental care, and a greater swath of mental health services,
- implementing strong emissions restrictions, and climate policy to promote a sustainable, livable future in Alberta,
- decolonizing public services, industry, and policymaking, and
- establishing rent control so that increased incomes from a basic income plan can stay in the hands of low-income Albertans.

Any and all of these initiatives could potentially impact poverty levels, income inequality, and quality of life. In combination with a basic income, Alberta stands to ensure a sustainable and prosperous future for generations to come.
Introduction: Setting the Stage for Basic Income

Basic Income has a long history in Alberta’s political landscape. Canadian discussions of basic income originate in Alberta, with Premier William “Bible Bill” Aberhart and his Social Credit government, first elected in 1933. For Aberhart, basic income was a remedy to the hardships of the Great Depression based on the logic that if regular people had more money, the economy would improve. The Social Credit plan did not go forward due to federal government opposition, and lack of funds (Young & Mulvale, 2009). Ninety years later, Alberta’s politicians typically turn to neoliberal logics of privatization and austerity when looking for economic fixes. However, as in Alberta during the Great Depression of the 1930s, there are some compelling reasons why Albertans in 2019 would benefit from a comprehensive basic income.

The wealth and economic power associated with Alberta’s resource economy does not benefit all segments of society. With a male-dominated workforce, the resource sector contributes to Alberta’s large gender pay gap (more on this below), and Indigenous people face higher unemployment across all education levels compared to their settler counterparts (Arriagada, 2016). Increased competition from the United States currently spurs Alberta’s oil industry to rapidly automate, reducing employment in the sector. Global low per-barrel oil prices and the climate crisis also threaten the stability of resource-dependent economies. In response, the Norwegian government is taking steps to divest its Sovereign Wealth Fund from fossil fuels, but Alberta has yet to take significant steps towards developing sustainable, stable revenue sources that could replace oil-and-gas-related revenue. As the Albertan workforce faces precarity and financial insecurity, basic income could fit into a suite of economic and social policies to bring the so-called Alberta advantage to regular people.

With that background, this report acts as a primer on what basic income could look like in an Albertan context. After outlining differing interpretations of “basic income,” we explore motivations for basic income schemes, and how theorists structure those schemes to achieve different ends. This report dismantles the frequently cited adage that basic income goes beyond left-right divisions. Although there is support for basic income across the political spectrum, there is little practical agreement on what the term means. We then review some recent basic income pilot projects in Canada. In order to gain a deeper understanding of the impacts of basic income for Alberta, we explore some of the theoretical and practical consequences of basic income plans for equity, diversity, and inclusion issues. The final substantive section of this report provides practical
recommendations for the province of Alberta. Ultimately, we conclude that basic income, implemented with emancipatory intentions and sufficient resources, has the potential to improve quality of life for many disadvantaged Albertans, particularly if it is coupled with progressive social and fiscal policy.

A Basic Income in Alberta

Albertan perspectives on prosperity are informed by decades of expansion in the oil and gas industry. Unfortunately, there are structural challenges associated with having a resource-based economy, including an unstable revenue environment for governments and income insecurity for individuals. Decades of boom-and-bust cycles tightly linked to oil prices express themselves in high costs of living, economic inequality, entrenched neoliberal policies, and austerity budgeting. In July 2014, there were 33,522 households receiving Income Support, of which 16,074 were considered eligible to work (Government of Alberta—Alberta Official Statistics, 2019). Five years later, in July 2019, 61,158 Albertan households received provincial Income Support (1.8 times higher than in 2014), of which the government designated 38,723 as “eligible to work” (2.4 times higher than in 2014) (Government of Alberta—Alberta Official Statistics, 2019). Meanwhile, recent decades also see wealth increasingly concentrated in the hands of high-income earners (Graff-McRae, 2017). Capitalizing on widespread concerns about unemployment in the resource sector and economic insecurity, the United Conservative Party (UCP) won a majority government in the 2019 provincial election. The party promised tax cuts and austerity budgeting as a fix for these problems. However, basic income could present another answer to employment insecurity, and increasing income and wealth disparities. As part of a just transition, a basic income could buffer some of the household-level effects of a changing economy by providing a financial cushion for unemployed and precariously employed people.

The prevailing conservative political culture in Alberta leads to concerns that any plan to implement some kind of basic income would pay inadequate rates, and come at the expense of comprehensive and essential public services without significant political and social will for a better scheme. Specifically, the 2019 MacKinnon report commissioned by the UCP government recommended privatization (or “alternative service delivery”), and cuts to public sector spending and wages (MacKinnon, Percy, Henderson, Dahlby, Mowat, & Ramotar 2019). Implementing these recommendations will impact universal public services, including health and education, disproportionately impacting low-income people who cannot afford other options. Maintaining universal, publicly delivered services is essential to adopting a basic income that reduces poverty. One of the advantages of a basic income is that it
provides a reliable (and ideally sufficient) income that people can use to meet their basic needs. Adding costs—particularly the unpredictable costs associated with health crises—or the long-term detriments associated with access to second-tier, overburdened health and education systems undermines the added security and prosperity for the lowest-income Albertans spurred by a basic income.

As noted above, basic income is not exclusively a left-wing or progressive policy. However, a resource-dependent economy prone to booms and busts does not lend itself to a stable revenue stream. Alberta could consider drawing on its Heritage Savings Trust Fund (HSTF) to cover some of the costs associated with implementing a basic income for low-income Albertans. Alberta established the HSTF in 1976 under Peter Lougheed’s Progressive Conservative government, and it was intended to ensure the prosperity of future generations by investing resource revenues. Alaska has a similar fund (the Alaska Permanent Fund) that pays an annual dividend to qualifying residents. As a cautionary tale against implementing a similar annual payment schedule, the average daily number of substance abuse-related crimes is 14 percent higher the day after, and 10 percent higher in the four weeks following payment, and the average daily number of police medical calls is 9 percent higher in the same period (Watson, Guettabi, Reimer, 2019). The Permanent Fund Dividend amounts to an average of $1,600 per person per year. Given the small amount of money, the annual payment schedule, and its true universality, the Permanent Fund Dividend, or a similar measure using the HSTF, is not a promising model for reducing poverty in Alberta. In the Alberta context of fluctuating oil prices, decreasing oil employment, and low tax rates, funding a basic income through tax measures would be best implemented hand in hand with tax reform measures. If fewer people work, and for less income, income tax measures form a precarious base on which to build a generous and sustainable basic income scheme.

Current employment trends provide a compelling rationale for a generous basic income in Alberta. One common critique of basic income is that it reduces incentives to work. Besides existing evidence that basic income does not have a substantial effect on hours worked (Forget, 2011),1 Alberta’s economy is also undergoing an undeniable transition away from booming employment in oil and gas (Hussey, forthcoming). In light of increasing automation in resource industries, arguments about basic income hindering motivation to seek work do not hold much water. Between 1981 and 2018 in Canada, the share of jobs that are permanent and full-time decreased (Morissette, 2018). Under these conditions, even those who work may not work year-round or full-time, and may still need assistance to reach a basic level of prosperity. Further, average budgets for the lowest income quintile of Albertan households decreased from 2010 to 2016 (Wilkins & Kneebone, 2018).

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1 Since evidence about basic income comes from pilot studies, it is unclear if there would be an impact on hours worked and job seeking if basic income payments were indefinite instead of short-term (Forget, 2018).
Between 2010 and 2016, the proportion of their income that the lowest income quintile spent on housing increased from 25.8 percent to 31.7 percent, while the proportions of income spent on shelter and energy expenditures both decreased. The University of Calgary-based authors of that report hypothesized that households were skimping on other necessities to pay for housing (Wilkins & Kneebone, 2018). A well-designed basic income could fill that gap for low-income Albertans.

Compared to the other nine provinces, Alberta’s tax and transfer system has the lowest impact on income redistribution (Conference Board of Canada, 2017b). After taxes and transfers, Alberta’s Gini coefficient (a measure of income inequality in a given jurisdiction) decreases only 20 percent. Meanwhile, taxes and transfers in British Columbia reduce the Gini Coefficient in that province by 24 percent; in Saskatchewan, 27 percent; and, with the most redistributive tax and transfer system, Quebec has a 35 percent drop (Conference Board of Canada, 2017b). Poverty in Alberta costs an estimated $7.1–9.5 billion in costs for health, justice, and social services linked to poverty (Ceci, Eremenko, Conrad, Hardcastle, & Brown, 2015). While some writers argue that increased spending on social programs puts long-term prosperity at risk (e.g. Milke, n.d.), tackling upstream factors contributing to poverty can decrease downstream costs. For example, growth in health expenditures could slow as health costs related to poverty decline. Positive results from the Canada and Alberta Child Benefits, like cutting child poverty rates from 10 percent in 2015 to 5 percent in 2017 show that giving families resources to meet their needs can have substantial benefits (Anderson, 2019).

The potentially steep reductions in poverty possible by guaranteeing Albertans a basic income modeled by Simpson and Stevens (2019), and Forget (2018); real improvements in quality of life demonstrated by basic income pilots (BICN, 2019; Forget, 2018); overall low poverty rates for older adults receiving OAS/GIS; and decreases in child and family poverty following the CCB and ACB (Anderson, 2019; Forget, 2018) all lend credibility to calls for a basic income program. Forget argues for a relatively generous federal basic income followed by a provincial roll-out that would cost a total of $23 billion—approximately the cost of the Canada Child Benefit (2018). Similarly, Simpson and Stevens outline how a combined federal and provincial basic income based on converting non-refundable tax credits to refundable tax credits would deliver substantially higher benefits without a commensurate increase in costs (2019).

2 Forget proposes a basic income amount of $20,000 for a single adult (2018). Simpson & Stevens also recommend a combined federal and provincial basic income, but at a lower amount: $15,674 for a single adult family, $19,338 for a two-adult family (2019).

3 Their proposal for an Alberta-only basic income would cost around $5.3 billion, while a combined federal-provincial program would cost approximately $6.1 billion (2019). Given the frequently fractious relationships between the Albertan and Canadian governments, however, a coordinated approach is a tall order.
Defining a Basic Income

One way to define a basic income is as “an income paid by a political community to all its members on an individual basis, without means test or work requirement” (Van Parijs, 2004, p. 8). However, most Canadian basic income proposals include some forms of restrictions or means testing (Forget, 2018). When discussing widespread payment with fewer strings attached than typical social assistance programs, the most popular term is by far “basic income.” In practice, basic income describes a wide range of largely incompatible models as though they were interchangeable. To carve out why a particular scheme is a basic income, and others are not, authors also try to define a suite of related terms, such as universal basic income, guaranteed annual income, universal demogrant, etc.

The Basic Income Canada Network (BICN) prefers the term basic income guarantee (BIG), which it defines as an income threshold that “ensures everyone an income sufficient to meet basic needs and live with dignity, regardless of work status” (BICN, n.d.). Still others use terms that are more specific to the way the scheme will be financed. Young & Mulvale identify a number of other terms associated with basic income, often used as synonyms, but that vary in motivation and mechanisms for implementation (2009):

- Guaranteed livable income
- Citizens’ wage
- Social dividend
- Territorial dividend
- State bonus
- Demogrant

Some authors criticize use of the term “income” at all, since “in accounting, as in economics, income derives from employment. Yet we are not really offering anyone a job … [W]e are obscuring the nature of the program, which is to deliver social assistance to those in need” (Rochon, 2016, p. 40).

Income guarantees are surprisingly widespread in Canada. There are over 30 income support measures ranging from Canada Child Benefit, the Old Age Security (OAS) and Guaranteed Income Supplement (GIS) for seniors, to sales tax credits that provide a minimum income threshold to select groups of people. While most of these programs are means-tested (eligibility depends on income), the OAS comes closest to a guaranteed, unconditional, universal income within the seniors demographic (Macdonald, 2016):

- Almost all adults can receive Old Age Security from age 65.
- The Guaranteed Income Supplement is provided to seniors with low income using a “negative income tax model”—the lower one’s income, the greater one’s benefit.

Definitions

Basic Income: a social safety net, or income floor intended to cover basic needs (occasionally referred to as a Basic Income Guarantee).

Guaranteed Minimum Income/Guaranteed Annual Income: a system of payments to those whose income falls below certain thresholds, but which is attached to certain conditions such as means testing, availability for labour market or willingness to perform community services.

Unconditional Basic Income: a social welfare provision that allocates sufficient income to address basic needs without conditions such as means testing or employment status.

Universal Basic Income: a specified payment issued to all citizens without means test or conditions, sufficient to cover basic needs.

Negative Income Tax: money credited as allowances to a taxed income, and paid out as a benefit when it exceeds debited tax. Rather than a basic income, NIT is more accurately a redistribution mechanism, an extension of the progressive tax system. All taxpayers receive the payment, but those above the threshold have it clawed back, while those below receive cash as a “top up” to reach the income floor.
• Children’s benefits such as the Canada Child Benefit (CCB) introduced by the Trudeau government in 2016 (following the Child Tax Benefit from 1992, and the Canada Child Tax Benefit from 1997), and the Alberta Child Benefit (ACB) work similarly—CCB and ACB establish an effective income floor for households with children.

Given that basic income can refer to a wide range of proposals, some authors outline criteria for assessing basic income proposals. Table 1 outlines some of these criteria. In this report, we draw on these framings, but emphasize assessing basic income schemes contextually, and on their merits, rather than on whether they fit any of the definitions of a basic income.

Table 1: Proposed Evaluation Criteria for Basic Income Models

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<td>Individual payments</td>
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<td>Uniformity/Equity (are all payments the same, or are they scaled to income)</td>
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<td>Frequency &amp; duration of payments</td>
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* Bowman et al also use “equity” in assessing basic income schemes. However, this criterion is the inverse of uniformity, so this report views them as one item.
Motives and Opportunities

Many proponents characterize basic income as an idea that can claim pan-political support, and position it as a concept that transcends the left-right political divide. They cite as evidence the idea’s diverse champions across the centuries, from Thomas Paine and Thomas More, to Milton Friedman and Friedrich Hayek, to Richard Branson and Mark Zuckerberg (Goodman, 2017). In Canada, recent calls for a basic income hail from a House of Commons committee on employment trends (Canadian Press, 2019), and the missing and murdered Indigenous women inquiry (National Inquiry into Missing and Murdered Indigenous Women and Girls, 2019). Beyond Band-Aid solutions to inequality, some proponents of basic income see it as a way of advocating for a “principle of justice—real freedom for all—tied to an institutional policy mechanism—the highest sustainable BI [basic income]—[that] should form a key plank of any progressive case for BI” (Henderson, 2017, p. 13).

The diversity of theorists and public figures advocating for basic income belies its political potential. However, “there is no ‘common sense’ or technocratic basic income proposal” (Chrisp, 2017, p268)—no basic income can justifiably claim that it is apolitical. Basic income is a point of friction that “exposes fundamental differences in our views of justice, freedom, the balance between collective and individual rights and responsibilities, and the role of government” (Himelfarb & Hennessy, 2016, p 9). For example, some proposals in Canada include financing a basic income by removing the basic amount for income tax, so that all income is taxable. This move would increase government revenue, increase the proportion of GDP that is spent by government, enhance the redistributive power of government, and have a disproportionate effect low income taxpayers—all issues on which there is widespread disagreement across the political spectrum (Chrisp, 2017).

Scholars and activists argue that basic income can address wide-ranging social concerns, including income and wealth inequality, capitalistic exploitation, the climate crisis, and automation. Across the political spectrum, much of the debate about basic income assumes that “poverty reduction is the ultimate objective” (Macdonald, 2016, p10), but that is far from the only problem for which basic income is an apparent fix. The International Monetary Fund (IMF) expanded on previous scholarly work to conclude in 2014 that “economists are increasingly focusing on the links between rising inequality and the fragility of [economic] growth … [Inequality] tends to reduce the pace and durability of growth” (Ostry, Berg, & Tsangarides, 2014, p. 4). Arguments for saving or improving capitalism through establishing basic income proliferate on the political right, advocating for a basic income that “masks the symptoms of economic injustice without addressing the root causes of exploitation and inequality”
(Sadowski, 2016, para. 16). In the face of rising income inequality that can forestall spending by less affluent people, basic income "solves modern capitalism's most fundamental problem, lack of demand" (Streithorst, 2015).

To address modern economic challenges, “the idea [of basic income] is gaining traction in many countries as a proposal to soften the edges of capitalism” (Goodman, 2017, para. 4) by enabling people to participate in a broader range of consumer and investment activities. For the entrepreneurially minded, “a basic income can form a source of capital for individuals to invest in their own work” (Forget, Marando, Surman, & Urban, 2016, p. 18)—basic income could act as venture capital, and provide a safety net during early stages of starting a business. Mike Schmidt, a Canadian entrepreneur and basic income advocate, described the benefits of a basic income as “… the basic needs of life are met. It's a win-win for the market and those who are in the market. It's a fundamental improvement on capitalism and even democracy, because everyone now has a minimum amount of voice” (Schmidt, 2016). Billionaire entrepreneur Elon Musk, speaking at the World Government Summit in Dubai in 2017, warned that a universal basic income will become necessary as people’s jobs are increasingly replaced by robots (Bogart, 2017). Musk is, of course, in a position with considerable influence over how that process of automation will play out. He is also a vociferous opponent of unionization among employees of his own companies. From this position, advocating for a basic income provides a cover that enables automation to continue to eliminate jobs without challenge.

As early as 2009, scholars predicted that governments needed to re-evaluate the global environmental costs of basic redistributive programs on economic growth (Young & Mulvale, 2009). In the face of growing income and wealth inequality noted above, basic income could act as a buffer for “slowth,” or “de-growth” economies that would be more environmentally sustainable. When considering slowth and its attendant impacts on work, “…we are afraid of what happens when people don't have to sell their labour to live … Basic income dispenses with the increasingly naïve idea that we can employ everybody all the time” (Foster, 2016). Basic income as a wealth redistribution scheme would also need to explicitly guard against what geographer David Harvey characterizes as “accumulation by dispossession,” where social and economic goals of wealth redistribution like income security measures are undercut by losses in public goods and services reinforced by austerity politics (Harvey, 2003). Those with financial means are effectively enriched with decreased redistribution of wealth, but low-income people are dispossessed of even high-quality public goods, while they are typically unable to afford to pay for high-quality services in the open market. If basic income helps lower-income people with the latter, it also must not spur further reductions to public investment in the former. Any
basic income scheme aiming to support environmental sustainability, or decelerating economic growth would need to find novel ways to secure long-term funding for the program.

The motivation to reduce poverty through a basic income is certainly a worthy goal. However, the divergent rationales for basic income also point to the need to step outside of the conventional frameworks used to define progress. Few advocates, regardless of political stripe, push for overtly emancipatory basic income schemes (i.e., one that would truly assure that a recipient can adequately meet their basic needs). Basic income is “ideologically ambiguous,” and its appeal is cross-spectrum, but under scrutiny faces practical and theoretical limitations (Barry, 1996, p272). In a fundamental way, “… basic income seeks to make its peace with that neoliberal order and accept a commodified form of social provision” (Clarke, 2018). In other words, even if a generous basic income could free some individuals from the wage relation or working in environmentally destructive industries, it is not an anti-capitalist program. With the various motives and goals of basic income in mind, we turn now to ways to practically implement basic income programs.

**Basic Income Models**

Basic income proposals take three main forms: social assistance-style payments, refundable tax credits, or a negative income tax. The specific funding mechanisms for basic income schemes also take a variety of forms, from tax reform, closing tax loopholes, to reallocating other spending, and anticipating savings in other areas like health. While proposals from the political left typically see a basic income as one program amongst many forming a social safety net, proposals from the political right advocate for a basic income that replaces social assistance, and some universal programs to empower “consumer choice.” As detailed in the previous section, these mechanisms are also politically charged. An explicitly political example, for instance, is the Green Party of Canada’s proposal to pay all Canadians a dividend from a carbon tax. The carbon tax would therefore be revenue neutral, while regular Canadians would see a benefit to increasing taxes on carbon emitters (Green Party of Canada, 2019a & 2019b).

In *A Policymaker’s Guide to Basic Income*, David Macdonald of the Canadian Centre for Policy Alternatives (CCPA) analyzes two broad approaches to basic income: universal basic income and negative income tax (2016). He evaluates eight policy scenarios based on those two approaches using Statistics Canada’s Social Policy Stimulation Database and Model to assess their costs and impacts on poverty. He and others (e.g. Forget, 2018; Khanna,
Young & Mulvale, 2009) argue that cancelling existing income transfer programs in order to pay for a basic income would support insufficient basic income amounts to alleviate poverty, or even to meet the already low payments available to people who receive social assistance. Notably, most basic income schemes for Canada look at national level programs. One reason for that focus is the variable levels of assistance currently provided at the provincial level. For example, a single adult in Alberta under age 65 without other income, children, or a disability, is eligible for $276 annually in transfers, the lowest for this demographic in Canada (Macdonald, 2016).

Another concern for financing basic income plans involves balancing the benefits and burdens across demographics through manipulating factors like the tax back rate, and the guarantee amount. Beyond the basic income itself, gains to even the lowest income households are contingent on policymakers maintaining other social supports and public services that benefit low-income households (Zon, 2016). Similarly, seniors, the group which already benefits the most from existing income transfers, are the most hurt in plans that remove other income transfers in order to finance a basic income program (Macdonald, 2016). Notably, most basic income plans have minimal impact on very high income earners because the amounts promised are very low. With these considerations in mind, Macdonald recommends adding the basic income as an additional transfer program, while preserving existing income transfers (2016). Retaining other income supports allows tailored support for specific groups facing barriers to financial security, like youth and older adults (Macdonald, 2016).

In May 2019, Wayne Simpson and Harvey Stevens of the University of Calgary’s School of Public Policy released a report outlining a partial basic income of $6,000–9,000 (depending on household composition) for a provincial-only scheme, or $13,600–19,000 if combined with parallel federal initiative. This basic income strategy hinges on converting non-refundable tax credits into refundable ones, and targets the lowest two family income deciles (Simpson & Stevens, 2019). While the authors make a strong argument for the powerful effect that the extra money would have on very-low-income households, their proposal would not fully eliminate poverty in Alberta. For those with extremely low incomes for their family type, an extra $6,000–19,000 certainly makes a difference. Simpson and Stevens outline that an Alberta-only basic income ($6,000–9,000) would benefit 37 percent of families, while a combined Alberta and Federal basic income ($13,600–19,000) derived from newly refundable tax credits would benefit 33.5 percent of families.⁶

Seeking a comprehensive approach to reducing poverty, Quebec’s former provincial Liberal government commissioned three academics to produce a report to recommend a basic income strategy tailored to Quebec’s uniquely
robust social assistance system. Boccanfuso et al (2017) recommend combining some aspects of basic income with negative income tax to improve supports for low income people. This plan involved automating payment of some tax credits, rolling current social assistance payments for multiple programs into a single cheque, and establishing additional, time-sensitive coverage for people in “transitional” situations. The authors frame assistance for all recipients as a “minimum income support” that varies based on demographic characteristics, such as age, and restrictions to employment (e.g., (dis)ability). The amount they recommend is 55 percent of the Market Basket Measure (MBM) based on household type. In contrast with the University of Calgary report, the Quebec authors do not recommend using refundable tax credits as a way to achieve a basic income.

While most proposals for basic income are premised on some kind of tax reform, basic income achieved solely through negative income tax can be an expensive way to pay for basic income. Macdonald’s 2016 report includes an appendix illustrating the cost of eliminating poverty using a negative income tax over and above existing transfers and social assistance. For example, a basic income program with a clawback rate of 50 percent (the same rate used for the seniors GIS) would cost $83 billion a year and require a 35 percent boost to all federal revenue—an amount that Macdonald characterizes as “formidable ... and likely politically insurmountable” (Macdonald, 2016).

To address the sufficiency problem, Boadway, Cuff and Koebel (2016) and Forget (2018) both propose a national basic income beginning at the federal level, and expanding in a second stage to include provincial transfers. As noted above, Simpson and Stevens also recommend a federal basic income program that mirrors the provincial-level only plan. Boadway et al provide a combined basic income of $20,000 by eliminating non-refundable, and refundable tax credits (excluding programs like the Child Tax Benefit, Employment Insurance, and CPP/QPP) with a tax back rate of 30 percent. The federal basic income would account for $14,322 (71.66 percent) of the amount, while provincial transfers would account for the remaining $5,678. Two features that make this plan appealing to Albertans are that it is largely revenue-neutral, and that the provincial side of the scheme is relatively modest.

Similar to Boadway et al (2016), and Simpson and Stevens (2019), Evelyn Forget proposes rolling provincial and federal tax credits and existing programs to support low-income people of working age into a basic income of $16,989 for a single person, or $24,027 for a couple, plus $6,000 per year for people with disabilities (2018). Forget proposes a nation-wide version of the Ontario pilot, for a net cost of $23 billion, financed by tax reform intended to reduce tax credits and rebates to the wealthiest 20 percent of Canadians (2018). With a combined federal and provincial program,
proposals like those from Forget, Boadway et al, and Simpson and Stevens, would be able to approach a liveable minimum income.

Many proposals struggle to balance an adequate basic income (i.e., one that would be sufficient to meet basic needs) with affordability (the ability of government to fund it). Simpson and Stevens, for example, do not come close to assuring a liveable household income, regardless of family size.\(^8\) Specifically, proposals for basic income in Canada discuss plans that would provide anywhere from $1,000 to around $19,000 annually. In Alberta, the 2015 Market Basket Measure (MBM) for a single adult was between $19,341 in Edmonton, and $20,389 in a small town (Statistics Canada, 2017). MBM for families increases with the number of family members. Most basic income plans would therefore not assure a dignified life for the households that would receive the most support. The presence of poverty in Canada, and the above plans to address it, point to the insufficient redistributive power of the current tax system, particularly concerning tax credits for well-off Canadians. Indeed, a majority of Canadians support closing the gap between rich and poor with higher taxes, and closing tax loopholes that benefit the wealthy (Young & Mulvale, 2009). A 2019 survey by the Organization for Economic Co-operation and Development (OECD) indicates that 69 percent of Canadians support taxing the rich at higher than current rates in order to support the poor, and 57 percent say that the government should take more action to support their economic and social wellbeing (OECD, 2019).

\(^8\) Simpson and Stevens use the Low-Income Cut Off (LICO) instead of the Market Basket Measure (MBM), used to determine Canada’s “poverty line” since 2018 (Stats Can, 2019).
We now turn to real-world basic income pilots from other Canadian provinces. This paper briefly covers two basic income pilots in Canada: Manitoba’s Mincome experiment and Healthy Baby Prenatal Benefit, and Ontario’s Basic Income Pilot.

**Manitoba and Mincome**

Chronicled in Evelyn Forget’s 2011 paper “The town with no poverty,” the Mincome field experiment in Dauphin, Manitoba lends provisional evidence to the efficacy of basic income at improving community-wide well-being.9 Begun in 1974, the Mincome experiment offered monthly payments to low-income Dauphin residents through a negative income tax model: everyone under the income threshold received a monthly payment, gradually “clawed back” at a rate of 50 cents per earned dollar over the threshold.10

Due to budgetary concerns and government changes, the Mincome experiment researchers could not analyze the results and had to warehouse the data. Forget analyzed the Mincome data and used public health data to compare Dauphin to comparable communities during and after the experiment period. Although the experiment was short-lived (1974–1978), Forget found evidence that there were some significant changes between Dauphin, and comparable Manitoban communities. For example, during the experiment, Dauphin high school students were more likely to finish grade 12.11 Most notably, hospitalization rates for mental health and accident-related causes were higher among Dauphin residents relative to the comparison group before the Mincome experiment, but decreased to reach comparable or slightly lower rates. Indeed, hospitalization rates overall fell by 8.5 percent in Dauphin during the Mincome years (Forget, 2011).

Manitoba is also the home of another, less well-known, cash benefit program that points to the potentially powerful impacts of no-strings-attached benefits. Manitoba offers up to $81 per month to low-income pregnant women through the Healthy Baby Prenatal Benefit. Of those eligible to receive the benefit between 2003 and 2010, 10,738 (71.4 percent) accessed the benefit, and 3,853 (25.6 percent) did not. Analysis of the 2003–2010 data from the program shows a staggering 21 percent reduction of low birth weight babies, and 17.5 percent reduction of preterm births in low-income women who accessed the benefit in addition to regular welfare benefits. Although a relatively modest sum for many people, Brownell et al. theorize that the unconditional nature of the payments contributes to their demonstrable impact (2016). In the US, for example, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) payments are

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9 Mincome is a popular case study. See, for example: James Surowiecki 20 June 2016. “The case for Free Money: Why don’t we have universal basic income?”, The New Yorker. “The program had worked about as well as anyone could have hoped.” https://www.newyorker.com/magazine/2016/06/20/why-dont-we-have-universal-basic-income

10 The experiment also included randomly selected households in the Winnipeg area, which were assigned to study groups with different clawback rates.

11 Also seen in lower employment rates for teenage men who seemed to be finishing high school instead of seeking work at younger ages (Forget, 2018).
conditional based not only on income (as in Manitoba), but also on meeting criteria to be considered “nutritionally at-risk.” Analyses of WIC recipient outcomes do not show strong reductions in low birth weight or preterm births along the same lines as the Manitoba Healthy Baby Prenatal Benefit (Brownell et al., 2016).

**Ontario**

The 2016 Ontario budget included a commitment to undertake a basic income pilot project as a way to reduce poverty and improve health outcomes. Established as a control study, the aim of the project was to determine “how a basic income might help people living on low incomes better meet their basic needs, while improving outcomes” (Government of Ontario, 2019, Section 5). The project rolled out in three communities: Hamilton/Brantford, Thunder Bay, and Lindsay. Selected participants would receive modest basic income—above the rate provided by Ontario Social Assistance, but only at 75 percent of the Low Income Measure (Government of Ontario, 2019). The Ontario pilot study was designed to evaluate a number of measures to assess the potential for expanding basic income policy. The second phase of the project was to focus on developing a specific First Nations basic income pilot. The Ontario Liberal government rolled out the first phase of the pilot in April 2018. Following the general election, the new Ontario Conservative government announced in August 2018 that it would wind down the pilot by March 2019.

Critics of the Ontario pilot argued that it was another example of delaying necessary increases in social assistance levels (Thompson, 2017). Those previously on social assistance who volunteered for the pilot program lost access to provincial referral and counselling services (Clarke, 2018). The pilot program also removed protections from court-ordered debt payments and benefits for special dietary needs, medical transportation, hearing aids, eyeglasses, service dogs and mobility devices. Participants with designated disabilities were, however, granted a $500 monthly top-up—sufficient for some participants, and inadequate for others. Referring to Hugh Segal’s proposals for the Ontario pilot project, journalist and former Ontario PC candidate Randall Denley asserted, “Segal’s proposal falls into the trap of equating the welfare program for those who should be seeking work with the disability program for those whose ability to work is impaired by their condition” (2017, para. 6). Many would agree that those who are prevented from working by physical and mental impairments face different challenges, and therefore may require different resources, than the temporarily unemployed, for instance. However, Denley’s use of the phrase “those who should be seeking work” underscores the prevalence of the “workfare” attitude among those on the political right (2017, para. 6, emphasis added). The experiences in Ontario highlight that basic income schemes need to be
sensitive to disability, and should provide higher rates to cover disability-related costs, and limitations to full-time, quality work.

A core component of the pilot was data collection about the lived effects of basic income on recipients. However, the government cancelled data collection and analysis along with the program. Between December 2018 and January 2019, Basic Income Canada Network (BICN) surveyed 424 of the pilot recipients who had signed a petition asking the Ontario government to continue the pilot. These respondents comprise about 9.4 percent of the pilot program participants. BICN also accessed the Government of Ontario’s baseline data for the pilot program recipients. Their responses after a relatively short time receiving the basic income (4–14 months depending on the applicant and their location) indicate that participants’ living conditions, and life opportunities improved due to the basic income. For example, 74.5 percent reported that the payments allowed them to buy healthier food and eat better. More generally, 82.9 percent reported that they had an easier time paying bills, and 52.6 percent improved their housing situation (the baseline survey indicated that participants on average spent 55.1 percent of their income on housing before the pilot). Baseline data indicated that 80.9 percent of participants were experiencing moderate to severe psychological stress before beginning the pilot program. In BICN’s survey, 88.1 percent of respondents reported they had less stress and anxiety, and 72.9 percent reported less depression (2019).
Equity and Intersectionality

While the pilot projects detailed above point to real benefits experienced by low-income people receiving additional income, basic income does not truly address structural sources of inequality (Forget, 2018). A basic income risks dismissing other causes of inequality like gender, race, (dis)ability, geography, age, or citizenship status. It also risks obscuring the need for redistribution of wealth, redefining the purpose of work, income equality, political will for structural change, and other robust social assistance supports. If implemented with explicit aims of reducing structural inequality, however, a basic income could have intersectional benefits.

Gender and basic income

Basic income has potential to address the systemic economic inequalities faced by women. Women disproportionately live in poverty; work in low-wage, precarious, and part-time jobs; head single-parent households; and provide unpaid care work. This consideration is particularly relevant in Alberta. Alberta has the second-highest gender pay gap in Canada (24.6 percent, after Newfoundland and Labrador, at 28 percent). Alberta’s gender hourly wage gap is at 18.8 percent. The province with the lowest gender wage gap is Prince Edward Island at 10.7 percent, and a mere 1.3 percent hourly (Conference Board of Canada, 2017a). A report on poverty reduction by the Women’s Centre of Calgary includes an income-first strategy as a part of comprehensive recommendations for child care, social infrastructure, education and skills training, health care, housing and intergovernmental advocacy on poverty (Women’s Centre of Calgary, 2015). Similarly, Smith and Shanahan caution in The Conversation that “there is a risk that a basic income might be used to subsidize poorly-paid work for women without addressing the undervaluation of female-dominated occupations in care and services” (2018). In this view, basic income could contribute to the further entrenchment of gender-segregated career sectors and the continuance of the gender pay gap. In this view, basic income could contribute to the further entrenchment of gender-segregated career sectors and the continuance of the gender pay gap.

Some proposals for basic income advocate for a household level payment because of the economies of scale associated with living in a couple or family. Alternatively, basic income paid to all (typically adult) individuals in a household could positively impact women’s independence, particularly in decisions about when to pursue work after having children, and in leaving bad relationships (Delaney & Mulvale, 2006). The household-level payments are a significant criticism directed at the United Kingdom’s universal credit benefit scheme, after those working with survivors of abuse found many felt pressured to return to unhealthy or dangerous situations due to their partner’s financial control over the payments (Butler & Perkins,
2018). For these reasons, basic income payments should go to individuals, but scaled to consider the financial requirements of different household types. Policymakers must also create provisions for dealing with changes in household composition over time.

Further complicating the practical implications for basic income are the different social roles often expressed by men and women. As detailed by Julieta Elgarte, basic income "would have the immediate effect of redistributing a great mass of income from breadwinners (mostly men) to homemakers (mostly women), hence softening the income gap between the sexes" (2006, p. 3). However, if more women choose to use the heightened income security to do unpaid care work at home (increasing their time outside of the workforce, and potentially creating a skills and earning gap if technology changes render women's skills obsolete after a prolonged absence from the workforce), basic income could further entrench the gendered division of labour, and its attendant income gap (Elgarte, 2006). Carlson cautions that “In the worst case scenario the basic income could become a minimum income for men (a floor on which they can build) and a maximum income for women a ceiling above which they find it extremely difficult to rise” (1997, p. 9).

In discussing the Ontario basic income pilot, gender equity scholar Kathleen Lahey points to the persistent obstacles to women attaining full equality in the workforce, writing that a basic income set at 75–100 percent of the poverty line “will make it all the more financially difficult for [women] to opt instead for paid work that involves high costs for care, high gender income gaps, and harsh levels of income and social security taxation” (2017). Whether or not an income floor is in place, women may still be prevented from accessing full, stable, and well-paid employment. In the Alberta context, public attention around unemployment and financial insecurity crystalizes around economic changes in the male-dominated resource sector. The extent to which policymakers frame a basic income as part of a just transition, as a social benefit that recognizes care and community work, and/or as poverty alleviation for low-wage, precarious workers will influence what kinds of individuals and households will actually benefit from a basic income plan.

**Indigenous Peoples and basic income**

In their report on the potential impacts of a basic income guarantee for Indigenous and northern peoples, Gayle Broad and Jessica Nadjiwon-Smith highlight the specific historic and racialized discourses that contextualize indigenous poverty in Canada (2017). They suggest that Indigenous communities may benefit from different kinds of social programming and supports—including face-to-face, and culturally-appropriate points of
contact—that prevailing basic income models do not emphasize (Broad & Nadjiwon-Smith, 2017). Ontario’s basic income pilot was supposed to have a specific pilot program for Indigenous communities in its second phase before it was prematurely cancelled. Indigenous people living in the initial Ontario pilot areas were able to apply on the same basis as other participants, but it did not provide any culturally specific supports.

Policymaking in Canada typically excludes Indigenous people in Canada, despite the Truth and Reconciliation Commission’s specific calls to action to the contrary, and previous decades of activism from Indigenous communities. For instance, the Canada Child Benefit is considered one of “the most effective new social support programs in Canada” (Forget, 2011, p. 6). Yet its application to First Nations recipients does not address inequities of funding for children living in First Nations, nor does it incorporate any additional benefits related to the additional costs of living in rural and remote communities” (Broad & Nadjiwon-Smith, 2017, p.11). A basic income could be a tool for reconciliation, improving economic security in Indigenous communities, and playing a part in reducing health inequities (Fineday, 2015). However, if governments use basic income to decrease their direct role in supporting programs that directly decrease socioeconomic inequalities, current patterns are likely to continue. As emphasized by Broad & Nadjiwon-Smith, “First Nations have good reason to be skeptical … given the historical lack of consultation and current lack of cohesive advocacy on behalf of low-income people generally, and of low-income First Nations members in particular” (2017, 11). Moreover they contend that the introduction of a basic income guarantee potentially hinders cohesive advocacy on behalf of low-income Indigenous people. Broad and Nadjiwon-Smith caution against governments using income guarantees to reduce direct involvement in delivering measures for disadvantaged, specifically Indigenous communities. They cite research by international development scholar Peter Houtzager around an anti-poverty program in Brazil that was “manufactured politically,” and “… contribute[d] to relatively silent relations between the state and actors representing poor communities” (2008 as cited in Broad & Nadjiwon-Smith, 2017, p. 11).
Recommendations: On What Basis Can We Recommend a Basic Income Model?

The basic income movement is growing with committed supporters nationally and internationally. However, it also poses profound risks if not informed by broader analysis of economic obstacles, income inequality, and political and economic change. Pilot programs notwithstanding, the concept remains an overly simplified solution to complex systemic problems. Far from a panacea with cross-party political support, the endorsement of a basic income by such diverse interests exposes the deep divide between philosophies about what constitutes the public good.

Basic income can form part of a robust social safety net that helps to ensure widespread prosperity and well-being. However, at its best, it is a support for people experiencing poverty and precarious work. It is not a replacement for high- and-middle-income jobs. To have a significant, transformative, effect on Albertan society, a basic income plan would need to be accompanied by measures such as:

- Fiscal reform to address gaps in revenue caused by insufficient resource royalty and tax rates.
- Redistribution through continuing to refine the progressive tax structure in Alberta, and resisting calls to return a flat tax.
- Reinstating the carbon tax for corporations to be distributed as a dividend/rebate for low-income Albertans, and de-carbonizing the Albertan economy
- Reinvesting in the Alberta Heritage Savings Trust Fund, and using dividends to sustain long-term public services and programs
- Investing in public services that tackle upstream causes of poverty, thereby reducing associated downstream costs (e.g., publicly delivered and universal mental health services, addictions and harm reduction services, pharmacare and dental insurance, and education).
- Prioritizing and expanding measures such as the Alberta Child Benefit and Canada Child Benefit that act as basic incomes for certain populations.
- Re-envisioning minimum wage as a guaranteed living wage indexed to cost of living and inflation so that working people can meet their basic needs.
- Leveraging government procurement and “green” infrastructure projects to create long-term, low-carbon, unionized jobs and training opportunities for populations facing barriers to employment, such as low-income, new Canadian, young, and historically disadvantaged populations.
• Implementing robust climate policy and strict emissions reductions to protect Albertan lives and livelihoods for the future.
• Decolonizing public services, industry, and policymaking to promote reconciliation and long-term prosperity.
• Implementing rent control so that increases in income are not instantly redistributed to landlords.

In Alberta, the level of social intervention required to implement a progressive, comprehensive basic income stands at odds with a neoliberal status quo of scaling back of public services and social assistance. In addition to making incomes more equal (e.g., with a basic income that improves financial security for low-income people), making public services more equal can reduce the systemic factors that enable poverty. Specifically, reducing barriers to access, increasing funding, and ensuring that public services are universal and publicly delivered benefits all Albertans and improves social solidarity (Yalnizyan, in Himelfarb & Hennessey, 2016; Young, same volume). Political conditions for progressive revenue reform are narrow in Alberta, as evidenced by the MacKinnon report, and a provincial government intent on cutting taxes. A transformative basic income requires buy-in from policymakers and the general public to the notion that everyone deserves to live well, regardless of income and employment status.

Conclusion

Inequality, employment insecurity, and economic crises continue to characterize the project of securing and expanding economic growth under capitalism. Even for many mainstream economists, rising inequality and stagnating incomes pose significant threats to the future of capitalist creation of value. Current neoliberal economic and social policy decisions are driven by support for capital accumulation as the means to secure economic growth and societal stability—but at a price. Neoliberal discourses around unemployment and a struggling fossil fuel industry position precarious Albertan workers as beneficiaries of austerity and further retrenchment of government from the social safety net. However, addressing the structural causes of income insecurity requires economic and social projects that bring real, lasting prosperity to struggling communities. Basic income could act a focal point for organizing around the goal of income redistribution as a means to address poverty and inequality. The reality of Albertans having to choose, month to month, between being able to afford food and housing requires urgent action.

While income security is an essential goal, anti-poverty activists and organizations consistently identify the structural problems with access to
affordable housing, child care, safe drinking water, necessary health care services, care and housing for seniors, and protection of the environment—problems requiring systemic solutions. The neoliberal ideology that prevails at the provincial and federal levels typically sits in direct opposition to advancing opportunities to support structural change. Most recently, the MacKinnon report explicitly calls for the government of Alberta to reduce public sector wages, privatize some health services, and remove caps on tuition. If implemented, these recommendations put low- and middle-income Albertans at further risk of enduring poverty, poor health, and income insecurity, even as, as noted above, there are already a growing number of Albertans requiring income support. This reality provides an opportunity for social and economic policies, like a basic income, that could support those at risk of poverty and its attendant negative life outcomes from ending up in that position. Unconditional transfers show transformative impacts for people experiencing poverty and financial hardship, however, they are not a structural solution to poverty.

A basic income would be no guarantee of access to high-quality public services, as shown in the rollback of access to auxiliary benefits associated with social assistance in the Ontario basic income pilot. However, these considerations are enduring features of the Canadian and Albertan political climate, and should not deter Canadians from advocating for a livable basic income from all levels of government. Even as sustaining and improving publicly delivered universal public goods and services remains a pressing concern, basic income holds great potential for improving quality of life for low-income Canadians. Whether the goal of introducing basic income is to support consumer demand, replace lost employment income, buffer workers against precarity and income insecurity, compensate care and community work, or to secure the social consensus necessary for “durable growth” in capitalist economies, the next steps for implementing a basic income will determine whether we reinforce structural poverty, or a common good.
References


A Basic Income for Alberta