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## **Possibilities and Prospects: The Debate Over a Guaranteed Income**

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# Possibilities and Prospects: The Debate Over a Guaranteed Income

**By Margot Young and  
James P. Mulvale**



**CCPA**  
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for POLICY ALTERNATIVES  
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**An Economic Security Project Report**



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# Summary

The idea of a guaranteed income has a long and respectable history in Canadian political and economic thought. Recently, in the face of both wide criticism of the Canadian income security system and growing recognition of the unacceptability of current poverty rates, there has been a resurgence in calls for implementation of a Canadian guaranteed income. But the idea is a controversial one; progressive activists, academics, and politicians disagree about the desirability and the practicality of a guaranteed income.

This report:

- Traces the history of guaranteed income proposals in Canada;
- Catalogues both the most common reasons supporting advocacy of a guaranteed income and the most telling concerns raised by the notion;
- Provides an overview of basic dimensions along which proposals for a guaranteed income differ and sets out models that capture much of the range of proposals in the current debate; and

- Suggests a number of other social welfare measures that should be central elements of any reform program, but that guaranteed income debates often ignore.

The term “guaranteed income” refers to a specific although broad category of social reform. As a starting place for discussion, the idea of a guaranteed income is used to signal reform proposals that advocate some variant of an income benefit scheme in which the state provides a minimum level of basic income on a continuing basis to every adult, irrespective of personal circumstances or need, with no or very few conditions attached.

Proponents of a guaranteed income cite a range of reasons supporting the idea:

- A fix to poverty;
- Liberty and individual opportunity;
- Social and democratic citizenship;
- Gender equality;
- Shared social ownership;
- A flexible and just labour market; and
- Environmental sustainability.

No single overview model is representative of all proposals for a guaranteed income. Academic and political writing on the idea is vast. Three working models of guaranteed income proposals illustrate the range of proposals across the four criteria of universality, conditionality, adequacy, and integration. These models are:

**1. MINIMALIST-LIBERTARIAN MODEL —**

Strong universality and unconditionality of guaranteed income set at a low benefit level with minimal provision of other social goods and income support.

**2. MIXED WELFARE MODEL —** Guaranteed income models that closely resemble existing social assistance (welfare) schemes with partial and conditional benefits, and a range of both benefit levels and integration with other social programs.

**3. STRONG BASIC INCOME MODEL —** Strong universality and unconditionality paired with more generous benefit levels and variable integration with other programs.

Models 1 and 3 incorporate a guaranteed income as a stand-alone program that is relatively distinct and prominent in the overall social welfare architecture. The general intent of Model 1 is to downsize the social welfare state, but also to keep the poor from starving. Model 3, on the other hand, includes proposals with more ambitious aims of redistributing wealth and establishing social solidarity. Both of these models are relatively simple in design, but vary in terms of cost: Model 1 stipulates minimal benefit levels while Model 3 requires a relatively generous benefit. Model 2, on the other hand, seeks to guarantee a minimum level of income for all through a patchwork quilt of traditional income support programs paired with a more limited guaranteed income. Of course, no real proposal necessarily maps exactly onto any one model, but instead will mix and match different elements of each.

A number of straightforward concerns about the merit of the idea of a guaranteed income stand

out, although to different degrees depending upon the type of guaranteed income proposal under consideration. Traditionally, three concerns predominate:

- **WORK DISINCENTIVE EFFECT** — Receipt of a generous and unconditional benefit may mean some individuals will opt out of participation in the paid labour market.
- **RECIPROCITY** — An unconditional benefit will give significant public resources to individuals who may contribute nothing to society in return.
- **COST** — A substantial guaranteed income scheme may be too expensive to be politically acceptable or possible.

Added to these problems are additional questions about how guaranteed income proposals may reinforce the gendered division of labour and women's economic, civil, and political subordination. Equally concerning are observations about how guaranteed income proposals lend support to regressive and unjust neo-liberal forms of social and economic organization.

Practical implementation of a guaranteed income may result in unacceptable political compromises, such as in inadequate benefit levels, partial implementation that forestalls more radical progressive change, and selective application to only the “deserving poor.”

The paper concludes by noting that poverty is more than the simple lack of financial resources. While absence of money is an essential feature of poverty, social exclusion as well as inadequate access to public goods, networks, and political capital are all part of a fuller notion of poverty. Such an understanding of poverty means that a range of measures will be key to effective welfare reform, including:

- Enhanced collective provision of essential public goods;
- Labour market policy reform; and
- Public, affordable, and quality childcare.

While the authors of this report conclude in somewhat different positions on the desirability of a guaranteed income program, both strongly recognize that no single social program alone will be adequate. While a just so-

ciety will certainly provide some form of income security, this alone will not satisfy the full scope of collective and public responsibility such a society bears for the welfare of its population.

# Introduction

Canada has rates of poverty that belie the economic health and wealth of this country. Pockets of poverty persist for specific groups, and the duration, depth, and rate of their poverty is often shocking. Far too many individuals in Canada lack decent housing, adequate nutrition, and full participation in our social and economic life.

For decades now, commentators of all stripes have criticized the course of the Canadian income security system. A spate of reports from various quarters—the academy, research institutes, community coalitions—have called for re-visioning of Canada’s income security system. This has been coupled with the growing recognition of poverty and income inequality as immediate concerns. There is consensus that change is needed, but no agreement as to what that change should be.

In this report the authors explore the substantive merit and strategic appeal of a guaranteed income as one option for a fundamental re-thinking of current income support programs in Canada. The last five years have seen a resurgence in calls for a guaranteed income, particularly from anti-poverty and equality-seeking groups. In fact, the idea of a guaranteed income

has cycled through Canadian social policy debates on a regular basis and has never been far below the political surface.

This discussion paper looks seriously at the suggestion of a guaranteed income and the challenges such a reform poses for traditional ways of thinking about income security issues in our country. A guaranteed income may indeed offer a valuable opportunity to move out of the “very well worn ruts” of welfare reform.<sup>1</sup> Or, the idea may promise more than it can deliver. These are the questions we take up.

The analysis and conclusions in this paper are the result of ongoing conversation and collaborative work on the idea of a guaranteed income by the co-authors. One of us (Young) is more of a sceptic and the other (Mulvale) more of a proponent of guaranteed income. Both, however, agree that the question of ensuring universal, unconditional, and adequate economic security for all people in Canada is critical. We have learned much from each other, as well as from the academic literature, research data, and views of policy experts and community activists with whom we have engaged in the course of preparing this report.<sup>2</sup>

# What is a Guaranteed Income?

We use the term “guaranteed income” to refer to a general category of proposals for a minimum level of income security for everyone in Canada. We use this rather general term in order to be inclusive of the full range of policy proposals that are part of the debate around this approach to income security.

There are, of course, other commonly used labels—guaranteed annual income, citizen’s wage, guaranteed livable income, basic income, social dividend, territorial dividend, state bonus, demogrant—that appear in debate and literature. Within English Canada, the most common term — despite a wide variance of detail in what is specifically meant — is Guaranteed Annual Income. Debates on this topic in Quebec have tended to use the French terms “l’allocation universelle” and “le revenu de citoyenneté.” Indeed, it is a sign of the vigour and extent of the argument that such a range of terminology exists. We are faced with, as one commentator puts it, “certain imprecision when it comes to definition and a surplus of choice when it comes to terminology.”<sup>3</sup>

Consequently, providing an initial starting definition of a guaranteed income is tricky. How-

ever, the following characteristics of a strong variant of a guaranteed income are useful markers. At this point in our discussion, this definition is given to distinguish our subject from more commonplace and existing versions of income security, such as provincial social assistance (welfare programs). More nuanced discussion of the range of proposals follows later in the report.

The purest or strongest versions of guaranteed income proposals generally specify a floor or *minimum level of core income* provided on a *continuing basis by the state*, to which *everyone is entitled* irrespective of personal circumstances or need, subject to *no or very few conditions of eligibility*, such as work requirements.

Under this model, an executive earning \$150,000 would receive the same benefit as the minimum wage secretary sitting outside that executive’s office door, the unemployed but work-seeking individual handing that secretary a job application, the at-home parent pushing twins in a stroller outside the office building, and the unemployed person not looking for work who is sitting at the café on the other side of the street.

But as we note repeatedly, there is great variety among guaranteed income proposals with



both large and minor departures from the central vision defined above. And, the line between traditional income security provision and guaranteed income proposals can blur, depending upon the details of each. Consequently, in the discussion that follows, we do provide a series of working models that categorize the range of different proposals at play in the debate.

There is no full-fledged guaranteed income program in place anywhere in the world. A number of jurisdictions have programs that can be understood to be partial or fledgling

guaranteed income schemes. For example, the Alaskan Permanent Fund Dividend, starting in 1999, has paid to each adult resident of Alaska an annual “dividend.” These payments are on a small scale (\$1,654 in 2007 for each applicant), but nonetheless have some features in common with more generous and full guaranteed income proposals.<sup>4</sup> In Canada, some claim that our national Old Age Security/Guaranteed Income Supplement program, which ensures an annual income for all those over 65, is a form of guaranteed income.

# The Idea and its General Appeal

One Belgian observer of the debate over a guaranteed income has described the idea as “a washing powder that can be used in any washing machine,” from right to left.<sup>5</sup> Multiple and sometimes contending versions make debate about guaranteed income varied, fascinating, and challenging. When endorsed simply as an appealing idea, many applaud the notion. But when the details of a guaranteed income program are up for debate, the consensus weakens, often but not always along predictable ideological grounds.

So what is the general appeal of an idea of a guaranteed income? The following arguments are made.

- **A FIX TO POVERTY:** First, and most powerfully, a guaranteed income holds out the promise of alleviating (and perhaps even eradicating) poverty—at least poverty understood simply as lack of income. This helps to explain the attractiveness of guaranteed income in times of growing economic inequality and persistent poverty amidst affluence.
- **A MEASURE OF FORMAL LIBERTY AND INDIVIDUAL OPPORTUNITY:** A

guaranteed income proposal is not only and simply about ending poverty. The most powerful political arguments for a guaranteed income are animated by particular views of social justice, equality, and freedom. A guaranteed income, by providing a core income for all, is seen to promise equality of opportunity in society.<sup>6</sup> A guaranteed income, at an adequate level, allows an individual to realize for herself or himself the promises and opportunities that society offers.

- **A MEANS TO SOCIAL AND DEMOCRATIC CITIZENSHIP:** A guaranteed income is also touted as a way to ensure citizens can fulfil the civic duties we all carry as citizens. We cannot aspire to civic virtues when we are preoccupied with mere survival. Thus, an American political theorist, Carole Pateman, argues that the economic security a guaranteed income provides is instrumental to self-government in intimate spheres (the family), the labour market, and, more broadly, in democratic mechanisms of political government.<sup>7</sup>

- **A KEY TO GENDER EQUALITY:**

Poverty often means reinforcement of discriminatory social and economic relations for women. For example, lack of income can force women to stay in abusive, unhealthy relationships with men. As well, the gendered division of labour, reflected in women's disproportionate caregiving responsibilities, results in women's more vulnerable status in the labour market. Income support programs that are conditional on specific patterns of (typically male) labour force involvement disadvantage women (and mothers, in particular). A guaranteed income, it is argued, encourages recognition of the full range of human activities, including unpaid caregiving work, that are key to a cohesive and rich society. An individual could make "real choices with reference to economic and non-economic activities."<sup>8</sup> Moreover, the universality and conditionality that a guaranteed income offers can make traditional scrutiny of welfare recipients unnecessary. The income security provided by guaranteed income, it is argued, could advance women's economic and social citizenship and equality.

- **A RECOGNITION OF CITIZENS' SHARED SOCIAL OWNERSHIP:**

Many see a guaranteed income as recognition of individual citizens' shared ownership in the resources of a society. Fairness, it is argued, requires that a portion of the goods of a society—its collective wealth and resources—be shared with all who make up that society. The Alaska Dividend, for example, is paid out of the Alaska Permanent Fund, a fund created out of a percentage of the proceeds of mineral sales or royalties, and thus recognizes the ultimate "ownership" by residents of the products of the state. Closer to home, the

one-time Alberta Prosperity cheque, paid out in January 2006 to every resident of Alberta over 18 years of age, was billed as a "resource rebate" to Alberta residents from the budget surpluses accumulated from the province's resource-fuelled economy.

- **A MORE FLEXIBLE AND JUST LABOUR MARKET:**

Proponents argue that a guaranteed income gives workers flexibility more suited to the new global market. A guaranteed income gives an individual a level of basic economic well-being independent of involvement in the paid labour force. This might mean a number of positive things. For example, workers with a guaranteed income in hand could choose to start up a business, work part-time, job share, take a sabbatical, or take an interesting but lower paid job. A guaranteed income would "decommodify" labour by providing individuals with the ability to devote their energies to socially necessary and valuable forms of work that are not paid. It might also enhance the power of labour to bargain effectively with capital. For low wage, unattractive work, this may mean that workers will be able to leverage better working conditions or better pay. Thus a guaranteed income could prevent "desperation bidding" by workers with no other economic options.

- **A MORE ENVIRONMENTALLY**

**SUSTAINABLE WORLD:** Perhaps a system of income security with guaranteed income as its centrepiece could challenge conventional wisdom on the need for never-ending economic growth as the precondition of general prosperity and income security. Guaranteed income could ensure a modest but sustainable standard of living for all, in the context of a more "steady state" economy with lower levels of consumption but greater economic

redistribution. This scenario challenges the obsession in capitalist economies with open-ended accumulation and ever-rising levels of earned income and consumption of material goods. It also undermines “wage slavery” that has been central to

the historical development of capitalist economies.

As outlined above, the benefits claimed for a guaranteed income are many and compelling. It is no surprise that the idea of a guaranteed income is resilient and resurgent.

# The Contours (So Far) of the Guaranteed Income Debate in Canada

The history of the idea of a guaranteed income in western thought is long and already well documented.<sup>9</sup> In twentieth century Canada, more specifically, the idea of a guaranteed income of some sort has had resonance for a range of groups, at different times and in reference to different reform agendas. The following chronology sets out some of this historical background to current debates.

In 1933 a Social Credit government led by William Aberhart was elected in Alberta. Aberhart argued for regular cash payments made by the provincial government to all, as a means of economic stimulus and redistribution. But the promise of a “social credit” paid to all citizens proved difficult to implement, in part due to a lack of funds in the provincial treasury and opposition from Ottawa. The plan ultimately ran afoul of judicial insistence that the federal government alone had constitutional control over currency and banking. Aberhart’s successor as Alberta Premier, Ernest Manning, officially abandoned Social Credit doctrine in 1944.

The next significant moment came during the 1960s. In 1968 the Economic Council of Canada, a former federally funded crown corporation,

noted the presence of poverty in Canada “on a much larger scale than most Canadians probably suspect.”<sup>10</sup> The idea of a guaranteed income emerged as one mechanism for addressing this newly acknowledged poverty. Indeed, 1967 had seen the introduction of the Old Age Security’s Guaranteed Income Supplement as an (initially assumed to be temporary) measure to reduce poverty among seniors.

The Special Senate Committee on Poverty, chaired by Senator David Croll, was created in 1968 to study poverty in Canada and recommend effective policy measures to address the problem. The Committee’s 1971 report recommended a guaranteed annual income financed and administered by the federal government, and delivered through a negative income tax. The Committee wrote that this proposal met three basic requirements: “it provides adequate income, it preserves the incentive to work, and it is fiscally possible.”<sup>11</sup> The guaranteed annual income was an idea, the Committee wrote, “whose time had come.”<sup>12</sup>

The proposed guaranteed income would cover all Canadian citizens “who need it” (excluding those who were single, unattached, and

under the age of 40), and was to take the form of a negative income tax. It would provide a guaranteed income of 70 per cent of the poverty lines set by the Committee and would be paired with a 70 per cent reduction rate for each dollar of additional income earned. The basic tax exemption was to be raised to the poverty level so that those receiving only the income guarantee would not pay taxes.

The guaranteed income proposed by the Croll report provided an income of \$3,500 for a family of four or the equivalent of roughly \$19,224 in 2008 dollars, adjusting for inflation. The report estimated the cost of such a scheme, for 1967, at \$645 million (just over \$4.1 billion in 2008). This amount represented around 1 per cent more of 1967 GNP than existing income security costs.

The guaranteed income proposed in the Croll report would replace all federal income-maintenance programs, with the exceptions of federal programs such as unemployment insurance, the Canada Pension Plan, and Veterans' Allowances. Provincial governments would remain responsible for the provision of social services, with the Canadian Assistance Plan retained to provide for federal/provincial cooperation in the delivery of such services. In this way, individuals not covered under the guaranteed annual income would be provided for based on a needs test.

The cost of this proposal was a significant hurdle to its acceptance. As well, critics focused on the issue of inadequate work incentives and the reduction rate. Earnings would have to be well above the benefit level for significant income enhancement to occur through paid work. The plan was never implemented.

The Castonguay-Nepveu Commission, appointed by the Quebec government, followed in 1971. The Commission recommended a three-tier income security plan for Quebec. The first tier consisted of a basic negative income tax called the General Social Allowances Plan (GSAP). The GSAP would replace existing Quebec social assistance with two levels of benefit: one for the

“employable” and another for the “not employable.” Benefits for the employable would be 60 per cent of benefits for the not employable. It was assumed that employable recipients would supplement their benefits with employment earnings.<sup>13</sup>

Around the same time the federal Department of National Health and Welfare wrote that the idea of a guaranteed income as an anti-poverty measure had potential, but needed further study and investigation.<sup>14</sup>

In 1970 the Royal Commission on the Status of Women was established. The Commission recommended, among other things, that a “guaranteed annual income be paid by the federal government to the heads of all one-parent families with dependent children.”<sup>15</sup> While arguing that a guaranteed annual income would benefit all Canadians, the report nonetheless recommended that the program be at least initially targeted where the need was greatest: to single parents, specifically sole-support mothers. The specific form of guaranteed annual income recommended was a negative income tax scheme, joined with reduction of other federal and provincial income security schemes.

In 1973 a minority federal Liberal government initiated the Social Security Review, marked by the publication of the *Working Paper on Social Security in Canada*.<sup>16</sup> Known as the Orange Paper, the working paper argued for a two-tiered approach to social assistance, including a guaranteed annual income plan for those who could not work and an income supplement for the working poor. Ultimately, the review came to naught and folded in 1976. At this point, discussion of guaranteed income receded from the government agenda for some time. Two Canadian economists, Derek Hum and Wayne Simpson, argue that the late 1970s were marked by preoccupation with rising inflation, wage and price controls, and growing deficits, and were inhospitable to engagement with the notion of guaranteed income.<sup>17</sup>

Advocacy of guaranteed income programs, however, continued from a number of organizations inside the mainstream social policy community. For example, in 1976 the National Council of Welfare, an advisory body to the Minister of Health and Welfare, released its *Guide to the Guaranteed Income*.<sup>18</sup>

One other interesting artefact from this period remains. In 1974, a year after the start of the federal review of social security, the governments of Canada and Manitoba signed an agreement to begin a trial run of a basic income experiment, clearly linking the experiment to the Social Security Review. Later that year a version of guaranteed annual income, the Manitoba Basic Guarantee Annual Income Experiment (dubbed “Mincome”) was piloted. While initially envisioned by at least the Manitoba government as a simple and relatively inexpensive trial, Mincome evolved into a complicated experiment, with a focus on the issue of whether or not a guaranteed income would provide a disincentive for recipients to engage in paid labour.

The Mincome project involved 1,300 Manitoba families, from both urban and rural communities, and distributed these families randomly between a number of different guaranteed income plans and a control group for three years. Families with incomes above a certain amount were excluded from the trials and those included in the study were assigned, in 1974 dollars, one of three support levels (\$3,800, \$4,800, \$5,800) for a family of two adults and two children. Three different tax-back rates (the rate at which benefit payments will be reduced for each dollar of additional income brought into the family) were used: 35 per cent, 50 per cent, and 75 per cent. The most generous combination (\$5,800 benefit and 35 per cent tax back) and least generous combination (\$3,800 benefit and 75 per cent tax back) were not tested.

By 1979, the experiment was closed: the Social Security Review was over and, as mentioned,

there appeared to be little political support at any government level for a guaranteed income program. The project resulted in no official findings, few results of the experiment were published, and much of the data collected remain archived to this day.<sup>19</sup> Hum and Simpson attribute this outcome to “mundane factors such as money, timing [and] changing policy preferences.”<sup>20</sup>

But by the mid-1980s the idea of a guaranteed income was back on the policy agenda, due primarily to the 1982 Royal Commission on the Economic Union and Development Prospects for Canada (Macdonald Commission).<sup>21</sup> The 1985 report from the Macdonald Commission was marked by general concern about economic efficiency and support for free market forces. Central among the number of reforms to the Canadian welfare system that were recommended was implementation of a Universal Income Security Program (UISP). The UISP was billed as bringing about reform that would be “radical, not cosmetic, and wholesale rather than tinkering at the margin.” The Commission pointedly chose not to use the term “guaranteed annual income” to describe this proposal, as the UISP had benefit levels considerably lower than those traditionally associated with guaranteed incomes. Nonetheless, the UISP stands as a guaranteed income proposal. The Macdonald Commission’s recommendations with respect to the UISP were echoed a year after the report was released by the Forget Commission on Unemployment Insurance.<sup>22</sup>

The Macdonald Commission proposed that the UISP would eventually replace much of the then existing welfare state, including the Guaranteed Income Supplement, family allowances, the refundable child tax credit, child and marital tax exemptions, federal social housing programs, federal transfers to the provinces for social assistance, and the income support functions of unemployment insurance. Old Age Security would be left intact with current levels of support. The UISP benefit itself would be financed

by a reallocation of expenditures for the eliminated programs. Key to the Commission's recommendation was their understanding that the reform would thus impose no extra cost and, indeed, might even save a considerable amount of money.

Unlike more traditional guaranteed income programs, the UISP was to have a relatively low guarantee level and a low reduction rate. The objective, the McDonald report notes, was preservation of work incentives with some income support.<sup>23</sup> The report recommended a universal demogrant-based delivery system,<sup>24</sup> rather than a strictly tax-based system, although argued that either would be effective. The report also recognized that a phasing in of the UISP would be required.

The McDonald report acknowledged that the income guarantees proposed were not adequate to meet all family needs without additional support, a choice made deliberately to preserve work incentives. The report also assumed that provincial or municipal social assistance top-ups as a second tier of benefits would continue to be available for families with very little income. Benefits for young recipients would be contingent upon an "active job search"<sup>25</sup> and benefits for those between 18 and 35 might be restricted to half of the level for older recipients.<sup>26</sup> Thus, the proposal was not a truly universal one. Benefit levels and tax-back rates varied somewhat depending on age and family status.

Criticism of the UISP came quickly and from a variety of directions. From the left, commentators pointed out that the UISP suffered from the Commission's failure to acknowledge the context of increasing unemployment and poverty, the dismantling of existing social programs, and growing income inequalities of the 1980s.<sup>27</sup> Indeed, the recommendations of the Commission adhered to conservative mainstream 1960s and 70s traditions of thinking about guaranteed income schemes. Critics were quick to point out that such a scheme would effectively institution-

alize poverty, setting income security benefits for many at lower levels than even existing programs. The UISP also met with strong opposition from the Canadian labour movement.<sup>28</sup>

While the Mulroney government implemented the Commission's recommendations for free trade, the UISP proposals were ignored by the government and, for many, the MacDonald Commission proposal has come to symbolize the dangers of guaranteed income proposals.

A discussion paper tabled in the House of Commons in 1994 by then Minister of Human Resources Lloyd Axworthy dismissed the idea of implementation of a formal guaranteed income program. The paper noted that Canada's current mix of social assistance and tax credit programs was a "de facto guaranteed minimum income."<sup>29</sup> The paper went on to argue against a specific guaranteed income program on the grounds of cost and effectiveness. A supplementary paper issued along with the discussion paper continues to be widely read and influential in the guaranteed income debate in Canada.<sup>30</sup>

Recent years have seen not only a revival of the idea of a guaranteed income in grassroots and civil society conversations, but a casting of the program in more radical form by many groups. In 2006, The Women's Livable Income Working Group strongly argued for a guaranteed income in its *Women's Economic Justice Report*, assembled from interviews with 44 "grassroots" women.<sup>31</sup> In September 2004, feminists, activists, scholars and writers from across the country met in Pictou, Nova Scotia, and issued the Pictou Statement in which they called for "an indexed guaranteed living income for all individual residents set at a level to enable comfortable living."<sup>32</sup> This endorsement of a guaranteed income has been echoed, to differing degrees, by a number of non-government organizations in various publications focusing on social welfare reform.<sup>33</sup>

The idea of a guaranteed income also continues to pop up in the political arena. In 2000, then



Prime Minister Jean Chretien was rumoured to be considering a guaranteed income. In 2006, the Standing Senate Committee on Agriculture and Forestry released an interim report in which a guaranteed income was touted as a possible means of reducing rural poverty.<sup>34</sup> Hugh Segal, a Conservative member of Canada's Senate, has considerable visibility as an advocate for a guaranteed income. While he would retain special programs for the aged, disabled and for education and health care, his proposal for a guaranteed income would collapse other programs into a basic living income offered in the form of negative income tax.<sup>35</sup>

The 2008 federal election saw Elizabeth May's federal Green Party support the idea of a "Guaranteed Livable Income." The Green Party platform envisioned an incremental implementation of a guaranteed income initiated by a federal benefit of \$5,000 to every individual on provincial welfare.

At the 2008 Congress of the Basic Income Earth Network (BIEN) in Dublin, Ireland, BIEN Canada was launched as a national chapter of the international group. Its objective is to promote awareness and informed debate about guaranteed income among activists, researchers, and politicians across the country.<sup>36</sup>

The debate clearly continues.

# Dimensions and Models of Guaranteed Income Proposals

Academic and political literature on the idea of a guaranteed income is vast. No single overview model is representative of all ideas for a guaranteed income. In this section we elaborate, first, several basic dimensions along which the proposals vary and, second, three basic models that can be situated along these dimensions that reflect the debate.

## Basic Dimensions to Guaranteed Income Proposals

Four criteria characterize and distinguish guaranteed income proposals:

- Degree of universality of eligibility;
- Degree of conditionality of entitlement;
- Adequacy of benefit level; and
- Integration with other social programs.<sup>37</sup>

### Universality

Tight definitions of universality and conditionality are impossible—the two terms are used elastically and often interchangeably. Questions about one often shape conclusions about the other. Yet each captures an important and distinct policy dimension.

The question of universality refers to the range of the general population that is, as an initial starting point, covered by the policy. The more universal a benefit is, the more general and widespread its potential distribution across the population will be. More selective policies single out smaller subsets of the population for coverage. As a strongly universal benefit, a specific guaranteed income policy would provide for every individual adult member of society, irrespective of income levels. For example, academics Sally Lerner, Charles Clark and Robert Needham have argued for a Basic Income system that employs a notion of universality that dictates payment of benefits to every Canadian citizen or permanent resident.<sup>38</sup> Few, if any, proposals for a guaranteed income argue for complete universality—generally citizenship (or residency) and age feature in some way to exclude some individuals or groups. Some proposals have a kind of differential universality: for example, adults might receive larger benefits than children.

The broad universality of many guaranteed income schemes makes the issues of cost and distributional equity significant features of

the political debate. As the breadth of coverage widens towards universality, of course, the up-front cost of providing a guaranteed income rises. This may achieve greater coverage (everyone gets something), but it also raises issues of vertical economic distribution because the wealthy receive the same benefit as individuals at lower income levels. While a progressive tax-back rate can correct the regressive impact of such coverage, the optics of providing benefits to those who do not need them along with the initial budgetary impact of such universality may make it politically difficult to have a benefit level that is significant in alleviating and reducing poverty.

In considering universality, there is also the question of whether payments should be made to individuals or to household units, or to both at different levels. Most proposals provide for direct payments to individuals, citing reasons of individual liberty in lifestyle choice and administrative ease. Concerns about gender equality feature strongly in favour of a more individualised approach. Proponents of paying benefits to households, on the other hand, cite concerns of general equity in relation to the economies of scale that larger households can achieve, and of the need for consistency with existing household-focused programs. This latter approach, of course, involves the contentious task of defining what is or is not considered to be a “household.”

### **Conditionality**

Conditionality sets out the kind of conditions that are built into a policy that may limit the eligibility of a person otherwise covered by the program. Most existing income security programs have a number of conditions that recipients need to satisfy in order to gain and maintain eligibility. Guaranteed income proposals are distinctive in that they typically claim to be (at least mostly) unconditional. For example, an unconditional guaranteed income policy would be neutral as to

how the benefit payment is spent, or beneficiaries’ social living arrangements. Notably, recipients of such an unconditional guaranteed income would have no requirements of labour force involvement or availability, labour skills training, or job seeking. As we discuss later, the unconditionality (or limited conditionality) of most guaranteed income proposals stands as one of the most significant political obstacles to general acceptance of guaranteed income reforms. On the other hand, monitoring and enforcing participation as a condition of receiving guaranteed income adds to administrative complexity and expense of delivering the program, and may be an intrusive, punitive, and stigmatizing experience for those receiving benefits.

Unconditionality and universality, it is argued, could be combined to cast guaranteed income as a basic entitlement of membership in Canadian society. Such a benefit could be seen as a right of citizenship, as important as (for example) the right to vote.

### **Adequacy**

Proposals vary greatly in terms of the amount of money that should be paid as a guaranteed income benefit. Some proposed levels exceed, others fall considerably short of, what might be commonly conceived as adequate. A guaranteed income is understood variably as a small “top-up” to other sources of income, as a partial income, or as a fully livable income. Notably, a number of current Canadian proposals argue for a “guaranteed adequate income,” thereby indicating a benefit level that permits a decent level of income.

Proposals also vary in terms of form and duration of benefit provision. Policy proposals might envision a regular income stream (where payments are received on a weekly, monthly, even yearly basis), or benefits that have a time limit on eligibility (say three or five years). Some guaranteed income plans consider regional variation in benefit level. Clearly, costs of living are higher

in some areas of Canada – in large cities, for example – than in other regions. A single benefit level ignores this variability.

### **Integration**

A key question is how much a guaranteed income proposal is integrated with other income support programs and the provision of “in kind” public goods such as health care and social housing.

Some proponents of a guaranteed income endorse a guaranteed income as replacement for most other income security programs (such as unemployment insurance, social assistance, and public pensions). Other proposals envision a guaranteed income program that is complemented by a number of other publicly provided income supports, services and goods. Obviously, if and how guaranteed income is integrated with other social and income support programs will affect its ultimate cost.

### **Three Working Models for Guaranteed Income**

As we have already noted, there is no one single representative model that captures the full scope of what has been proposed as a guaranteed income.

For purposes of further discussion and debate we have generated three general models that identify some important themes and variations in application of the four criteria set out above—universality, conditionality, adequacy, and integration. The three models that we set out here are “ideal types.” Actual proposals may blend and mix aspects from more than one of these working models. But these three models help to map the terrain of policy debate and choices in regard to guaranteed income.

The three models we identify are:

- Minimalist-libertarian model;
- Mixed welfare model; and,
- Strong basic income model.

A brief discussion of each of the three models follows.

#### **1. Minimalist-libertarian Model**

This model stipulates a base income guaranteed to all adult residents, with no conditions attached. However, the benefit is set at an income level unlikely to raise individuals out of poverty. The concern is to protect a paid work incentive. In this model, guaranteed income tends to be paired with elimination of most other income support programs and public services now offered by federal and provincial government. Thus, this model is premised on strong universality and unconditionality. But it has weak adequacy and is not integrated with other means of income security and the provision of public goods. It extends the income guarantee widely and easily, but is informed by a political philosophy of individual responsibility and limited government. It is often premised on arguments for radical downsizing of the welfare state and of labour market regulations such as minimum wage laws. The Macdonald Commission proposal is an illustration of this type. So too is the proposal from right-wing American economist Milton Friedman for an income security scheme targeted at low-income people delivered through a “negative income tax” mechanism.<sup>39</sup>

#### **2. Mixed Welfare Model**

This category represents those proposals that blend the existing system of income security and the notion of a guaranteed income.

Guaranteed income proposals in this model are partial and typically extended to a smaller subset of the population, based on variables such as age, income level, and labour market participation. So, they are not fully universal. These proposals also vary in terms of how adequate or unconditional the benefit is. A key characteristic is the mix of income security measures. Joined with a qualified guaranteed income program are partial income security for some groups, through

existing discretionary, means-tested income support programs (especially provincial social assistance programs), and less stigmatizing, contributory social insurance programs (such as Employment Insurance and the Canada/Quebec Pension Plans). Thus, this model is strong on integration of a limited guaranteed income with other income security programs.

Within this general model some proposals are more minimalist and severe in terms of income security guarantees, with a stronger emphasis on paying out benefits only to those who “deserve” them, and as a supplement (rather than a partial or full replacement) of the income that everyone is expected to earn in the labour market. These proposals concern themselves with “activation” policies to encourage participation in the paid labour market. Guaranteed income elements of these proposals are thus often characterized by low benefits, a limited number of recipients and frequent linkage to paid work—they have weak adequacy, reduced universality, and varied conditionality elements. However, integration with other income security measures of a more traditional and individualistic sort is high.

Other proposals in this category take a wider and more generous approach. For example, a mixed-welfare proposal may stipulate long-term, adequate, and non-stigmatizing income benefits to persons not expected to participate in the labour market (e.g. the elderly and persons with serious disabilities), paired with short-term, emergency assistance for other individuals, along with extended coverage and higher benefit levels for programs such as unemployment insurance. Thus, some categories of people are given guaranteed support through allowances that are independent of labour-market participation, while others are not. Thus, elements of universality and adequacy are stronger, and income support is seen as linked with the collective provision of social goods. But because guaranteed income is often linked to “legitimate” disqualification from work or participation in some non-market form of work

(e.g. caring for children at home), unconditionality is weaker. An example of a proposal at this more generous end of the scale is contained in the 2006 Caledon Institute report *Towards a New Architecture for Canada’s Adult Benefits*. The report argues for an income-tested, long-term, adequate basic income for individuals who cannot reasonably be expected to work.<sup>40</sup>

### **3. Strong Basic Income or Guaranteed Adequate Income Model**

This model stipulates that a guaranteed income should provide the material basis for “real freedom for all” through a significant redistribution of wealth. Proposals of this type seek to eliminate poverty and ensure a universal and unconditional liveable income.

This model has a number of key elements. First, the benefit is paid by the state out of publicly controlled resources to every individual (or household unit), regardless of the income or wealth of that individual (or household unit). The payment would be in cash and would have no restrictions as to how it is spent. It would be paid on a regular basis, say every month. Second, all members of a given society would receive the income, although what is meant by members can vary. Some think of membership as restricted to legal citizens; most proponents, however, conceive of membership in a broader sense that includes all legal permanent residents. Third, the payment is unconditional: no means test or work requirement would accompany it. Fourth, the level of income guaranteed is formulated to lift each individual recipient’s income above the poverty line or some other indicator of adequacy or liveability.

One of the best-known advocates in the current debate, Belgian scholar Philippe Van Parijs, argues for such a version of guaranteed income.<sup>41</sup> Van Parijs argues that this variant of guaranteed income “is a profound reform that belongs in the same league as the abolition of slavery or the introduction of universal suffrage.”<sup>42</sup>

The result is a model that has the features of strong universality and unconditionality, but that is also paired with a high level of adequacy. Integration with other elements of income security and welfare is variable—the model is sometimes postulated as replacing most other income security programs and other times proposed as an addition to continuing provision of some other programs for both income security and public goods. Some advocates further argue for deregulation of the labour market as companion policy to a strong guaranteed income program, thus pairing this robust version of guaranteed income with a strengthened free market.<sup>43</sup>

#### *The Participation Income Variant*

A variant of this model of guaranteed income is the idea of a “participation income.” In these sorts of proposals, the guaranteed income benefit

is available to everyone but a reciprocity norm dictates that recipients must be engaged in either paid work or some form of socially necessary or useful work (for example, household or care work in the home, artistic production, or volunteer labour in the community). Thus universality and conditionality are paired in this variant.

#### *The Stakeholder’s Grant Variant*

The stakeholder’s grant idea has historic roots in the writings of Thomas Paine<sup>44</sup>. More recently two American scholars, Bruce Ackerman and Anne Alstott, have proposed a Universal Basic Capital whereby a considerable payment is made to each individual on a one-off basis, for example, at the beginning of adulthood.<sup>45</sup> Some proposals call for the development of an account or grant where use of funds is restricted to a range of specific purposes, such as advanced education or launching a new business.

### **An Aside on Delivery Mechanisms: Universal Demogrant or Negative Income Tax?**

All of these models assume that a guaranteed income program could be delivered either through a universal demogrant or through a negative income tax.

A universal demogrant involves an up-front payment, typically tax-free, to all (adult) citizens. Thus, it is paid regardless of income level, in the same amount to all individuals with no reduction rate. Most universal demogrant proposals stipulate that all other income is taxable, and typically at a rate higher than current income tax rates. Indeed, many proponents argue for a flat tax rate on all other income, although this is not an inevitable feature of universal demogrant programs.

A negative income tax provides, through the device of a tax credit, a cash benefit to families or individuals with no or low income. A family or individual is guaranteed to reach at least the minimum cash benefit income level. Payment is reduced by a “tax back” rate for every dollar of additional income received. Once the recipient reaches a certain level of income, the benefit reduces to zero. Thus, under a negative income tax scheme there are three groups of benefit recipients: those receiving full benefits, those receiving partial benefits, and those receiving no benefits. Unlike a demogrant, a negative income tax is paid out selectively and involves considerably less “up front” budgetary spending.

Of course, the initial spending of a demogrant can be recouped through the tax system, should tax structures be so calibrated. A demogrant also advances money to those who need it in the present moment, while a negative income tax (unless structured to allow advance application) makes recipients wait for payment contingent upon the “income test” represented by a tax filing. The negative income tax is thus less responsive to the immediate contingences of low-income economic life.

# Critique of the Idea

There is much that is compelling about a guaranteed income, as we have already signalled. But a number of concerns stand out, both straightforward concerns about the merits of the idea itself, and cautions about the pragmatic dangers of implementation. Both types of concerns are discussed below.

## The Merits of the Idea Itself

The characteristics of universality and unconditionality, key to what is attractive and distinctive about a guaranteed income, also provide a focus for a series of critiques—particularly the three traditional and perennial concerns of work incentives, reciprocity, and cost.

### **Work Incentives**

Someone in receipt of a generous unconditional benefit may no longer wish to work. This may be particularly true if work is tiresome and low paying and the recipient decides that the combination of leisure time and guaranteed income is preferable to whatever the additional benefits of paid work might be.

The issue of work incentive is represented in the debate by the image of the Malibu surfer, quick to use the guaranteed income benefit to quit work and spend the days on the beach. If large numbers of individuals opt out of paid work to live on their guaranteed incomes, economic productivity and growth may be imperilled.

Proponents of guaranteed income have a range of responses. They argue, as we have already noted, that a guaranteed income is actually facilitative of more creative, flexible, and productive involvement in a greater variety of work and paid labour. Moreover, guaranteed income experiments, such as the Manitoba Mincome program discussed earlier,<sup>46</sup> showed only modest work disincentive effects.<sup>47</sup> Such a small effect on work incentives is not particularly economically significant—although it may certainly be politically significant for those who oppose a guaranteed income.

Connected to concerns about labour force involvement are criticisms that a guaranteed income will amount to no more than simple employer subsidization and an incentive for employers to reduce workers' wages. The historic example in England over 200 years ago, the Speenhamland system, is frequently used (although not without

significant debate<sup>48</sup>) to argue that a guaranteed income may result in worsened exploitative conditions in the labour market, especially a lowering of wages to below subsistence levels. Some advocates argue this is good, allowing “continued participation of low earners in paid work.”<sup>49</sup> Nonetheless, a guaranteed income, from this angle, looks too much like a subsidy to employers and an incentive to low wages.

### **Reciprocity**

The freeloading surfer that haunts the debate also symbolizes a second concern. Why pay the lazy, critics ask. Providing a guaranteed income to individuals who choose not to “work”—either in the paid labour market or in community enhancing activities—offends the moral principle of reciprocity. At a minimum, it is argued, individuals have a duty to work according to their abilities. To receive something for nothing is unjust. From this perspective, the decoupling of income from contribution simply encourages parasitism. Rather than being a significant step towards de-commodification and engaged community involvement, guaranteed income is seen by some as the ultimate “passive benefit.”<sup>50</sup>

Advocates, like Van Parijs, point out the partiality of the complaint. A guaranteed income recipient may get something she or he has not earned, but so too does the idle heiress or talented hockey player who, from undeserved good luck, benefits from the current unequal distribution of wealth, income, ability, and leisure. Why deny others a modest share of “undeserved gifts”?

But, this is not necessarily a convincing answer and the moral concern of reciprocity and desert remains a significant challenge to the theory and public acceptability of a guaranteed income.

### **Cost**

Any version of guaranteed income — whether universal or targeted, delivered as a demogrant or through negative income tax — obviously involves substantial government spending. Rais-

ing taxes is politically unpopular. So committing substantial public revenue to ensure basic economic security for all is seen by many as beyond the realm of the “reasonably discussable.”

Nonetheless, it is interesting to examine some preliminary work done to estimate the actual budgetary cost of a program of guaranteed income. Lerner, Clark and Needham<sup>51</sup> have presented a hypothetical model of a guaranteed income for Canada that would be paid as a universal grant to all citizens and permanent residents. They calculated the cost of a scheme that, in 1999, would pay the very modest income of \$7,000 per year to persons age 65 and over, \$5,000 to persons aged 21 to 64, \$3,000 to persons under 21 (paid to the primary caregiver), and an additional \$5,000 paid to each household, to be divided equally among adult members of the household. The total cost of this scheme was estimated to be \$198.6 billion in 1999 dollars. This guaranteed income program would replace federal benefits for elderly persons and children, as well as Employment Insurance benefits for the unemployed. Subtracting these savings, the *net* cost of their scheme was calculated as \$161.7 billion in 1999 dollars (or \$200.3 billion in 2009 dollars). As a point of comparison, the total federal government revenue for fiscal year 2008/09 was projected to be \$241.9 billion.

In 1994 Human Resources Development Canada (HRDC) considered the cost of guaranteed income options delivered both as a universal demogrant and through a negative income tax. The universal demogrant option would require the expenditure of an additional \$93 billion (\$124 billion in 2009 dollars) and would pay a benefit level that would be far from “livable.” On the other hand, the HRDC paper projected that the negative income tax option (costing a total of \$37.3 billion) would be “cost-neutral.” It could be financed by savings in other programs such as unemployment insurance, the child tax benefit, and federal contributions towards social assistance.



Hum and Simpson, the Canadian economists whose work we have already discussed, model the cost of several variations of what they designate as “Basic Income” (a universal, non-taxable benefit set at the poverty line so as to eliminate poverty, at least in principle) and “Guaranteed Income” (that would be paid out as a universal benefit set below the poverty line, coupled with a tax-back rate on earned income).<sup>52</sup>

Hum and Simpson estimate that their Basic Income would be very expensive, in one scenario costing \$217.1 billion, compared to \$75.8 in existing transfer payments to individuals from the federal government (in the year 2000). On the other hand, Hum and Simpson estimate the cost of their (more modest) Guaranteed Income to be much less and argue that it could reduce poverty more efficiently than their Basic Income model.

**TABLE 1 What would a Guaranteed Income program cost in Canada?**  
Cost of possible GI programs (population data 2006):

<b>Grants paid to individuals</b>	
<b>Program</b>	<b>Cost (billions)</b>
Grant of \$15,000 per year paid to all individuals age 18 and over	\$392
Grant of \$7,000 per year paid to all individuals age 18 and over	\$153
Grant of \$15,000 per year for only ages 18 to 64	\$327
Grant of \$15,000 per year to individuals age 18 and over, plus a demogrant of \$4,000 per year for each child under 18	\$418
<b>Grants paid to households</b>	
<b>Program</b>	<b>Cost (billions)</b>
Grant paid to households based on household size, where the value of the grant is equal to the LICO for a mid-sized city (2001 data)	\$250
Payments only to individuals and families below the poverty line to bring them up to the LICO (i.e. reduction of poverty to zero) (2003 data)	\$21.5
<b>Cost of existing income security programs (2005)</b>	
<b>Program</b>	<b>Cost (billions)</b>
Old Age Supplement	\$29
Child Tax Benefit	\$9
Employment Insurance	\$14
GST and other tax credits	\$15
Canada Pension Plan/Quebec Pension Plan	\$32
Provincial payments to individuals (e.g. income assistance)	\$32
Local payments to individuals	\$3
<b>Total transfers to persons</b>	<b>\$135</b>
Basic personal tax exemption (foregone revenue)	\$26
Age and spousal tax deductions (foregone revenue)	\$3
Total cost of tax deductions	\$29
<b>Total transfers to persons (\$135b) plus tax expenditures on basic personal &amp; age/spousal deductions (\$29b), minus CPP/QPP as a contributory pension scheme (\$32b)</b>	<b>\$132</b>

Note: The numbers in these charts are intended to give a general idea of what costs are involved in economic security programs, including possible GI programs. Most numbers are taken from analysis conducted by Marc Lee, economist at the CCPA. The numbers are approximate.

In one Guaranteed Income scenario, they peg the cost at \$37.8 billion.<sup>53</sup>

For purposes of this CCPA report, some cost estimation was carried out on guaranteed income dispersed as a demogrant, paid to either individuals or households (see Table 1). The most adequate version of guaranteed income in this model (a grant of \$15,000 per year to all persons age 18 and over, and \$4,000 per year for those under 18) is estimated to cost \$418 billion. Current costs in 2005 of existing income security programs were \$132 billion,<sup>54</sup> meaning that the net cost of this relatively generous guaranteed income option would be \$286 billion,<sup>55</sup> using the 2005 figure (or \$311 billion in 2009 dollars). One can also calculate the cost of less expensive options, including a grant to households rather than individuals that would cost \$250 billion (minus unspecified savings in other areas), and a targeted benefit to all poor individuals and households (that would in principle eliminate poverty) that would cost \$21.5 billion.

To put the above figures in context, federal government spending in 2006/07 on direct transfers to persons was \$55.6 billion (\$30.3 billion for the elderly, \$14.1 billion to the unemployed, and \$11.2 billion for children). Additionally, the total Canada Social Transfer to provinces in the same

year was \$16.3 billion in both cash and tax points, although this figure included support for both post-secondary education and social assistance. Statistics Canada calculates that, in 2006/07, the total amount of spending on all social services (including both income support and direct service to persons) by all levels of government in Canada was \$172.4 billion.<sup>56</sup>

It thus appears that a full-fledged version of guaranteed income is out of our immediate financial reach. It is also interesting to note, however, that a large majority of Canadians believe that the growing gap between the rich and the poor must be narrowed, and that higher taxes and closing tax loopholes for the wealthy are acceptable ways of doing so.<sup>57</sup> There is also a large amount of research evidence concerning the *indirect* costs of poverty and economic inequality in our country in sectors such as health care, criminal justice, and education. Finally, there is a green argument that we can no longer support the environmental costs of premising income support and economic redistribution on economic expansion and growth.<sup>58</sup> It will be interesting to see if such broader calculations of the costs of *not* having a guaranteed income scheme will be factored into debates about the affordability and feasibility of guaranteed income as time goes on.

# Other Issues

Two other sets of issues about the merits of a guaranteed income are important to mention. First, it is of course true that strong guaranteed income proposals sit in opposition to the more punitive and minimal income security system the neo-liberal state tolerates. Yet, ironically a guaranteed income program that neglects or rejects inclusion with other forms of income assistance and the provision of public goods can reinforce the individualism and market focus of neo-liberalism. Second, while feminist support for a guaranteed income holds centre stage, particularly at the community level in Canada, there are also prominent feminist critiques of the notion. These issues are briefly discussed below.

## Ideological Resonance

A guaranteed income program requires the state to redistribute income more broadly and more fairly. However, emphasis on a guaranteed income alone as the centrepiece of social welfare provision may divert attention from the unjust workings of the market – both the market’s provision of services and its treatment of workers. A reform program that does little else than put some money into everyone’s pockets is unlikely to achieve an adequate

re-distribution of social and economic resources. Indeed, if a guaranteed income is also used as an excuse or reason to cancel other forms of social spending and social programming—as some right wing advocates of the plan envision—the overall distributive effect of guaranteed income implementation may be regressive and less just.

Guaranteed income proposals may also risk over-emphasizing the importance of private action and ignoring the roles that public responsibility, public provision, and public ordering of community institutions can play in securing individual and community welfare. For example, many advocates of a guaranteed income point to the possibilities for involvement in volunteer community work that a guaranteed income allows.<sup>59</sup> Yet, community infrastructure surely is critical enough to warrant adequate financial support from the state. It is great to have community centres with an active volunteer corps, but surely it is even better to have community centres with adequate, trained, and (well) paid staff.

Some models of a guaranteed income, particularly those that have minimal integration of the guaranteed income into a wider scheme of income and social benefits, imply that the remedy to poverty is simply individual and fiscal; struc-

tural remedies are not necessarily envisioned or encompassed. But a guaranteed income, alone, cannot redress or alter structural problems responsible for poverty and disempowerment in Canadian society.

Moreover, the most simple guaranteed income proposals implicitly cast citizenship primarily in terms of the citizen as consumer, empowered by that citizenship to purchase social welfare needs in the market. This is consistent with what one commentator calls “elite neo-liberalism,” focusing on the “individual liberties of a mass consumerist society.”<sup>60</sup> Public expectations about what ought to be collectively provided are decreased accordingly, and community is corroded.<sup>61</sup>

Social welfare goods cannot be provided adequately by the private market alone. Many such goods require collective, public provision — like medical care, social insurance, education, child care, social housing, and so on. No matter how adequate a guaranteed income is, there will still be services and goods that individuals will need — and that any just society would not see them go without — that income spent in the private market cannot guarantee.<sup>62</sup>

The idea that economic and social needs can be best met by a universally established guaranteed income that delivers (roughly) the same amount to everyone also ignores that some individuals and groups have significantly different and more extensive needs, and ought therefore to have greater and different entitlements than would be provided by a standard universal benefit.<sup>63</sup> For example, a universal and fixed grant for health care would over-insure some and under-insure others. Reform to the welfare state must recognize that key areas of human welfare require more than equal allotments of cash.

## Women

There is a gendered face to poverty. Women rely significantly more than men upon a variety of state provided income and social assistance programs.

Moreover, the issues of work and income that a guaranteed income invokes have strong relevance for women, given gender stereotypes and norms that structure the division of labour in Canadian society in ways that disadvantage women.

A guaranteed income may be an attractive policy for women whose caregiving work is undervalued and not economically supported. However, it may also threaten to reinforce the gendered division of labour, making it more difficult for women to choose the mix of unpaid caregiving and labour market employment that is individually optimal. Simply assuming that it is ideal for women to be free to choose to do unpaid caregiving work ignores the positive aspects of choosing not to do such work. It too often understates the critical role paid work plays in social inclusion and community building for individual women. Women risk not being able to assert the desire to work outside of the home once an income is available that economically allows them to stay out of the paid labour force.

Simply put, a guaranteed income might result in further institutionalization of women’s location within the family—the “domestic labour trap,”<sup>64</sup> reinforcing the gendered division of labour in the family and eroding women’s access to the job market and careers. The result is a failure to liberate women from the very social assumptions and hierarchy that construct the domestic characterization and devaluation of women’s work in the first place.<sup>65</sup> A guaranteed income may mean an increase in leisure and self-development opportunities for some, but it is unlikely that those individuals will be mothers with young children.

In sum, the worry is that some versions of guaranteed income lend support, perhaps unknowingly or unintentionally, to the gendered division of labour, an under-emphasis on public citizenship and substantive equality, and a shrinking of public service provision. There is much that is liberatory in aspirations of liberal economic individualism and the formal equality that underpins it, but one also must be cautious to avoid promoting such an ideal uncritically.

# Political Strategies and Feasibility

We turn now to the issues of political saleability and feasibility — the pragmatic considerations of bringing about an actual and adequate guaranteed income program in Canada. Largely, these are issues of political power, and in particular what vision of the Canadian welfare state will be supported by those elected to govern.

We are at an interesting moment: what is politically possible may be shifting. The discrediting of free market economics and growing sensitivity to the environmental disaster that lurks around the corner have recast public perceptions of what we must expect from government. And Canadians, according to a number of studies, want poverty addressed with clear and effective government policies for poverty reduction.<sup>66</sup> That said, political hurdles remain.

As discussed above, the political resonances of certain versions of guaranteed income with neoliberalism and traditional gendered notions of labour should make us cautious. Compromise in implementation of any program is inevitable, and we must be wary of what this might mean for a guaranteed income in practice. This results in a number of specific issues of pragmatic concern.

## Benefit Level

Because it will be difficult to sell the idea of a guaranteed income that grants a truly adequate income, for the reasons of cost and reciprocity discussed above, the amount of the benefit is likely to be subject to political compromise. This risks what Ackerman and Alstott have characterized as the “chump change” problem — that benefits under any guaranteed income that is politically feasible will be inadequate and ineffective in bringing about real change.<sup>67</sup> The problem of poverty will be touted as having been fixed, but the reality will be that the poor will be less visible or credible as objects of political concern and attention. We must be careful not to lose sight of the motivating goal—the alleviation and, ultimately, elimination of poverty.

## Gradual Implementation

Many thoughtful proponents of a guaranteed income see a strategy of gradual implementation — an initially modest but universal guaranteed income whose benefit level grows as the public gets used to the idea — as answer to the tricky issue of cost.<sup>68</sup> But a limited version of

guaranteed income could very well justify ongoing or even accelerated dismantling of other social welfare programs. Already existing publicly provided income security benefits might be folded into the guaranteed income, and publicly provided goods and services (such as child-care) might lose political viability. The outcome could be the worst of both worlds: an inadequate guaranteed income, and reduction or continued non-provision of many other aspects of the social welfare state.

Another variant of staged, partial implementation involves compromising the notion of universality. Guaranteed incomes could be granted to different select groups of individuals in need. Such a program of guaranteed income would not be universal to all adults, say, but would be unconditionally guaranteed to those members of some designated sub-group of the population. Canada's current Old Age Security plan is

an example of such a more selective but unconditional income security program. The Child Tax Benefit, introduced in 1984, was at one time touted as the seed for an eventual form of guaranteed income for families with children. And some form of guaranteed income for persons with disabilities circulates in and out of various current policy discussions.

Not surprisingly, those welfare recipients deemed most "undeserving" — single, employable adults without children — do not feature largely in proposals for more limited versions of a guaranteed income. And this fact highlights the danger that the rhetoric and justifications for a guaranteed income could be used to reinforce, rather than dismantle, the punitive and damaging stereotypes already in play in existing welfare programs about who deserves public support and who does not. The needs of only some of the poor will appear to merit attention.

# Conclusion

This paper has illustrated some of the promise, complexity, and challenges of the guaranteed income model, drawing on specific proposals and longstanding debates as they have unfolded in Canada and elsewhere. Looking ahead, what conclusions should be drawn about guaranteed income in Canada for those concerned about economic security and social justice?

We began this research with disagreement between the two of us. Yet, interestingly, as the project has progressed our opinions have come closer together. We both share similar concerns about the dangers and challenges of practical implementation of a guaranteed income program. We both recognize strongly the inadequacy of reform to income and social security that includes only a guaranteed income and neglects other forms of collective provision of public goods. And we both agree that discussion of a guaranteed income is a fruitful exercise and an important element of the public debate over the future of income security.

Differences do remain. Mulvale is an advocate of eventual implementation of a guaranteed income. He remains engaged with the task of strategizing on how to modify income security

arrangements in Canada in incremental, feasible, and carefully considered steps. He notes that the collapse of neo-liberalism in the current global economic crisis has also led to the transfer of billions of dollars of public money from governments to large corporations. So, Mulvale argues, citizens and social justice advocates can legitimately ask the question: “If governments are willing to go to such dramatic lengths to bail out General Motors and other huge companies, what should our elected representatives be doing to ensure the economic survival of average working families and economically vulnerable citizens?” He argues for nurturing the current shift in public consciousness brought about by the weakening of neo-liberalism, the willingness of governments to transfer wealth (at least to large corporations), and the ecological imperative to lower consumption and to achieve environmental sustainability.

Young remains more convinced that welfare reform is better served by a mix of programs for income support, labour policy, and public goods. No doubt, in an ideal world calling for a pure and strong guaranteed income, paired with state provision of key public goods and other tar-

geted income benefits, along with labour market policy reform, might be clearly best. But that is not the world we inhabit. Thus, Young argues that enhanced social assistance—incorporating significant improvements to benefit levels and eligibility, in combination with important public goods and labour market reforms, is a more strategic and potentially effective set of poverty reduction goals.

Nonetheless, the notion of a guaranteed income functions for Young as a timely and important reminder of what must necessarily be a basic aspiration of any income security reform. Mulvale concurs. Guaranteed income security, justified by many of the reasons set out above, can be understood as a goal to be realized by a combination of different policies, legal reforms, and government programs. It need not necessarily stake an urgent claim to a specific, concrete program. It can inspire and catalyze a variety of other reforms that together offer a complex matrix of income security.

So in the short to middle term, in any case, we agree. It is best to work to achieve a stronger and more generous version of our current “mixed welfare” model of income security that would more strongly align with principles such as universality, unconditionality, and adequacy. And, it is important to work for other social justice reforms as well.

Such reform efforts should be based upon a broad understanding of poverty. Poverty is more than a simple lack of financial resources. To be sure, absence of money is an essential characteristic of poverty and distinguishes it from other circumstances of low levels of well-being. But poverty is also marked by social exclusion, and by inadequate access to public goods, community networks and resources, and political capital. This fuller notion of poverty is well-accepted; for example, various United Nations documents speak of poverty as limited opportunities for well-being, covering such things as being adequately fed, clothed and sheltered, taking part

in the civil, social and political life of a community, having meaningful employment opportunities, and having affordable housing.<sup>69</sup> Quebec’s anti-poverty legislation, *An act to combat poverty and social exclusion*, defines poverty as “the condition of a human being who is deprived of the resources, means, choices and power necessary to acquire and maintain economic self-sufficiency or to facilitate integration and participation in society.”<sup>70</sup>

With this understanding of poverty in mind, we both agree there are key elements of reform that must be in any program of income security, regardless of whether a guaranteed income is also part of the package. First, we need to strive for the continued and enhanced collective provision of essential goods — goods and services that everyone should be able to access. These are things such as education, health care, childcare, and so on. These goods are best provided universally by government. Without the base of such a well-developed welfare state, people will remain in need, despite guaranteed income grants.

Second, labour market policy reform is critical, especially for those most vulnerable in the paid labour market, such as women. The issues of precarious work and workplace justice must be part of any program of income security advocacy. This will require such things as a higher and adequate minimum wage, better paid care-giving leave for days when children and other family members are sick, flexible hours of work, and adequate maternity and parental leave support.

Third, any reform must include ready access to universal, affordable, and high quality early childhood education and care that is available as a public service. Along with good employment policies, universal childcare will significantly enable many of the poor to leave their poverty behind. This reform is essential to women’s equality in particular.

Finally, as the above three points illustrate, it is unlikely that any one single social program can provide the full range of services and income



support that our society ought to guarantee. A guaranteed income alone cannot satisfy the full scope of collective and public responsibility a just society bears for the welfare of its population. Proponents of a guaranteed income should be cautious about too singular a focus in their welfare reform urgings.

Nonetheless, discussion of a guaranteed income is certainly valuable to any full debate over

income security reform. It is evocative of what a just and fair society must guarantee to everyone: an adequate degree of unconditional economic independence and empowerment. We may disagree as to the priority and form such recognition should take. However, the debate over a guaranteed income is critically taken up, if only to remind us of some of the key necessary ingredients of economic security for all people in Canada.

# Notes

- 1 Pateman, 2004, p. 6.
- 2 An initial discussion paper on the idea of a guaranteed income was prepared by the authors. This paper served as the focus for a Community Consultation held in Vancouver in March 2007 with a broad cross-section of individuals from community organizations, policy centres, and advocacy groups concerned about alleviating poverty and broader economic security questions. Consultation participants were drawn mostly from the greater Vancouver area, but also included participants from Victoria and Regina. This day long consultation provided us with a rich and nuanced discussion of the potential advantages and disadvantages of a guaranteed income model of income security in Canada.
- 3 Fitzpatrick, 1999, p. 36.
- 4 Brazil has legislation establishing a gradual path towards a “Citizen’s Basic Income.”
- 5 Vendrik Kees, interview cited in Vanderborgh, 2004, p. 27.
- 6 Standing, 1998, p. 102.
- 7 Pateman, 2004.
- 8 McKay, 2005.
- 9 For example, the website of the Basic Income Earth Network sets out a history of the idea of basic or guaranteed income from the early 1500s to the present. See <http://www.basicincome.org/bien/aboutbasicincome.html#history>. Accessed August 12, 2009.
- 10 Economic Council of Canada, 1968, Chapter 6.
- 11 Special Senate Committee on Poverty, 1971, p. x.
- 12 Ibid, p. 175.
- 13 Québec, 1972.
- 14 Canada, 1970, p. 3.
- 15 Royal Commission on the Status of Women, 1970, p. 325.
- 16 Canada, 1973.
- 17 Hum and Simpson, 2001.
- 18 National Council of Welfare, 1976.
- 19 For a summary of the Mincome project, see Hum and Simpson, n.d.
- 20 Hum and Simpson, 2001, p. 82.
- 21 Royal Commission on the Economic Union and Development Prospects for Canada, 1985.
- 22 Commission of Inquiry on Unemployment Insurance, 1986.
- 23 Royal Commission on the Economic Union and Development Prospects for Canada, 1985, p. 795.
- 24 A demogrant is a universal benefit payment made to individuals solely on the basis of some demographic characteristic, say age.
- 25 Royal Commission on the Economic Union and Development Prospects for Canada, 1985, p. 798.
- 26 Ibid, p. 799.
- 27 See, for example, Kitchen, 1986.
- 28 Mulvale, 2001, p. 100.
- 29 Human Resources Development Canada, 1994a.
- 30 Human Resources Development Canada, 1994.
- 31 Women’s Livable Income Working Group, 2006. A connected group, LIFE, maintains a website advocating a guaranteed livable income at <http://www.livableincome.org>. Accessed April 13, 2009.
- 32 Christiansen-Ruffman et al., 2004.

- 33 See, for example, Pasma, 2009.
- 34 Standing Senate Committee on Agriculture and Forestry, 2006.
- 35 Segal, 2008.
- 36 See the Basic Income Earth Network (BIEN) website at <http://www.basicincome.org/bien/aboutbien.html#na>. Accessed August 14, 2009.
- 37 For a longer list, see De Wispelaere and Stirton, 2004.
- 38 Lerner, et al., 1999, p. 43.
- 39 Friedman, 1962.
- 40 Battle et al., 2006.
- 41 Van Parijs, 2000, p. 3.
- 42 Van Parijs, 1992, p. 7.
- 43 See, for example, the opening article in *La Revue Nouvelle*, April 1985, cited in Yannick Vanderborght, 2004. As well, Brittan, 1983; Van Parijs, 1992; Blais, 2002.
- 44 Paine, 1819.
- 45 Ackerman and Alstoot, 1999.
- 46 Hum and Simpson, n.d.
- 47 For a useful, more detailed, discussion of this issue, see Pasma, 2009.
- 48 Block and Somers, 2005.
- 49 Ibid.
- 50 Vanderborght, 2004, p. 31.
- 51 Lerner, et al., 1999, pp. 42 – 50.
- 52 Hum and Simpson, 2005, pp. 286 – 87.
- 53 Ibid., p. 289.
- 54 This figure is arrived at by taking the total cost of transfers to persons (\$135 billion), then adding the tax expenditure (foregone revenue) on personal and age/spousal tax deductions (\$29 million), and then subtracting CPP/QPP costs (\$32 billion).
- 55 This figure does not take account of the additional income tax that would be paid with a guaranteed income system in place. This additional revenue could lower the net cost of the benefit by 20 to 30 per cent.
- 56 Statistics Canada, 2007.
- 57 CCPA, 2007.
- 58 Mulvale, 2007.
- 59 See, for example: Women's Livable Income Working Group, 2006.
- 60 Long, 2006, p. 201.
- 61 Brodie, 1995.
- 62 This dilemma, of course, is not unique to guarantee income advocacy. It is present any time anti-poverty strategies emphasize the importance of monetary benefits.
- 63 Some guaranteed income proponents do argue for benefit rates that take account of such features as family size, disability and age. However, all important differences may not be adequately factored into a universal program.
- 64 Orloff, 1990 (unpublished), cited in McKay, 2005, p. 109.
- 65 McKay, 2005.
- 66 Klein, et al., 2008, p. 6; Hennessy and Yalnizyan, 2008.
- 67 Ackerman and Alstott, 2004, p. 52.
- 68 See, for example, Blais, 2002.
- 69 UN OHCHR, 2003.
- 70 Quebec, 2002.

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