

# Towards a Guaranteed Livable Income

*A CPJ backgrounder on GLI*

*by Chandra Pasma*

Approved by the Board of Directors: June 9, 2008

CITIZENS *for* PUBLIC JUSTICE





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# **Towards a Guaranteed Livable Income: A CPJ Backgrounder on GLI**

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## **Executive Summary**

Poverty rates in Canada have not changed substantially in the past twenty-five years, with the exception of seniors who benefited from targeted policies. In 2005, 15.3% of Canadians were below the poverty line in Canada. This number includes people who work and people who receive social assistance – neither work nor social programs ensure that people have enough income to meet their basic needs. Poverty has significant costs for individuals and for society, including health care, judicial costs, loss of productivity, and social exclusion.

In this context, a guaranteed livable income (GLI) could offer greater income security to those living in poverty. GLI is money paid by governments to citizens on a regular basis to ensure that everyone has an income adequate for meeting basic needs. A GLI could be structured in several different ways, and thus could result in several different outcomes for those living in poverty, not all of them positive.

GLI proposals have been made before in Canada, including by federal government studies and a Royal Commission, but while a GLI experiment was conducted in Manitoba in 1974, no proposal has ever been implemented. Canada does have several elements of social policy that approach GLI in principle that are targeted to two demographics without a work requirement: Old Age Security and Child Tax Benefits.

Canada's current social policy embraces and reflects cultural values of work, human worth and social assistance that are influenced by the values of our economic system. Therefore we emphasize monetary productivity, for both work and people. As a result, social assistance is begrudgingly given to people who are considered unproductive, with the assumption that these people are failing to take responsibility by becoming self-sufficient through work. In contrast, our values around income security programs emphasize entitlement, universality, and equality. Canadians also hold principles that view poverty as a human rights issue, a social determinant of health, and a question of fairness.

CPJ has argued for GLI in the past, most notably in its 1986 alternative budget. In contrast to the GLI proposed by the Macdonald Royal Commission, CPJ argued for enabling social infrastructure and a shift away from economic policy that focused only on economic growth to social and economic development that focused on people. In CPJ's work, income security has focused not only on economic survival, but on providing quality of life and the ability to participate in society. CPJ has not advocated for GLI since the 1980s, but a GLI could fit within CPJ's larger socio-economic framework of an economy of care.

CPJ's public justice framework emphasizes dignity and justice within social relationships, but poverty and public policy focused on economic development both rob people of dignity and justice. A GLI with a benefit level set at or above the poverty line could be part of the solution, as it would decrease the financial burden of those living in poverty, allowing them more dignity and more opportunity for engagement and participation in society. But GLI cannot be the only answer; GLI is unresponsive to particular social needs. There are also questions that would need to be answered moving forward, including how GLI would be structured, that would significantly influence the outcome.

## Introduction

The concept of a guaranteed livable income (GLI) has existed in Canada for more than forty years in various proposed formats and with diverse proponents from across the political spectrum. Historically, in Canada, the concept has been called a guaranteed annual income (GAI). CPJ itself supported the idea of GAI in its first alternative budget, the proposal to create a Social Development and Job Creation Fund. GLI is also known as “guaranteed adequate income,” “basic income,” “livable income,” “social dividend or wage,” or “citizen’s income.” The variations in names reflect differing visions for the GLI as well as some of the difficulties in defining the terms utilized. Essentially, GLI is money given by government to ensure that everyone has an income adequate for meeting basic needs.

GLI can be structured in several different ways to meet different goals. This paper considers some of the reasons for adopting a GLI, including its impact on poverty, and some of the policy proposals that have been made in Canada throughout the years. Then, addressing many of the core values and principles that underlie social policy, and in particular social assistance, in Canada, this paper uses CPJ’s past work and public justice framework to explore the public justice factors which relate to poverty, social assistance and income security. This contextual analysis of poverty and income security gives rise to questions on how CPJ could move forward on this issue.

## **1. Policy Analysis**

### Current situation

#### **The Prevalence of Poverty**

Over the past twenty-five years, poverty<sup>i</sup> rates in Canada have remained roughly steady for all sectors of society with the exception of seniors. Seniors benefited from targeted policies begun in the 1960s to reduce their poverty levels (programs that effectively constitute a GLI for seniors). Every other age group has maintained poverty rates that, while varying cyclically along with unemployment, have stayed relatively close to 15%.<sup>1</sup> In 2005, 15.3% of all Canadians had before-tax incomes<sup>ii</sup> of less than the Low Income Cut-Off rate, measured by Statistics Canada – more than 4.9 million people.<sup>2</sup>

Of those Canadians who are classified as poor, a significant proportion have income from paid employment<sup>3</sup> but their employment income, plus benefits they are eligible to receive, do not bring them up to the poverty line. For example, in 2003 more than 50% of two parent families with children living in poverty received their principal income from employment and received no welfare or Employment Insurance (EI) payments.<sup>4</sup> Of Canadian households that are supported by welfare, a little over 10% received some earnings from employment in 2005.<sup>5</sup> Employment alone does not guarantee that people will be able to meet their basic needs.

However, social insurance and assistance programs are not keeping people out of poverty either. Following significant changes in the 1990s to what had been called Unemployment Insurance, the number of unemployed Canadians able to access EI declined from 75% in 1990 to 38% in 2004.<sup>6</sup>

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<sup>i</sup> Canada has no official definition of poverty. Many analysts use Statistics Canada’s Low Income Cut-Off (LICO) to classify individuals and families as poor. The LICO indicates the level at which “straitened circumstances” may result because a greater portion of income is spent on basics than for the average family of similar size. The LICO therefore varies according to family size and location. LICO is calculated both before and after-tax; both are used as unofficial poverty rates.

<sup>ii</sup> 10.8% of Canadians had after-tax incomes below the LICO – more than 3.4 million people.

Currently, at least 17% of workers who pay EI premiums do not qualify for benefits should they lose their jobs.<sup>7</sup> This leaves rather a large gap for welfare to fill.

In 2005, roughly 1.7 million people received welfare benefits.<sup>8</sup> Welfare rates across the country are relatively low – the National Council of Welfare reports that in 2005, all welfare recipients with the exception of those classified as lone parents in Newfoundland were receiving income less than two-thirds of the poverty line in their jurisdiction.<sup>9</sup> Furthermore, welfare benefits for budgetary needs are set arbitrarily by regulation and do not necessarily reflect the actual cost of food, clothing, household expenses and shelter. Unable to meet even their basic needs, some people become trapped in poverty, prevented from seeking the training,<sup>iii</sup> the opportunities and the materials which might help them get back to work. People in poverty are forced to live day-to-day, prohibited from saving to invest in their future. Working at a low wage level is also punished, with all additional income clawed back by government programs that each react individually instead of as a coherent whole, sometimes clawing back more than 100% of the money earned, while also taking away health care benefits and access to meaningful services.<sup>10</sup> There are also certain groups disqualified from accessing welfare in certain provinces, or people who choose not to apply for assistance given the complexity and strictness of rules, as well as the stigma associated with the program.<sup>11</sup>

The depth of the problem of poverty is reflected in hunger and housing insecurity. In just one month of 2006, 753,458 Canadians needed to use a food bank, and fully one third of Canadian food banks had difficulty meeting demand.<sup>12</sup> Food banks reported that while 53.5% of recipients received their primary income from social assistance, 13.4% of recipients have employment earnings as their primary source of income. Meanwhile, in 2001, 735,275 Canadian households spent more than 50% of their income on rent.<sup>13</sup> Currently, in Ontario alone there are more than half as many people on waiting lists for affordable housing as there are non-profit housing units in Ontario.<sup>14</sup>

### **The Impact of Poverty**

Poverty takes an individual and social toll – people may become withdrawn, depressed, anxious, hopeless. They may feel marginalized and isolated, and robbed of the opportunity to contribute as meaningfully to society as they would like to. Poverty also has an economic cost – health costs, legal costs, and loss of productivity. While studies have shown a relationship between low income and poor health generally, there is also research demonstrating linkages between income disparities and higher mortality rates. In other words, it appears likely that the social and psychological impact of having a comparatively lower income has a negative affect on health as well.<sup>15</sup>

Certain demographics and groups are over-represented among those living in poverty: women have a higher statistical incidence of poverty than men, and in particular female single parents, visible minority and Aboriginal women, and women with disabilities have higher rates of poverty. Immigrants and Aboriginals more generally have higher rates of poverty than other groups. This suggests that poverty is not a straight-forward result of economic circumstance, but in fact reflects other structural problems. For instance, women's higher rates of poverty are linked to a disproportionate share of non-standard work and unpaid caring work, a wage gap between male and female earners, lack of access to or high costs for child care and elder care, and a decrease in access to government services such as EI because of non-traditional work patterns.<sup>16</sup> Some groups which are already vulnerable to marginalization are therefore doubly at risk of social exclusion.

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<sup>iii</sup> The training programs and opportunities that accompany EI are restricted to EI recipients, exacerbating the unfairness of very limited EI qualifications.

## **Concerns for the Future**

The changing nature of work is cause for concern in this context. In 2007, the unemployment rate was 6%,<sup>17</sup> but this figure does not take into account those who have given up looking for work, or those who are either underemployed or employed in non-standard or precarious jobs. As technological changes increase the demand for a highly skilled and well-educated work force, certain workers may face even greater likelihood of marginalization and lack of income security. Increased demand for a flexible workforce may feed the growth in non-standard jobs – currently estimated to be one-third of Canada’s labour force.<sup>18</sup> Meanwhile, concerns about the environment have led to questions about whether continued growth in productivity is possible, or even desirable.

Increasing income disparity is also giving rise to concerns about Canada’s future. Between 1992 and 2004, the top five percent of Canadian households saw their incomes rise substantially, while the bottom 50 to 80% of households experienced little change in constant dollar terms.<sup>19</sup> Non-standard work contributes to this growing gap, but so do stagnant wages, including minimum wages set too low to bring people out of poverty.<sup>20</sup> The greater the proportion of non-standard and precarious work in our economy, the more this gap will be exacerbated. Another result is that more Canadians must work harder simply to retain their income level.

## **What is Being Advocated: Guaranteed Livable Income**

For too many people, poverty is a cyclical problem – programs designed to give only the minimum assistance do not provide help to change their situation. In this context, those looking at poverty in Canada have begun to revisit the idea of GLI. GLI is money paid by government to citizens. There are different models, which serve different goals, and therefore very different reasons for supporting or opposing GLI.

### **How GLI Works**

Essentially, there are 2 basic models, with variations. Each has its proponents and detractors, which results in the models being labeled as progressive or regressive, but either model could be used to advance any goal, since the questions that ultimately matter for outcomes are: who and how much?

The Negative Income Tax (NIT) model was initially proposed by American economist Milton Friedman. The NIT is administered through the tax system, whether monthly or annually. It consists of 3 basic elements: the benefit level, reduction rate, and break-even level. The benefit level is the maximum benefit that any person or economic unit can receive. The reduction rate is the amount by which the benefit is reduced for additional income either above the benefit rate or a maximum allowable level. The break-even level is the income level at which the reduction rate is 100%, ie. those above the break-even level receive no benefit. Those who prefer the NIT model tend to appreciate the targeted nature of the model, since only those below a certain income level receive any benefit. The NIT thus represents a lower cost to the government’s budget. For those who believe that people are mostly motivated to work by the potential of additional income, the NIT is seen to have a good work incentive, since the benefit is not eliminated entirely as additional income is received, until a reasonably high amount of additional income is achieved.

The universal demogrant (UD) model, which is also commonly known as basic income (BI), consists of a regular payment made to every citizen. The payment is non-taxable, however all other income is taxable, and at a rate higher than current income tax rates. Higher income citizens thus end up paying the benefit amount back through their taxes. Many proponents of the UD model advocate a flat tax on

all other income, but there is no reason why Canada's current progressive tax system couldn't remain in place for income above the benefit level. Those who prefer the UD approach emphasize the removal of stigma by making the benefit universal and by recognizing citizenship as the basis for receiving the guarantee. It is argued the universality of the benefit will also ensure social cohesion. Politically, ensuring that everyone receives the benefit also makes the benefit levels harder to cut, resulting in greater security for lower income recipients, and avoids the problem of low take-up. Although the cost for the government's budget is greater than with an NIT, the cost to taxpayers ends up being equal to that of the NIT, since those with higher incomes pay the benefit back through their taxes. As well, the program may be cheaper to administer than an NIT because of the greater simplicity of its administration.

Of more crucial importance to the outcomes of a GLI than how the payments are effected are questions of conditionality, benefit level and tax rate. Most GLI proposals are conditional only in the sense that they are targeted to low income earners. However, there are some GLI proposals that emphasize activity or distinguish between types of activity. For instance, because of concerns about work ethic, some proponents of a GLI advocate a participation condition – that is, recipients do not have to be engaged in paid work, but they must be doing some activity that is of social utility. This, of course, creates challenges in defining what activities are socially useful, which is not a value neutral project. Portugal's current Guaranteed Minimum Income scheme requires all recipients of the benefit to participate in "social integration" courses. Other proposals require participants to be "available" for employment. Historically, GLI proposals in Canada have excluded single young people based on assumptions about work incentive and family breadwinner models.

The benefit level and tax rate determine the impact of a GLI on poverty. A benefit level set well below the poverty rate, or cumulative tax rates that negate the impact of a GLI would actually increase poverty, not reduce it. Similarly, a flat tax rate may ensure that lower-middle income earners are harder hit by a GLI than high income earners, resulting in a redistributive effect that benefits those living in poverty, but not those only slightly above the poverty level. Many proposals of GLI set benefit rates quite low to ensure that a work incentive is retained, assuming that people will not work unless forced to by economic circumstance. Benefits may also be attributed to individuals, or set according to family status. One of the challenges of family benefit rates is that income tax is set individually. Benefits that do not take into account family structure may end up disadvantaging single parent families relative to two parent families, but individually attributed benefits may provide greater economic security to women, particularly in the case of abusive or exploitative relationships.

The funding of a GLI could take diverse forms, and will also have an impact on the outcome. For instance, many proponents suggest the collapse of all or most social services into a universal GLI. The additional funding necessary could then come from higher income tax rates on additional income. However, there are alternatives that would or could be less regressive in nature: special taxes on use of natural resources, consumption, wealth, capital transfers, information transfers, electronic transactions, a Tobin tax<sup>iv</sup> or an ecotax.<sup>21</sup> A tax on natural resources or property might be viewed as a social dividend, respecting the common ownership of natural resources. A similar dividend could be instituted for nationalized industries.

Depending on the proposal, the impact on the state programs and services can be quite severe. At a minimum, most Canadian proposals recommend replacing child allowances and seniors programs with

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<sup>iv</sup> A Tobin tax is a tax on currency trading.



the universal GLI, in addition to eliminating personal tax credits and individual tax relief. This would still allow for targeted programs, and in many cases, encourages additional spending on targeted transfers. Furthermore, jurisdictional issues between the federal and provincial levels of government are not clear. While provinces have responsibility for welfare payments to individuals, on the basis of their constitutional responsibility for charity and institutions of charitable giving,<sup>v</sup> the federal spending power has extended to payments to individuals and both conditional and unconditional grants to provinces.<sup>22</sup> For programs considered to be social insurance, rather than assistance, constitutional amendments have been necessary to allow for federal programs.<sup>23</sup> As long as the payments are considered assistance, the federal government can use its spending power. In practice, however, in the Canadian context it is likely necessary that the provinces and federal government reach an agreement on how to fund and construct a national GLI. This could ensure that social programs did not disappear in parts of the country and not others. As well, if the federal government assumes all or partial responsibility for funding the GLI, provinces would have increased revenues which could either be viewed as their share of GLI funding or utilized for other provincial programs. However, there have also been Canadian proposals that have called for the elimination of all other social programs.

### **Arguments for and against GLI**

In a 2006 survey conducted by the National Council of Welfare, respondents ranked “guaranteed, annual liveable income” as the number one action the government could take to “make the most difference in permanently reducing poverty rates.”<sup>24</sup> The Task Force on Modernizing Income Security for Working-Age Adults created by the Toronto City Summit Alliance and St. Christopher House recommended a new refundable tax benefit and income supplement for low-income wage earners, both of which would have the effect of a targeted GLI.<sup>25</sup> Federal politicians as diverse as Elizabeth May, leader of the Green Party, and Hugh Segal, a Conservative Senator, have advocated for the adoption of a GLI. Several provincial political parties include a GLI in their platforms or have passed resolutions in favour of GLI at their policy conventions.<sup>vi</sup>

GLI has supporters from across the political spectrum because, depending on how it is structured, it can be utilized to achieve a variety of goals. Right-wing economists have promoted it as a means of “putting money in people’s pockets” – reducing government spending, in favour of a small handout. Environmentalists view it as a way of reducing emphasis on productivity, or of recognizing collective ownership of natural resources. Poverty activists appreciate its redistributive impact on income.

Key arguments in favour of a progressive GLI include economic, social and environmental reasons:<sup>26</sup>

*Economic arguments:* GLI represents a form of economic democracy that provides genuine economic opportunity and support to all citizens, regardless of activity. It would render the work force more flexible and more adaptable to structural change, because it would partially detach income from work. Similarly, a GLI could reflect not only a redistribution of income, but also of paid and unpaid labour, by providing income for those who perform work that is poorly paid or unpaid, including caring work or cultural activities.

*Social arguments:* GLI is a simpler and more transparent approach to social assistance than the current system, and it would extend protection to those who are currently not covered or poorly covered by

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<sup>v</sup> The actual language contained in the Constitution Act is “Charities, and Eleemosynary Institutions”.

<sup>vi</sup> For instance, the Saskatchewan Green Party’s platform states that they “support a ‘guaranteed annual income’ system of social support.”

social assistance programs. GLI would be a reflection of the human right to adequate income and the provision of well-being. It would also maintain social cohesion, while providing protection for those in vulnerable situations, such as women in shelters or those living with disabilities. Depending on how it is financed, it could also be viewed as an “equal heritage” of society’s collective knowledge and expertise.

*Environmental arguments:* A GLI would ease the pressure that constant economic growth places on the environment, which is not ecologically sustainable. Depending on how it is financed, it could be viewed as a “just compensation” for the use of private property or natural resources to create wealth.

Those who oppose a GLI also come from across the political spectrum. Arguments against GLI include issues around language: who defines what is adequate, what is basic, what is necessary? Guarantee makes some people think of entitlement, of rights without responsibilities; they believe GLI represents an abdication of personal responsibility. Or they argue that no one should get money for doing nothing. Others fear labour shortages – that the incentive to work will be lost if people can survive without employment income. On the other hand, some fear that GLI allows employers to ignore their responsibility to provide a living wage and reasonable benefits for work performed. There are also concerns that a one-size-fits-all program would be unresponsive to particular social needs – Aboriginal poverty, gender inequality, disability services, etc. Finally, there are many who hesitate at the price tag of promising income to those living in poverty.

Supporters of GLI have immediate answers for some of these oppositions. For instance, while a GLI would represent a significant expenditure for government, our governments already pay the cost of poverty and social breakdown in healthcare costs, and especially when systems aren’t in place to help those in need, through policing and judicial costs. Proponents suggest putting that money towards breaking the cycle of poverty instead. Similarly, if GLI results in labour shortages, supporters suggest that employers will then have to offer higher wages and better benefits to employees which will solve the issue of poverty for some of the working poor.

But some of these oppositions present more challenging concerns that would need to be worked through in implementing any GLI proposal. What is adequate/necessary/basic? And who gets to decide? There are serious issues of power and responsibility that underlie these questions. What are the responsibilities of the corporate sector and the voluntary sector? Who is responsible for such a program, the federal government or provincial governments? And what social infrastructure – in addition to the GLI – is necessary to meet specific needs, minister to the whole person, and enable community living?

## Policy Context

### **History of Canadian Proposals of GLI**

In 1943, Leonard Marsh, a Canadian civil servant, began to articulate a plan for the post-war construction of a welfare state to protect Canadians against economic insecurity. Marsh’s plan was a three-tiered approach based on the idea of a social minimum. Social insurance, family allowances and means-tested social assistance for exceptional cases were to provide aid within the context of full employment with minimum wage. While Marsh’s plan was never fully implemented, these concepts guided social security policy in the post-war period. There was not seen to be a need for income security, because it was expected that work would provide income security, with social insurance in place for those who couldn’t work and assistance for those temporarily in need.<sup>27</sup>

In the 1960s, growing concern over the persistent nature of poverty and rising structural unemployment led to public debate on social policy, including the problem of inadequate income for those with employment. In 1968, the US began experiments with a guaranteed income plan to test its effects on work incentive and productivity.<sup>28</sup> In 1970, the Canadian Department of National Health and Welfare noted the impact GAI could have on poverty, but suggested that productivity would be a significant concern, necessitating more study of the US experiments.<sup>29</sup> In 1971, the Castonguay-Nepveu Commission in Quebec recommended a two-tiered program of social assistance based on an NIT, with 100% benefits for those deemed unemployable and 60% for those considered employable.<sup>30</sup> Later that year, the “Croll Report” of the Special Senate Committee on Poverty recommended a uniform, national GAI funded by the federal government to replace programs such as Old Age Security and family allocations.<sup>31</sup> Single Canadians under 40 and non-Canadians would not qualify, but everyone else would be eligible for an NIT benefit set at 70% of the poverty level, with a reduction rate of 70%. The program would be integrated with the tax system, which would be modified to an economic family basis, rather than individual income. The cost of the program was estimated to be 1% more of GNP than existing social assistance programs.<sup>32</sup>

In the 1970s, a national review of social policy began work on developing a social security program that would ensure an adequate minimum income for all Canadians. The review gave some consideration to GAI, although issues of jurisdiction and shared funding of social policy dominated the agenda. In 1973, the federal government published a “Working Paper on Social Security in Canada” for discussion by federal-provincial working groups. Three years later, the federal government proposed a GAI similar to the Castonguay-Nepveu plan, administered by the provinces but two-thirds funded by the federal government. Income levels were to be set by the provinces and territories, but there was a cap on federal funding eligibility set at \$80 a month. Everyone was eligible for income support in cases of unemployment, but only families with dependent children and individuals and couples aged 55-64 were eligible for income supplementation during employment. The plan was criticized by the National Council of Welfare as insufficient to lift most households out of poverty because of the benefit levels. As well, although the plan developed out of the work of the federal-provincial working group, the provinces failed to approve the approach because of changing economic circumstances in the late 1970s, which made high costs a strong argument against the proposal.<sup>33</sup>

In the context of this social policy review, Manitoba volunteered in 1974 to conduct an experimental project, funded by the federal government. This Basic Annual Income Experiment was commonly referred to as Mincome.<sup>34</sup> Manitoba’s primary interest was in the administrative aspects of a GAI, but because the work disincentive was seen to be the biggest political issue in obtaining public support, most of the research conducted on the Mincome experience focused on the work effect. The project was ended without a final report in 1979, after economic difficulties served to undermine interest in GAI.

The program selected families with low income to benefit from an NIT, although it included a control group that was not eligible for benefits. Three support levels were tested: \$3800, \$4800 and \$5800 for a family of four, with adjustments for different family size and structure.<sup>vii</sup> Three tax-back rates were then applied to all income the family received above the minimum benefit rate: 35%, 50%, and 75%, with the most generous and least generous scenarios not tested.<sup>35</sup> The study found that the effect on work incentive was very minimal: an annual reduction of hours worked of 1% for men, 3% for married

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<sup>vii</sup> The amounts were increased annually throughout the program because of the high rate of inflation during the 1970s. The initial amounts would roughly equal \$11 000 – 17 000 in 2005 dollars.

women, and 5% for unmarried women.<sup>viii</sup> The project demonstrated that GAI is possible, from an administrative point of view, but that the challenges of administration were underappreciated at the beginning. A related problem was that the GAI appeared to have a moderate effect of marital dissolution, increasing the challenges of tracking changes in family structure and recalculating payments accordingly.<sup>36</sup> The project also revealed “accounting difficulties in trying to reconcile the aims of social assistance with those of tax collection.”<sup>37</sup>

GAI disappeared from the agenda during the economic climate of the late 1970s and early 1980s. However, in 1985, the Royal Commission on the Economic Union and Development Prospects for Canada, also known as the Macdonald Commission, recommended a form of GLI. The Universal Income Support Program (UISP) would have replaced all social programs (except Old Age Security) and certain tax credits with a minimum universal GLI, accompanied by tax-back provisions according to income. Unemployment insurance would have also been scaled back considerably, as the proposal gave emphasis to the economic benefits of a workforce that could withstand adjustment policies.<sup>38</sup> The federal government would have sole responsibility for funding and administering the program, with the provinces providing income supplementation to bring those with no other income up to the poverty line. Unattached individuals under 35 would not have been eligible for benefits.<sup>39</sup> The UISP suggestion was ignored by the federal government, which focused on the free trade recommendations of the report, but according to some academics, the nature of the proposal gave “the whole concept a bad name among liberals and labour groups in Canada,”<sup>40</sup> as they feared the proposal was an attempt to dismantle the entire infrastructure of the welfare state. The proposal was opposed by political parties on the right and left, journalists, social groups, and religious organizations.<sup>41</sup>

The UISP also received criticism because it left the tax system unreformed, which meant that cumulative marginal tax rates<sup>ix</sup> were more severe than intended. Thus, in 1986, Michael Wolfson, an economist at Statistics Canada, proposed a similar version that combined with a simplified tax structure to complement the guarantee. Wolfson proposed that the basic guarantee be tax exempt, but that a flat tax of 29.5% apply to all personal income up to \$40,000, with an additional 16.5% rate on income above \$40,000. The benefits would be allocated according to family structure, but the tax structure would remain individual. An income support tier would then be provided for by the provinces for those with no other income, at a tax back rate of 40%.<sup>42</sup>

In 1995, Minister of Human Resources Lloyd Axworthy tabled a discussion paper on social policy reform that stated Canada’s current mix of social assistance and tax credits could be considered a “de facto guaranteed minimum income” but that actually converting these programs into a GAI was “not practical”, “costly,” and “more importantly, limited government money can probably be spent more effectively through better targeted programs that would reduce child poverty, and contribute to the goal of increasing employment.”<sup>43</sup> The discussion paper was accompanied by a supplementary paper on GAI that argued three targeted programs – child benefits, earnings supplements, and basic income plus GAI – merited more consideration than a universal GAI as a means of reducing poverty.<sup>44</sup>

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<sup>viii</sup> Unfortunately the data from this project and from the US experiments, also summarized by Hum and Simpson, distinguishes only between the marital status of women, and says nothing about the family structure. So the number of children supported by single women who received GAI is not known.

<sup>ix</sup> A marginal tax rate is the rate which is applied to the last dollar a person earns. Essentially, it is used in economics to determine incentives for earning more.

Throughout the deficit-fighting 1990s, this continued to be the attitude of the federal government towards GLI. Then in 2000, Jean Chretien expressed an interest in GLI. Nothing ever came of it, although the suggestion came under significant attack from Canadian Alliance leader Stockwell Day and provincial premiers such as Mike Harris. Recently, however, GLI is receiving at least some policy consideration again. In 2006, the Standing Senate Committee on Agriculture and Forestry released an interim report in their study on rural poverty which noted the possibility of a GAI as a means of reducing poverty.<sup>45</sup> The Conservative government has also implemented a working income tax benefit, which has been set at such a high reduction rate that a person working full-time year-round at minimum wage would not qualify. The acknowledgement that work does not necessarily provide adequate income does open the door to the possibility of a NIT program such as a GLI, however.

### **Canada's Current Income Security Policies**

Canada does, of course, already have several elements of social policy that approach GLI in principle. These programs are targeted to certain demographics, but beyond that, they are not conditional transfers. Old Age Security (OAS) is a guaranteed monthly benefit available to all Canadians over 65, with no consideration for work history or retirement, paid by the federal government. It is taxable, so that higher income recipients pay part or all of the benefit back through taxes. The Guaranteed Income Supplement (GIS) is a federal benefit paid to recipients of OAS with little or no other income. Eligibility is determined according to an income statement or income tax return. Benefit rates are determined according to marital status, as are reductions for additional income. The benefit is non-taxable, however. The GIS is then topped up by provincial supplements to provincially guaranteed income levels.

Similarly, the Child Tax Benefit, including the National Child Benefit Supplement and the Child Disability Benefit, are nontaxable monthly benefits paid to parents of children under 18 to help with the costs of raising children. The benefits are all rated according to number of children, and reduced at a certain income threshold. In both the case of seniors' payments and child benefit programs, however, the universal nature of the program may have been easier to achieve than a GLI that includes working age adults, because no one expects children or senior retirees to work.

### **GLI Elsewhere**

Internationally, during the 1960s and 1970s the concept of GAI enjoyed the same popularity in other industrialized countries that it did in Canada and the US; Britain, New Zealand and Norway all considered proposals of GAI, for instance. None of the countries implemented such a program. The debates have risen and fallen in prominence in various countries since then, aided in part by the Basic Income Earth Network (BIEN),<sup>x</sup> a network of academics, activists and politicians that advocate for basic income. However, there are only 2 examples of locations that have fully embraced the principles of a GLI: Alaska and Brazil. Alaska's Permanent Fund Dividend Program has delivered revenue to Alaskan residents annually since 1982. The Fund was established as a means of preserving and distributing the fiscal benefits of Alaska's oil reserves, in recognition of Alaska's constitutional principle that natural resources belonged to all Alaskans. The fund therefore works quite differently than most GLIs would, as there is no fiscal requirement from citizens – the revenues are derived solely from oil royalties. However, the fund demonstrates that political will can be developed for non-targeted distribution of revenue.<sup>46</sup> In the case of Brazil, a law adopted in 2004 guarantees a basic income to all citizens. The program is to be phased in progressively, beginning with those most in need. The executive of the government has the capacity to decide the amount and the nature of the implementation.<sup>47</sup>

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<sup>x</sup> Originally Basic Income European Network.

The examples of two other countries that do not have a GLI are still useful for their rapprochement with GLI principles. In the Netherlands, where debate over GLI has been significant since the 1980s, an agreement in principle was actually reached between coalition partners of the government in 1994. However, negative public response reignited internal debate, so to maintain the coalition, the proposal was sidelined. Since then, proposals for reform towards an eventual GLI have been incremental rather than revolutionary. In 2001, this resulted in reforms to the tax system which replaced the previous personal tax exemption with a partially refundable individual tax credit. The amount remains small, and eligibility for the refund is extremely limited. However, this reflects a shift in principle that may open the door to an eventual NIT system.<sup>48</sup> Similarly, Portugal's Guaranteed Minimum Income scheme differs from other similar European schemes in that it includes those with work income, while only including 80% of earnings from work in the calculations of household income to ensure there remains a work incentive. All recipients must also follow a program of "social integration."<sup>49</sup> The program was implemented in 1997, and data from 2000 showed that while the poverty level fell only slightly, the program did "significantly alleviate situations of great precariousness."<sup>50</sup> The likely explanation is that the benefit levels are set well below the poverty level, so while some help comes to those most desperately in need, the program is otherwise insufficient to significantly change poverty rates.

## ***2. Core values and principles***

CPJ's public justice framework<sup>51</sup> states that all people are created by God to live in dignity as God's image bearers with rights and responsibilities within a social context in which justice and compassion are the foundation for peace and joy in social relationships. The role of government is to promote just relations and foster conditions that enhance the common good by adopting fair laws, legally recognizing rights and responsibilities, identifying and resolving injustices and ensuring access to services and infrastructure that benefit all. This means that public policy must make human well-being its priority, rather than economic growth.

However, public policy in Canada is focused largely on economic development based on a monetary notion of productivity. Even more problematic, the values of our economic system have influenced our predominant cultural values regarding work, social assistance, and the intrinsic worth of human beings. Just as we measure "growth" in Canada by total monetary transactions (Gross Domestic Product), we often value "productive" work and "productive" people according to how much money they produce. As a result, our culture values things more than intangibles because things have equity – for example, feeling integrated into a community isn't as important as not having neighbours who bring property value down. For some people, how much money they make is more important than whether they like their job or whether their work makes them happy. Wealth is frequently equated with well-being. There is also very little cultural value placed on unpaid work, such as caring work or cultural activities like art or music.

### **Work**

One consequence of our predominant monetary notion of productivity is that value is placed on how much people's labour is worth. To a certain extent, the value is related to what is produced by a person's labour, and things that are valued more bring greater remuneration – being the CEO of a large multinational corporation pays much better than being a community social worker, for instance. But there is also a value placed on labour according to the *person's* worth. Some criteria, such as skill, education, and experience, are explicit. Other criteria, gender, race, and social connections, are kept hidden although statistics have shown they are related to earning potential. In theory, education,



experience and skill development are more open to opportunity than the latter criteria; in practice, not everyone has the same access to them. But because many people believe everyone has equal access, they assume that not pursuing them (or greater economic potential more generally) demonstrates a lack of initiative and that therefore those without education and experience deserve to earn less.

Many of our culture's value assumptions about labour are hidden by our market-based approach to work. Some people assume that "human resources" are one more input into the process of production, and that the value of labour is determined solely by demand. Rather than focus on the human worker who has basic rights and basic needs, including material necessities of life, happiness and sense of purpose, the emphasis is placed solely on the value of the labour to the production process. Paying a wage that is insufficient to meet basic material needs can thus be justified.

In contradiction with this market-based approach to wages, however, there is also an expectation that poverty exists only when people do not work, and that having a job means that people are not poor. People are thus considered self-sufficient when they move from welfare to work, whether their job pays enough money for them to live or not. Many people assume that there are two categories of people: those who work and are not poor, and those who are poor and do not work.

One of the reasons for this is that we have a cultural expectation that people work for their money – if they're poor at least. Most people are not opposed to the wealthy earning income off of property, or from investments. In fact, a recent study demonstrates that while productivity in Canada has grown, real wages have not increased over the past 30 years. The increased productivity has benefited the profit share of the economy, rather than workers.<sup>52</sup> Meanwhile, low income earners do not have the assets to invest that might allow them to benefit from this increased profit share. This emphasis on working for income for low income earners increases the possibility of exploitation of people who must participate in the workforce at all costs. It also contributes to a down-grading of work from a meaningful, beneficial activity that adds value to people's lives to merely any activity done for money. It excludes many valuable activities that happen in the home or community that do not involve exchanges of money, including caring for children or for elderly parents.

### **Social assistance**

In this context of productivity and monetary value, social assistance is viewed as helping those who are not productive. This contributes to an attitude that those who receive social assistance are free-loaders, a burden upon people who are productive. As a result, some people fear that if living on social assistance is too comfortable, people won't bother to become productive again. They want to make poverty an incentive to work, even as they fail to realize that poverty is robbing people of the tools that might help them to work or that work doesn't always provide a liveable income. Our cultural attitudes towards those who receive money from social programs are even reflected in what that income is called – social assistance and benefits are not value-neutral terms. They imply that the giver is generous and the recipient is benefiting from something that they are not entitled to. There is also an assumption that poverty is merely a matter of income and consumption. People are poor when they cannot buy what they need. Helping people in poverty means merely transferring enough money to help them purchase what they need, or forcing them to take any employment available on the assumption that will make them independent.

A prominent example of this discourse can be found in "Lending a Helping Hand: Welfare Policy in Canada," by former Ontario premier Mike Harris and former leader of the Reform Party Preston Manning.<sup>53</sup> They believe that people on welfare lack not only help and skills, but "motivation, and

incentives” to change their lives, and that “dependence” sets in once people have received support, requiring “a push through that door” of opportunity. Government programs should be focused on helping people to lead “productive, independent lives.”

Social assistance is also affected by individualist tendencies in Canadian culture. There is a discourse in Canadian public dialogue that values individual resourcefulness and suggests that those who are wealthy worked hard to earn it, while those who are poor have not worked hard and therefore deserve to be poor. This attitude contributes toward the policy of only allowing people to qualify for social assistance when they are destitute – if they have any asset whatsoever, they need to rely on themselves before they will be offered any help. These individualist tendencies are actually exacerbated by the growing income gap between rich and poor in Canada – those who are above the poverty line but are uncertain about their economic future want to make sure that they are on the “right” side of the income gap.<sup>54</sup> Many Canadians are willing to help people, but not at our own perceived expense.

### **Responsibility**

Some of the key assumptions regarding social assistance and people on welfare revolve around questions of dependency and morality. In this view, responsibility is seen solely as an individual imperative, not communal. For a working age adult to depend on others for income, regardless of circumstance, is considered immoral or wrong. Reasonably high levels of assistance or generous rules regarding access merely encourage dependency and lack of responsibility, from this point of view. It is expected that tougher rules will make people self-sufficient, because of their strong “work incentive.” As John Stapleton argues, the result is that the general public makes assumptions that people on welfare are “motivated differently than the rest of society.”<sup>55</sup> Behaviours that could develop self-sufficiency are therefore viewed negatively, as if every action by someone on welfare seeking to better their situation is really an attempt to defraud the system. Regardless of what activity they engage in, including school or child care, it is believed that they are lazy or lack the motivation to work. As a result, insofar as our society has a communal responsibility, it is understood to be discouraging irresponsible behaviour by instituting tough rules for social assistance.

### **Income Security**

Interestingly, while the predominant discourse around social assistance is negative, income security programs are viewed positively. Rather than dependency, these programs are associated with entitlement. They are conceived in terms of citizenship – Canada is a land of equality and opportunity, and therefore Canadian seniors and children should expect to have a minimum of income security. There are no generalized assumptions that seniors and parents who receive OAS or child benefits are bereft of responsibility, independence or productivity, nor that they should be removed from the program as quickly as possible. There are no activity requirements to receive income security, only age and income requirements. Furthermore, the basic income thresholds demonstrate a recognition that a certain level of income is necessary to acquire the basic necessities of life that every Canadian senior and child should have. However, these programs are also for two age cohorts that do not have a work expectation.

### **Alternative Discourses**

These are not the only values that Canadians hold regarding poverty, social assistance and responsibility, even if they are the predominant ones. Poverty is also viewed as a human rights issue, a social determinant of health, and a question of fairness. An adequate standard of living is a human right recognized by international agreements to which Canada adheres. Article 25 of the UN Declaration of Human Rights states “Everyone has the right to a standard of living adequate for the health and well-



being of himself (sic) and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”<sup>56</sup> Similarly, the International Covenant on Economic, Social and Cultural Rights, to which Canada is a signatory, declares in Article 11 “The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself (sic) and his family, including adequate food, clothing and housing ...”<sup>57</sup> These human rights cannot simply be met through charity, they must be recognized by government policy that addresses both poverty prevention and poverty alleviation and promotes justice.

Poverty is addressed through the lens of social determinants of health, including by government agencies, and most notably the Public Health Agency of Canada. Income inequality, food and housing security, and social exclusion have all been identified as social determinants of health. The implication for public policy is that these factors must be addressed or health policy will suffer; government program costs arise in the health care field when these issues are not addressed.

Canadians also adhere to values of basic fairness. We consider our country a place of opportunity, equality and prosperity. When some Canadians have much more than they need, and other Canadians don't have enough to meet basic needs, we consider this unfair, regardless of cause. We expect government policy to provide at least a minimum effect of redistribution, allowing every Canadian access to the basic necessities of life. When the income gap between rich and poor increases, Canadians worry about the consequences of this fundamental unfairness: breakdown in social fabric, loss of community, greed and increased crime.<sup>58</sup>

### **Hidden Costs: the Environment**

Canada's constant emphasis on productivity and growth has negative consequences for the environment. Constant growth takes an ecological toll, especially when it depends on exploitation of non-renewable resources. Environmental devastation in turn has an impact on poverty, as people are displaced or their access to resources is dramatically reduced. Viewing perpetual growth as a solution to poverty and unemployment is therefore inherently problematic. Furthermore, the environment is seen as a private resource, when it is in fact a public resource. Private businesses make profits from resources they did not create, while everyone shares the negative impacts of environmental degradation.

### **Canadians' Core Beliefs**

In 2006, the Canadian Centre for Policy Alternatives commissioned a poll from Environics on the income gap between rich and poor. The poll revealed that the majority of Canadians believe the gap is growing, and that they are worried, both for their own financial security and for the future of Canadian society.<sup>59</sup> 86% of Canadians believe that government action is required by this gap, while 85% believe that government action could significantly reduce poverty in Canada.<sup>60</sup> Similarly, 97% of those who responded to a 2006 poll by the National Council of Welfare believed that governments should place a higher priority on fighting poverty in Canada.<sup>61</sup> This suggests that there is very strong public support for action on poverty in Canada.

However, a 2007 poll by Angus Reid suggested that 46% of Canadians believe that government programs that try to improve the conditions of poor people in Canada are not having an impact.<sup>62</sup> Meanwhile 37% of Canadians polled believe that individuals are primarily responsible for their own poverty.<sup>63</sup> It does not come as a surprise, then, that welfare is generally seen to be universally unpopular among Canadians, including welfare recipients.<sup>64</sup> On the other hand, income security programs such as OAS and child benefits are popular.<sup>65</sup>

It is interesting to note, in light of discourses of individual responsibility, that attitudes toward poverty and government action on poverty are related to income: the greater the household income, the more likely Canadians are to believe it is possible to go “from rags-to-riches” in Canada and the less likely they are to support government action on poverty.<sup>66</sup> Higher income Canadians are also less likely to support increased taxes on wealthy Canadians to address issues of poverty.<sup>67</sup>

### ***3. CPJ’s Work on Guaranteed Annual Income***

In October, 1983, CPJ presented the brief “An Economy for People” to the Macdonald Commission. The Macdonald Commission’s mandate was to study both the future of the Canadian economy and the response of the political process to social problems. CPJ’s brief argued in favour of a shift from a narrow economic focus to a socio-economic order where people matter. Rather than economic development accompanied by piece-meal social policy, CPJ suggested the government should be pursuing a social policy that could promote and facilitate responsible social action. “In other words, a major focus of public social policy would and should be to integrate responsibility for the multitude of social concerns back into the production sectors where it belongs.”<sup>68</sup> This shift in emphasis, the brief suggested, would turn the social safety net into a springboard or a trampoline.

In February, 1986, CPJ submitted its pre-budget proposal to the House of Commons Standing Committee on Finance and Economic Affairs, “A Proposal that the Federal Government Establish an \$11 Billion Social Development and Job Creation Fund.” This proposal outlined a plan for the collection and expenditure of \$11 billion to meet social needs and create new jobs as a response to “single-minded growth”<sup>69</sup> that resulted in hardship for millions of Canadians. God’s command to love our neighbours requires action on their behalf, the brief argued, which meant that government, voluntary sector, wealthy Canadians, banks and large corporations all had a responsibility to contribute their fair share to the program. The fund would provide for job creation, job training and counseling, child care, low cost housing, community-based projects, and a GAI.

The proposed GAI was set in direct contrast to the Macdonald Commission’s UISP proposal: “CPJ believes that all Canadians, regardless of income, require an enabling social infrastructure to live meaningful lives.”<sup>70</sup> Rather than dismantle social programs to finance a single low payout to all low income Canadians, CPJ suggested individual and family GAIs would be the amount required to bring people up to the poverty line after all sources of income from employment and social programs were calculated. This would be financed by \$4.3 billion from the Fund, and \$4.1 billion from the federal contribution to the Canada Assistance Plan (CAP), leaving part of the federal CAP contribution untouched for special services.

In a *Catalyst* article, “Guaranteed Annual Income Needed,” CPJ expanded on this outline, suggesting that the federal government should be solely responsible for funding GAI for the working poor, at an estimated cost of \$2.5 billion. The provinces would share the cost of the GAI with the federal government for those on social assistance, at an estimated cost to the federal government of \$1.8 billion. The federal government should retain family allowances and child tax credits, in addition to federal social programs. This higher level of initial expenditure that enabled people to become self-sufficient again would be much more cost effective over the long-run than financing people’s survival at a minimum level, the article argued.<sup>71</sup> In another article in the same issue of *Catalyst*, John Olthuis countered fears that a GAI would undermine work incentive, pointing to the number of poor people

who work despite the fact that their wages don't bring them up to the poverty line: "It's clear there are very few people who don't want to work if they're physically able to."<sup>72</sup>

CPJ's proposal was endorsed by many church leaders and organizations, including the Canadian Council of Churches, the executive director of Program for the Anglican Church of Canada, and the chair of the Canadian Catholic Bishops' Social Affairs Commission.

CPJ had several meetings with government officials regarding the proposal, and received an official response from the Department of National Health and Welfare in November, 1986. The response stated that while the government was pursuing measures to reform the system for social expenditures, several elements of the CPJ proposal, including "the expansion of the size of the public sector at the expense of the private sector"<sup>73</sup> conflicted with government policy. The response also suggested that CPJ had undercalculated the cost of a GAI by \$2.8 billion, and complained that the proposal had not addressed issues such as taxation of GAI benefits and jurisdictional issues of benefit levels.

Income security remained a key element of CPJ's financial proposals for the next few years. In submissions to Ontario's Social Assistance Review Committee and the Finance and Economic Affairs Committee of the Legislative Assembly of Ontario in 1986-1988, CPJ-Ontario urged that the Ontario government "make the fight against material poverty a top priority of public policy, with the aim of achieving economic justice for the poor by 1990."<sup>74</sup> GAI was central to the recommendation that adequate income security be a major public policy objective. Income, CPJ argued, should allow people to live in dignity and participate in society. CPJ also advocated a Human Needs Approach to socio-economic policy making that recognized income security was not merely about survival, but about "enabling people to participate in the whole life of the community."<sup>75</sup> The Human Needs guidelines outlined particular human needs: work, housing, social contact, recreation, opportunities for young people, and special needs. All of them entail specific budgetary needs, such as clothing, personal care items, transportation, telephones, children's items, special needs devices, and inexpensive recreation. All of these needs should be kept in mind when creating social assistance programs, CPJ insisted. The proposals also included recommendations on adequate housing facilities and human support services.

At the same time, CPJ-Alberta approved an Income Security Policy Statement that reaffirmed proposals for income security are based on the recognition of every person as an image bearer of God with responsibilities and rights. The statement called for community-based economic and social development programs, fair wage policies, and an adequate income proposal for those on welfare, those performing unpaid work, and the working poor.

CPJ's proposals for GAI never focused on GAI as the sole solution to poverty and social problems. Rather, CPJ always emphasized the importance of social infrastructure, the necessity of social programs, and most importantly, the need for a fundamental shift in our priority-setting away from economic growth only to social and economic development focused on people. The GAI was a top-up, the measure of last resort to bring people up to the poverty line after they had received income and assistance from other social programs. And income security focused not only on survival and on getting people out of poverty, but on providing quality of life, access to work for those who were able, and the ability to participate in society.

After 1990, CPJ made no specific statement on GAI, but its socio-economic work continued to emphasize a shift in government priority-setting and the responsibility of all to work for the well-being of all. The most recent CPJ budget submission to the House of Commons Standing Committee on Finance called for

a national poverty reduction strategy that ensures adequate income and service for everyone to meet basic needs. Increased income supports and services are needed, as well as wage policies and employment standards that reduce earnings inequality. Child care investment, affordable housing, and EI reform are all necessary. The proposal also advocated for splitting the Canada Social Transfer (CST) into two transfers, one focused on education and the other on social programs with increases in both and “strong principles for the CST to ensure social assistance and disability programs provide an adequate income.”<sup>76</sup> The foundations for this proposal were the biblical call to do justice and recognition of the fact that federal government policy can make a difference in reducing poverty and inequality. A GLI could fit within this larger socio-economic policy framework of an economy of care proposed by CPJ, ensuring that all people have the necessary resources for a life characterized by dignity, opportunity and participation in community.

#### ***4. Public Justice and Poverty***

CPJ’s public justice framework states that all people are created by God to live in dignity as God’s image bearers with rights and responsibilities within a social context in which justice and compassion are the foundation for peace and joy in social relationships.<sup>77</sup> The role of government is to promote just relations and foster conditions that enhance the common good by adopting fair laws, legally recognizing rights and responsibilities, identifying and resolving injustices and ensuring access to services and infrastructure that benefit all.

When we look at poverty through a public justice lens, we can see that public policy focused on economic development expressed in productivity and monetary value robs people of dignity and justice within social relationships. Public policy needs to be people-centered. Economic development is not a bad thing, but it should always be pursued and understood in human terms and environmental terms, rather than as an ultimate goal. We need to find cultural ways of expressing value that do not rely on money, but that can take into account impact on people, and intangibles like emotion and experience. We also need social policy that doesn’t represent those who receive assistance as a burden, an unproductive anomaly in a productive economy. Social policy needs to focus on root causes, rather than bandaid solutions. A public justice understanding of poverty also shifts our understanding of poverty from a tally sheet approach, in which expenditures for food and housing don’t match income, to a quality of life approach, in which basic human needs are not being met.

In making the shift from economic focus to public justice focus, we also make a shift from social programs as generosity towards the undeserving to responsibility towards those whose rights are not being respected by our current socio-economic system. The right of every person to live with dignity, to participate in society, and to meet their basic needs, is undermined by poverty; it is the responsibility of governments and those who are not living in poverty to respond to this situation.

The responsibility of government lies in its nature as the collective expression of society’s intention and its power to enact structural changes. Insofar as poverty and disparity in income distribution represent structural problems, actions by government are necessary to reduce poverty and redistribute income. Taxes and social programs are primary examples of this; GLI would be another way in which government could accomplish this. But government also has a leadership role to play, as recognized by CPJ’s public justice guidelines, and past work. As CPJ advocated in its brief to the Macdonald Commission over twenty years ago, government should pursue social policy that promotes and facilitates responsible social action by other actors. This means the government has a role to play in promoting responsible

behavior from corporations, whether by encouragement, setting a good example, or legislative coercion. The government also has a role to play in promoting responsible behavior from individuals, through the voluntary sector or in community development. The government's responsibility does not negate corporate or personal responsibility.

A GLI with a benefit level that was set at or above the poverty line could be part of the solution, as it would decrease the financial burden of those living in poverty, allowing them more dignity and more opportunity for engagement and participation in society. Its effect of redistribution would be a reflection of our collective responsibility to those who live in need and our respect for basic principles of fairness and equality. It would allow everyone to meet basic human needs without undue worry or stress, increasing quality of life. It would reflect our collective commitment to human rights, including the right to adequate income and social well-being. It would represent our commitments to democracy and justice, by ensuring that every person, regardless of characteristic or circumstance, had access to real opportunities, economic or otherwise. It would also represent at least a partial decommodification of people and their labour, allowing people to pursue activities that they viewed as beneficial or meaningful, rather than being exploited out of economic necessity. It also decreases emphasis on productivity, which could have a positive impact on both the environment and sustainable growth, and the social economy.

But GLI cannot be the only piece of the puzzle. Money alone does not create dignity, and to believe that it would do so merely perpetuates our economy of productivity. GLI needs to be seen as a tool that, in conjunction with other tools, reduces inequities that result from unjust structures. It does not resolve the root issues of poverty, even as it can be an enabler that allows people access to opportunities that could end the cycle of poverty for them. GLI is also unresponsive to social needs – it needs to be used in conjunction with social programs that minister to the whole person and that can specifically respond to special needs or particular imbalances. For instance, GLI does nothing to address the particular situation of immigrants, Aboriginals, or the disabled, etc., or to change prevailing attitudes of sexism or racism. GLI must be part of a complex web of social policy and programming that seeks to remove every obstacle to equality and dignity.

## ***5. Questions for Moving Forward***

1. What should CPJ's position on the possible role of a GLI in combating poverty in Canada be?
2. What design principles would underlie a GLI that would satisfy CPJ's public justice factors?
3. What are some ways in which GLI should be structured and framed in the current Canadian context?
4. How should CPJ reframe poverty to explain what motivates our poverty work?

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- <sup>3</sup> "Sources of Income", Fact Sheet, National Council of Welfare, July 2006.
- <sup>4</sup> *Ibid.*
- <sup>5</sup> "Welfare Incomes 2005" National Council of Welfare, 2006, p. 20.
- <sup>6</sup> Kevin Hayes, "Making the Case for a 360 Hour Employment Insurance Qualifying Requirement," Canadian Labour Congress, <http://canadianlabour.ca/unionize/pdf/eiqualify.pdf>.
- <sup>7</sup> "Employment Insurance Surplus Hits \$51B," Toronto Star, February 21, 2007, <http://www.thestar.com/printArticle/184279>.
- <sup>8</sup> "Welfare Incomes 2005" p. ix.
- <sup>9</sup> *Ibid.*, p. x.
- <sup>10</sup> John Stapleton, "Why is it so Tough to Get Ahead?" Metcalf Foundation, November 2007, <http://www.metcalffoundation.com/downloads/John%20Stapleton%20-%20why%20is%20it%20so%20tough%20to%20get%20ahead.pdf>, p. 8.
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- <sup>12</sup> "Hunger Facts 2006", Canadian Association of Food Banks, [www.cafb-acba.ca](http://www.cafb-acba.ca).
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- <sup>14</sup> Ontario Non-Profit Housing Association, [www.onpha.on.ca](http://www.onpha.on.ca).
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- <sup>16</sup> "Improving the Economic Security of Women: Time to Act," Report of the Standing Committee on the Status of Women, House of Commons, June 2007, <http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?SourceId=213120>
- <sup>17</sup> "Latest Release from the Labour Force Survey," Statistics Canada, September 7, 2007, [www.statcan.ca](http://www.statcan.ca).
- <sup>18</sup> Battle, Mendelson and Torjman, p. 7.
- <sup>19</sup> Brian Murphy, Paul Roberts and Michael Wolfson, "High Income Canadians," *Perspectives on Labour and Incomes*, Statistics Canada, September 2007, <http://dissemination.statcan.ca/english/freepub/75-001-XIE/2007109/articles/10350-en.htm>.
- <sup>20</sup> Canadian Centre for Policy Alternatives, [www.growinggap.ca](http://www.growinggap.ca).
- <sup>21</sup> S. Lerner, C.M.A. Clark, W.R. Needham, *Basic Income; Economic Security for All Canadians*. Toronto: Between the Lines, 1999, p. 42, 94, 96; Blais and Duclos, p. 17.
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- <sup>23</sup> *Ibid.*, p. 18-19.
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**Appreciation and thanks:** CPJ wishes to thank the Board of Directors Program Advisory Committee: Mike Bulthuis, Mike Hogeterp and Kathy Vandergrift. CPJ wishes to thank Rob Rainer, Executive Director of NAPO, Robert Arnold, President of NAPO, and Murray MacAdam of the Anglican Diocese of Toronto for their input, direction and thoughtful comments on this paper.