Basic Income: Principles, Practice and Lessons

March 28, 2017 • 10:00 – 11:30 a.m. ET

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This webinar is co-hosted by

Basic Income Canada Network
Réseau canadien pour le revenu garanti

OHCC - CCSO

RECORDING NOTICE: This webinar is recorded and will be made available to the general public on the HC Link website.
Healthy Communities

• Food, water, housing, recreation and transportation for all
• Equitable access to health care
• Diverse and vital economy
• Living wages or basic income for all
• Clean, safe, sustainable environment
• Opportunities for learning and skill development
• Inclusive and welcoming
• Peace, equity and social justice
• Community participation in decision-making
• Strong cultural heritage
What determines our health?

Canadian Institute for Advanced Research

Social & Economic Environment 50%

Health Care (Illness Care) 25%

Biology & Genetics 15%

Physical Environment 10%
Determinants of Health

- **VALUES**
  - Income and Social Status
  - Employment and Working Conditions
  - Biology and Genetic Endowment
  - Culture

- **BELIEFS**
  - Education
  - Physical Environments
  - Healthy Child Development
  - Gender

- **ASSUMPTIONS**
  - Social Support Networks
  - Social Environments
  - Personal Health Practices and Coping Skills
Determinants of Health

- Biology and genetics
- Personal habits and coping skills
- Healthy child development
- Income
- Employment and working conditions
- Education
- Culture
- Gender

- Social support and inclusion
- Healthy housing
- Healthy environment (air, water, soil)
- Access to services
  - health care
  - shopping
  - recreation
  - transportation
Basic Income

A Foundation for Economic and Social Security

Rob Rainer
Basic Income Advocate
Chair, Basic Income Ontario Network
Member, Advisory Council, Basic Income Canada Network

March 28, 2017
Why Basic Income? 7 interrelated reasons
1. Improve health
Almost every major health condition, including heart disease, cancer, diabetes, and mental illness, occurs more often and has worse outcomes among people who live at lower incomes.

Dr. Gary Bloch, University of Toronto
Redefining health

The district health unit in Sudbury, Ont., compared the ‘most deprived’ to the ‘least deprived’ areas of the city—and the health consequences for residents. The results are shocking.

- Infant mortality: 139% higher
- Obesity: 102% higher
- Emergency-department visits (all causes): 71% higher
- Visits to emergency departments due to mental-health episodes: 341% higher
- Hospitalizations due to intentional self-harm: 242% higher
- Live births to teenage mothers: 205% higher
- Premature mortality (dying before age 75): 86% higher
- Hospitalizations (all causes): 20% higher
- Has a medical doctor: 11% lower
- Self-rated health (excellent/very good): 20% lower
2. Prevent and alleviate poverty
3. Prevent and alleviate economic insecurity
4. Reduce income, wealth, and opportunity inequality
5. Boost creativity, innovation, and entrepreneurship
6. Honour and uphold economic and social rights
7. Help calm society, replenish the human spirit, heal wounded souls, and heal our planetary home
“I am because we are.”
What is Basic Income?

make poverty history
“Saving the planet is down to all of us, but we cannot expect people still stuck in the poverty trap to think of it as a priority. Creating a fairer society and saving the planet go hand-in-hand.”

empower participation in society
BASIC INCOME
A Basic Income (or Citizen’s Income or Guaranteed Income) is an automatic, unconditional and nonwithdrawable income FOR EVERY CITIZEN and is NOT linked to work.
A Basic Income is rooted in the principle that the world is the common property and responsibility of us all.

emancipatory welfare
In his final book (1967)
“Where Do We Go from Here: Chaos or Community?”
Martin Luther King Jr. wrote
“I am now convinced that the simplest approach will prove to be the most effective — the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income.”

BASIC INCOME
GOOGLE “BASIC INCOME” FOR MORE INFORMATION AND TO FIND OUT HOW YOU CAN GET INVOLVED
BASIC INCOME GUARANTEE

CITIZEN’S INCOME

GREEN IDEAS

guaranteed livable income
A Basic Income is an income unconditionally granted to all on an individual basis, without means test or work requirement.
“A guaranteed or basic income can take different forms but is essentially understood to ensure everyone an income that is sufficient to meet their basic needs and live with dignity, regardless of work status.”
Claim the working income tax benefit!

The working income tax benefit provides relief for eligible low income individuals and families.

Learn more at cra.gc.ca/witb
Model: The “demogrant,” “universal demogrant” or “universal basic income” (UBI) — universality of receipt
Model: The “negative income tax (NIT)” or “refundable tax credit (RTC)” — universality of access
Income Tax and Benefit Return

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

Identification

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

First name and initial
Jen

Last name

Mailing address: Apt No.

Information about you

Enter your social insurance number (SIN)
265313

Enter your date of birth:

Your language of correspondence:

English
Negative Income Tax

Four interdependent factors:

1. Maximum basic income available

2. Turning Point: The point at which basic income begins to be reduced as total income rises

3. Benefit Reduction Rate: The rate (e.g., 25%, 33%, 50%, 66%, 75%) at which basic income is reduced as total income increases

4. Exit Point: Point at which basic income is reduced to $0
Example: $18,000 in maximum basic income available, phasing out at $35,000 in total income.
Societal and economic growth

Covered by Universal Basic Income

Maslow's Hierarchy of Needs:
- **Physiological needs:** food, water, warmth, rest
- **Safety needs:** security, safety
- **Esteem needs:** prestige and feeling of accomplishment
- **Self-actualization:** achieving one's full potential, including creative activities
- **Belongingness and love needs:** intimate relationships, friends
Basic Income in a Social Security Framework

Concept by Rob Rainer, Basic Income Advocate

Aspired Wants

Situational Needs

Basic Needs

Public Provision

Other Social Supports

Basic Income

Earned & Other Income

Private Pursuit as Opportunity and Ability Allow
Evidence for Basic Income?
Manitoba Mincome Experiment 1974-1978

Mincome recipient and Dauphin, MB resident Amy Richardson at age 83 several years ago (photo: Evelyn Forget)
Canadian Child Benefits (e.g., Canada Child Benefit)
Canadian Seniors’ Benefits
(Old Age Security and Guaranteed Income Supplement)
Opportunity New York City
(Family Rewards Program)
Eastern Band of Cherokee Indians
U.K. “Personalized Budgets for Rough Sleepers”
Principles of Basic Income?
Basic Income

Sufficiency (livable)

BASIC NEEDS

Food
Water
Shelter
Clothing
Basic Income

Autonomy
Basic Income

Non-stigmatizing
Integrated with public services
Financial Cost of Basic Income?
Cost of poverty, economic insecurity, and income and wealth inequality: $100+ billion
Though I do not believe that a plant will spring up where no seed has been, I have great faith in a seed. Convince me that you have a seed there, and I am prepared to expect wonders.

- Thoreau

Credit: Charles Weiss
Financial cost of basic income?

Depends heavily on policy and program design choices
Some key policy design questions

- Target outcomes of basic income policy and program?
- One comprehensive basic income program for all or perhaps separate basic income programs for children, working-age adults, seniors?
- Model of delivery to meet outcomes, e.g., demogrant vs. negative income tax, hybrid of the two, other?
- Eligibility (e.g., residency requirement, citizenship, incarceration)?
- Individualized basic income, or tie to household size/composition?
- Maximum amount of basic income available? Regional differences re: cost of living?
- In NIT model, the “turning point,” “benefit reduction rate,” and “exit point” of the basic income?
- Sources of revenue and amounts available?
- Existing programs to be ended and resources folded into basic income?
A few estimates e.g.,

- $75 billion for up to $15,000 maximum/adult, with 75% benefit reduction rate per dollar as other income applies (Milligan 2014) \{NIT\}

- $98 billion for up to $15,000 maximum/adult, with 50% benefit reduction rate per dollar as other income applies (Milligan 2014) \{NIT\}

- $158 billion for up to $15,000 maximum/adult, with 25% benefit reduction rate per dollar as other income applies (Milligan 2014) \{NIT\}

- $168 billion for up to $20,000 maximum/adult (including seniors), with 30% benefit reduction rate per dollar as other income applies (Boadway et al. 2017) \{NIT\}

- $329 billion for $15,000/adult, with 0% benefit reduction rate per dollar as other income applies (Milligan 2014) \{demogrant\}
A rich country…must give everybody the assurance of a basic income. This can be afforded and would be a major source of social tranquility. Let us always keep in mind that nothing so denies liberty as a total absence of money.

John Kenneth Galbraith (1908-2006): economist
A few ways for raising ~$75-100 billion

1. Convert the Basic Non-refundable Tax Credit to basic income (~$34B)
2. Convert most/some other non-refundable tax credits to basic income (~$10-20B?)
3. Convert GST/HST credit and Working Income Tax Benefit to basic income (~$6B)
4. Convert income security portions of provincial/territorial social assistance programs to basic income (~$10-12B?)
5. Raise new revenue from reasonable new tax brackets upon the top 10%, 1%, 0.1%, and 0.01% of income earners (~$5-10B+?)
6. Raise new revenue from changing taxation of capital gains to be equivalent to taxation of employment income, and direct new revenue to basic income (~$8B?)
7. Over time transfer an increasing portion of health care spending avoided due to health improvements from basic income, to funding basic income (~$2-10B+?)
Popular pennies
Public social spending, excluding health care
As % of GDP, 2013 or latest

- Denmark: 10.9
- France: 9.2
- Finland: 9.3
- Italy: 7.5
- Sweden: 9.7
- Germany: 8.3
- Norway: 10.7
- Netherlands: 7.7
- Japan: 5.7
- OECD average: 6.1
- Britain: 6.2
- New Zealand: 4.8
- Australia: 5.7
- United States: 6.0
- Canada: 4.6

Source: OECD

*Purchasing-power parity

$’000 per person, at PPP*, 2015
Who controls Canada’s wealth?

**INCOME GAP:** The distribution of wealth in Canada is different from what Canadians think it is and a far cry from what they think it should be. The wealthiest 20% of Canadians control 67.4% of the wealth. The poorest 20% do not control any wealth and are in fact in debt (-0.1%).

**STUDY GROUP:** Divided by wealth into five groups, each 20% of the population

- Bottom 20%
- Near bottom 20%
- Middle 20%
- Near top 20%
- Top 20%

**ACTUAL WEALTH DISTRIBUTION:** Proportion of all wealth in Canada held by each group

- Bottom 20%: 2.2%
- Near bottom 20%: 9%
- Middle 20%: 21.5%
- Near top 20%: 67.4%
- Top 20%: 0.1%

**PERCEPTION:** What Canadians think wealth distribution is

- Bottom 20%: 5.8%
- Near bottom 20%: 7.8%
- Middle 20%: 13.5%
- Near top 20%: 17.4%
- Top 20%: 55.5%

**DESIRED:** Distribution Canadians think is ideal

- Bottom 20%: 11.5%
- Near bottom 20%: 14.1%
- Middle 20%: 23.7%
- Near top 20%: 20.4%
- Top 20%: 30.3%

**SOURCE:** The Wealth Gap: Perceptions and Misconceptions in Canada, published by Broadbent Institute

TORONTO STAR GRAPHIC
Income inequality in Canada: 1920-2011

The thick gray line below is the per cent of the total national income going to the richest 0.1 per cent of the population. The thin red line is the Gini Coefficient, a measure of income inequality that ranges from a low of zero (perfect equality) to a high of one (total inequality).

<table>
<thead>
<tr>
<th>PER CENT OF INCOME</th>
<th>GINI SCORE</th>
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<tbody>
<tr>
<td>7%</td>
<td>0.56</td>
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<tr>
<td>6%</td>
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<td>5%</td>
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<td>2%</td>
<td>0.46</td>
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<td>1%</td>
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SOURCE: Top income share generated by Emmanuel Saez and Michael Veall (updated to 2010 by Michael Veall), retrieved from The World Top Incomes Database; Gini coefficient (all family units to 2011) from Cansim Table 2020706

TORONTO STAR GRAPHIC
A growing Canadian movement...

A basic income guarantee is an idea that works.

Join and support the movement for a Basic Income Guarantee for all.

www.basicincomecanada.org
http://www.basicincomecanada.org/local_networks
Are your basic income needs being met?

(sinking and stressed)

(afloat and happy)

(sunk: no longer needs income or oxygen!)
WHAT WOULD YOU DO IF YOUR INCOME WERE TAKEN CARE OF?
For more information and to contact:

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