

How to End Poverty

Promoting a Basic Income Guarantee (BIG)

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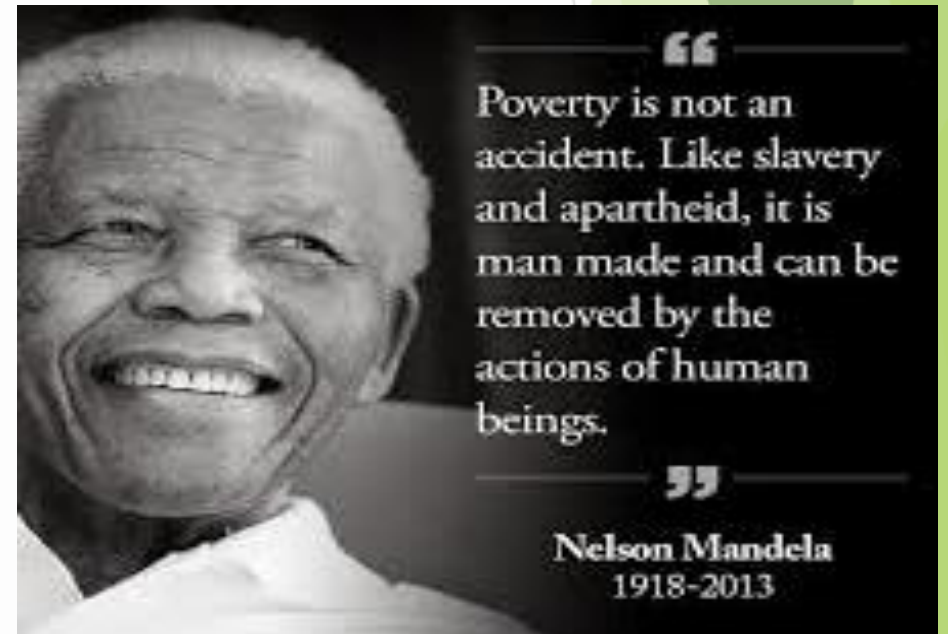
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“Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings...Overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life.”

– Nelson Mandela



Do We Have to Have People Living in Poverty?

Low Income Rate (LIM-after tax) for Neighborhoods Classified by Incidence: 2000-2012



Source: 2011 Census & 2012 T1FF family file; Kerr, Michalsky, & Smith-Carrier (2015)

Does it have to be this way?

Only 3.7% of *Denmark's* children live in poverty (OECD, 2010) & 6% of their total population

What's the BIG Deal?

BIG = **B**asic **I**ncome **G**uarantee

- Ensuring everyone an adequate income floor

A variety of terms exist:

- Citizen's Wage/Citizen's Income
- Guaranteed Annual/Adequate Income
- Territorial/State Dividend/Bonus
- Livable Income
- Universal Benefit

These are different ways of understandings **BIG**

BIG Models & Definitions...

- A Basic Income Guarantee (**BIG**) ensures everyone has an income sufficient to meet their basic needs and live with dignity, regardless of their work status (Basic Income Canada Network, 2015)
- “Basic Income (or demogrant) is an income paid by a political community to all its members on an individual basis, without means test or work requirement” (Van Parijs, 2004, p. 8)

BIG payments can be transferred to people in the community in a number of different ways that are often able to use existing government payment systems

General Consensus

Most would agree with the basic principles associated with **BIG** that state that every person has the right to an *adequate income*, which gives them the *security* to live with *autonomy* and *dignity*

Not so clear...

- Universality (everyone gets it) vs targeted approach (only people who need it)
- Conditionality (e.g., no income tests or work requirements)
- The model (demogrant, refundable tax credit or negative income tax)
- Level of benefit (adequacy, but which measure to use?)
- BIG AND... other programs (replace existing programs or in addition to these programs)

Why **BIG**?

- **It alleviates poverty** (defined as a lack of financial resources)
- **It reduces the high cost of poverty, as well as the health and social problems that accompany it**
 - Roughly \$72.5-\$86.1 Billion nationally in social & private costs associated with poverty (Ontario Association of Food Banks, 2008)
 - In 2011, the US spent \$0.5 Trillion on 50 different poverty programs, enough to ensure every American was at least meeting the poverty line (Munger, 2015)
- **It encourages security and stability**

Why **BIG**?

- **It's already been shown to be highly successful in Canada**
 - As a result of the Guaranteed Income Supplement (GIS), attached to Old Age Security (OAS), we saw poverty among older adults decrease from 36.9% in 1971 to 4.9% in 2007 (Hick, 2014)
- **Improves health outcomes** (see Forget, 2011)
- **Does not adversely affect labour participation** (Hum & Simpson, 1993; Pasma, 2010)

International Context

Unconditional Cash Transfers (UCTS)/Conditional Cash Transfers (CCTS)

- Brazil – CCT for 24% of the population (Bohn et al., 2014)
- Latin America – majority of countries have CCTs, with promising outcomes (Owusu-Addo, 2014)
- Mexico – positive effects, particularly in rural communities (Anntanasio et al., 2008)
- Africa – Zimbabwe (Robertson et al. 2013), Namibia (Levine, 2011), Kenya (Ayuku et al. 2014), and Malawi (Baird et al. 2012)
- India – ‘economic emancipation’ (Davalala, Jhabvala, Mehta, & Standing, 2015)
- Iran – Oil subsidies as social dividend (Tabatabai, 2011)
- Alaska – Alaska’s Permanent Fund for all Alaskan residents (Tabatabai, 2011)
- Opportunity NYC (Smith, Koikkalainen, & Casanueva, 2014)

International Context

- World Bank – suggests it is tool for *effective development & poverty reduction* (World Bank, 2009)
- Organisation for Economic Co-operation & Development (OECD)
 - *Affordable* in most national contexts
 - Sequential approach to implementation *has immediate benefits*
 - *Provides a buffer* during income loss, provides an incentive for and *improves access to education* (OECD, 2012)

Cash transfers have been called the “magic bullet of development” (Smith, Koikkalainen, & Casanueva, 2014)

North American Context

4 Experiments in US:

- Gary, Indiana
- Iowa/North Carolina
- Seattle/Denver
- New Jersey/Pennsylvania (see Widerquist, 2005, for overview)

1 Experiment in Canada:

- Minimum income or “mincome” project in Winnipeg & Dauphin, Manitoba (Forget, 2011; Hum & Simpson, 1993)
- Outcomes on the Mincome project showed a 8.5% reduction in hospitalizations over 4 years [especially for mental health & accidental injuries] (Forget, 2011)
- little effect on labour participation rate (Hum & Simpson, 1993)

National Context

- Liberal Party of Canada – Policy Resolution 97
 - Basic Income Supplement: Testing a Dignified Approach to Income Security for Working-age Canadians (Liberal Party of Canada, 2015)
- Prince Edward Island – Policy Resolution 100
 - Priority Resolution: Creating a Basic Annual Income to be Designed and Implemented for a Fair Economy (Liberal Party of Canada, 2015)
- Hon. Jean-Yves Duclos, Minister of Families, Children & Social Development
 - Endorsed BI in his 2008 report, *“Economic Security: A Better Income Security System for All Canadians”* (IRPP, 2008)
- Given a mandate by PM to create a national poverty reduction strategy

BIG in Existing Canadian/Ontario Tax Systems

- Demogrant Models
- Negative Income Tax (NIT) Models
- Refundable Tax Credit Models

BIG in Existing Canadian/Ontario Tax Systems

Demogrant Models:

- Old Age Security (OAS) (although now with clawbacks on high-income earners)
- Universal Child Care Benefit (UCCB)

BIG in Existing Canadian/Ontario Tax Systems

Negative Income Tax (NIT) Models:

- Guaranteed Income Supplement (GIS)
- Canada Child Tax Benefit (CCTB)
- National Child Benefit Supplement (NCBS)
- Working Income Tax Benefit (WITB)
- Ontario Child Benefit (OCB)

BIG in Existing Canadian/Ontario Tax Systems

Refundable Tax Credit Models:

- GST/HST Tax Credit
- Ontario Trillium Benefit

Pilot Projects or Full Implementation Underway

- Universal demogrant to all citizens – Finland (Huffington Post, 2015)
- Unconditional demogrant to people on social assistance - Utrecht, Netherlands (Weller, 2015)
- Additional Netherland cities actively considering (Huffington Post, 2015)
- Youth Dividend – Mayor of Seongnam City, South Korea, to deal with high youth unemployment
- PEI – Support from all provincial political parties to proceed with a pilot

BIG is Supported By ...

- Food Banks Canada (Food Banks Canada, 2015)
- Community Food Centres Canada & Food Secure Canada (CFC Canada, 2015)
- Canadian Association of Social Workers (Drover, Moscovitch, & Mulvale, 2015)
- Canadian Medical Association (CMA, 2015)
- Middlesex-London Health Unit (Report No. 50-15, MLHU, 2015)
- Association of Local Health Agencies & Ontario Public Health Association (OPHA, 2015)
- Ontario Mental Health & Addictions Alliance (BICN, 2015)
- 194 physicians petition Dr. Eric Hoskins, Minister of Health (Martin & Meili, 2015)

Municipal Context – Mayoral Support

- Mayor Don Iveson in Edmonton, AB
- Mayor Naheed Nenshi in Calgary, AB
- Mayor Clifford Lee in Charlottetown, PEI
- Mayor Lisa Helps in Victoria, BC
- Mayor Dan Mathieson in Stratford, ON
- Mayor Ted Luciana in Thorold, ON
- Mayor Geoffrey Dawe in Aurora, ON
- Mayor Sandra Cooper in Collingwood, ON
- Mayor Nelson Santos in Kingsville, ON
- Mayor Gil Brocanier in Cobourg, ON
- Mayor Aldo DiCarlo in Amherstburg, ON
- Mayor Gord Wauchope in Innisfil, ON
- Mayor John Henry in Oshawa, ON
- Mayor David Canfield in Kenora, ON
- Mayor Mike Bradley in Sarnia, ON

(see Bennis [2015] Leaders & Legacies)

Poverty Can be Eliminated... Join the **BIG** Movement

- Advocate for a **BIG** at the federal and provincial levels
- Call for municipal leaders to publically endorse a **BIG**
- Join the **BIG** London Chapter (contact: tsmithca@uwo.ca)