Economic Security in the Twenty-First Century – Guaranteed Annual Income (GAI)
An ecological, democratic, justice and food security imperative

La sécurité économique au XXIe siècle - Revenu Annuel Garanti / Allocation Universelle
L’impératif écologique, démocratique, de la justice et de la sécurité alimentaire

Positive vs. Negative Dividends

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Guaranteed Annual Income (GAI) is required for Canada to meet its Universal Declaration of Human Rights (UDHR) obligations adopted over half a century ago.

Among the Articles of the UDHR one finds such language: “Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.”¹ A secured minimum monthly or guaranteed annual income is required to live in the modern context and as protection against unemployment, which makes the notion of an hourly minimum wage and current unemployment insurance models increasingly redundant in light of evermore precarious and fragmented work. A minimum hourly wage is required, and in all cases in Canada needs to be improved; however without a GAI policy the hourly minimum wage concept - along with restrictive unemployment insurance models - is becoming increasingly meaningless as a means of basic survival (let alone decent living standards) to a growing number of Canadians.

Everyone has the right to a standard of living adequate for the health and well-being of himself [or herself] and of [their] family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness... or other lack of livelihood in circumstances beyond his control.

- Article 25(1) UDHR, 1948

Fordist era full-time jobs upon which hourly minimum wages and EI (“Employment Insurance”) are based to provide living wages are disappearing permanently. In some cases such work is being replaced by irregular part-time, temporary and contract work without benefits, in others it is simply offshored to lower standard economies to the benefit of corporate owners and

profits. This trend is leaving people with insufficient work hours and with major gaps in employment which make even high minimum hourly wages ineffective for rising above poverty and living in dignity, not to mention building up some savings and equity in a modest home. Minimum hourly wages are linked to an assumption of a 40-hour full-time work week (and possibly the assumption of workplace benefits such as dental, optical and other health and pension services that were once a common part of full-time work) in seeking to establish a living wage. These assumptions are terribly outdated and have become obsolete with the acceleration of precarious work trends this past decade. Hence the necessity of Guaranteed Annual Income in the modern Canadian context.

Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.

- Article 27(1) UDHR, 1948

Freedom of association, conscience and expression are Canadian Constitutional rights increasingly at risk or essentially worthless (particularly in the workplace) without guaranteed basic economic security. As economic security erodes and outright disappears for millions of Canadians, the fear and consequences of losing one’s job for speaking out against exploitative, dangerous or unhealthy work practices becomes more debilitating and grave. It is in the public interest to have universal economic security for without it people are silenced on important matters of personal and public safety for the sake of holding on to their job, which increasingly is their only means of survival. And what are the implications of this when jobs are increasingly
unsustainable, polluting, consumer-economy driven and maintained through built-in obsolescence and aggressive marketing (increasingly sophisticated and targeting children)?

We have to consider jobs as poverty creators in this context, and GAI as a public policy tool for creating many new jobs within a meaningful work paradigm. Productivity is also at stake, as one is far more likely to be productive in work of their own choosing or creation, rather than work they are forced to undertake for mere survival and which they have no affinity for. Canada is facing international hostility for its reckless expansion of the toxic tar sands oil developments and its support for asbestos mining as but two of many examples of jobs that are destructive and costly to human health, ecologically and financially. The financial costs to clean up and attempt to cure the fallout of these and related types of work are prohibitive (yet not discussed as a priority by governments) and better directed to GAI – to a new meaningful and sustainable work paradigm. Without GAI and the economic security it provides, the pressure grows to accept such destructive employment and thereby channel away valuable talents and energy from a new meaningful work paradigm based on universal basic economic security.

Technological advances and other radical shifts in the structure of the work-wage system (from urbanization and delinking communities/families from land in the nineteenth and twentieth centuries, to radical insecurity in employment, income and social services commencing in the 1990s) demand alternate and equally radical shifts in the way income is derived. Work that has historically been officially neglected as such by the state – such as elder-care, child-care, civic work, advanced studies – needs to be paid for, as is currently the case in some countries and
jurisdictions, and as was the case in some ancient societies: they are vital to the economy and cannot only be recognized if done outside of the home, for strangers and in institutional settings. Paying for such work through a GAI will correct an historical inequity (particularly vis-à-vis women), provide for superior care options for children and elders-relatives, and reduce costs for government and taxpayers.

This paper will explore the history of GAI, its modern development and cost and savings aspects of this public policy. The author supports a universal GAI for Canada that maintains and improves existing minimum hourly wage laws, (un)employment insurance (EI) and the CPP (Canada Pension Plan). It is a truism that “we are all one or two events away from poverty.” Alaska and Norway have laid the basic foundations for universal economic security through commonwealth distribution. These initial successful attempts at universal commonwealth sharing and distribution can be improved upon by considering the various forms of natural and social commonwealth available for distribution along the Alaskan and Norwegian models. Regressive tax regimes can also be re-balanced away from recent neo-liberal excesses - toward a more progressive structure - and many other ideas and sources of financial savings can be used to shape a decent GAI that also meets ecological imperatives of the 21st century.

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4 “Governments rely on a regressive tax structure as a source of public revenue. (Regressive taxes are those that take away a higher proportion of income from the low-income groups than from the high-income groups.)” Quote from: Canada, The Senate of Canada, The Report of the Special Senate Committee on Poverty: Poverty in Canada [Croll Report] (Ottawa: 1971), 46. The Croll Report cites the findings of the Royal Commission on Taxation (1966).
Part I – History of GAI: Democracy, Technology & Freedom from Bureaucracy

The first notion of securing a citizen’s income so that democracy could be improved and maintained occurred in ancient Greece, in a manner that has not been practiced since. “A day in the Assembly, like a day of jury duty, was now paid as work for the city” in First Democracy.\(^5\)

A participatory role for all citizens in politics was ensured in many ways that modern democracies could learn from.\(^6\) Thomas Paine advanced the idea of economic security as linked to democracy and political freedom many centuries later and was one of the first advocates of the modern concept of guaranteed annual income.\(^7\)

In Canada, Pierre Berton, Marshall McLuhan and John Kenneth Galbraith were a few of the earlier thinkers and writers on the concept. Rapid advances in technology and labour-saving devices were an increasingly powerful phenomenon at the time these Canadians dedicated thought to the concept in the mid-twentieth century. By 1974 the Mincome experiment in Manitoba was testing the concept of GAI in rural and urban settings. The experiment was partly based on previous GAI experiments launched in the United States in several cities that would provide startling results to break down discriminatory notions of “deserving” and “undeserving” poor.

The *Report of the Special Senate Committee on Poverty: Poverty in Canada* from 1971 specifically notes “We heartily agree with Galbraith’s assessment of the myth of economic growth” in leading to the elimination of poverty, and that another solution is required.

\(^6\) Ibid., 13-15, 27, 32-33, 43-44, 49-51, 55-57, 139.
altogether to achieve this end – one based upon Guaranteed Annual Income. The technological factors and “welfare mess” that formed much of the rationale for GAI in the 1960s and 70s have only been exacerbated since that time. Fred Block and Jeff Manza focus on the major economic transformation that has resulted from “advanced technologies [that] increase output and eliminate many forms of repetitive labor”. Income security systems that do not provide for redistribution of these spectacular benefits have led to “Increasing competition for jobs... increasing the inequality of income and wealth.”9 This is also the focus of Ben Seligman’s work in Robert Theobald’s 1966 book The Guaranteed Income: Next Step in Economic Evolution?10

The “welfare mess” refers to the bureaucratic, costly, stigmatizing patchwork of highly complex means-tested welfare and related income assistance programs that are riddled with built-in disincentives to work. The invasions of privacy, constant monitoring and demands for personal details by government bureaucrats administering such programs is treated in Brian Steensland’s 2008 book,11 which provides unprecedented detail on the GAI debates of the 1960s and 70s in the U.S. when Guaranteed Annual Income policy drew broad support from the political left and right, as well as support from business groups. The Canadian Report of the Special Senate Committee on Poverty from 1971 (the Croll Report) also dedicates a very substantial portion of

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its landmark report in Section Two to this topic (“Our Welfare System – A Costly Mistake”) in advocating guaranteed annual income for all.

“Social-insurance programs such as Unemployment Insurance [now called ‘Employment Insurance’ or EI], and the Canada Pension Plan, would be retained” according to the Croll Report GAI proposal. “The G.A.I. would immediately replace the Family Allowance, Youth Allowance, and Old Age Security [OAS] programs, operated by the Federal Government” with most other existing federal income-maintenance programs being progressively repealed. Income tax exemption levels were to be raised “so that no Canadian whose income is below the ‘poverty line’ would be subject to income tax” and as referenced earlier the Senate and government were fully aware of the regressive tax regime in place at the time that required modification. The Croll Report also recommended that “‘full employment’ must be the prime objective and responsibility” of government policy (reduced working hours in nations such as Denmark and the Netherlands currently can provide a useful template in this area) and that minimum wage rates be increased by a variety of progressive measures across Canada. The Report also recognized obstacles in access to collective bargaining for Canadian workers and recommended “easier access to labour unions for workers... be encouraged and facilitated.” The GAI program was based on the principle that no one would receive less income under the GAI than they received from other federal programs and income supplements being replaced or made redundant.

13 Ibid. Canadians earning incomes below the poverty line would still be paying a variety of taxes today in great disproportion to high income earners if such a proposal as the Croll Report GAI was implemented in 2009.
14 Ibid., xvii. With recent ‘Wal-Martization’ of the North American economy these obstacles have become greater.
Additional aspects of the welfare mess highlighted by the Croll Report in 1971 include:

- “...innumerable welfare administrations and social-service organizations in Canada. The luxuriant growth of government and quasi-government agencies...”\(^\text{15}\)

- “Alienation on the part of welfare recipients and disenchantment on the part of welfare administrators were evident in much of the testimony before the Committee and almost every brief referred in some way to the degradation and frustration occasioned” by the various welfare systems.\(^\text{16}\)

- Evidence was found that welfare offices in many municipalities “are deliberately made as unpleasant as possible, administration of welfare payments as cumbersome as possible... The process is, almost everywhere, a humiliating one: and, in many places, the humiliations continue long past the application stage.”\(^\text{17}\)

- “The cost of administering all this complexity is staggering” with examples given including the methods used “to issue one twenty-five-cent bus ticket, in terms of time and energy, cost the welfare system about four dollars!”\(^\text{18}\)

- Criticisms of welfare appeal boards including from a representative of the Ottawa Social Planning Council indicating “the appeal procedure is something that confronts deflated and unhappy people at a very bad time and creates a great deal of bitterness” that the larger community is largely “oblivious” to. Saskatchewan’s Welfare Minister explained the province “has eleven district appeal boards... but any appeal from the regional board’s decisions must be heard in Regina, and it is up to the appellant to pay his own way there to argue his case.”\(^\text{19}\)

- Work disincentives and a welfare construct that “keep their recipients well below any reasonable poverty line and discourage attempts to climb above it” and highly restrictive and “arbitrary” judgements of assets by bureaucrats required to receive benefits.\(^\text{20}\)

\(^{15}\) Ibid., 67.
\(^{16}\) Ibid., 83.
\(^{17}\) Ibid., 87.
\(^{18}\) Ibid.
\(^{19}\) Ibid., 87-88 and n.22.
\(^{20}\) Ibid., 77, 75 including special note at bottom of page.
In the U.S. one press conference held in 1977 by Secretary of Labor Ray Marshall and Joseph Califano (President Jimmy Carter’s secretary at HEW – Department of Health, Education and Welfare) they illustrated the “complexity and waste” in the existing system by describing how the written rules and regulations for state welfare administration in California alone “stood over six feet in height if stacked together. He also showed the press corps a roll of paper that represented the seven feet of forms that welfare recipients had to fill out to receive benefits. ‘It is this kind of unbelievable morass’ Califano said ‘that we have levelled on the American taxpayer and the American people.’”21

The rapid acceleration of technology and automation in the mid-twentieth century also informed the Croll Report’s support for GAI22 as it did with the analyses of Block and Manza, Seligman and Theobald and others. The Mincome GAI experiment in Manitoba from 1974-78 and the GAI experiments in the U.S. prior to it would confirm the optimistic hopes for GAI. They dispelled “false and pernicious” myths about low income groups and the work ethic (despite it being low-income people who often work two and three jobs in terrible conditions to survive; something upper income earners/inheritors or people from such backgrounds are rarely subjected to) and confirmed improvements in educational performance and health statistics.23 Significant cost savings in public health expenditures is a prime rationale for GAI, especially as relate to escalating workplace health and disability issues.24

22 Senate of Canada, The Report of the Special Senate Committee on Poverty [Croll Report], 175.
23 Ibid., xxix; Steensland, The Failed Welfare Revolution, 142, 213-214; Evelyn Forget, BIEN Canada (Basic Income Earth Network) Conference presentation, Ottawa, October 2, 2009. Dr. Forget of the University of Manitoba has been studying and compiling the data from the Mincome experiment, which was largely neglected since the late 1970s without a final report being produced. Her work during the past 4-5 years has demonstrated strongly
What appeared to many from all political stripes and even business groups to be an inevitable trajectory toward GAI came to a halt in the late 1970s due to completely unforeseen reasons. U.S. GAI experiments appeared to indicate an increase in family breakup. Evelyn Forget contests this claim by stating the Mincome experiment did not produce such evidence and also claiming this issue was highly politicized in the U.S. – family values combined with unique race issues and tensions in the U.S. in the 1960s and 70s. Even if a small increase in family breakup was legitimately found in the U.S. experiments, two crucial aspects were missed in the highly reactionary response to this information in the U.S. First, in a far more patriarchal era it would be a highly positive outcome that GAI would allow women in abusive relationships the basic financial security to escape such torment. Secondly, it must be contemplated that if GAI was in place prior to these marriages an entirely different dynamic of freedom and economic security would be in place to possibly avoid some of the more coercive elements leading to dysfunctional marriages. In either case, significant progress has since been made against patriarchal excesses of that time to make such an issue irrelevant today in sabotaging and blindsiding implementation of GAI by reactionary forces, particularly outside of the U.S.

positive metrics for the town of Dauphin where the Mincome experiment was centred with regards to health and education data cross-referenced from other government data sources.

24 Ken MacQueen, “Dealing With The Stressed: Workplace stress costs the economy more than $30 billion a year, and yet nobody knows what it is or how to deal with it,” MacLean’s, October 15, 2007. Health also cannot only be measured in financial terms. There are general well-being, child welfare and family-social fragmentation issues associated with these costs that must be prime motivating factors in creating a humanistic society.


26 Forget, BIEN Canada Conference presentation, Ottawa, October 2, 2009.
As GAI fell off the radar for different reasons, including being swamped by the neo-liberal and militaristic agenda of a new president in Ronald Reagan, an affirmation of universal income security based on common ownership of natural commonwealth (as opposed to social commonwealth, which will be discussed later) was being securely entrenched in Alaska. The Alaska Permanent Fund Dividend was established by another type of Republican politician, described as a conservative and conservationist, Governor Jay Hammond who held elected office from 1974 to 1982.\(^{27}\) As mayor of a small town in Alaska prior to being Governor, Hammond noticed most of the billions of dollars in wealth from local fisheries being extracted by outside interests “while coastal communities remained little more than slums.”\(^{28}\) He implemented policy to capture some of that lost wealth for local residents — “Soon roads and schools were built [while eliminating local property taxes], and *Fortune* magazine described the borough as ‘the richest municipality in the nation.’” With the discovery of oil in Alaska several years later when he was Governor, Hammond applied this same simple principle. The first Alaska Dividend was paid to the state’s residents in 1982 and had reached an amount of $3,269.00 by its annual distribution in 2008.\(^{29}\) It would have paid out 4-8 times as much under Hammond’s original proposal.\(^{30}\)


\(^{29}\) Barnes, *Who Owns the Sky?*, 51-52; Alaska Permanent Fund Dividend Division, “Dividend Amounts” [http://www.pfd.state.ak.us/dividendamounts/index.aspx](http://www.pfd.state.ak.us/dividendamounts/index.aspx)

Norway and a number of other jurisdictions would follow the commonwealth savings and universal distribution principle put in place by Alaska in 1976. These various “sovereign wealth funds” have differences in the amounts collected and manner of savings and distribution, but they are each based on the principle of commonwealth ownership by citizens. They can be based on a variety of resources (mining, oil, forestry etc.) and non-commodity sources.\textsuperscript{31} Combined with aggressive carbon taxation and other strict measures against pollution and waste as seen in Scandinavian and other European countries, these funds can be further enhanced financially to provide a sustainable revenue source for a universal GAI while simultaneously exercising a conservation agenda. Social commonwealth can also be captured in this equation, which includes social knowledge and intellectual property that are often impossible to produce without public resources and institutions such as universities. Hence there is a universal public claim to such awesome wealth generation\textsuperscript{32} that currently gets fully confiscated by private corporations in many cases. Progressive taxation (as opposed to regressive models in place for decades), closing offshore tax havens/loopholes and stopping (even reversing) massive corporate bailout payments and corporate welfare subsidies from taxpayers to over-paid executives are some other vital revenue sources for universal GAI and other public priorities that are currently being wasted.

\textsuperscript{31} Sovereign Wealth Fund (SWF) Institute, Fund Rankings, Largest Funds by Assets Under Management: \url{http://www.swfinstitute.org/funds.php}

Addressing these perverse contra-flows of revenue would help strengthen democracy as opposed to its recent weakening. As the crisis of democracy evolved through the 1980s to the present, with money increasingly dominating U.S. then Canadian political campaigns, voter turnout dropping, lack of government accountability and increased pandering to special interests (mainly corporate lobbyists whose companies were growing in financial and legal power beyond that of democratic nation-states and local governments), the greatest missed opportunity for GAI in the late 1970s appeared to be the democratic notion and rationale for it initiated by the ancient Greeks, and supported by the likes of Thomas Paine, Marshal McLuhan and Pierre Berton. This failure to stabilize and strengthen democracy through economic justice and basic income security - GAI - exacerbated the existing technological-automation and bureaucratic problems detailed in the 1960s and 70s, while giving rise to multiple new crises. Environmental, food security, precarious labour and other problems advanced rapidly along with growing technological capacity and a parallel weakening democracy.

By 1986 it would be the Europeans who would begin to revive GAI, despite having a superior social and labour security infrastructure to North Americans. Full-blown environmental, labour and other crises were on the horizon. BIEN – the Basic Income European Network – was founded in 1986. Young researchers from the Catholic University of Louvain (Belgium) launched the project around the concept of “allocation universelle”.

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34 About BIEN, A Short History of BIEN [http://www.basicincome.org/bien/aboutbien.html](http://www.basicincome.org/bien/aboutbien.html)
Demographers, economists, philosophers, other academics, individuals and various groups coalesced around BIEN to “foster informed discussion on this topic throughout Europe.” Guy Standing who spent many years at the International Labour Organization (ILO) including as Director of the Socio-Economic Security Programme has been a leading theoretician, author and advocate for a universal form of GAI, as well as a BIEN founding member. Following its Barcelona Congress in 2004 BIEN changed its name and scope to the Basic Income Earth Network and since 1988 has produced some of its newsletters in collaboration with the London-based Citizen’s Income Study Center.

Standing sees universal GAI or Basic Income (BI) as meeting the modern needs and realities of twenty-first century labour, citizenship and global finance (arguing that this last element needs to be redistributed and reconceptualised much as land was in the move away from feudalism). He discusses the fatal flaw of “labourism” in both the perspectives of the political left and right in the twentieth century, which extols participation in paid work without any meaningful exploration as to what is beneficial work to society, the environment, democracy and citizenship. Such a perspective also neglects other forms of work that are not paid yet which are more valuable than paid work to each vital sphere – environment, democracy, community, family, elder care etc.

35 Ibid.
36 Ibid.
The speed with which GAI or Permanent Dividend or commonwealth heritage funds can be established is demonstrated by Australia, Ireland, Norway and others. Norway’s fund has over $445 billion (over 2 trillion NOK) – more than ten times the value of Alaska’s fund – despite starting in 1990 (Alaska’s Permanent Dividend Fund began in 1976).\(^{38}\) Ireland with a fraction of the population of Canada has amassed over $30 billion (more than Alaska’s $26.7 billion by 2009) in its non-commodity fund (not based on natural resources) despite starting in 2001; 25 years after Alaska’s sovereign wealth fund.\(^{39}\) Australia’s Future Fund, also non-commodity based, has amassed $49.3 billion since 2004.\(^{40}\) Such funds can be used for universal income security purposes and also provide an invaluable investment source for vital public and social infrastructure projects and renewal – investing/transitioning to alternative clean modes of public transportation, developing renewable energy and conservation plans etc. Carbon taxes can accelerate the savings and universal income distribution while helping avoid trillions of dollars in costs related to environmental contamination of water, land and air, and the concomitant health costs and consequences.

In a 2008 article entitled “An income for all Canadians” former Progressive Conservative Member of Parliament and principal emeritus at Wycliffe College, University of Toronto, Reginald Stackhouse writes “why don’t we at least try it [GAI], especially when it has been adopted in various forms in such countries as Australia, New Zealand, Sweden and the


\(^{39}\) SWF Institute, October 2009 http://www.swfinstitute.org/funds.php

\(^{40}\) Ibid.
Experiments and policy implementation in France starting in 1988 (RMI – Revenue Minimum D’Insertion), Portugal in 1995 (Minimum Guaranteed Income – MGI – Rendimento Minimo Garantido) and Italy in 1998 (Reddito minimo do inserimento) have sought to move toward economic security for all and foster social cohesion much in the way that the universal health care system in Canada achieves. David Benassi and Enzo Mingione of the University of Milano-Bicocca characterize “means-tested instruments” aimed at addressing economic/income security as “fragmented and unsystematic, and in many respects unjust and ineffective.” For these reasons they find the Italian, Portuguese and French policy moves away from a more bureaucratic model based in the mid-twentieth century to be successful, though incomplete. Although not as totally unconditional and universal as the Alaskan and Norwegian models (and other sovereign wealth funds), the direction is similar with the RMI and MGI approach in seeking more universal understandings of ownership (both of commonwealth assets and collective responsibility for creating structural problems in society, whether in the labour market, natural environment or perverse understandings of work that compensate destructive labour and do not compensate productive labour).

An income for all Canadians is long overdue as it has been achieved for citizens of other nations – nations and jurisdictions with a fraction of the awesome natural and social commonwealth of Canada. A progressive tax structure and combination of ecological taxes (used successfully in

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43 Ibid., 117.
Scandinavia for over a decade) can provide additional resilience to a Canadian GAI and improve our management of precious resources that are currently squandered.

There is enough money in the world for everyone’s need, but not for everyone’s greed.

- Frank Buchanan
  In Bubbles, Bankers & Bailouts by John Lawrence Reynolds.

The provision of a Guaranteed Annual Income to all Canadians is more than an anti-poverty measure: it is an idea whose time has come.


Poverty is a major cause and effect of global environmental problems. It is therefore futile to attempt to deal with environmental problems without a broader perspective...

- Brundtland Commission, 1987
Part III – Costs & Savings

What is the cost of losing family farms, food security, food quality and safety because Canadian farmers do not have income security? What is the cost of losing prime farmland to quick and cheap “development” (poorly built and energy-inefficient mass-produced suburban homes, big-box stores and parking lots, ever-widening roads for an inefficient traffic system that over-subsidizes the private car/SUV/truck and underfunds public transit and cycling infrastructure) because farmers have one or a few bad years financially, which even additional off-farm jobs and income cannot address. Over-worked farmers taking additional off-farm work is not preventing their massive indebtedness in many cases and is taking away from the quality of and attention to their vitally important work. They are forced to sell out tragically in many cases to developers who will destroy productive land permanently. Fixed, unconditional basic income security through GAI could help alleviate some of this tragedy by ensuring economic stability through rough patches and eliminate the need for off-farm work that takes away from much more important on-farm work in an age of disappearing food security.

The free services provided by organic farmers in particular in cultivating and replenishing the land and working in harmony with nature are enormously valuable, but not discussed with the same attention given to GDP figures or stock market values (the latter being mostly based on unproductive speculation). Toxic food imports that cannot be verified for safety standards,

44 CropChoice news, CropChoice.com, Feb. 23, 2006, 3. Saskatchewan farms not profitable: Financial Support Seen Necessary to Keep Family Farms Alive http://www.cropchoice.com/leadstryagissues022306.html Agriculture economics professor Hartley Furtan of the University of Saskatchewan makes the case: “once these people [family farmers] leave, we’re never going to get them back… we lose our cultural heritage… a vibrant agricultural industry.”
properly regulated or inspected at source have killed Canadians including children (China being the most frequent source of recent news items of this kind). Importing food unnecessarily means billions of dollars wasted in health costs and road maintenance and expansion due to polluting emissions and greater infrastructure required to transport food over vast distances. Transporting food by ocean also results in loss of quality, freshness and nutrition, not to mention the odd toxic oil spill which kills and contaminates another key food source - fish. GAI can help create a local, healthy economy by ensuring the most important work receives the attention it requires, and that it is not lost to the short-term profit interests of ‘developers’.

What is the cost of university students working 2 or 3 McJobs and having their studies compromised in this way because of increasing student debt? Do we believe in equality when some students have to study in this way while others do not have to work or spend many hours filling out application forms and standing in line for student loans (loans that will carry compound interest)? What about the mother who gives birth and feels forced to rush back to work out of desperation because she doesn’t qualify for restrictive maternity benefits under EI rules? This discriminates against not only mothers but children and entire families. It is not acceptable that a female manager, executive or lobbyist for Exxon, Wal-Mart or the bailed out banks, brokerages or other businesses gets to have maternity benefits while an ‘unemployed’ or underemployed mother (who may be far more active in community work, volunteer work or caring directly for elderly relatives) does not.45 Also, the latter worker may work more than the

45 “Employers fire mothers-to-be,” Toronto Star, April 24, 2009. “Human rights advocates are seeing an alarming surge in cases of pregnant women being fired by ‘Neanderthal’ employers across Ontario.” It is women in lower paid and more precarious work that are more subjected to this life-shattering abuse and who are also less able to
former in formal employment, but will not qualify for benefits because of increasingly precarious work (mis)classified as self-employment or otherwise made temporary. Temp contracts can run out just prior to qualification for maternity and paternity benefits.

These and countless other vagaries and cruelly unjust aspects of the current system are not best addressed by countless bureaucracies that pay people to deny others basic human rights, dignity and survival. It is often a job in itself to work through this morass when you believe you are entitled to basic benefits you have paid into for years, but cannot access. “Innumerable welfare administrations and social-service organizations in Canada,” which the Croll Report of 1971 cited, have only grown in number as seen in the new and rapid development of food banks since 1981 for example.46 “The luxuriant growth of government and quasi-government agencies...” with special tax and charitable status and government grant funding has worsened in recent decades and would better be abolished with all funding given directly in the form of a GAI, rather than degrading people in this way. This represents a large source of savings in the existing system that is currently wasted on bureaucracy and tax-deduction administration that can be more directly and efficiently used. A society based on charity is truly a regressive one when so much commonwealth is available.

fight back against such injustice through expensive and time-consuming legal procedures. GAI would insure against the loss of income at such a crucial point in one’s life and also help the victim fight against such cruelty, thereby creating a healthy restoration of balance of power in society and improved democracy by route of access to justice, which is too often denied in Canada due to lack of funds (and lack of willingness by lawyers to take cases on a contingency fee basis as is much more common in the U.S.).

Many of the ‘costs’ associated with GAI have been mistakenly and very rudimentarily calculated to include the entire population, when it is commonly accepted that children will receive about a one-third portion of GAI (population 7.7 million of 31.6 million total in Canada), seniors will have OAS-GIS costs rolled into GAI (population approx. 6 million and due to grow rapidly because of demographic shift), welfare and its bureaucracy will be eliminated, a variety of costs, tax credits and benefits and bureaucracy currently associated with children, seniors and thousands of charities will be made redundant, and most importantly formally employed Canadians will pay back part or all of their universal GAI based on individual income and a more progressive tax rate.

In comparison to the Alaska model, which could pay out $13,000 to $26,000 to each resident in 2008 according to Jay Hammond’s initial plan (including to children), Canada has many more natural commonwealth resources and children could receive a one-third GAI portion, thereby strengthening the adult portion. Further, welfare programs and bureaucracies can be collapsed and the cost-savings rolled into GAI along with that of OAS-GIS (which Alaska did not do). A maximum GAI amount could be established based on average national LICO (Low Income Cut-Off) levels plus 5 or 10% - approximately $17,000 to $18,000 paid to individuals ($5,000 to $6,000 for children, approximately $10,000 to $12,000 for seniors). These levels could be adjusted to compensate for urban/rural differences.

47 Children currently receive a full dividend portion in the Alaska program, which as stated earlier would be 4-8 times larger under the original proposal of Governor Jay Hammond who initiated the policy and legislation.


49 Statistics Canada http://www12.statcan.ca/english/census06/reference/dictionary/fam019.cfm (Table 17). One national GAI payment level based on average LICO would not go as far in terms of purchasing power in the cities but this would be offset by the increased employment and (higher) income-earning opportunities naturally available in cities (universities, government and administration centres, head offices of various organizations etc.).
$6,000 to children) and indexed to inflation. This amount would be divided into monthly payments. Progressive taxation would ensure a large portion of these funds are returned in income taxes from those formally employed and earning above the GAI amount. Social commonwealth revenues would also add substantially to natural commonwealth revenues to build a Permanent Dividend/GAI fund for Canada.

Below are additional cost and savings items to be considered in relation to GAI and extra funding available to it from the existing Canadian budget, if required:

1. **$490 Billion Defence Roadmap** – “Federal government quietly releases $490B military plan,” CBC.ca, June 20, 2008. Half of this amount could be redirected to GAI, still leaving a massive budget for Defence while sending a positive public policy signal on poverty elimination and peace. Peacekeeping initiatives through UN auspices and alternative ‘soft-power’ approaches can be pursued by Canada without dramatic increases to the military budget.

2. **$50 – 100 Billion David Suzuki Foundation Federal Carbon Tax Plan** – “The Foundation’s new report asserts that: A phased-in carbon price would generate at least $50 billion, and as much as $100 billion [per year], in revenue by 2020.”

3. **Over $100 Billion Canadian in offshore “tax havens” and tax avoidance loopholes** – “Statistics Canada revealed Canadian direct investment in offshore financial centres, including ‘tax havens,’ had soared eight-fold since 1990 to $88 billion in 2003… Auditor General Sheila Fraser has charged that multinational companies operating in Canada while also creating a healthier rebalancing of the urban-rural divide which has seen a disproportionate flocking to cities in the desperate search for employment in recent decades. Alaska’s universal dividend pays the same amount to all residents/citizens without having to engage in unnecessary formulas and additional bureaucracy to provide differentiated amounts to people based on geography. Each receives an equal share of the commonwealth.

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have avoided ‘hundreds of millions’ of dollars in taxes over the past decade through the use of tax havens, while one university study put the tax savings to Canadian banks alone at $10 billion over that period.”  

Business journalist Diane Francis writes “For nearly 40 years, Canada’s richest individuals have been able to get off scot-free from paying income taxes. So have their children. The fix is not difficult…”  

4. **Ending corporate welfare** – from oil companies to banks and financial companies – even at their most profitable – corporate welfare has been a major problem for decades in Canada and was first documented in dedicated fashion in David Lewis’s 1972 book *The Corporate Welfare Bums* (with Introduction by Eric Kierans).  

GM (General Motors) has been a major recipient in recent months (and years, along with other ‘Big 3’ car companies not based in Canada). Steve da Silva of York University has recently written on ‘The Untold Story of Canada’s $275-Billion Financial Bailout’ in his article “Bank Bailouts and the 2009 Federal Budget.”  

5. **Speculation taxes** such as the Tobin Tax and a number of variations of it can be applied on the national level to curb harmful domestic speculation in different markets while raising significant revenues for the common good.  

6. **Billions of dollars in annual savings in public health costs and** from disability claims referenced earlier, and evidenced in the 2001 *National Work-Life Conflict Study* produced for Health Canada. “Increasing competition for jobs” due to “advanced technologies [that] increase output and eliminate many forms of repetitive labour” according to Block and Manza, is one major factor leading to intensified work, competition and burnout among employees, while profitting companies. This technological dividend needs to be distributed equitably and will simultaneously result in a public health dividend.

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7. **Reduced public costs** related to crime, an overburdened court system and law enforcement associated with lack of income security. Poverty and desperation can lead to criminal activity, prostitution and other attacks on the dignity of the human being because of extreme vulnerability, social and psychological breakdown. Former prostitute Trisha Baptie speaks about her experience as a prostitute for 15 years in Canada in her “Captive Diaries” and explains how “guaranteed liveable income” is one key antidote to the extreme human degradation of prostitution.\(^5^7\)

8. Public and private daycare expenditures will be reduced by those who currently cannot access EI maternity/paternity benefits and feel forced to use daycare against their wishes.

9. Reduced unemployment and associated costs as GAI will ensure workers currently forced to work multiple jobs and unpaid overtime do not have to, thereby opening work opportunities for others, and removal of work disincentives by abolishing the current welfare system.

10. Progressive corporate taxation, particularly of large corporations and windfall profits.

11. Reconsidering the inequities of the RRSP (Registered Retirement Savings Plan) system in Canada as a program that contributes to regressive taxation, and redirecting government-incurred costs of this program to a universal GAI.

**Conclusion**

If Jay Hammond created a plan that could pay each Alaskan a dividend of over $20,000 in 2008 under his original proposal based narrowly on one natural resource, and if Norway can raise more than ten times the savings in Alaska’s Permanent Dividend Fund in about half the time, Canada can surely establish an above poverty line GAI for all Canadians based on its far more diverse and abundant natural commonwealth in combination with a progressive tax system. Canada’s GAI would be even more secure than Alaska’s annual Dividend on the count that

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children would receive a one-third portion (as opposed to a full portion in Alaska), it would be capped (at LICO plus 5 – 10%) with surpluses going to further strengthen the GAI fund and directed to other public priorities (improving existing health care, adding free universal dental care to health coverage, education, quality public transportation) and existing patchwork programs and bureaucracies would be eliminated to provide additional cost-savings rationale for the programme. GAI for Canadians would be further bolstered by capturing abundant social commonwealth in addition to natural commonwealth revenues.

The health dividend alone from a GAI would be worth billions of dollars annually in public health cost savings. One small food bank in Toronto founded in 1998 claims to have received “more than 145,000 hours of volunteer service” from the community.\(^{58}\) Multiplied by hundreds and hundreds of food banks and food programs\(^ {59}\) in Canada, not to mention countless other charities and NGOs, and the cost in labour hours in addition to financial costs are tremendous resources that can freed for use in other vital spheres (family/child/elder care and quality time, civic and political/democratic work, environmental work, advanced studies or continuing education etc.) with the introduction of GAI. Finally, an additional GAI could be earned by parents who homeschool children in this necessary restructuring of our broken and unhealthy economy, since many parents today are highly educated and capable of delivering primary education to meet national or provincial standards. At approximately $20,000 per schooled child per year to support the public school system “the same amount of money could be given

\(^{58}\) Fort York Food Bank, promotional card distributed at local community art event. Also see www.fyfb.com

directly to the family of each homeschooled child”⁶⁰ to offer a more tailored learning program to suit the child’s needs, while meeting public benchmarked standards in math, science and history for example. Community learning and interaction need not be eliminated, but only restructured to provide innovative and more productive learning arrangements that are less institutionalized and bureaucratic. Since education, citizenship and democracy are the foundations of the Good Society, GAI can be a vehicle to enhance all three.

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