

Universal Basic Income

adapted from an article by Max Fawcett



- 1 How you feel about the idea of the government giving people free money depends a lot on where you sit on the political spectrum. For some, a universal basic income (UBI) is a sensible way to fight poverty and share prosperity. For others, it's an invitation to sloth and moral decay. The first real-world test of this unconventional idea began, appropriately enough, in the wake of an era when all kinds of unconventional ideas got tested: the late 1960s. In four American pilot programs the data initially suggested some reduction in the "willingness to work" of the people who received a guaranteed basic income. But the overall impact on the work rate eventually turned out to be negligible.
- 2 The experiments were small in scale and the data anything but conclusive, though something that invited attacks from both sides of the political spectrum. In the years since, the right has used these examples to confirm the belief that giving people free money turns them into feckless layabouts. On the left, meanwhile, there was a very real concern that a universal basic income was simply an attempt to replace social programs that people depended on a bait-and-switch that would give governments cover to weaken the social safety net progressives had fought so hard to build. The fact that the idea had the support of Milton Friedman, the American economist who helped lay the intellectual foundations for the kind of conservative thinking that produced politicians like Margaret Thatcher and Ronald Reagan, naturally fed that fear. And so, with those battle-lines drawn, the question largely faded from view until it was revived in Ontario by Kathleen Wynne's Liberal government, in 2017.

3 Wynne's three-year, \$150 million pilot program was intended to provide a fixed income for people with low or no earnings in Brantford, Hamilton, Lindsay, Thunder Bay, and a few smaller municipalities. But, just ten months into the program's lifespan, it was cancelled by Doug Ford's newly elected conservative government. The reason, according to Lisa McLeod, the former minister of children, community, and social services? "When you're encouraging people to accept money without strings attached, it really doesn't send the message that I think our ministry and our government wants to send," she told the Canadian Press.

4 As it turns out, though, the program appeared to have been delivering results. According to a recent survey of 217 of its participants, Ontario's UBI experiment was improving lives, 8-1, and allowing people to make better choices exactly as its proponents had predicted. According to Wayne Lewchuk, a McMaster University economics professor who helped design the survey, more than three-quarters of respondents who had a job before the pilot stayed employed, with many using the payments to improve their circumstances. Rather than 8-2, the money bought them time to find better and more fulfilling jobs, ones that would ultimately create more tax revenue for the government. "What also became clear is that, as people moved to some stability, their health improved, their mental health improved, their outlook on life improved," Lewchuk said. "You have to believe that actually made them more employable."

5 A national UBI would be a major shift in Canadian public policy, but we've actually had forms of guaranteed income for quite some time now. Both 'Old Age Security', which has been around for nearly a century, and the 'Guaranteed Income Supplement' give seniors the equivalent of a universal basic income. Parents, meanwhile, receive the 'Canada Child Benefit', which has been increased in recent years and helped lift nearly half a million children out of poverty in the process. "The issue for Canada is not whether a good basic income is possible but who is currently left out," Sheila Regehr, a retired federal public servant and the chairperson of the Basic Income Canada Network says.

6 Giving more people a guaranteed income is costly, though. In 2018, Canada's parliamentary budget office estimated that, if a national UBI were constructed along the lines of Ontario's pilot program, it could cost as much as \$79.5 billion. And we all know that even the hint of a minor tax increase will be met with a lot of resistance. Still, by implementing a universal basic income you offer a social contract that benefits everyone, and that might just be what society needs now more than ever.

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