



Forget said the calculating the costs of a basic income guarantee program can be tricky, especially if -- as critics argue -- people are less inclined to work. However, she said the evidence suggests basic income guarantee programs do little to change people's approach to work.

"If a B.I.G. reduces the incentive to work and, consequently, many more people rely on the program than anticipated, the costs will be much higher than calculated," she said. "If, as is more likely, there is little behavioural response for most people, then costs will be much more modest. The behavioural response is something we do not yet know without the results of the proposed experiment."

As the same time, Forget concedes a basic income guarantee program won't solve every social problem, but it can help ease the burden for Canadians struggling with poverty.

"We conclude that B.I.G., like any other social program, can address a variety of issues but cannot independently solve all social problems. If well designed, a B.I.G. can not only deliver a range of benefits, but can do so at a feasible cost."

In "Do We Still Need a Basic Income Guarantee in Canada?", Forget cites shifts in the economy leading to income insecurity and outdated social policies, as reasons why basic income is a much needed policy in Canada for people finding themselves falling between the gaps.

In calculating the costs of basic income guarantee, Forget uses payouts based on the plan the Ontario government will experiment with in three cities, including Thunder Bay. Eligible individuals will receive up to \$16,989 per year, less 50 per cent of any income they earn. Couples will receive up to \$24,027 per year, less half of any income earned. Ontario residents with disabilities will receive up to an additional \$6,000 per year.

As a result, a basic income guarantee program using Ontario's numbers, and "targeted to those between 18 and 64, will cost Canadians approximately \$30 billion a year, less the \$15 billion we currently pay for income assistance. A net cost of \$15 billion annually is not only feasible, it is about 5 percent of federal government expenditure and much less than we currently spend on seniors' benefits.

"We can afford it if we choose to afford it."

For her report, Forget, a University of Manitoba professor, examines Mincome. In the 1970s, Canada tested basic income guarantee in a field experiment in Manitoba called Mincome.

Almost 40 years later, Ontario is preparing for a three-year basic income guarantee pilot based on the model proposed in Hugh Segal's recent discussion paper for the Ontario government. It is through both of these lenses that Forget explores both key design principles for consideration, and estimated costs associated with such a policy at the federal level.

According to her report, key considerations should include:

- Basic income guarantee, or B.I.G., should be targeted and support should be gradually withdrawn as income increases.
- B.I.G should be targeted to adults (18-64 years of age).
- B.I.G should make no one who depends on existing income support programs worse off.
- Costs of a B.I.G should be allocated to those with the greatest capacity to bear the burden
- B.I.G should not be seen as a replacement for all other social programs.

Forget said while experiments with other basic guarantee income programs have been dropped without becoming policy, the changing workplace should compel governments to take a fresh look at the idea.

"Since the 2008 financial crisis, it has become increasingly impossible to ignore the growing numbers of workers who spend many years or their entire careers working on insecure, short-term contracts. Young people just entering the workforce struggle to find secure employment that makes use of their training and offers them anything like the salary, security and range of benefits previous generations took for granted.

"Older workers, displaced by technology, often lack the skills to compete for the jobs that exist. The workplace has never been welcoming to people with invisible disabilities, and support programs offered by the state are under pressure, as struggling workplaces faced with global competition offer even less room for the supports required by these workers. People who leave the workplace because of their own poor health, or to support family members, often do not qualify for any support until a lifetime worth of savings, intended to finance a reasonable retirement, is exhausted.

"B.I.G. offers ways to address some of these policy gaps, but we need to understand the choices involved in turning the idea of basic income guarantee into a specific policy that can be applied in the real world, and integrated with a range of existing and not entirely consistent taxation and social policies. Turning an idea into a policy requires careful choices and some compromise."

The paper is the second of a series that explores the various topics presented at NPI's Basic Income Guarantee conference held in Sudbury last October. Report topics include food security issues, potential models for a B.I.G. pilot, tax implications, and the potential impact on social innovators and First Nations communities.

To view reports, presentations from the NPI's BIG conference and explore comments and feedback from participants, visit [www.northernpolicy.ca/big](http://www.northernpolicy.ca/big).

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#### **More info**

-- Northern Policy Institute is Northern Ontario's independent think tank. It performs research, collects and disseminates evidence, and identifies policy opportunities to support the growth of sustainable Northern communities. Operations are located in Thunder Bay, Sault Ste. Marie and Sudbury.

-- Evelyn L. Forget is a professor in Community Health Sciences at the University of Manitoba and adjunct professor of Economics at McMaster University and the University of Manitoba. She is director of the Manitoba Research Data Centre and adjunct scientist at the Manitoba Centre for Health Policy. Her most recent work examines the relationships between poverty, inequality, health and social outcomes.

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