

Guaranteed Annual Income

Is This Really What We Want?

JEAN SWANSON

Récemment, les personnes vivant sous le seuil de la pauvreté pouvaient envisager le concept d'un revenu annuel garanti. Dans le passé, l'élite en a profité pour établir la pauvreté et garder les salaires au minimum. Cet article suggère un salaire annuel garanti d'un autre type et soumet des questions que toutes les personnes désireuses d'un standard de vie adéquat pour toutes et tous, seraient en mesure de poser.

In the last couple of years people who are poor in Canada have become very interested in the concept of a Guaranteed Annual Income (GAI), also called a Basic Income, a Guaranteed Adequate Income, or a Negative Income Tax. This is understandable. We are all entitled to the basic human right of an adequate standard of living. Our country is not producing enough decent jobs for all who need them. We are repulsed by the existing welfare system that has been designed to destroy the dignity of its recipients, provide far less than what people need to live on, and force people who are poor to compete for the worst jobs at the worst wages. Changes to provincial welfare systems since the Canada Assistance Plan (CAP) was abolished in 1996 (with the possible exception of the new Quebec law that does not force people who get welfare to look for work) have been based on an intense and relentless poor bashing campaign by the media and politicians and have ended the right to welfare when in need, further reducing the number of people who can claim welfare and the amount of money they can get.

But is a GAI the answer? I am of two minds. On the one hand, if the idea of it will help mobilize people who are poor, great. On the other, the history of the elite using GAI-type schemes to ensure that poverty continues and keep wages down is at least 200 years old.

In the late 1700s and early 1800s in England welfare officials began topping up the wages of farm workers with a sort of GAI based on family size and the price of bread. This was called the Speenhamland Plan. According to English historian E. P. Thompson, by 1834 most

of the wages in areas using this Plan were paid for by the welfare system, not employers. Employers who didn't have workers who received the wage top up would fire them and hire workers who were subsidized by the welfare system. Thompson quotes a worker who said the farm owners "keep us here [on the poor rates] like potatoes in a pit, and only take us out for use when they can no longer do without us." He said the plan had "a single tendency: to destroy the last vestige of control by the labourer over his own wage or working life" (Thompson 60-69, 246-48).

In Canada the Senate Committee on Poverty, reporting in the early 1970s recommended a Negative Income Tax that would give the poor an income of 70 per cent of the poverty line unless they were single and under 40. These "able-bodied" people would have to survive on ever lower rates of provincial welfare systems (pp.vii, ix, xii). This plan wasn't implemented but the elite kept trying.

In 1985 the Royal Commission on the Economy, headed by Donald MacDonald, a Liberal appointee who was paid \$800 a day, supported the Canadian Manufacturers Association which wanted a corporate version of the GAI which they called the Universal Income Supplement. This Supplement had four parts:

- ending nearly all social programs that we had at the time: family allowance, federal contributions to welfare, social housing, unemployment insurance, and even the guaranteed income supplement for poor seniors;
- not raising the minimum wage;
- keeping the level of the actual supplement so low that recipients would have to get paid work to survive; and
- allowing people who received the supplement to keep it even if they worked so employers could keep the wages they paid low. (Canada 794-803)

Many of Macdonald's steps toward his corporate version of the GAI have already been implemented: Most federal funds for new social housing, and federal funds specifically targeted for welfare are already gone. UI has been gutted. The family allowance has been changed into the Child Tax Benefit which is specifically designed to provide money to support children so mothers can join, or be forced to join if they are on welfare, the low wage work force.

Most GAI supporters write about why we need a GAI, why it would be fair and humane, and why it wouldn't stop people from working, not what it would actually be. Just as welfare systems can be designed to help or hurt the poor, so can a GAI system, and the devil is in the details. Most anti-poverty advocates who push for a GAI understand that the amount of income received has to be adequate, but there are other very important details about a GAI that we have to think about.

For a GAI income to work for people who are poor, it would have to have, at a very minimum, ALL of these parts: The income would have to be adequate, at least at the poverty line, and would have to increase as the cost of living increases. Recipients could not be forced by rules or necessity to take paid employment. Existing public health, education, social and other programs could not be destroyed on the premise that people could pay for them with their GAI.

When GAI proponents say that the GAI could cover all programs like welfare, unemployment insurance, seniors supplement, unemployment, we have to make sure that the amount that anyone gets now would not be reduced. The GAI would have to be paid for by a progressive income tax system, with the rich and corporations paying more than middle income people and the poor paying nothing (not a flat tax as some GAI proponents propose).

Minimum wages would have to increase to livable levels. It would take a lot of work and a very strong anti-poverty movement in a strong coalition to achieve all of the above. But even if we did achieve this kind of GAI, would it be good for low-income people in Canada and the world?

We also have to think about the impact of a GAI in our fight against the corporate agenda. In one way, a GAI like the one outlined above could free us up, if we were willing to live at a fairly basic standard of living, to devote more time to social justice, community, and family work that we think is important. Plus, of course, it would be nice to be able to have enough money to eat and pay the rent and not grovel for the cheque.

But if the above conditions are not met, the GAI would mean that employers could hire people at very low wages because they would have the GAI to supplement wages. The GAI could be a plan that would simply shift the burden of paying wages from corporate employers to mostly middle income taxpayers. The corporations would rake in more profit, and more middle income people could be pushed into poverty because of having to compete with supplemented people for the wages and because

of having to pay taxes to subsidize wages.

Here are some more crucial things to think about when considering a GAI: How would we get from where we are now to a GAI that would guarantee our basic human right to an adequate income? Any first step toward the GAI would likely provide a low annual income and probably wouldn't be accompanied by the huge increases in minimum wage that we need. The lower the GAI, the more directly it will support corporate power and profits by forcing people to work at low wage jobs to supplement it. What would be the impact of a GAI on poor people in poorer countries? Would it help pull their wages up or down or have any effect? What impact would the GAI have on Aboriginal land claims? Would corporate powers argue: who needs land if they have a GAI? Would a GAI keep us from working for a more equitable system that is not motivated by profit, a system where people get what they need and do what they can? Would a GAI challenge the obscene distribution of wealth in Canada and the world or would it be a way to justify greed? And, finally, would the GAI be a way of gaining support from poor people in rich countries for a capitalist system that impoverishes so many throughout the world?

Lastly, we need to realize that when the corporate spokespeople call for a GAI that will "consolidate" all existing social programs, this could be another word for "destroying" them. For example, employers would love to have so-called Employment Insurance consolidated into a GAI. That way they could escape their portion of EI payments which are 40 percent higher than the workers' portion.

In short, it's not enough to say, "We need a GAI," and when informed about the corporate version to say, "Oh, not that kind." We all need to be aware of how the corporations and the wealthy can insidiously use our legitimate desire for the basic human right to an adequate income to further their own plans for a very unequal world.

Jean Swanson was president of the National Anti-Poverty Organization in 1995, 1996; one of the founders and a worker at End Legislated Poverty, a BC anti-poverty coalition; a single parent who raised two children in poverty; author of Poor bashing, the politics of exclusion; co-chair of the BC Action Canada Network (fighting free trade deals) for five years; anti-poverty activist for 30 years.

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