

IT'S 2016! DO WE STILL NEED A BASIC INCOME?

Evelyn L Forget
University of Manitoba

Forty years ago....

- Existing income assistance programs were being re-examined:
 - Poverty was still wide-spread
 - Existing programs were largely limited to the disabled and single parents
 - The working poor received no assistance
 - There were strong disincentives to work
 - Older people, especially single women, were particularly vulnerable

Mincome was introduced (1974)

- Experiment cost-shared by federal government (75%) and Province of Manitoba (25%)
- **Purpose:** If we introduce a basic income, will it cause people to quit their jobs?

MINCOME

- 2 sites
 - A dispersed sample in Winnipeg
 - A saturation site in Dauphin, MB
- In Dauphin: every family was eligible to participate
- In both sites, the stipend depended on income



DAUPHIN



WINNIPEG



Amy Richardson (83)



Richardson family
1970s

Amy Richardson

- “It was to bring your income up to where it should be. It was enough to add some cream to the coffee. Everybody was the same so there was no shame.”

Mincome ended (1978)

- Economic upheaval caused government to focus on other issues
 - High inflation and interest rates
 - Oil price shocks
 - Unemployment
- NDP government in Manitoba fell and was replaced by PC government

Mincome ended (1978)

- Mincome ran out of money
 - Received \$17 million but didn't anticipate inflation
 - Payments to families were indexed to cost of living
 - This took more money than anticipated, and less was left for analysis
 - Research team was refused funding increases
- No final report

Mincome

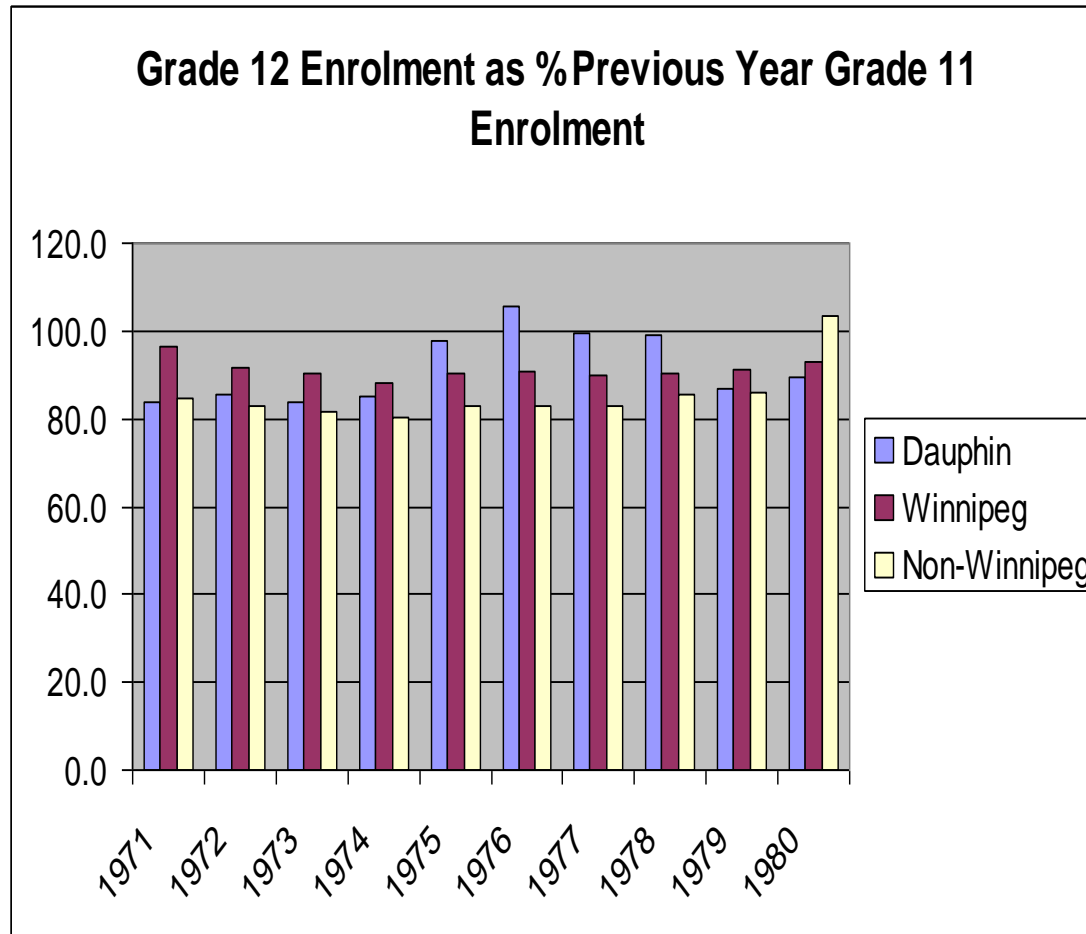


Data were “archived”.

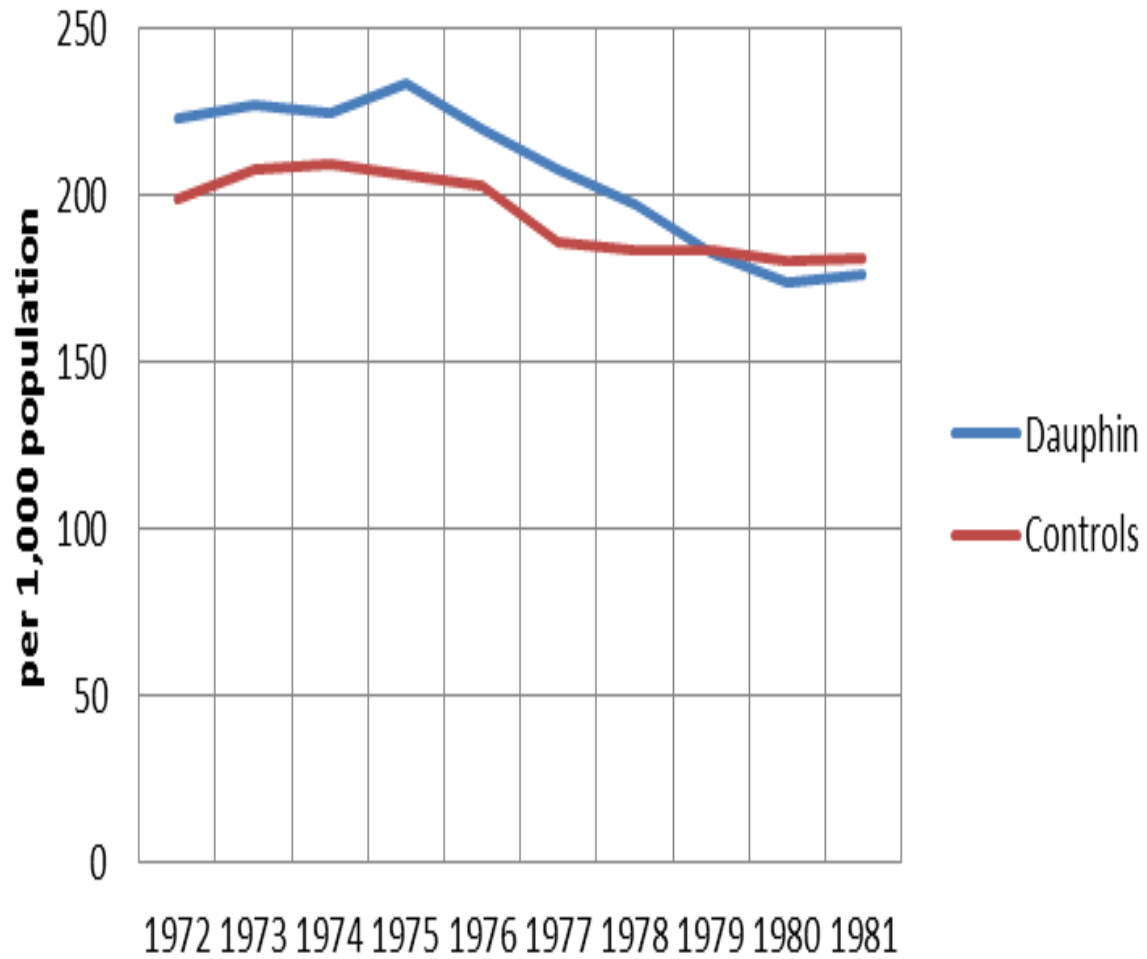
Labour market results in Winnipeg:

- Virtually no effect on primary earners
- Significant effects on secondary and tertiary earners
 - Married women returned to work less quickly after childbirth – used the basic income to BUY longer parental leave
 - Adolescents entered the workforce later

In Dauphin, high school completion increased



Hospitalization Rates



Hospitalization Rates

- Fell 8.5% relative to controls during experiment
- Primary reasons
 - Fewer accident and injury hospitalizations
 - Fewer hospitalizations due to mental health issues

Visits to family doctors

- Slight decline in Dauphin relative to matched controls
- Only statistically significant reason was a decline in visits with a mental health component

Entrepreneurship was encouraged

- Joyce was 19-years old when Mincome was introduced, and her husband a few years older.
- Both worked – Joyce in retail and her husband in construction, which was seasonal work.
- Mincome offered a hand-up, and they were able to save for a modest down-payment on a small house. They had no difficulty putting food on the table or participating in the modest comforts of small-town life. Joyce remembers that the streets were full of people and the shops were open during the Mincome years.
- They decided to open a small record shop, and while the business paid its own way it did not pay enough to allow Joyce and her husband to draw a salary. Mincome was there to help in these early years.
- When Mincome ended, the shop began to struggle and, in 1979, they closed the shop and moved away from Dauphin.

Labour market results in Dauphin?

- No one was very interested because small-town labour markets were not “representative”
- Too much seasonal employment, short-term labour, low wages, few unions, lots of informal work and self-employment
- It didn't look like a labour market was supposed to look in the 1970s

Over the past 40 years

- New social programs have been introduced
 - National Child Benefit
 - GIS to supplement OAS
- **Do we still need a basic income?**

Over the past 40 years

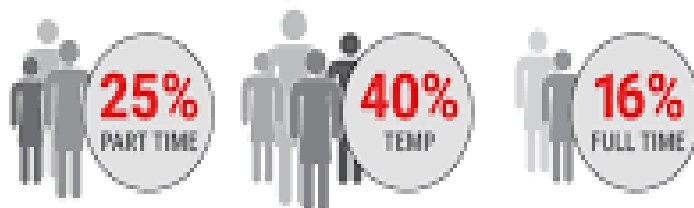
- Most labour markets in Canada have begun to look like small-town labour markets in the 1970s
- Seasonal or short-term contracts, non-unionized, few workplace benefits, often low wages

Precarious work has increased

Precarious & low-wage work is Ontario's new normal

It's growing faster than full-time work

Job growth since 2000¹



And growing mostly in low-wage sectors

Percent of low-wage workforce²



WorkersActionCentre.org #Time4DecentWork

Low-wages are defined as 1/3 below the maximum wage

¹ Capital Times (2013) Ontario's Shifting Labour Market: Canadian Council on Policy Alternatives
² Research for Employment Quality - Training Team, Canadian Employment Quality Index (CEQI) March 9, 2015

Since the 1970s

The PURPOSE of basic income has shifted from a sole focus on POVERTY to the alleviation of INCOME INSECURITY

Many decisions must be made to
turn an idea into a policy.

Hard trade-offs must be confronted.

Some stories....

Carl (53)

- Until 2 years ago, was a pharmaceutical rep
- Industry restructured and his firm was bought by a rival
- Received a “package” and was immediately re-hired by the same firm on a 1-year contract with no benefits
- 4 months later, contracted lymphoma
- Many assets saved for “retirement” and no job

But simple poverty still exists

“I lived in Japan for twenty years, returned to Hamilton last year, have sold my condo and am leaving again. I wasn't expecting the level of unemployment, substance abuse and poverty I have witnessed and experienced. Both my boyfriend and I are around 50 with no dependents. I stopped looking for a job after ten months. (I have been living off an equity loan). My boyfriend has a criminal record and is ashamed to divulge this information.”

– I. McInally

Shaun Loney

- Social entrepreneur from Winnipeg
- Tackles barriers such as criminal backgrounds, lack of formal education and substance abuse issues
- Trains workers that are vulnerable to unemployment in advanced, modern green energy methods such as, solar power, home retrofitting, and geo-thermal infrastructure development

Claims BI is essential to his marginalized employees

“I got a group of my co-workers together here at the social enterprise centre, people who were involved in the drug trade at one time and said ‘would you have been involved in the drug trade if you had a stream of income? And the answer was an emphatic no,” he says.

“You don’t sell drugs because you like selling drugs, you’re selling drugs for income and you don’t do it if you have income.” – Shaun Loney

The labour market has never been kind to people with disabilities

“As a teenager, I got a job at a fast food restaurant. I worked there a few months, but once my employer knew I had epilepsy he stopped scheduling me for shifts. I was never let go or fired, I just stopped getting called in to work.”

“When I decided I wanted to work with children a college counselor told me I would be a danger to the kids if I had a seizure and that I should reconsider.”

-- Amanda (34)

But ODSP has its limits

“It’s a system you get stuck in. When you get a job, they take away half of what you earn, so you can never really get ahead. You are not allowed to have more than \$5000. in your bank account.”

“I receive \$928. a month, which includes an allowance of \$78. for my service dog.”

“I have also been on the Rent-Geared-to-Income Housing list for 12 years.”

And not all are financial

“As for the process of being approved to receive ODSP, how low do you want a person to feel? It is a system that needs to change. They dig really deep into your personal life to see if you qualify, and then review it as if your disability is going to go away.”

Many disabilities are invisible and hard to document

- Kate is lovely – personable, cheerful and hardworking.
- She has no trouble getting jobs; she performs wonderfully in interviews with people who are surprised that she is willing to do low-paid service work.
- However, she cannot work full-time for five days each week. She seeks out service work because she can better control the number of shifts she accepts.
- Her jobs last a few months until employers decide they cannot cope with her unpredictability

Hard Trade-offs

- How high should the benefit be?
- What tax-back rate should be applied?
- Who should get the benefit?
- How should we calculate eligibility – families or individuals?
- Should there be an asset test?

And Important Decisions

- What benefits should be “folded into” the BI?
- Should there be an employment or training requirement?
- Which taxes should we raise to pay for it?
- Should rates be higher for people in high-cost centres?

Yes, we do need a BI in 2016

- because employment is becoming increasingly precarious, leading to greater income insecurity
- because our social policies were constructed at a time when it was easier to distinguish between those of working age and the retired, the disabled, students, those temporarily unemployed, the long-term unemployed, and those not in the workforce
- because the social programs that used to be delivered through employment in unionized shops are no longer within reach of many Canadians

Now is the time to address, head-on, the challenges and trade-offs that are necessary to create a universal basic income that can meet the needs of Canadians in the 21st century