

## **Where Capitalism Fails and How Basic Income Will Help**

### **Introduction**

Hi, I would like to take a moment to introduce myself. My name is John Mills and among other things, I am a member of the Hamilton Roundtable for Poverty Reduction through Speak Now Hamilton. I am also President of Mood Menders Support Services, which is a peer support group in Hamilton that offers services to people living with depression, anxiety and PTSD. I want to apologize for any difficulty in speech I may have. My timing for getting dentures didn't quite mesh with reality. This is one of the many issues surrounding attempting to live on suicidal assistance. In the spirit of full confession, I am on social assistance in Ontario so bringing in a Basic Income would obviously be of benefit to me. Beyond that though, I believe that poverty costs all of us a great deal and I am certain that you have all seen numbers that bear this out.

Since the dawn of the Industrial Revolution, most countries have relied on the principles of capitalism to govern their economies. While industries were small and learning how to grow, this principle worked well enough and economic growth went hand in hand with new discoveries in practically every aspect of human life. I just want to say that when I say industry, that word is meant to encompass banks, corporations and practically anything that isn't government or personal.

After the end of World War II there was enormous growth as the industries of wartime turned their attention to satisfying the growing demand for goods and services. For a period of time the cooperation between workers and owners was excellent and wages grew with productivity and profit gains. Social justice seemed to be in its heyday as well with governments responding to the new prosperity by creating social safety nets for their populations for both the short-term problems and longer-term debilitating problems.

Over time, industry invented the concept that they existed primarily to enhance the monetary return to their investors and everything else was of no concern to them. The extension of that is that industry decided that anything that stood in the way of growth and maximizing profit was bad and had to be minimized or done away with entirely. Because they controlled most of the capital, over time they tended to get their way.

They no longer considered employees as an asset but moved them to the debit side of the balance sheet because their salaries and benefits were a negative to profit motive. They worked on 'just-in-time' systems so that they would not have

to warehouse parts and inventory but could have a streamlined approach to everything in which they were engaged.

It has now reached the point where workers are just another widget in the production model and they too are used as any other production widget. They are called in when needed and when the specific job is done, they are let go.

As we all know, the precarious work system that has resulted is a boon to industry but absolutely horrible for workers. I recently read an article proclaiming precarious jobs had now moved into white collar jobs as well as blue collar. Imagine my lack of surprise! In fact, this is not something new; more and more professional jobs are going the way of blue collar jobs. Workers are not called in on a daily basis but a six month or two year contract is no less a precarious job than anything existing in the blue collar area of employment.

Along with a decreasing number of full time jobs, industry has made certain that wages have not kept pace with production improvements and unions have lost their influence. In real terms, wages have remained stagnant and in many cases regressed over the last several decades while the profits have been directed to the top of the economic pyramid and moved offshore to tax havens.

In addition to turning people into widgets, industry has had no concern for anything concerning the environment. As we are finding, the consequences of that could potentially cost us our home. It has also left us with a new poverty dilemma as well. The so-called developing countries are going to be deprived of burning fossil fuels to aid in their quest to claw their way out of abject poverty. We are asking them to sacrifice any hope of joining the adequate countries because OUR development cost us too much environmentally. The poverty they are being left with must be addressed by the countries that have benefited from destroying the atmosphere. Just another branch of poverty but one that we have to address as socially responsible nations.

What is truly unsettling is that industry's goals of profit and growth have left them with no social conscience and no attachment to community. It is difficult to engage with entities that do not recognize that the people that work for them and consume their products are their most valuable asset. So we are left with a situation where industry has convinced governments that money is the only measure of anything worthwhile and it is bad for a government to run deficits and they should be paying down their debt. This period of austerity is not being financed by increased taxes on the industry that increasingly works to NOT pay any taxes, it is being financed by a slow dismantling of social projects and the social safety net.

So here we are with an economic system which is creating a very profitable and secure environment for a small percentage of the population. The middle class is shrinking and the middle class jobs are turning into contract and part-time positions. All in all, the situation for workers is becoming increasingly precarious and it is going to get worse. A recent paper by Carl Frey and Michael Osborne of Oxford university concludes that 47 per cent of US jobs are at high risk from automation. There is no reason to suspect the outlook for Canada or Europe would be any different. We know that the economy is not going to be able to replace those positions with anything that resembles full-time, living wage jobs. In order to have any semblance of financial security for most of society, we are going to have to adopt something like Basic Income.

Canada has a form of Basic Income for seniors and to a lesser degree, children. Those funds are distributed through the taxation system and have little incidental costs associated with the process.

Ideally, little to no oversight should be required in relation to distributing a Basic Income, the tax system would seem to be a logical method for distribution. I'm not convinced that using the tax system is the way to go, though.

### **What Basic Income looks like**

I would sooner see whatever amount is distributed be given to every citizen at the beginning of each year. The biggest problem that I see from using a tax based system is that you only do taxes once a year. If you lose your job in September, you could well be stuck with no income until after the next tax season unless costly intervention methods that will inevitably introduce surveillance are put in place. With increasing precariousness, that situation could well become the norm.

I think that it is imperative that every individual receive it, too. If it is not universal, a stigma associated with anyone who receives it could develop. The last thing that we want to do is replace one stigma-inducing system with another one.

### **What Basic Income encompasses**

Another thing that Canada and any other country thinking of adopting Basic Income does not want to do is think that Basic Income is tied to anything else. I believe that all of the countries represented in this room are members of the United Nations. All of them understand what The Universal Declaration of Human Rights is about and what specific Articles are saying. This push for Basic Income is nothing more than offering governments an opportunity to honour their

commitments and improve the life of potentially all of their citizens. We must not think nor allow anyone else to think that by bringing the economic bottom of their economy up a notch or two, it will negatively affect anyone other than maybe short-term. In Canada, when universal health care was adopted, there were all the same noises about how bad things would happen because of it. As badly as our last few governments have eroded it, the health care system is still admired. Basic Income can offer the same rewards and benefits. Basic Income should not be interpreted as a 'reason' to allow any of the social safety net to be dismantled. This is and should be a stand alone issue. Thinking that it opens the door to get some of that money back by charging more for what should be offered as universal government services should be a non-starter. Yes, social security and in the provinces will be replaced and perhaps Employment Insurance although that too could be up for discussion. That's it, that's all.

## **Social Issues**

### ***Allows for Individual Autonomy***

One of the problems of living in poverty is the increased stress and the resultant anger and frustration. Relationships often break down under those circumstances and the outcome all too often is a violent one. If a woman has no way of leaving that home because of the resultant homelessness, there is a problem. Basic Income would allow everyone autonomy and the ability to improve. It would allow an abused person to leave a bad situation and not be destitute by doing so. It would allow kids to stay in school longer and fully participate in all school activities. I have found that the more exposure people have to, for lack of a better term, foreign cultures, the more understanding they have of each other. With kids staying in school longer, they will be exposed to people of multiple cultures and will hopefully come to fully understand each other lessening racist attitudes.

### ***Crime, Mental and Physical Health***

You will have no problem finding that the majority of incarcerated people come from lower socio-economic conditions. Poverty does have a tendency to leave too many people feeling they have no other option than to turn to crime as a source of income. As I just said, Basic Income would allow kids to stay in school until they reach the potential they are comfortable with and I don't think the majority of street criminals would prefer that lifestyle if there were options.

Post-secondary school would become an option for a lot more people and as we know, big-money manufacturing has gone to where the lowest wages are. Basic Income will allow students to carry on after high school and get more education

or have the security to start their own businesses. Not having to worry about the next meal would also relieve much of the stress caused in too many post-secondary students. This, in turn would have positive mental health effects for practically the entire population.

I am sure all of you are familiar with Winnipeg and Dauphin's Mincome experiment. Ms Forget's subsequent analysis of Dauphin in part said, "We saw an increase in high school completion, we saw a reduction in hospitalizations, specifically for accidents and injuries and mental health, and an improvement in mental health in terms of access to family doctors,".

### ***Housing***

In Canada and the United States we have housing problems. Not so much that housing doesn't exist as that it is priced out of the affordable range for anyone in poverty. Canada still desperately needs a national housing strategy and Basic Income will not help that. What it will do is make it much easier for poor people to be able to afford some form of stable housing and not starve while living there.

### **Austerity and the fallacies attached to that notion**

The basic agenda western nations have been operating under over the last number of years is to make government smaller. This has resulted in a worldwide wave of austerity. Due to economic forces, let's just say that the experiment has been highly successful for 1% of the western nations' individuals. They are taxed less and the poor have been deprived of an adequate safety net because the bulk of the savings have come on their backs. I think that Canada has had a rude shock over the last few years with Mr Harper's government and that his move toward the right has proven to be less than a success. What it has done though ... it has awakened a very real sense that "this is where the economy is headed".

We have to recognize that labour intensive jobs have moved to developing nations. With climate change and the immediate changes that are going to have to happen because of that, we are likely going to find ourselves moving to more local economies as much as possible, anyway. The additional local spending resulting from putting everyone at a level that they can fully participate will inevitably spawn new local jobs that will hopefully pay a living wage further driving the economy.

## **Labour transformation - full time jobs to precarious, just-in-time employment**

With the ongoing rush to the bottom so that corporations can thrive, I think that the collective mind is moving toward honest solutions to a precarious employment environment. Unless we want to spent enormous amounts of money surveilling and punishing the distribution of funds to those that have no other means of having an income either short-term or long-term, we must look to Basic Income. It is not only a moral imperative, it is an economic one.

I was going to mention something about organizing but looking at the impressive lineup we have with us, I think I will sit back and learn from them on that point. So, in conclusion, I would like to say that there are a lot of details that will inevitably have to be worked out but Basic Income is a solution whose time has come and it is up to all of us here and our compatriots who were not able to join us to keep the conversation going and to push for implementation now, not wait until it is an imperative like trying to deal with the rape of our environment.

Thank you for your kind attention ...