

Towards a Basic Income Guarantee for All Canadians: Building Public Support



Presentation on April 29, 2014 in Thorold, Ontario in a forum organized by the Social Assistance Reform Network for Niagara and The Niagara Community Foundation

By Rob Rainer, Founder, The BIG Push Campaign, Basic Income Canada Network

Today...

1. **Basic income: overview**
2. **Basic income: rationale for**
3. **Signs of public and political support**
4. **Five key questions**
5. **The BIG Push campaign: overview**



But first...the voices of seven low-income women on Prince Edward Island...

What Was Heard (March 2013)

- **Frustration and disappointment**
- **Poor health – physical and mental**
- **Low self-esteem and depression**
- **Lack of confidence in oneself and the future**
- **Lack of awareness of one's strengths**
- **Social isolation**
- **Distrust and fear**

**“It is hard to provide nutrition for your child,
a head of lettuce costs three dollars.”**



“I am fat but I can’t afford to eat healthy.”



**“I go for the day-old bread and buy 5-6 loaves
at a time and put them in the freezer.”**



“I’ve been really isolated because of no money. I go month to month without spending a penny. Can’t buy a newspaper, no bus pass, can’t go for a coffee with anyone.”



“I’m in an economic apartheid. Christmas doesn’t exist for people on social assistance. We are disenfranchised from our own society, our own culture.”



“[Before I became poor] I never could understand why there were homeless people, but now know why.”



**“I never got out of poverty from the day
I started working at 16.”**



**“Relative lack of money has been at the root
of so much trouble.”**



“I’ve never had a stable household except what I have tried to keep together for myself. [At age 44] I still don’t know what normal relationships are.”



“I don’t know what my strengths or interests are. I’m very socially conscious. I would like to be able to take more action but I am basically stuck, I am house-ridden.”



**“My self esteem is in the toilet, it has been for a long time.
And I see it in my youngest daughter.”**



“Depression is a big part of it. I don’t have money for the dentist, optometrist, medication, bus fare, insurance.”



“How you are treated when you are applying for EI by the people you deal with, it’s like you feel they are paying you out of their pocket. I’d rather get shot in the head then go.”



“If you are on income assistance they should give you the option of a bullet to the head to get it over with, because income assistance with a form of disability is a slow form of death.”



“You aren’t living, you are just surviving.”



“I’ve never had peace of mind.”

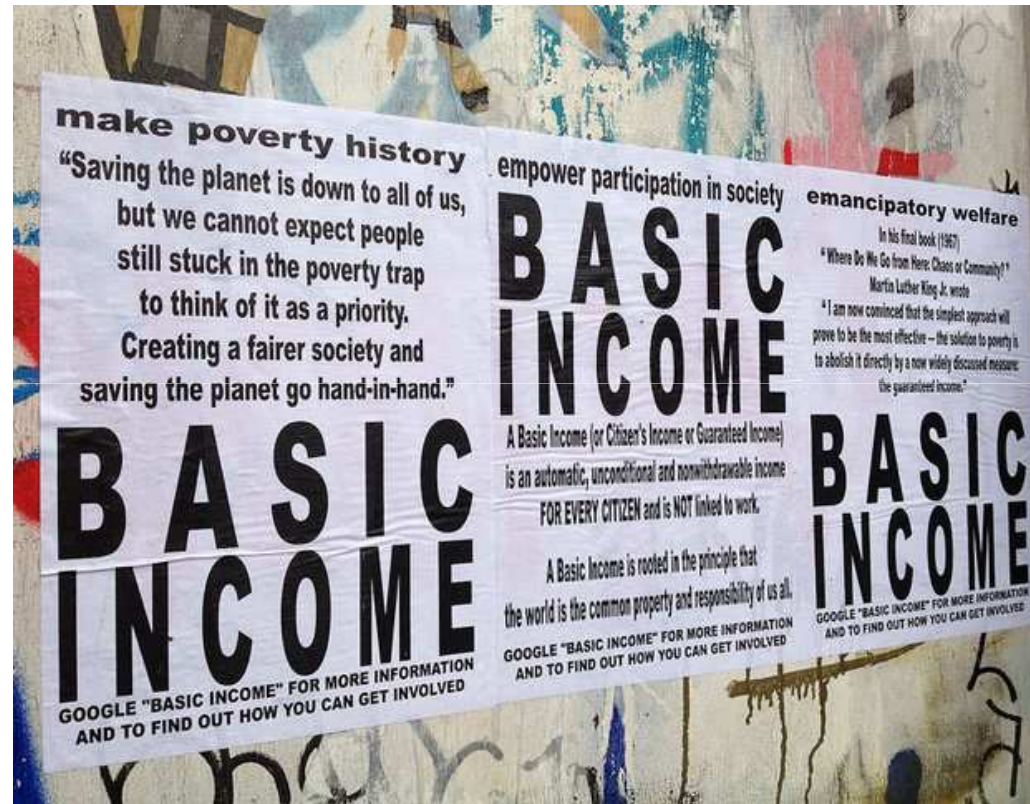


1: Basic Income – Overview



Basic Income – One Definition

“A basic income is an income unconditionally granted to all on an individual basis, without means test or work requirement.”



Source: Basic Income Earth Network

Basic Income – Another Definition

Basic income is money paid by government to eligible persons with few, if any, conditions attached (e.g., residency). Notably, there is no work requirement.



Source: The BIG Push campaign

Basic Income – Other Terms

E.g., citizen's income, citizen's dividend, conditional cash transfer, guaranteed income, guaranteed annual income, livable income, minimum income, refundable low income tax credit, unconditional cash transfer, universal basic income



**CITIZEN'S
INCOME
TRUST**



Basic Income – Key Principles

No matter what it is called, the essential concept involves several key principles:



- **Income distributed from government to citizens, optimally paid on a monthly basis**
- **Optimally available with as little conditionality as possible – including no work requirement**
- **Optimally sufficient to meet common, basic needs, i.e., prevent poverty**
- **Income distributed on an individual basis (supports individual autonomy) – but trade-offs whether the grant is to the individual or the household**

Basic Income – Two Main Types

With variations:

- **Universal Demogrant**: everyone eligible receives it irrespective of need – highly egalitarian
- **Negative Income Tax**: focused on those whose income falls below a stated threshold to receive income support to bring them to that threshold

Income Tax and Benefit Return T1 GENERAL

Complete all the sections that apply to you in order to benefit from amounts to which you are entitled.

Identification

Attach your personal label here. Correct any wrong information.
If you are not attaching a label, print your name and address below.

First name and initial: Jen

Last name:

Mailing address: Apt No.

Information about you

Enter your social insurance number (SIN)
if it is not on the label, or if
you are not attaching a label: 126513113

Enter your date of birth: Year Month

Your language of correspondence: English
Votre langue de correspondance :

With the demogrant, everyone eligible receives basic income: for those who ultimately don't need it the income is effectively returned to the state via income taxation.



With the negative income tax, everyone eligible to receive basic income can in principle receive that income, but only those most in need of it (based on an income test through the tax system) receive it, at amounts correlating to the depth of need.

Graphic by Charles Weiss



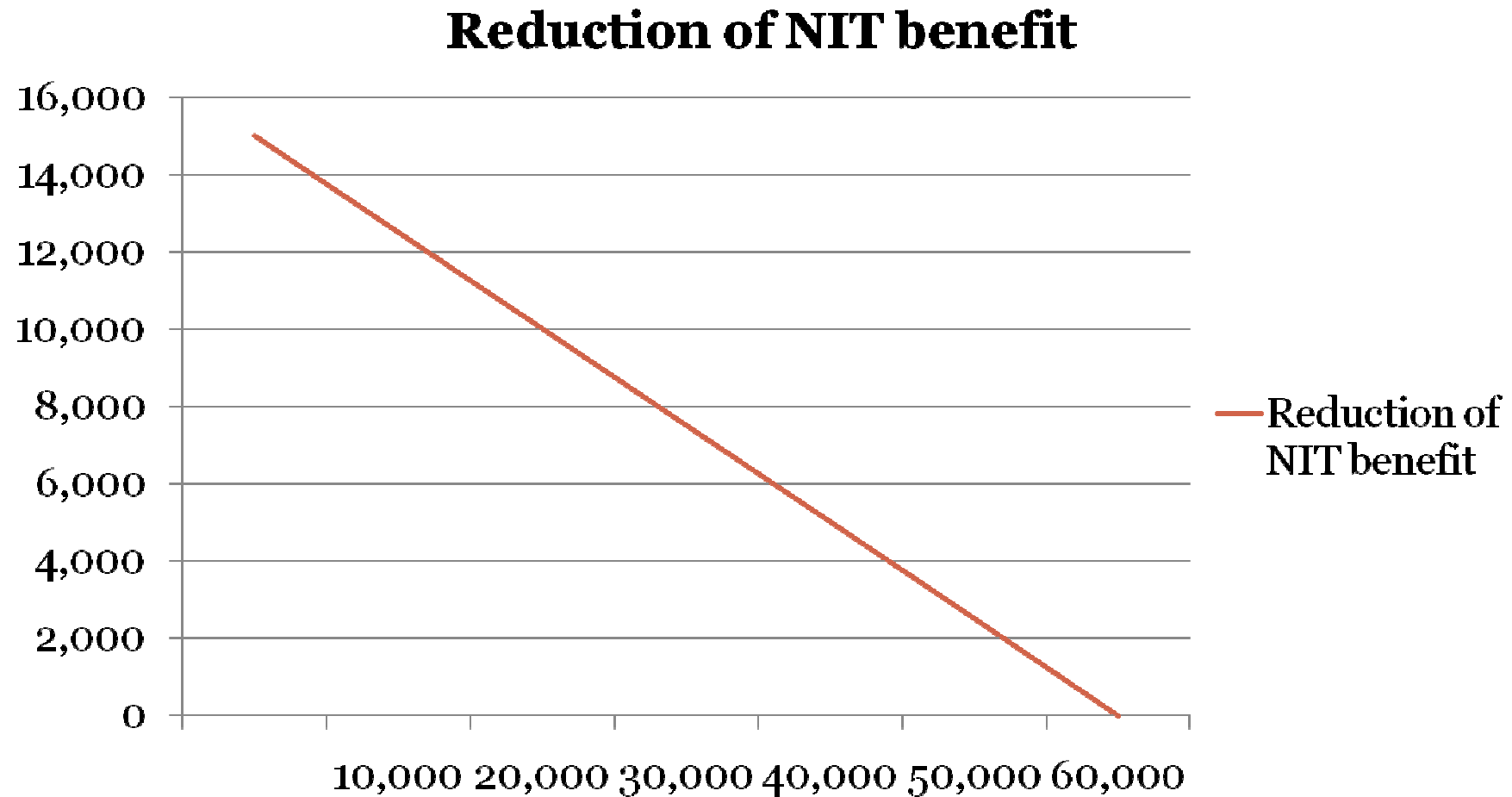
Demogrant Example: Alaska Permanent Fund

- **Established by the state in 1976**
- **Distributes a share of Alaska's oil revenue to every eligible person**
- **Grew to \$42.1 billion in value by 2012**
- **The “dividend” has ranged from \$331/person in 1984 to \$3,269 in 2008**
- **In 2012 the dividend was \$878/person**
- **Problems include that the dividend is:**
 - ❖ **Insufficient to make much difference for those in or at risk of poverty; and**
 - ❖ **Based on revenue from a non-renewable and contaminating resource**



Source: http://en.wikipedia.org/wiki/Alaska_Permanent_Fund

Negative Income Tax: theoretical example of \$15,000 in basic income phasing out at \$60,000 in total income



Credit: Jim Mulvale and Chandra Pasma

Basic Income Design Considerations (NIT model)

Four interdependent factors:

- The level of the **Guarantee (G)** which is the maximum basic income available from the program
- The **Turning Point (TP)** which is the level of total income at which the maximum Guarantee (G) begins to be reduced as total income rises
- The **Benefit Reduction Rate (BRR)** which is the rate at which the Guarantee is reduced as total income increases beyond the turning point
- The **Exit Level of Income (E)** at which the Guarantee is reduced to \$0

NIT-like Programs in Canada

Parameters for Federal Income-Tested Transfer Programs (July 2013 to June 2014)

Component	Old Age Security	Guaranteed Income Supplement	Goods & Services Tax Credit	Child Tax Benefit	National Child Benefit Supplement
Guarantee	\$6,618	\$8,974 (S) \$5,951 (C)	\$265 (S) \$530 (C)	\$1,433 per child	\$2,221 (1K) \$4,185 (2K)
Turning Point	\$69,562	\$0	\$34,561	\$43,561	\$25,356
Benefit Reduction Rate	0.15	0.50	0.05	0.02 (1K) 0.04 (2+K)	0.122 (1K) 0.230 (2K) 0.333 (3+K)
Exit Level of Income	\$112,966	\$16,728 (S) \$22,080 (C)	\$39,861 (S) \$45,161 (C)	\$116,253 (1/2K)	\$43,561
Benefit Unit	Individual	Individual	Family	Family	Family
Income Definition	Net Individual Income (line 236 of TR)	Net Family Income (line 236 of TR)	Adjusted Net Family Income ¹	Adjusted Net Family Income ¹	Adjusted Net Family Income ¹

Notes: ¹ Adjusted Net Family Income = (Net Family Income of Spouses/Partners – (UCCB+RDSP benefits) + (repayments from UCCB & RDSP)

Source: Harvey Stevens, Winnipeg, MB

2: Basic Income – Rationale



Rationale for Basic Income: Three massive problems

1. Enduring poverty:

Basic income can eliminate it.

2. Widening inequality (to obscene levels):

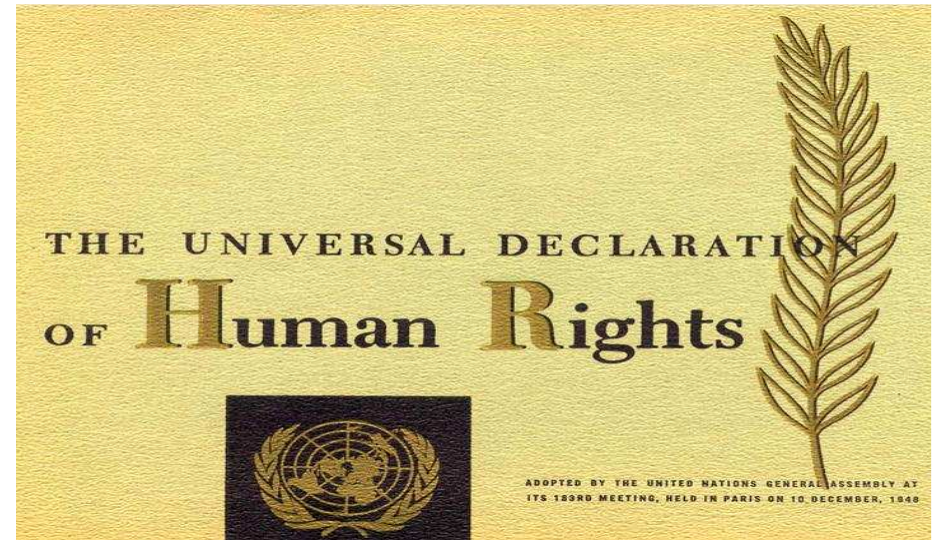
Basic income can help close the gap – in income but more so in personal opportunity and power.

3. Precarious labour:

Basic income can provide buoyancy to ride through tsunami-like waves rolling through the labour market due “outsourcing”, “robosourcing” and more.

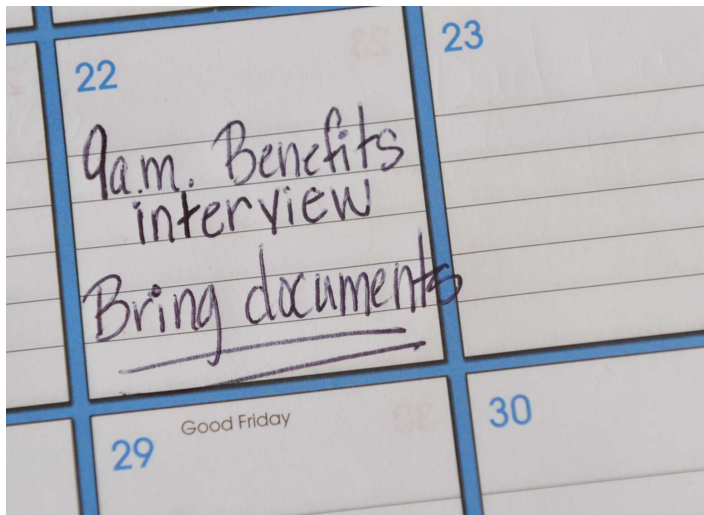


Rationale for Basic Income: At least 10 reasons why...



- 1. Honoured human rights commitments**
- 2. Enhanced autonomy and dignity**
- 3. Improved mental and physical health**
- 4. Strengthened gender equality**
- 5. Support for life-long learning and education**
- 6. Support for creativity and entrepreneurship**
- 7. Enhanced freedom to and for work (paid and unpaid)**
- 8. Support for money flows into local/regional economies**
- 9. Greater social equity and enhanced citizenship**
- 10. Support for the transition to a sustainable society**

Central to the rationale of basic income is to **uphold and strengthen human dignity** – to move away from stigmatizing, dehumanizing, inadequate, ineffective and inefficient forms of income security, notably welfare.





*I am now convinced that the simplest solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income. A **host of positive psychological changes** inevitably will result from widespread economic security. The **dignity of the individual** will flourish when the decisions concerning his life are in his own hands, when he has the **assurance that his income is stable and certain**, and when he knows that he has **the means to seek self-improvement**.*

Rev. Martin Luther King, Jr.

3: Signs of Public and Political Support



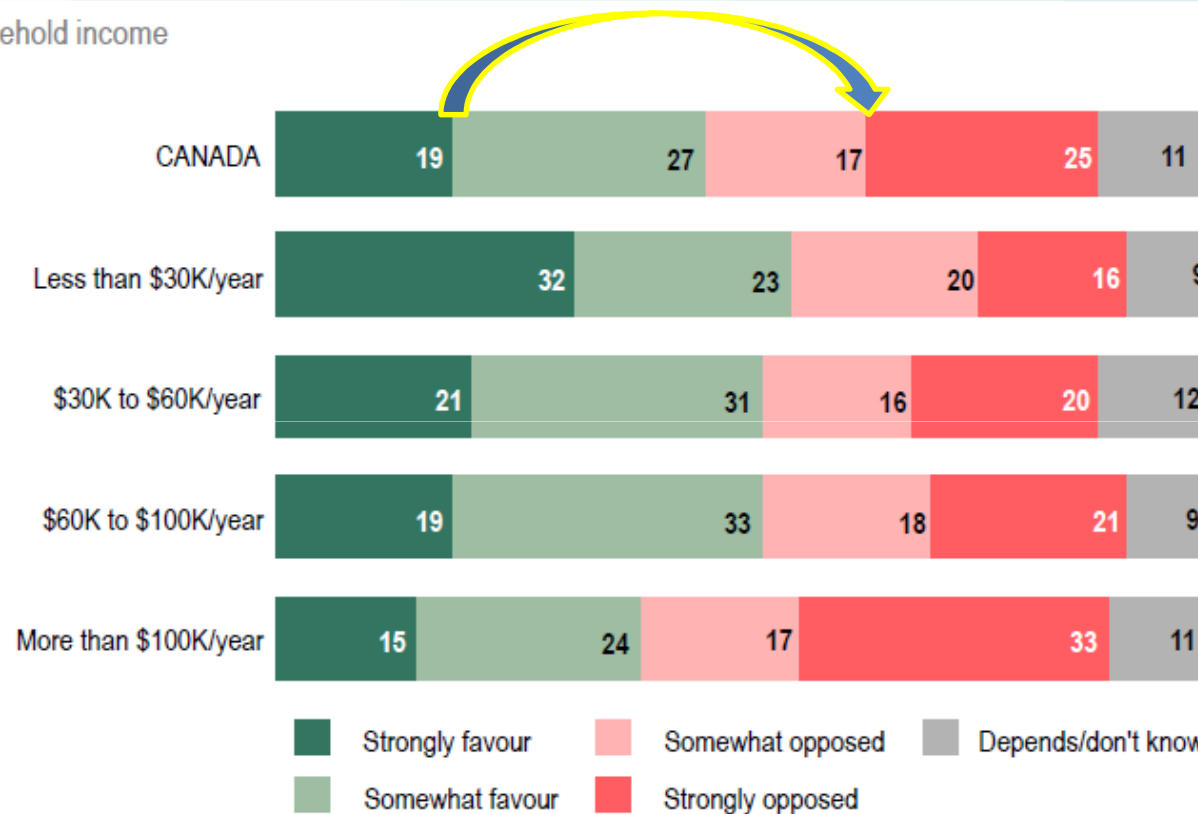
Signs of Public Support...



2013 national poll: 46% in favour versus 42% not

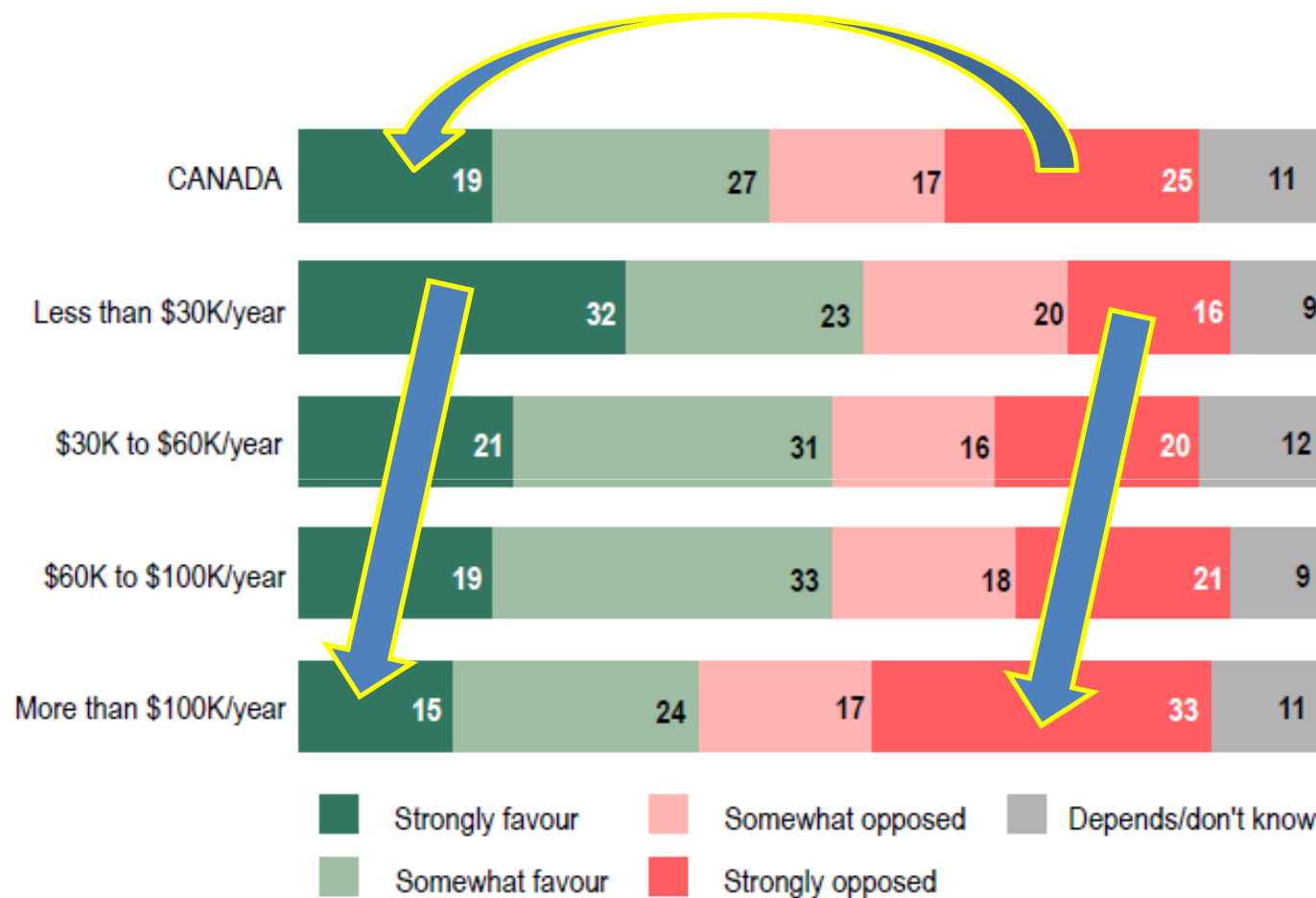
A guaranteed annual income for all Canadians,
to replace current assistance programs

By household income



From a presentation by Keith Neuman, Executive Director, The Environics Institute, for the Xth Annual Conference of the Pierre Elliott Trudeau Foundation, Montreal, QC, November 21-23, 2013: based on the results of *Responsible Citizenship: A National Survey of Canadians* (2013) completed by the Environics Institute for Survey Research on behalf of the Pierre Elliott Trudeau Foundation, in collaboration with Concordia University

Yet support appears to decline based on household income



“Strong” opposition is greater than “strong” support

“Strong” support decreases from low to high income households

“Strong” opposition increases from low to high income households

Signs of Political Support...

E.g. Conservative Senator Hugh Segal...two Liberal Party of Canada resolutions on basic income supported at the party's biennial convention in February 2014...New Democratic Party MP Paul Dewar...Green Party of Canada's 2011 election platform...



Signs of Political Support...

**“Guaranteed livable income plan possible, Ghiz confirms:
Premier would like to see P.E.I. as centre of pilot project”**

Source: www.cbc.ca/m/news/#!/content/1.2597948 (April 4, 2014)



**Premier Robert Ghiz
(Liberal)**



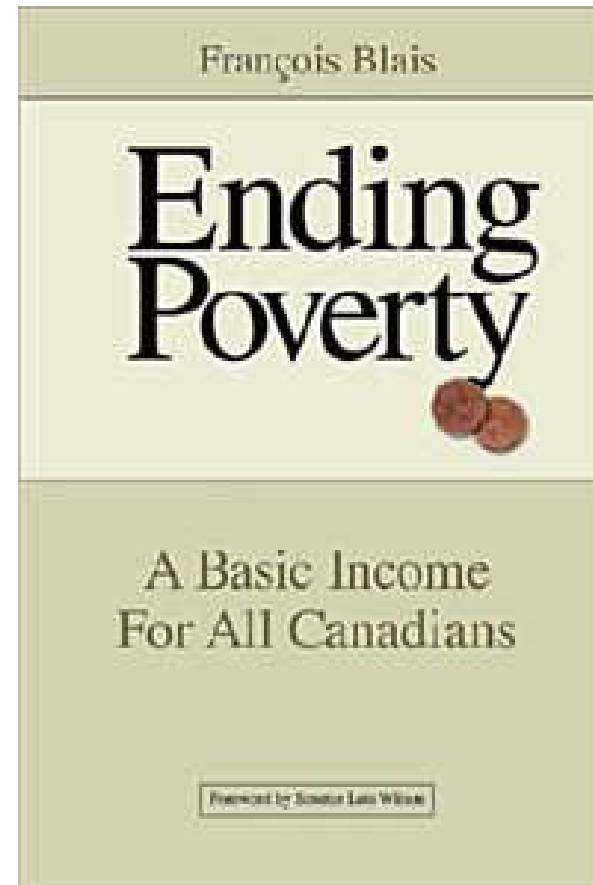
**MLA Olive Crane
(Progressive Conservative)**

Signs of Political Support...

Quebec's new Minister of Employment and Social Solidarity is François Blais, a strong basic income advocate and author of the 2002 book *Ending Poverty: A Basic Income for All Canadians*.



François Blais



4. Five Key Questions

- **How much would a basic income guarantee for all Canadians cost?**
- **How can Canada afford to provide a basic income guarantee for all?**
- **What impact would basic income have on work participation?**
- **How would basic income affect businesses?**
- **How would basic income affect other social support programs now in place?**



How much would a basic income guarantee for all Canadians cost?

First, reframe to see basic income as less a cost and more an upstream investment in human development, to help avoid the downstream impact of poverty, inequality and related human under-development.

*Though I do not believe that a plant
will spring up where no seed has been,
I have great faith in a seed. Convince
me that you have a seed there, and I
am prepared to expect wonders.*

Henry David Thoreau



How much would be required to invest in a basic income guarantee for all Canadians?

- At the low end and in theory it would require an investment of about \$20-\$30 billion (easily achievable) to eliminate the poverty gap in Canada, using the negative income tax mode of basic income delivery.
 - ❖ Poverty gap: the amount of money that everyone who is in poverty today would need to reach an above-poverty income threshold
- At the high end and in theory, a universal demogrant of about \$20,000/adult and \$6,000/child would require an investment of about \$600 billion (likely impractical).



How much would be required to invest in a basic income guarantee for all Canadians?

- **The answer will ultimately depend on:**
 - ❖ **The level of public/political support for basic income;**
 - ❖ **The related purposes for establishing a basic income guarantee;**
 - ❖ **The many details of program design associated with those purposes.**

- **For a basic income guarantee for working-age adults and based on the NIT-model of delivery, depending on design factors the investment required could be in the range of \$50-\$250 billion.**



How can Canada afford to provide a basic income guarantee for all? (How can we not afford it?)

1. Annual cost of poverty in Canada:

\$79 to \$95 billion (2014 \$)

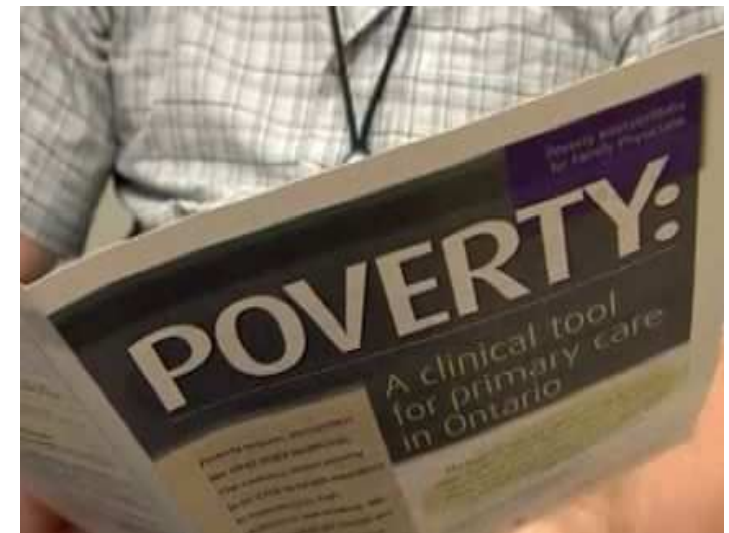
- factoring health, crime, intergenerational and lost productivity costs

Source: Ontario Association of Food Banks (2008) *The Cost of Poverty* - figures extrapolated from the report's estimate of \$72-\$86 billion in 2008 \$ x inflation since then

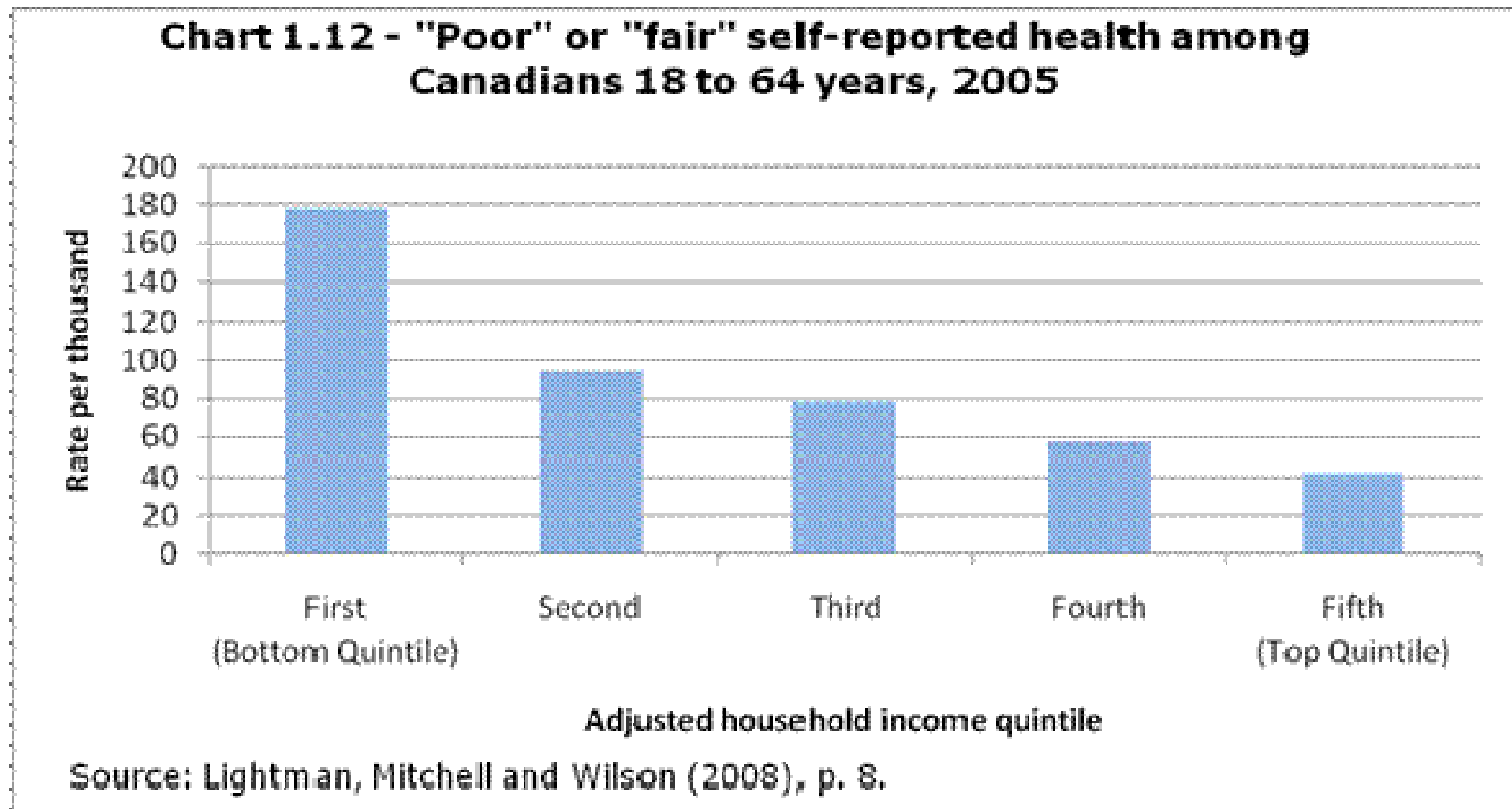
2. High-end estimate of health care savings by eliminating poverty:

\$42 billion (2014 \$)

Dollar range extrapolated from (1) estimate of the Health Council of Canada, in *Stepping It Up: Moving the Focus From Health Care in Canada to a Healthier Canada* (2010), that 20 per cent of total health care spending in Canada is due to “income disparities”; and (2) estimate of the Canadian Institute for Health Information, in *National Health Expenditure Trends, 1975 to 2013* (2013), that Canada would incur \$207 billion in “national health expenditure” in 2013.



*There is striking correlation
between income and health.*



Which is why physicians like Dr. Gary Bloch in Toronto are advocating for “income prescriptions” for poverty: basic income can be that prescription.

“ALMOST EVERY MAJOR HEALTH CONDITION, INCLUDING HEART DISEASE, CANCER, DIABETES, AND MENTAL ILLNESS, OCCURS MORE OFTEN AND HAS WORSE OUTCOMES AMONG PEOPLE WHO LIVE AT LOWER INCOMES.”

Dr. Gary Bloch, University of Toronto



Numerous ways to help fund basic income e.g.

- Reprioritize public spending
- As “upstream” basic income rolls out, reinvest “downstream” savings in health care and criminal justice into basic income
- Rebuild fairness (i.e., progressivity) in personal and corporate income taxation
- Establish a fair tax on large inheritances
- Tax capital gains at higher rates



- Close tax havens and loopholes
- Impose a tiny financial transactions tax (i.e., Tobin tax)
- Allocate a portion of carbon fees to the basic income guarantee

What impact would basic income have on work participation? (The sloth concern...)



Refuting the sloth concern: point 1

Sloth exists throughout the income spectrum – from low to high.

**Check out the Rich Kids of Instagram:
*“They have more money than you and
this is what they do.”***

Source: <http://richkidsofinstagram.tumblr.com/>



Sloth is also found among the employed who find ways to avoid work while “on the job”. Not everyone will embrace a healthy work ethic.

Work ethic has no correlation with one’s income status.



Refuting the sloth concern: point 2

Work (paid or unpaid) is integral to health and spirit , potentially a source of immense satisfaction and joy and therefore a fundamental part of the human condition.

Most people want or need to better themselves and contribute to community (think of all the people you know): work is a key means for fulfilling these requirements.

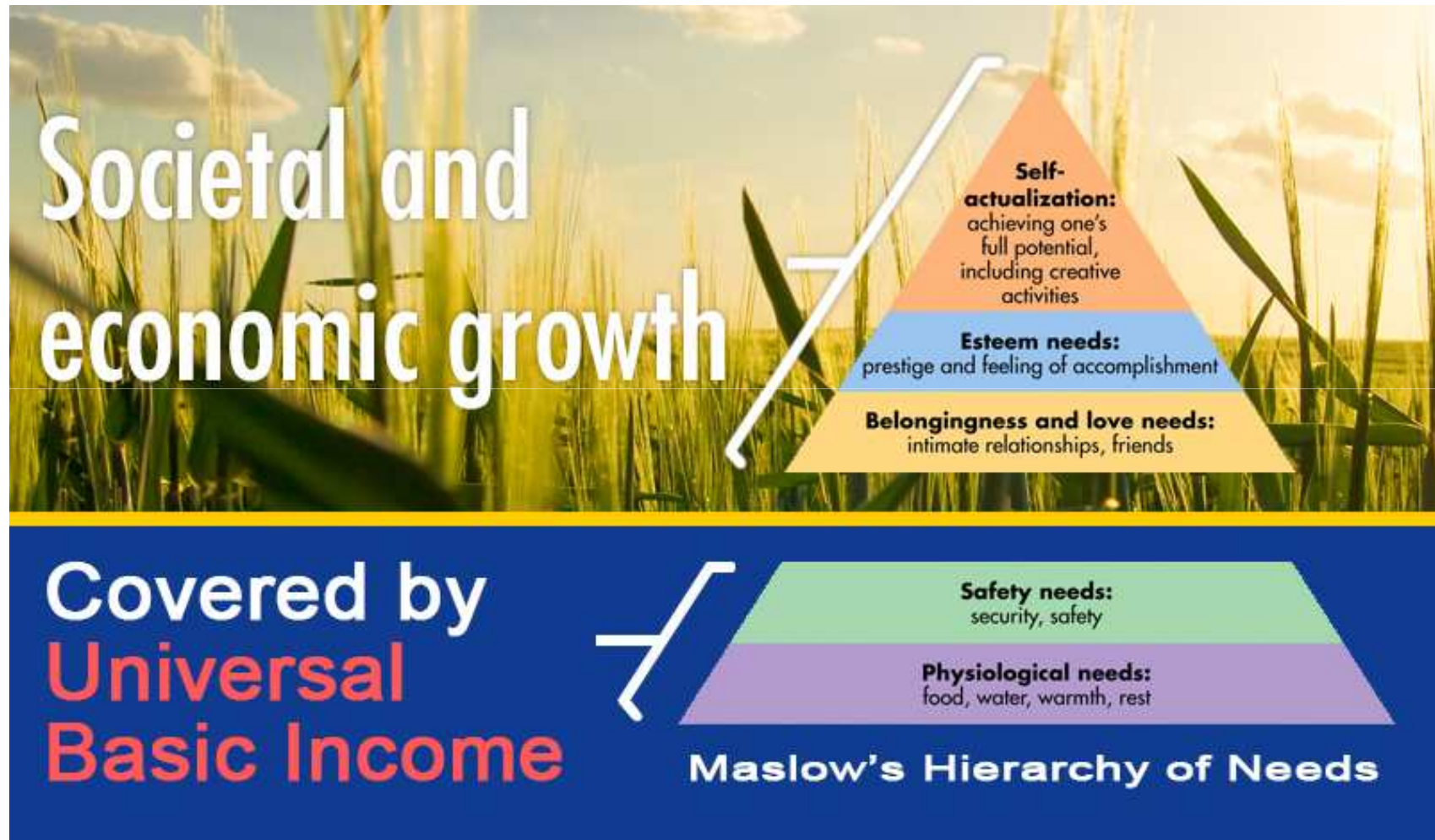
People will not “stop working” if they receive basic income. **With basic income more people are likely to pursue the most meaningful work they can do, rather than being forced by fear to work to live.**

As proof, many of the rich keep on working even though they do not have to (for money). They do so because like most people they too need the satisfaction that work can yield.

Experience the
Joy of Working



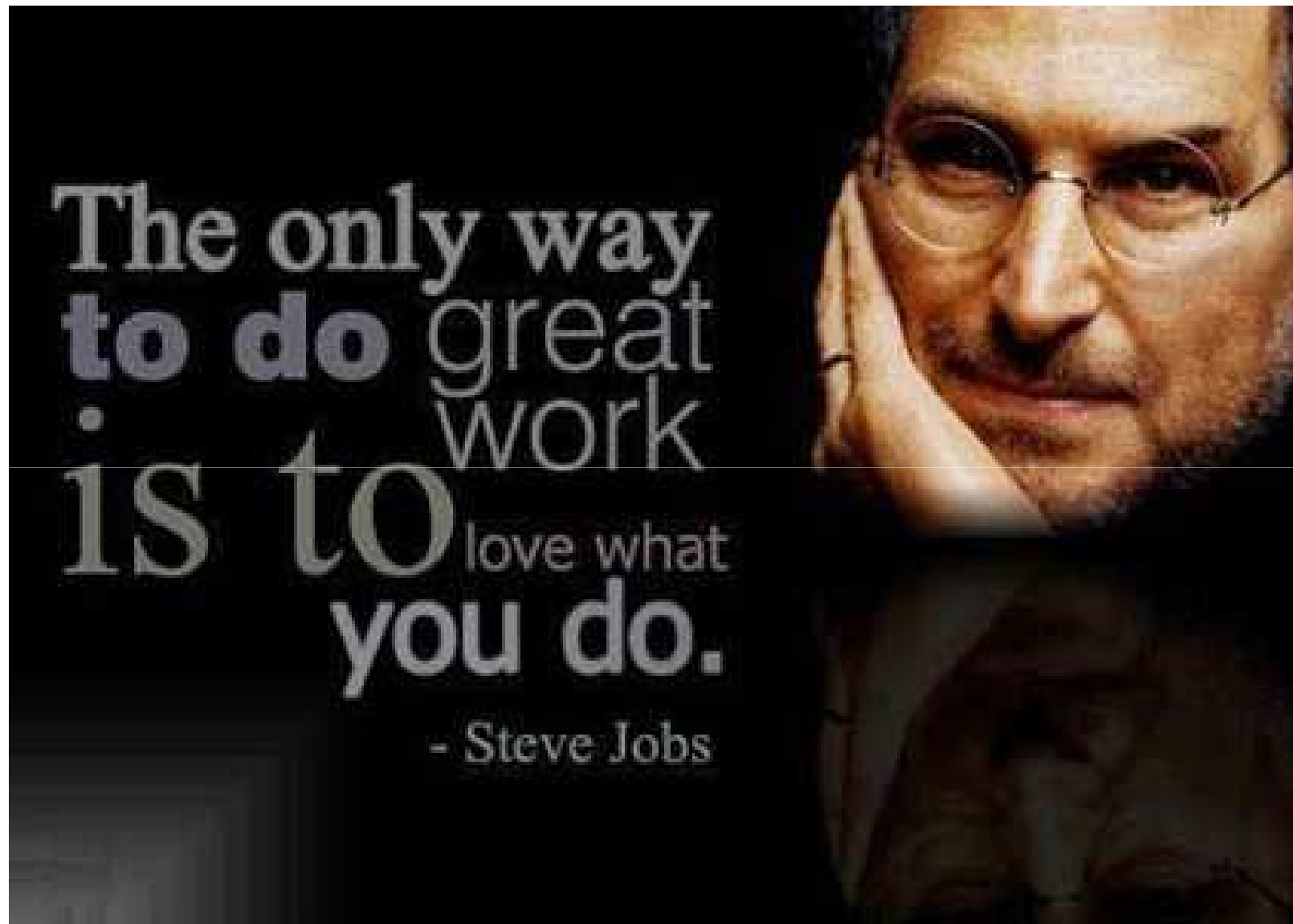
Basic Income and Maslow's Hierarchy of Needs



A black and white portrait of Anne Frank, a young woman with dark, wavy hair, wearing a dark dress with a white Peter Pan collar and a small brooch. She is looking slightly to the right with a gentle expression. The background is out of focus, showing what appears to be a window or a doorway.

LAZINESS MAY
APPEAR
ATTRACTIVE,
BUT WORK
GIVES
SATISFACTION.

Anne Frank



“ **Those who work for money alone, and who receive for their pay nothing but money, are always underpaid, no matter how much they receive.** Money is necessary, but the big prizes of life cannot be measured in dollars and cents. No amount of money could possibly be made to take the place of the happiness and joy and pride that belong to the person who digs a better ditch, or builds a better chicken coop, or sweeps a cleaner floor, or cooks a better meal.

Every normal person loves to create something that is better than the average. **The joy of creating a work of art is a joy that cannot be replaced by money or any other form of material possession.**

Napoleon Hill



**"What work would you
do, if your income was
unconditionally secured?"**

"Freedom from work equals freedom to work."

Refuting the sloth concern: point 3

Much work of high social or ecological value is not amenable to the paid labour market: basic income serves to recognize this value and compensate those who invest time in this work.



Refuting the sloth concern: point 4

Outsourcing and “robosourcing” are displacing people from paid work we used to do: basic income is being recognized as an essential public policy response to these trends.



“Mobile robots and ‘smart’ computers — that learn on the job — make it likely that occupations employing about half of today's U.S. workers could be possible to automate in the next decade or two, according to an Oxford University study that estimated the probability of computerization of more than 700 occupations. ”

Source: bloomberg.com/news (March 12, 2014)



A “driverless” truck

Select jobs in the U.S. and their probability of computerized automation within 20 years:

Source: bloomberg.com/news (March 12, 2014)

- Loan officers (98%)
- Receptionists and information clerks (96%)
- Paralegals and legal assistants (94%)
- Retail salespersons (92%)
- Taxi drivers and chauffeurs (89%)
- Security guards (84%) →
- Cooks, fast food (81%)
- Bartenders (77%)
- Personal financial advisers (58%)
- Computer programmers (48%)
- Firefighters (17%) →
- Reporters and correspondents (11%)
- Lawyers (3.5%)
- Coaches and scouts (1.3%)
- Elementary school teachers (0.4%)
- Physicians and surgeons (0.4%)



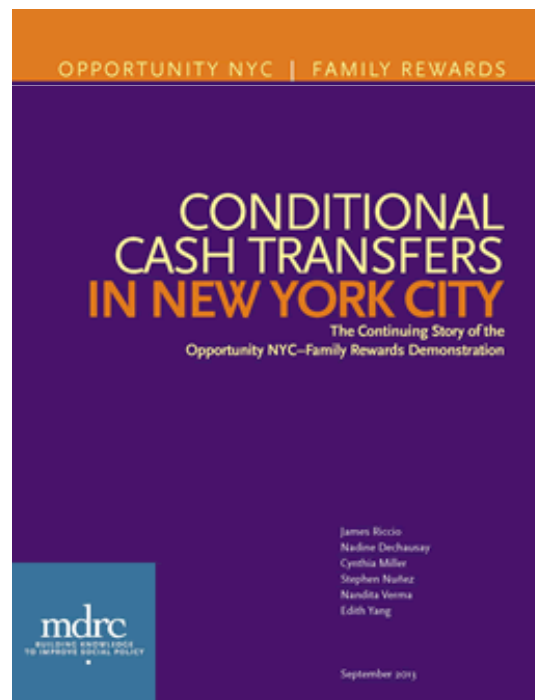
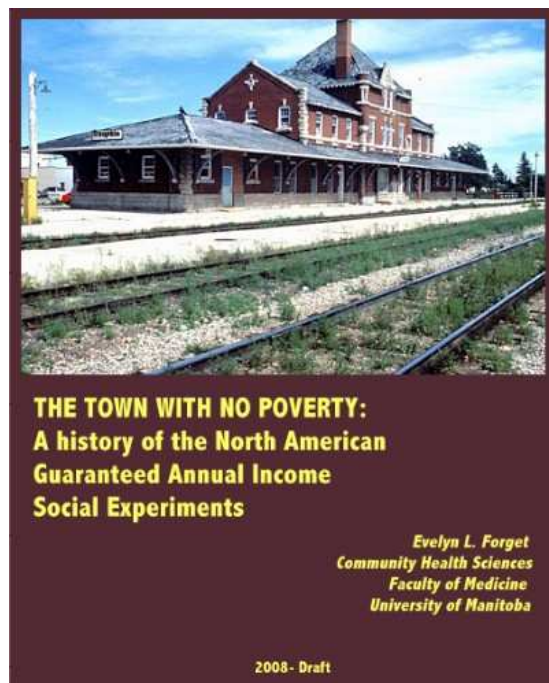
Refuting the sloth concern: point 5

Basic income is only meant to ensure that basic needs are met: in most cases, for “aspired wants” income from work or other sources will be necessary.



Refuting the sloth concern: point 6

Evidence to date from Canada, the U.S. and overseas, of basic income on labour attachment, shows slightly negative to negligible to positive impacts.



Refuting the sloth concern: point 7

Basic income may generate upward pressure on wages of and benefits associated with less desirable jobs, thereby stimulating greater interest in applications for such jobs.



How would basic income affect businesses?



How would basic income affect businesses? Some ideas...

- **At least partial relief of worker economic insecurity, leading to less stressed, calmer and potentially more productive employees**
- **As health outcomes in society improve, many people will be better able to engage in labour, helping to increase labour supply and potentially leading to increased productivity**
- **Potentially greater motivation to engage in labour to meet aspired wants: “freedom from work equals freedom to work”**
- **Potential for reducing necessity of the 35-40+ hour work week, helping to reduce employee burnout (better balance)**
- **Increased citizen purchasing power leading to increased flow and circulation of money into local and regional economies**

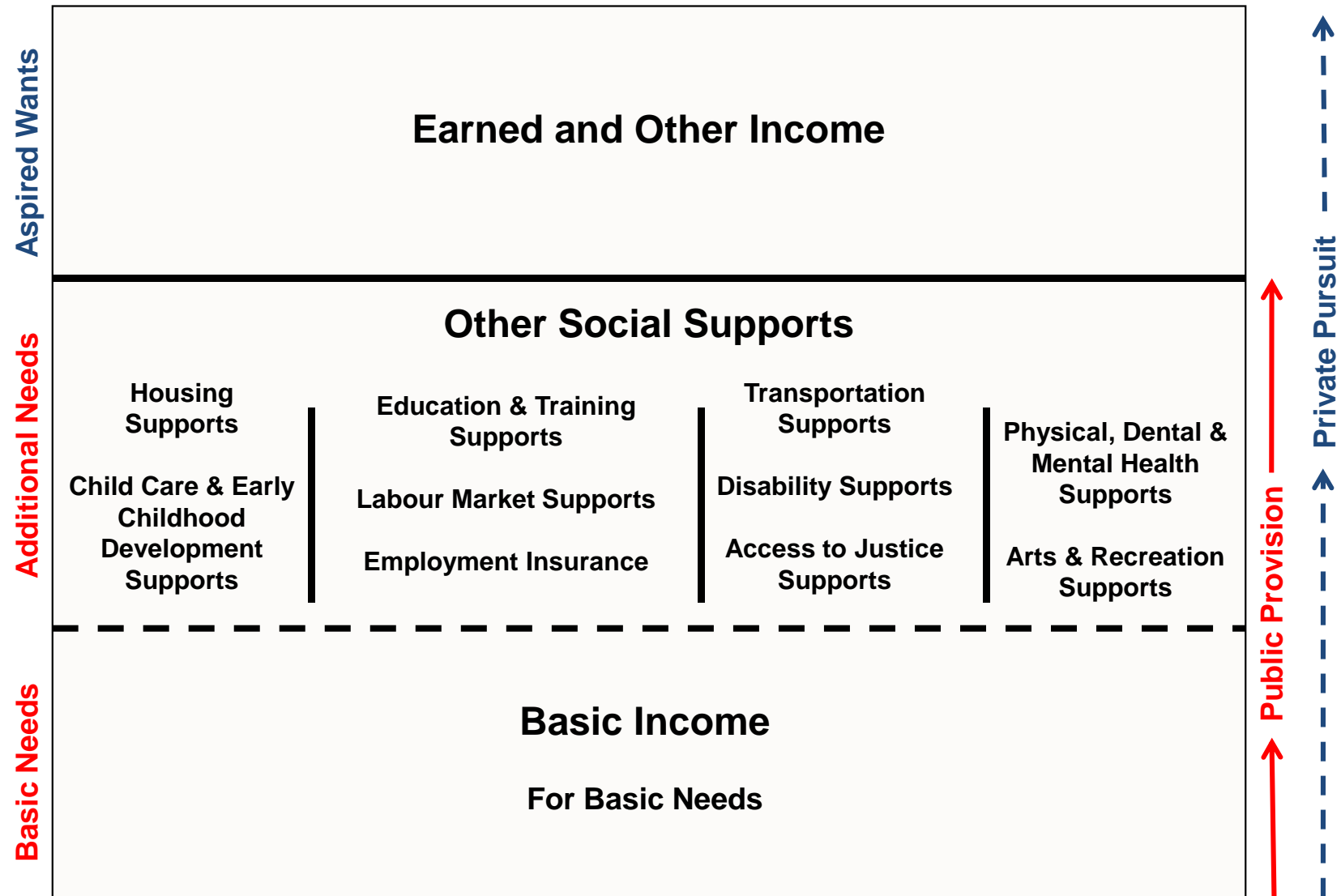
By increasing the purchasing power of lower income citizens who then typically spend most of that money meeting basic needs at the local level, basic income can support the re-localization of economic activity.



How would basic income affect other social support programs now in place? One vision...

- **Eliminate stigmatizing, dehumanizing, inadequate, ineffective and inefficient welfare and transfer those program dollars (~\$11 billion) into the basic income guarantee**
- **Eliminate other redundant programs and “boutique” tax credits and transfer those dollars into the basic income guarantee (e.g., working income tax credit; GST/HST rebate; children’s fitness tax credit; firefighters’ tax credit)**
- **Retain/enhance child benefit programs (e.g., Canada Child Tax Benefit)**
- **Retain/reform Employment Insurance**
- **Retain/enhance disability support programs**
- **Retain/enhance senior benefit programs (e.g., Old Age Security, Guaranteed Income Supplement)**

Basic Income in a Social Security Framework



Concept by Rob Rainer, Founder, The BIG Push Campaign, Basic Income Canada Network

5: The BIG Push Campaign - Overview



BIG = Basic Income Guarantee



**Founded April 2014, embedded in
Basic Income Canada Network in June 2014 and with three goals**

- 1. Raise public awareness of basic income – what it is and why it is needed**
- 2. Build public and policy support for an expanded system of basic income**
- 3. Secure political commitments to expand the system of basic income**



The BIG Push Campaign

A New Campaign for
Basic Income in Canada



Some key campaign elements in 2014

- **Substantially grow the campaign's national network of activists**
- **Grow the Campaign Council towards ~30 members**
- **Produce first two campaign videos (~90 second, ~8-12 minute)**
- **Produce a "charter" for a basic income guarantee**
- **Produce detailed case for support for basic income**
- **Produce report on basic income and the labour market**
- **Produce report on funding options for basic income**
- **Conduct a new public opinion poll on basic income**
- **Push for basic income to feature in 2015 federal election**



Current campaign organization

- **Board of Directors, Basic Income Canada Network (top authority)**
- **Campaign director (day-to-day leadership/coordination)**
- **Campaign executive team (major decisions)**
- **Fund development team (raising money)**
- **Communications team (external aspects)**
- **Various social and economic policy experts on policy and basic income program design options**
- **~80 people across Canada actively involved**

*It's time to secure a
Basic Income Guarantee for all Canadians!*





The BIG Push Campaign

A New Campaign for
Basic Income in Canada

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Basic Income Canada Network
Réseau canadien pour le revenu garanti
www.bienCanada.ca



"Never, ever, think outside the box."