

# Support and Inclusion for All Manitobans: Steps Toward A Basic Income Scheme<sup>†</sup>

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## I. INTRODUCTION

**T**his paper proposes and describes an evolutionary approach to development of a basic income by the Government of Manitoba in order to decrease economic disadvantage and inequality in the province. We demonstrate below that a new approach is required because poverty reduction under Manitoba's All Aboard poverty reduction strategy has lagged behind the rest of Canada, and because the level of inequality has remained stable for more than a decade.

This is important because poverty and inequality are key strategic issues influencing many policy domains in addition to the well-being of the poor. For example, there is evidence that poverty limits economic growth (Conference Board of Canada 2013; OECD 2005) and imposes real costs (Laurie 2008) related to health status and care (Braveman et al. 2010), social services (Aron et al. 2010) and criminal justice (Nikulina, Widom, and Czaja 2011). There is also evidence that income inequality impairs population health and decreases social cohesion (Wilkinson, and Pickett 2006).

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The basic income model of economic security for all, differs in significant ways from existing income support programs at the provincial and federal levels in Canada. Basic income “provides a stream of regular cash income to every citizen or resident in a given political community” (Widerquist et al. 2013:xiii). The model of basic income as advanced by Van Parijs (2004) and others is universal (it is paid to every individual regardless of other sources of income or wealth) and unconditional (it does not require a means test or work in exchange for the benefit).

Two alternative delivery mechanisms for basic income are: i) a universal demogrant paid to all (that may or may not be subject to tax-back from higher income earners), and ii) a negative income tax (NIT) that targets benefits to those at lower income levels. In fact, both of these mechanisms are already in use in Canada for non-universal and conditional income security programs, as outlined in the “existing architecture” section below.

Proposed versions of the basic or guaranteed income model (the latter term being the one commonly used in Canada) have cycled through our social policy debates over many decades (see the “brief history” section below). Most schemes have been proposed at the federal level, but some provincial proposals and programs have been launched as well. Here in Manitoba in the late 1970s there was a very notable basic income pilot project called “Mincome” (also described in the brief history section below). Although the Mincome experiment ended abruptly in 1979, there have been recent news stories about the renewed interest in the basic income approach – at least as a model to be considered – by the Premier of Prince Edward Island (Wright 2014) and by the Minister of Social Solidarity in Québec (Loisel 2014). Beyond this, the leader of the official opposition in Manitoba has recently indicated his openness to this approach. The *Globe and Mail* has also featured an interview with one of the Mincome investigators. In addition, the 2014 International Congress of the Basic Income Earth Network held in Montreal received significant media attention and a national public campaign is now underway to increase interest in the approach.

This paper begins by providing the rationale for an evolutionary approach to change in income support programs and demonstrating the need for more effective measures to reduce poverty and income inequality in Manitoba. It goes on to describe how the idea of a basic income has been proposed and debated in Canada over previous decades. Next, nascent basic income mechanisms at the federal and

provincial levels are identified. Finally, the broad outlines of an evolutionary approach toward a full basic income guarantee are articulated.

## **II. RATIONALE**

Basic income (BI) is widely seen to be superior to the existing complex and confusing array of targeted and conditional income support programs. BI can provide more security (people are less likely to fall through the holes compared to a 'patchwork' social safety net) and exhibits greater bureaucratic simplicity (eligibility criteria are broad and the application process is straightforward). The BI approach also would eliminate the punitive and intrusive approach that characterizes 'last resort' social assistance mechanisms, in which a large number of workers are required to process applications and enforce complex eligibility rules. These latter two characteristics of the GI approach can result in savings on the cost of program administration; these savings could in turn be used to off-set the costs of broader and more generous BI benefits, and to reinvest in the social supports that many people may require beyond mere income maintenance (e.g. child care, job training, and mental health and addiction programming).

Guy Standing (2008) identifies a number of other advantages of basic income over selective and conditional income support programs and social insurance schemes. He notes that basic income avoids the perverse incentive to limit increases in income in order to maintain eligibility in needs-tested programs. This includes incentives for beneficiaries to decrease the amount they work for pay. In addition, basic income strengthens the power of disadvantaged groups in the labour market through providing an alternative to unattractive employment and provides economic stimulus by transferring resources into the hands of those most likely to consume locally produced goods and services. Basic income is also non-labourist in that it does not privilege some forms of work over others through remuneration. This is especially important for women who are involved in unpaid caring work outside of the labour market in order to support the functioning of their families and maintenance of their households.

Basic income is market neutral, and therefore does not introduce market distortions which might affect competitiveness. For example, the absence of a work requirement avoids increasing the supply of unskilled labour, which would exert pressure to lower wages. In addition, because the benefit is not tied to particular goods and

services, like a subsidy, a basic income is unlikely to increase demand for any particular good or service, thus potentially driving up its price. The non-stigmatizing benefits in a BI scheme also strengthen solidarity and reinforce community and social cohesion.

One major objection to a basic income scheme is the concern that it will limit labour supply. However, four negative income tax experiments in the 1960s and 1970s in the United States found an average difference in work effort of only 5% to 7.9% between the experimental group and control group for males (Widerquist, and Sheahen 2012). This was largely due to participants taking more time to look for the next job when they became unemployed. Women worked an average of 7% to 21.1% less than their control group counterparts and this was largely due to devoting more time to child care. There is evidence that decreased maternal employment can enhance child development, especially in the early years (Heinrich 2014). As described below, the Mincome experiment in Manitoba yielded similar results.

Basic income has been advocated for a variety of reasons including, poverty reduction, labour market flexibility, low wage subsidization, welfare state downsizing or abolition, improvement of the position of women, persons with disabilities and ethno-cultural minorities, furtherance of social justice, citizenship enhancement and democratic development (Pateman, and Murray 2012). In addition, there are other good reasons for setting in place a basic income that is universal, unconditional and adequate. These include the left-libertarian argument (Van Parijs 1995) that basic income provides real freedom for everyone to make choices and determine their course in life. There is also the ecological argument (Andersson 2009) that basic income can redistribute wealth so that everyone's basic needs are met and that it can thereby end our addiction to economic growth as the presumed guarantor of prosperity for all. Such a shift is required if we are to move toward a steady state economy that is environmentally sustainable.

Amartya Sen's (2008:271) capabilities approach provides another rationale for the basic income approach. A basic cash income can underwrite an individual's ability to exercise her or his capabilities to ensure bodily health and integrity, have control over her or his environment, develop strong interpersonal affiliations and to enact other capabilities.

In Sen's (2008) framework "functionings" are states of being and doing, such as being well-nourished or having shelter – they should be

distinguished from the commodities employed to achieve them (being able to prepare and consume food versus possessing the ingredients) (Wells 2012). “Capability refers to the set of valuable functionings that a person has effective access to. Thus, a person’s capability represents the effective freedom of an individual to choose between different functioning combinations – between different kinds of life – that she has reason to value. The approach is based on a view of living as a combination of various ‘doings and beings’,” (Wells 2012). Quality of life is assessed in terms of the capability to achieve valuable functionings.

Martha Nussbaum (2003) has specified some of these capabilities and they have been empirically tested (Anand, Hunter, and Smith 2005). For some with limited capability to meet needs, some form of support may be required to enhance their access to functionings (the ability to do and be). This is especially relevant to the replacement of needs-tested residual social assistance programs with basic income schemes. A central rationale for the intrusive rules and monitoring procedures of social assistance programs is to control the behaviour of those with limited functionings, however, this may further erode their capacities. Therefore, we prefer the provision of developmental support rather than the exercise of control – it is more just and likely to be more effective.

However, our central interest in this paper is in the reduction of the rate and depth of poverty and in the decrease of the level of income inequality. Nevertheless, many of the other reasons may constitute additional rationales to be considered in advocacy for and adoption of our proposal. In this regard, we explicitly adopt enhancement in the efficiency of the delivery of income transfers (Howard, and Widerquist 2012) rather than welfare state diminution as a goal. We also argue that a basic income scheme must be accompanied by adequate education and training, social services and health care provided by the state.

Full basic income schemes have attracted limited political and public support (Purdy 1988; Carala, and Wildavsky 2003); but have been implemented on a pilot basis in Canada (Forget 2012), the United States (Widerquist, and Sheahan, 2012) and the developing world (Haarmann, and Haarmann 2012). However, these pilots have never successfully made the transition to full scale implementation. Beyond this, partial basic income schemes have been implemented in several jurisdictions, notably Alaska’s permanent fund dividend (Groh, and Erickson 2012). In 2004, Brazil became the first country to enact basic

income legislation (Coelho 2012), but its implementation has been limited (Lavinias 2013).

All of this has led to advocacy for an approach which is gradual and reversible (Offe 2001) to promote learning and preference change through action and experience. This is seen as a means to avoid a frontal attack on affordability and predicted erosion of work effort through gradual movement toward a comprehensive basic income. Claus Offe (2001) notes that in most advanced economies, numerous types of beneficiaries are entitled to tax-financed income transfers at a subsistence level or even higher. He then suggests several gradual strategies, including expansion in the classes of eligible persons, increasing benefits to a subsistence level and loosening means and needs tests for eligibility.

We recommend a five stage strategy for Manitoba, with the first four stages constituting improvements to existing income transfers through increasing benefits and broadening eligibility. The first stage involves improving the 55 Plus Program for low income older adults and the second stage involves improvements to the Manitoba Children's Benefit. The only income support program for low income working age adults in Manitoba is the 'last-resort' residual needs-tested Employment and Income Assistance Program. The third stage involves removing disabled adults from this program and establishing an income-tested supplementation program, similar to 55 Plus, for them. The fourth stage involves expanding 55 Plus to provide for working age non-disabled adults. The fifth and final stage involves amalgamating all of these income supplementation programs into a single basic income program, ideally delivered through the personal income taxation system.

Such gradualism is consistent with recent thinking from a historical institutional perspective about incremental endogenous change in state institutions through displacement (Mahoney, and Thelen 2010). Displacement is described as a mode in which "new models emerge and diffuse which call into question existing, previously taken-for-granted organisational forms and practices" (Streeck, and Thelen 2005:19). It is exactly such emergence and diffusion which we hope to catalyze through a program of gradual policy change.

Now, we will turn to why movement toward a basic income is necessary in Manitoba from poverty and income inequality reduction perspectives. The central question is whether the rate and depth of poverty and the level of income equality is improving under the current policy regime. First, with regard to poverty, the Government of

Manitoba announced the All Aboard Poverty Reduction Strategy in 2009 (Government of Manitoba n.d.), and it has been renewed since then (Government of Manitoba 2012). Therefore, it is relevant to examine the effectiveness of this strategy in decreasing the rate and depth of poverty.

In this regard, a recent analysis (Frankel 2013) uses the approach of comparing change from 2008 (the year before the introduction of the strategy) to 2011 (the latest year for which data are available) in Manitoba and Canada as a whole. Canada has no official poverty line, so data using all three measures collected by Statistics Canada (2012) were used. The Market Basket Measure is an absolute measure, which Statistics Canada (2012:11) describes as, “based on the cost of a specific basket of goods and services representing a modest, basic standard of living. The Low Income Measure is a relative measure, which Statistics Canada (2012:10) describes as a “fixed percentage (50%) of median adjusted household income, where “adjusted” indicates that household needs are taken into account.” The Low Income Cut-Offs are a semi-relative measure, which Statistics Canada (2012:11) describes as “income thresholds below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family.” The approach is essentially to estimate an income threshold at which families are expected to spend 20 percentage points more than the average family on food, shelter and clothing.

As Table 1 demonstrates, Canada outperformed Manitoba on all measures with regard to improvements in the poverty rate. This was also true for the longer term (2002 to 2011) Market Basket Measure.<sup>1</sup> The average Market Basket Measure annual decrease for Manitoba (unstandardized slope) was -0.13939% however for Canada as a whole, it was a superior -0.14242%. Manitoba exhibited a small average annual decrease on the after-tax Low Income Measure between 2000 and 2011 (-0.01294%); however, Canada as a whole exhibited a very small average annual increase (0.00035%) over this period. Manitoba also exhibited a higher average annual decrease on the after-tax Low Income Cut-Off between 2000 and 2011 than Canada as a whole (-0.41818% versus -0.32902%).

*Table 1: Change in All Persons Poverty Rates: Manitoba and Canada 2008 to 2011*

	Manitoba			Canada		
	2008 Rate	2011 Rate	% Change	2008 Rate	2011 Rate	% Change
Market Basket Measure	9.2%	11.5%	+25.0%	10.9%	12.0%	+10.1%
After-Tax Low Income Measure	13.5%	14.0%	+3.7%	13.2%	12.6%	-4.5%
After-Tax Low Income Cut-Off	8.5%	8.9%	+4.7%	9.3%	8.8%	-5.4%

Statistics Canada (2014b).

The same analysis was completed to examine the performance of All Aboard with regard to improvements in the depth of poverty, using the median gap ratio<sup>ii</sup>. The findings are mixed with Canada as a whole outperforming Manitoba on two measures. Manitoba dominated Canada only on the absolute measure.



**Table 2: Change Median Gap Ratio: Manitoba and Canada 2008 to 2011**

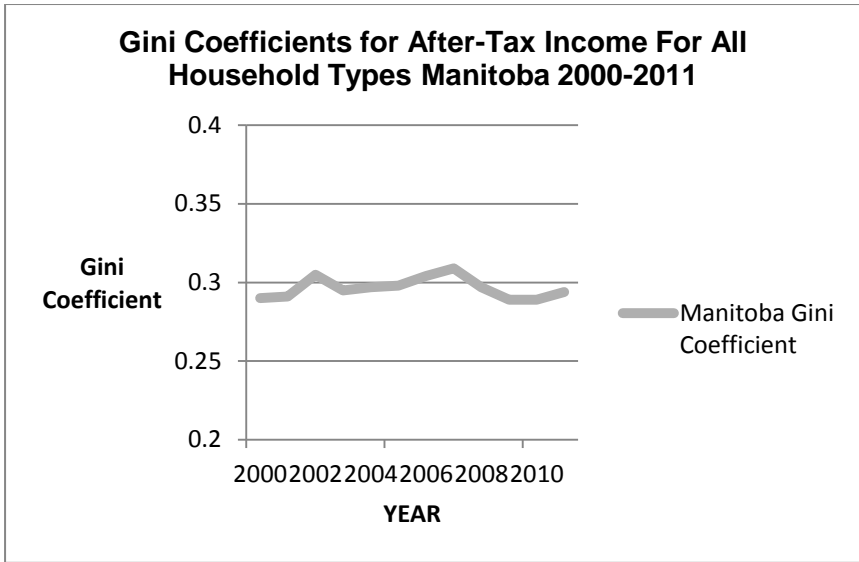
	Manitoba			Canada		
	2008 Ratio	2011 Ratio	% Change	2008 Ratio	2011 Ratio	% Change
Market Basket Measure	28.3	24.5	-13.4%	25.0	24.6	-1.6%
After-Tax Low Income Measure	20.0	25.1	+25.5%	24.0	25.0	+4.2%
After-Tax Low Income Cut-Off	23.2	25.5	+9.9%	26.5	26.1	-1.5%

Turning now to income inequality, little has changed in Manitoba in the last decade. Inequality is measured using the Gini Coefficient, which Statistics Canada (2014a) defines as

a number between zero and one that measures the relative degree of inequality in the distribution of income. The coefficient would register zero (minimum inequality) for a population in which each person received exactly the same adjusted family income and it would register a coefficient of one (maximum inequality) if one person received all the adjusted family income and the rest received none. Even though a single Gini coefficient value has no simple interpretation, comparisons of the level over time or between populations are very straightforward: the higher the coefficient, the higher the inequality of the distribution, and vice versa.

Figure 1 plots the Gini Coefficient in Manitoba for all family units for after tax income from 2000 to 2011. The average change per year (unstandardized slope) is -0.0001, indicating some fluctuation, but no significant trend of improvement, with Canada's performance being similar (-0.0002).

*Figure 1: Gini Coefficient for All Family Units for After Tax Income: 2000-2011*



Source: Statistics Canada (2014a)

The available data indicate that further improvement is required and possible. The case is clear on all measures, with regard to the poverty rate, upon which Manitoba should strive to achieve at least the level of improvement of Canada as a whole. Similarly, Canada outperforms Manitoba on relative and semi-relative measures in improvement on the depth of poverty. In addition, the level of economic inequality has remained stable for more than a decade.

### III. A BRIEF HISTORY: BASIC INCOME PROPONENTS IN CANADA

There is a long history of discussion and debate about basic income in the modern era of Western political thought, dating back to the early 1500s (Basic Income Earth Network n.d.). Over the last eighty years or so in Canada, the idea of a basic income as a means to combat poverty and enhance economic security has surfaced in several proposals, studies and campaigns (see Young, and Mulvale 2009; Mulvale, and Vanderborgh 2012). In the 1930s, for example, the Social Credit government in Alberta, led by William Aberhart, argued for

regular cash payments made to all by the provincial government as a means of economic stimulus and redistribution. But the promise of such a universal “social credit” was not implemented due to a lack of funds in the provincial treasury and opposition by the federal government.

In 1968, the Economic Council of Canada (1968:103) noted the presence of poverty in Canada “on a much larger scale than most Canadians probably suspected” and pointed to the idea of a basic income as a possible remedy to the problem. In 1971, a Special Senate Committee on Poverty chaired by Senator David Croll recommended a basic income financed and administered by the federal government, and delivered through a negative income tax (Croll 1971). This scheme would have ensured a base income of at least 70% of the poverty line, but would not have been paid to single employable adults under age 40. In the same year, the Castonguay-Nepveu Commission (Commission of Inquiry on Health and Social Welfare 1971) recommended a three-tier income security plan for Quebec, consisting of a basic negative income tax, benefits for “employable” people that would top up low earnings, and better benefits for those “not employable.”

In 1970, the Royal Commission on the Status of Women (1970:325) recommended that a “guaranteed annual [basic] income be paid by the federal government to the heads of all one-parent families with dependent children.” In 1973, a minority federal Liberal government initiated a social security review, which argued for a two-tiered approach to social assistance, including a basic income plan for those who could not work and an income supplement for the working poor (Lalonde, 1973).

From 1974 to 1979 a basic income pilot project called Mincome was carried out in Dauphin, Manitoba under the auspices of the provincial and federal governments. This quasi-experimental project was organized as a “saturation site” where everyone in the community was eligible for a negative income tax top-up to their income. According to Evelyn Forget (2012:96) the experiment yielded some “community-level effects” that were impossible to gauge in other basic income experiments during this era in Winnipeg and certain cities in the US that only targeted selected individuals in a given area. During the Dauphin pilot there were higher rates of adolescents remaining enrolled in high school and a decline in hospitalization rates for accidents and injuries and for mental health issues. Additionally, Forget (2012) found the Mincome benefit had no effect on family dissolution and divorce rates, nor on withdrawal of primary income earners from the labour market. There was some withdrawal of

secondary and tertiary labour supply, but Forget (2012:96) sees much of this as “a positive outcome” – married women used the BI benefit to “finance maternity leaves” and adolescents used it “to stay in school longer”.

On a broader level, Derek Hum and Wayne Simpson (1991) undertook a detailed and careful analysis of data from the Mincome project and the other pilots in North America. The authors found that “the worry ... that cash transfers would diminish work incentives” was “largely misplaced” (91). Hum and Simpson (1991:91) also found that, compared to the approach of subsidizing wages, basic income is a superior approach.

Since the guaranteed annual [basic] income scheme is much better at delivering income supplementation to all those in need, not only low wage workers, the case for a guaranteed annual [basic] income to eliminate poverty is strengthened by our findings.

In 1982, a Royal Commission on the Economic Union and Development Prospects for Canada (the Macdonald Commission) recommended a version of a basic income called the “universal income security program” (UISP). This benefit was set at a very low level and involved the elimination of other income security measures such as unemployment insurance and old age security. Due to its ‘scorched earth’ approach to reforming income security, the UISP proposal of the Macdonald Commission was strongly opposed by the labor movement and other groups (Haddow 1994).

Discussion of basic income seemed to again fade from Canadian social policy debates in the late 1980s and for most of the 1990s. But interest began to increase again in the 2000s, sparked in part by the publication of two books in Canada on the topic of basic income (Lerner et al. 1999; Blais 2002).

During the minority Parliament of 2008–2011, calls to consider moving towards a basic income model came from two parliamentary committees. The Senate’s Sub-Committee on Cities recommended careful study of “a basic annual income based on a negative income tax” and implementation of “a basic income guarantee at or above the LICO [Low Income Cut Off] for people with severe disabilities” (recommendations 5 and 53 in Senate of Canada 2009). The House of Commons (2010) Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities also made a recommendation to the Conservative government that it should “create a federal basic income program for persons with disabilities” (Recommendation 4.2.5).

Perhaps the most prominent basic income advocate on the recent political scene in Ottawa has been former Conservative Senator Hugh Segal. In recent years, he has publicly and repeatedly proposed the introduction of a federally initiated basic income (Segal 2008), arguing that Canada has the money to ensure that every citizen can live with dignity. According to Hugh Segal, "when we look at the billions we now spend on social policy, it's clear we have the capacity" (Monsebratten 2007).

Another prominent individual voice in favour of basic income has been that of the senior vice-president and chief economist of the Conference Board of Canada, Glen Hodgson. He argues that "there is no better time than right now to heat up the [basic income] debate" (Hodgson 2011). He goes on to state that a system of basic annual income could be constructed through "cooperative federalism" and that "since social assistance and publicly funded health care are delivered by the provinces, careful coordination would be required between the federal government and the provinces to make a [basic income] work" (Hodgson 2011).

Among federal political parties, the party with the strongest commitment to basic income is the Green Party. Its platform commits to a "guaranteed livable [basic] income" based on negative income tax (Green Party of Canada 2011: 80). The Liberal Party of Canada (2014) passed two resolutions at its 2014 policy convention in support of basic income. Resolution No. 97 (coming from the National Women's Liberal Commission) called for "a federal pilot of a basic income supplement" to assist working age Canadians, along the lines of the National Child Benefit and the Guaranteed Income Supplement for seniors. Resolution No. 100 (from PEI Liberals) asked that

a Federal Liberal Government work with the provinces and territories to design and implement a Basic Annual Income in such a way that differences are taken into consideration under the existing Canada Social Transfer System.

The federal New Democrats have shied away from offering any support for basic income, other than a suggestion in 2012 by unsuccessful federal leadership candidate Paul Dewar that the party should "take the first step toward creation of a guaranteed annual [basic] income" (Bryden 2012). This faint support contrasts with earlier positions on the question – in 1985 the federal NDP passed a convention resolution in support of basic income (Whitehorn 1985).

At the provincial level in Manitoba, there is no mention of basic income to be currently found on the provincial NDP website. Looking

back, of course, the support of the Manitoba NDP government under then Premier Ed Schreyer was essential for the launch of the Dauphin Mincome project in the late 1970s. But by 2012 the Manitoba NDP government was distancing itself from basic income in response to rising community interest in this approach (Welch 2012). In contrast, the current NDP leader in Prince Edward Island, Mike Redmond, has stated that he is supportive of a proposal that that province serve as the site of a basic income pilot project (Canadian Broadcasting Corporation 2013).

During this same period, in October 2013, Brian Pallister as Leader of the Official Opposition in Manitoba criticized the provincial government's anti-poverty measures, and stated that he was "open to more radical solutions, such as a guaranteed annual [basic] income" (Welch 2013), although he provided no specifics.

Media interest has recently been picking up about basic income as a topic of interest. Wayne Simpson was featured in a question and answer piece on basic income in the *Globe and Mail* (McKenna 2014). More generally, around the country, there has been a "BIG Push" campaign (n.d.) underway under the auspices of the Basic Income Canada Network (BICN) (BIEN n.d.). The goal of BIG Push is to increase interest in and support for basic income among a variety of organizations and constituencies. BICN also hosted the 2014 International Congress of the Basic Income Earth Network which attracted a large pan-Canadian and international group of participants, and substantial attention from the Anglophone and Francophone media (Shingler 2014a, 2014b).

#### IV. THE EXISTING ARCHITECTURE

In fact, we already have partial and targeted BI mechanisms in the Canadian income security system. The federal government's Old Age Security is a universal, but taxable, demogrant. Other federal benefits paid out in a NIT format are the Guaranteed Income Supplement for seniors, the Canadian Child Tax Benefit and the National Children's Benefit Supplement, the GST/HST credit, and the Working Income Tax Benefit. At the provincial level in Manitoba, benefits that are income-tested and resemble a negative income tax include the Manitoba Child Benefit, the Manitoba Prenatal Benefit, 55 Plus, and the Education Property Tax Credit. In addition, there are a range of income tested subsidies and partial subsidies for particular goods and services, including rent (Rentaid), some legal services (Legal Aid

Manitoba), prescribed medications (Pharmacare) and licensed child care (Child Care Subsidy).

## **A. Federal Income Security Programs**

Canada's major income security programs at the federal level are Employment Insurance (EI) and the Canada Pension Plan (CPP). Despite its contradictory name, EI pays benefits to those who are *unemployed* because they have lost their job "through no fault of their own," as well as to those suffering short term illnesses or disabilities and to new parents taking parental leave. CPP is the national contributory seniors' pension scheme, and also pays disability and spousal/child survivor benefits. Employers as well as employees contribute to EI and CPP. Of course these social insurance programs do not follow the basic income model, since benefits are limited to those who have contributed and (in the case of EI) are subject to complex sets of rules governing eligibility and the level and duration of benefits. But in the context of our existing income assistance architecture in Canada, the EI and CPP programs are important sources of income security for many Canadians.

Canada has one benefit that is still paid out as a "demogrant" (on a universal basis) to persons in a particular category – those aged 65 years of age and over. The Old Age Security (OAS) is available universally, but since 1989 it has been taxable income, and is subject to a recovery tax for high income earners. The basic OAS benefit (June 2014 rate) is \$552.00 per month. Seniors lacking other sources of income can also apply for an income-tested Guaranteed Income Supplement (GIS), which works as a negative income tax. The maximum GIS rates (for those with very low incomes) are \$748.00 per month for single seniors or \$496.00 per month (\$992.00 for a couple) for seniors who are married or in common-law relationships. The federal government made a major change to OAS/GIS in its 2012 budget, when it announced that "the age of eligibility for Old Age Security (OAS) pension and the Guaranteed Income Supplement (GIS) will gradually increase from 65 to 67 over six years, starting in April 2023" (Service Canada n.d.(d)).

Canada has a multi-layered set of income-tested benefits for children. The major components are the income-tested Canada Child Tax Benefit (CCTB) that is linked to the more targeted National Children's Benefit Supplement (NCBS) for low income families. The CCTB is "a tax-free monthly payment made to eligible families to help

them with the cost of raising children under age 18” (Service Canada, n.d.(a)). The amount of the CCTB benefit is \$1,433.00 per child per year, with a top-up of \$100 per year for the third and each additional child in the family. In Manitoba, the full NCBS of \$2,221 a year for the first child (and slightly less for the second and third child) goes only to those families whose net income is less than \$25,356. A partial NCBS is paid on a gradually reducing basis to families with net income levels between \$25,356 and \$43,561 (Canada Revenue Agency n.d.(d)).

Another current child benefit (that was brought in by the Harper Conservative government shortly after its election in 2006) is the Universal Child Care Benefit (UCCB). This program “issues a taxable \$100 monthly payment to families for each child under the age of six” (Service Canada, n.d.(b)). Despite the program’s name, there is no requirement that parents spend this money on child care, and, in fact, the amount of the benefit does not come close to covering the actual cost of child care in a publicly funded, licensed centre. Finally, there is a Child Disability Benefit (CDB), “a tax-free benefit for families who care for a child under age 18 with a severe and prolonged impairment in mental or physical functions” (Canada Revenue Agency n.d. (a)).

Other cash benefits at the federal level include the Working Income Tax Benefit (WITB) and the GST/HST Credit. The WITB (Canada Revenue Agency, n.d. (b)) is a small refundable tax credit for those in the labour force who make very little money. The maximum annual WITB benefits for 2013 were \$989.00 for a single person and \$1,797.00 for a couple, with an additional \$495.00 per person if the claimant was disabled. The maximum WITB is paid only to single persons whose working income is between \$6,992.00 and \$11,332.00, and to families whose working income is between \$10,252.00 and \$15,649.00 (2014 benchmarks). Benefits are gradually reduced above these “base thresholds” of \$11,332.00 for singles and \$15,649.00 for families, disappearing completely at \$17,986.00 in the case of singles and \$27,736.00 in the case of families.

The GST/HST Credit is a program designed to lessen the financial burden that low income people carry in paying sales taxes levied by the provincial and federal governments. Sales tax is a regressive ‘flat’ tax – everyone pays at the same rate, regardless of their level of income. So, the GST/HST Credit makes partial recompense to low income people for their disproportionate burden in paying sales tax. Similar to WITB, benefit amounts of GST/HST credit are very modest (no more \$409.00 per year for unmarried adults with no children, with an upper limit of \$1,100.00 per year for families with four children, based on the 2013



tax year). Benefits are phased out as income rises, and disappear at \$42,000.00 for unmarried persons with no children and at \$56,000.00 for families with four children (Canada Revenue Agency n.d. (c)). Eligibility for the GST/HST credit is based on household rather than individual income, and any UCCB benefit received by the household is deducted dollar for dollar from the GST/HST credit.

These federal programs, for which working-age (18 to 64) people are eligible, are very limited in their size and scope. The benefits' levels are very low and the income eligibility tests are very stringent. However, if we take a 'glass half full' approach, it can be argued that a combination of the GST/HST credit and the WITB could be the base upon which to build a more seamless and more generous NIT version of basic income at the federal level for working-age people in Canada. Our focus in this paper is on provincial benefits in Manitoba, but the case for a federal NIT scheme along this line has been made recently by the Canadian Association of Social Workers (Drover, Moscovitch and Mulvale 2014).

## **B. Provincial Partial Basic Income Mechanisms**

Our focus here is on benefits which can be allocated at the discretion of the beneficiary (one of the defining elements of a basic income), rather than on the income-tested subsidies, such as those paid to low income Manitobans to cover the cost of prescriptions, child care, rent or legal services.

The largest income support program in Manitoba is not a partial basic income guarantee at all, but a residual social assistance (SA) program. "Employment and Income Assistance (EIA) is an income support program of last resort open to all residents of Manitoba not living on an Indian Reserve, regardless of marital status. Eligibility for EIA is based on a needs test in which individual or family income is compared to the basic needs budget set by the program according to the number and ages of children and the marital and disability status of adults" (Stevens, Simpson, and Frankel 2011:166). The statutory authority for this program is contained in the Manitoba Assistance Act (C.C.S.M. c. A150) and the estimated expenditures for benefits for the 2014-2015 fiscal year are \$436,479,000.00, inclusive of health benefits and benefits for persons with disabilities (Government of Manitoba 2014b). Generally, recipients of EIA are not eligible for the income supplements described below, with some exceptions.

Based on a 2008 complaint from 12 community organizations about the implementation and administration of the Employment and Income

Assistance Program, the Manitoba Ombudsman (2010) has made 68 recommendations for needed improvements. The general point was made that “the program could be improved by adopting a non-categorical system [of eligibility] that analyses the needs of individuals and families and provides benefits in accordance with those needs rather than attempting to fit individuals into one of a number of predetermined categories” (4). It was also recommended that EIA jettison the fallacious bifurcation that the “disabled” cannot work and the “non-disabled” can and must work. The Ombudsman pointed out that “many EIA participants in the disability category can and do work” and that “[t]here are participants in the general assistance category who are not considered ‘disabled’ but who cannot work and will not be able to work until various circumstances and conditions impeding their employment have been resolved” (4-5). While the Ombudsman was *not* calling for the replacement of EIA with a basic income scheme, she *was* recommending that social assistance become less categorical and conditional in its approach to providing financial support to the people of Manitoba. In other words, she was advocating that the EIA program operate a bit more like a basic income program.

Harvey Stevens (2012) has demonstrated that EIA in its current form has not been adequate to reduce the rate and depth poverty for single, non-elderly adults and recommends more generous benefits, enhanced earning supplements or tax credits. Similarly, Make Poverty History Manitoba (n.d.) has called for increased EIA benefits so that Manitoba’s rates rank higher in comparison with other provinces.

The Education Property Tax Credit is designed to compensate resident home owners and renters for property taxes levied by local school boards to support primary, intermediate and secondary education (Manitoba Finance n.d.). It is offered under the authority of the Income Tax Act (C.C.S.M. c. 110). A basic credit of \$700.00 was available in 2013 for those who paid more than \$250.00 in property tax or the equivalent in rent. For non-dependent seniors over 65 an additional amount is available for those with incomes of \$40,000.00 or less. The maximum additional credit was \$1,100.00 in 2013, declining as income increases. The estimated cost of basic and additional credits for 2014-2015 is \$346,473,000.00 (Government of Manitoba 2014b).

As of 2014 (Government of Manitoba 2014a) residents over 65 (or who have spouses or common law partners over 65) who own their principal residences in the province will be eligible for a rebate of up to \$235 based on the school division special levy paid minus property tax credits already received. This rebate is not income tested.

55 Plus is an income supplement for very low income Manitobans who are 55 years of age or older. It is offered under the authority of the Social Services Administration Act (C.C.S.M. c. S165). There are two components: a senior component for recipients of federal Old Age Security benefits (Social Services Administration Act, C.C.S.M. c. S165, Income Supplement for Persons Eligible for Old Age Security Benefits, (55 PLUS) Regulation 65/90) and a junior component for those not eligible for federal Old Age Security benefits (Social Services Administration Act, C.C.S.M. c. S165, Income Supplement for Persons Not Eligible for Old Age Security Benefits, (55 PLUS) Regulation 64/90). Under the senior component, if a single, widowed or divorced beneficiary had an income (as declared on their federal GIS application income for the previous taxation year) at or near zero, s/he would receive the maximum quarterly 55 Plus benefit of \$161.80. This benefit gradually diminishes as income rises and disappears at \$840.00 of declared income. In the case of two married or common law beneficiaries, both receiving Old Age Security benefits, their joint income as declared on their GIS application would have to be at or near zero to receive maximum quarterly benefit of \$174.00, with the benefit disappearing at an income level of \$1,824.00.

In the junior component, eligibility is based on net family income in the previous taxation year. Single beneficiaries with incomes up to \$8,930.40 receive maximum annual benefits of \$647.20 and the minimum annual benefit of \$55.60 can be received by those whose incomes do not exceed \$9,746.40. Married or common law beneficiaries with net family incomes not exceeding \$14,479.20 receive the maximum annual benefit of \$695.60 each. The lowest annual benefit of \$52.00 each is received by those whose net family income does not exceed \$16,255.20.

The estimated cost of 55 Plus benefits for the 2014-2015 fiscal year is \$4,932,000.00 (Government of Manitoba 2014b). In addition, School Tax Assistance for Tenants 55 Plus (STAT 55+) provides a maximum \$175.00 rebate for renters not in non-profit housing, with net family incomes of less than \$23,800.00 (Jobs and the Economy, n.d.). The estimated cost of Stat 55+ in 2014-2015 is \$690,000.00 (Government of Manitoba 2014b).

The Manitoba Child Benefit is an income supplement for families with children who are in receipt of the Canada Child Tax Credit and are not First Nation families living on reserves (Social Services Administration Act, C.C.S.M. c. S165, Manitoba Child Benefit Regulation 85/2008). The maximum annual benefit of \$420.00 per

child is paid to families with an adjusted income of \$15,000 as declared in applying for the Canadian Child Tax Benefit (Jobs and the Economy n.d.(a)). It is delivered under the authority of the Social Services Administration Act (C.C.S.M. c. S165). For families with adjusted incomes over \$15,000.00, the benefit is reduced by a factor of the amount over \$15,000.00 multiplied by 7.73% for families with one child, 15.46% for families with two children and 23.8% for families with three or more children. This results in eligibility for benefits disappearing beyond an adjusted family income of \$20,435.00 for families with up to three children, \$22,242.00 for families with four children, \$24,052.00 for families with five children, and \$25,864.00 for families with six children. The estimated expenditure for the Manitoba Child Benefit for 2014-2015 is \$4,154,000.00 (Government of Manitoba 2014b).

The Manitoba Prenatal Benefit is an income supplement payable to resident women between fourteen weeks of pregnancy and the birth of the child or other outcome of the pregnancy (Social Services Administration Act, C.C.S.M. c. S165, Manitoba Prenatal Benefit Regulation 89/2001). The authority for its delivery is the Social Services Administration Act (C.C.S.M. c. S165). Women receiving Employment and Income Assistance are eligible, but those incarcerated in correctional institutions are not. Women whose annual net family incomes do not exceed \$21,744.00 (including recipients of Employment and Income Assistance) receive maximum monthly benefits of \$81.41. The benefit is reduced as income rises and disappears at an income level of \$32,000.00 per year. In 2012-2013 the reported cost of the benefit was \$1,756,544.83 (Government of Manitoba 2013).

From the perspective of an evolutionary approach toward a full basic income in Manitoba, it is clear that much of the architecture is in place, even if the buildings are not large enough. It would also be useful to consider internal rationalization and simplification of the various children's benefits; as well as the various seniors' benefits to enhance administrative efficiency and beneficiary comprehension. The main missing element is a nascent basic income mechanism for adults between 18 and 55 years of age. Beyond residual social assistance, which is highly conditional, at the provincial level there is only the possibility of receiving support related to children and partial compensation from the provincial government for property taxes levied by school boards. At the federal level, only the Working Income Tax Benefit is available, which supports only those with a threshold level of employment income to a limited degree (e.g. a benefit of \$998.00 for

those with annual income from work of only \$6,992.00 in 2014) (Canada Revenue Agency, n.d.(e)).

It is also noteworthy that the Manitoba Child Benefit and the senior component of 55 Plus top up benefits delivered by the federal government. Therefore, inter-governmental coordination would be useful, but this is difficult with the current federal government that is practicing a more traditional view of federalism based upon jurisdictional separation (Banting 2008).

Nevertheless, there are significant limitations and risks related to the province moving toward a basic income without meaningful federal government participation. The primary limitation is financial in that use of the federal spending power has been instrumental in the federal government's efforts "to help provincial governments carry out their constitutional responsibilities for health care, postsecondary education, social assistance and social services" since the early twentieth century (Wood 2013:3). Without this contribution the Canadian welfare state would have been far less developed. Since 1994 absolute decreases in federal funding and containment on growth in block grants have led to deterioration in provincial programs (Rice and Prince, 2013). It is difficult to imagine an adequate basic income scheme being established at the provincial level without federal support. This is why the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities of the House of Commons (2010) called for a new federal transfer to help support provincial and territorial poverty reduction efforts. The Canadian Association of Social Workers (Drover, Moscovitch, and Mulvale 2014:21) has also called for federal leadership and enhanced financial support in the context of a return to cooperative federalism in developing social program initiatives at the provincial level:

The federal government would have to foster (and to some extent cost share) the provision of a more comprehensive income security system as well as health services and social program supports at the provincial level that would address the longer-term and systemic roots of poverty.

Beyond this, in the absence of agreements to the contrary, introduction of provincial basic income initiatives may provide a perverse incentive to the federal government to reduce or constrain expenditures on income support programs which it directly delivers. In the larger context, provincial initiatives may also syphon off pressure for new federal initiatives in poverty reduction.

Finally, it is clear that the benefit levels of these partial basic income programs fall far below the guarantee necessary to end poverty.

For example, the After Tax Low Income Measure threshold for a household of one was \$19,930.00 in 2011 (Statistics Canada 2013), but single persons with net incomes up to \$8,930.40 receive maximum annual benefits of only \$647.20 in the junior component of 55 Plus. After receiving the benefit only 48.1% of this poverty threshold is achieved for individuals in this situation.

## V. TOWARD A BASIC INCOME FOR MANITOBA: AN EVOLUTIONARY APPROACH

This section spells out the broad outlines of a gradualist approach to achieving a basic income for Manitoba. As an alternative to a comprehensive proposal *de novo*, this approach attempts to erode resistance by demonstrating the concept, at first through small changes which avoid the most controversial issues, so that the current policy approach will eventually be displaced in favour of a basic income approach (Offe 2001). Ken Battle and Sherri Torjman (2000:2) put it this way:

A big bang, one-size-for-all guaranteed [basic] income plan is not the way to go. Instead, the federal and provincial governments should launch a national project to reform existing programs to better achieve the goal of an adequate basic income. This task, though monumental, is not impossible because it already has begun.

The difficulties of federal-provincial cooperation in the current context have already been noted. An evolutionary approach at the provincial level has been adopted in Quebec. Le Comité consultatif de lutte contre la pauvreté et l'exclusion sociale, the consultative committee appointed under Bill 112, known as An Act to Combat Poverty and Social Exclusion (An Act to Combat Poverty and Social Exclusion, R.S.Q., chapter L-7, chapter 61; Clavet, Duclos, and Lacroix 2013), has recommended successive small steps toward a basic income to end poverty.

Although this evolutionary approach is designed to mitigate the risk of rejection of a comprehensive proposal, it does generate the potential for some other risks. First, as Karl Widerquist (2001:1024) has noted:

Many of the steps toward BI have poverty traps, work disincentives, or administrative costs that basic income does not have. If we adopt a gradualist policy, people could see these shortcomings as a reason to move further toward a basic income or they could see them as evidence that we should stop moving in that direction.

Therefore, careful design of evolutionary steps must attend to avoiding or decreasing perverse disincentives. This design should also include a communication strategy which points out the disincentives and high administrative costs of the income support programs being replaced, and which demonstrates the improved efficiency of the new basic income.

Karl Widerquist and Michael Howard (2012:9) also note the inherent difficulty of gradual and modest program changes if our goal is to develop a supportive public constituency for their continuation. Policies that help only a few people in a major way or help many people in a barely noticeable way are constantly in political danger. To limit this risk, advocates of basic income must place incremental steps in the context of the ultimate goal.

Beyond this, another inherent risk related to the gradualist strategy simply involves the length of time it takes to unfold. This increases the risk that changes in the political and/or economic environment may compromise progress. The longer the path to the ultimate policy goal, the more opportunity for threats to occur.

An evolutionary approach also requires that certain conditions be in place. First, gradual program changes must be of sufficient magnitude to yield measureable effects in the short to medium term. This is because the logic of the approach involves demonstration and learning to garner support and erode opposition. Second, this demonstration requires an adequate evaluation plan. Given the limited changes which will be implemented at any point in time, it is likely that population wide effects may be small and a more sophisticated quasi-experimental design may be required. Third, economic evaluation of the program changes should assess the economic value of health, education and employment benefits (Forget 2011, 2012) and not just costs. Fourth, improving personal and household incomes is not the only element required for poverty reduction. Adequate public services, including child care, education and training, public and non-profit housing, and health care are also required. Therefore, increased government expenditure to move toward a basic income cannot be financed through decreases in expenditure on these required public services. Indeed, expenditures may have to increase on these services in order for a basic income to yield effects. For example, enhanced educational outcomes may be compromised if adequate support for post-secondary education is unavailable or if childcare spaces remain scarce. Fifth, income-tested subsidies should remain available for such variable needs as prescription medication, child care and legal services.

Finally, at least a small last resort residual social assistance program must remain in place to assist with emergency needs and abrupt decreases in income.

Defining the specific criterion of poverty is essential for establishing the amount of the basic income, if the central purpose of a basic income is poverty reduction. Definition is complicated by two factors. First, the concept of basic income includes the idea of individualized payments high enough to meet individual basic needs, but poverty criteria take account of economies of scale within the family or household unit (Widerquist et al. 2013). Therefore, if based on individual basic needs, the collective guarantee will be above what is needed to alleviate the poverty of the family or household. Since we are focusing on poverty reduction, we advocate a guarantee which varies by household size and is based on a poverty criterion. Indeed, Sanzo and Pinilla (2004) argue that a basic income must vary by household size in order to adequately meet basic needs and not unfairly advantage those who benefit from economies of scale in large households. This does not obviate the possibility that individual payments can go to each adult member of the family or household.

The second complicating factor is that Canada has no official poverty measure and Statistics Canada produces three criteria based on differing concepts and units as described above. We advocate using the relative Low Income Measure because such measures correlate more strongly with health and developmental outcomes (Raphael 2011; Wilkinson 1997; Williamson, and Reutter 1999).

The evolution from the current system of nascent basic income mechanisms might be accomplished in five steps. These need not be sequential. If windows of opportunity are open wider (Kingdon 2011), steps might overlap, or even be initiated simultaneously.

The first step would involve increasing the 55 Plus benefit in successive iterations so that the eligible person is brought up to the after-tax Low Income Measure threshold for herself or himself as a percentage of the threshold for the household size in which she or he lives. This should be coordinated with liberalizing the needs test so that seniors living in households up to the Low Income Measure threshold become eligible. Given the gradualist strategy, it is useful to begin with seniors because they are a powerful political constituency which is generally seen as deserving by the public. They are a large and growing proportion of the population, and they exhibit higher voting rates than younger adults (Uppal, and LaRochelle-Cote 2012). Studies of public attitudes toward the welfare state have found broad support



for policies supporting seniors, in Canada and elsewhere (Blekesaune, and Quadagno 2003). Complexities of changes in work effort are avoided because social norms expect diminished labour from these beneficiaries, especially those over 65. However, it should be noted that persons over 65 had the lowest poverty rate of any age group in Manitoba in 2011 at 10.6% (Statistics Canada 2014b).

The rate of benefit increase and needs test liberalization will require careful judgement. It must be fast enough to yield measureable change in health and other outcomes, but not so fast that it will attract strong resistance.

The attractiveness of seniors as beneficiaries is evidenced by the property tax rebate to come into force in 2014 as described above. A window of opportunity may also be open because of recent concerns related to increasing poverty among seniors in Canada (OECD 2013).

Implementation of this step would require changing the needs test for eligibility to a household basis, as this is the unit for which the Low Income Measure is calculated. In addition, the evaluation should take into account changes in personal care home admission, consumption of hospital services and use of medication. However, this improvement to 55 Plus can be partially financed through savings from Employment and Income Assistance.

The second step would involve a similar approach with the Manitoba Child Benefit. Children are also seen as deserving and not subject to norms regarding work. They also exhibited the highest 2011 poverty rate of any age group, 22.4% (Statistics Canada 2014b). However, some will be concerned about changes in work behaviour by the children's parents or other caretakers. Similar considerations as described for the first step would be relevant. The evaluation should include assessment of improvement on developmental, health and educational outcomes.

The third step would involve removing working age adults with disabilities from Employment and Income Assistance and establishing a program based upon a basic income guarantee for them. It could be of similar form as 55 Plus, and would have to continue to be accompanied by programs to provide disability supports. The minimum full benefit should be established as greater than the current Employment and Income Assistance disability benefit and incrementally brought to the appropriate Low Income Measure threshold.

This is similar to a proposal made by the Caledon Institute (Battle, Mendelson, and Torjman 2006) in which persons with disabilities are removed from provincial social assistance programs and served by a

federal program without work requirements. British Columbia, Alberta and Ontario (Kneebone, and Grynishak 2011) and most recently, Saskatchewan (Saskatchewan Ministry of Social Services n.d.) already have income support programs for adults with disabilities separate from the general income support program for adults. Persons with disabilities are seen as deserving by the public, and social norms (rightly or wrongly) limit work requirements placed upon them.

The fourth step would involve extending what is now the 55 Plus junior component to all non-disabled adults 18 years and older. Adults between 18 and 64 years had a 2011 poverty rate of 11.8% (Statistics Canada 2014b). Employment and Income Assistance can then be terminated and replaced by a small last resort needs-tested income support program to provide assistance in the case of emergencies and relatively sudden changes in income. The extended 55 Plus program (suitably renamed) should be accompanied by a capacity to assess barriers to earning and maintaining as high a quality of life as possible, and to apply resources to assist in eliminating or lowering these barriers.

These four steps could set the stage for a fifth step, implementation of a universal basic income. This could begin by amalgamating the programs discussed in steps one to four into a single program structure. Beyond this, significant issues must be resolved in universalizing eligibility in an affordable manner. The first involves selection between a demogrant and negative income tax delivery mechanism. The latter is superior for our purposes for a number of reasons. It can be designed to more effectively reduce poverty than a demogrant (Tondani 2009), and it requires lower initial expenditures. Even if funds are re-captured by the personal income taxation system, a demogrant requires increased initial outlays, which will result in the appearance of greater growth in public expenditures. This may create political vulnerabilities for the sponsoring government. In addition, an income taxation system which has become less progressive may re-capture the entire or part of the demogrant less efficiently (Fortin et al. 2012).

A second issue is that federal cooperation would be required in modifying the income taxation system, and if such cooperation was not forthcoming a separate income reporting and delivery system would be required at a provincial level. The latter scenario would significantly increase administrative costs. However, the major issue as described above relates to affordability, and the potential for the federal government to share the cost.

A third issue involves decisions related to whether and how eligibility for a universal basic income would be broader than eligibility for the base programs involved in stages one to four. This essentially requires operationalizing which groups have membership in the Manitoba political community. Two groups are implicated. The first is registered Indians living on reserves, who are ineligible for Employment and Income Assistance and the Manitoba Child Benefit. In the case of the former a parallel, if not completely equivalent, program is administered by the Government of Canada. Given federal jurisdictional responsibility for registered Indians on reserve, the province is unlikely to include them in a basic income initiative in the absence of federal financial participation.

The second implicated group is defined by citizenship and residency. Eligibility for the senior component of 55 plus is based upon eligibility for the Guaranteed Income Supplement, which, in turn, is based on eligibility for Old Age Security. Eligibility for Old Age Security is limited to Canadian citizens or legal residents who have lived in Canada for at least ten years since the age of 18 (Service Canada n.d.(c)). Similarly, eligibility for the Manitoba Children's Benefit is based on eligibility for the Canadian Child Tax Benefit, which is limited to citizens, permanent residents, refugees and temporary residents of more than eighteen months. Extension of eligibility beyond the federal programs may result in higher cost to Manitoba for recipients without federal support.

## **VI. FUNDING**

Identifying adequate sources of financial support for a basic income guarantee, and a workable strategy for evolution toward it, will be important if the goals are to garner public support and establish a fiscally sustainable program. The initiative can be partially funded through existing resources dedicated to income support programs, and hopefully will yield administrative efficiencies. Beyond this, a dedicated tax or levy should be avoided as it might generate long-standing self-interested opposition (Widerquist, and Howard 2012).

One innovative idea flows from experience in jurisdictions where publicly owned resources (such as oil, gas, minerals, or hydroelectric power) generate revenues for government that can be used to finance a basic income guarantee. Paying a basic income on such a basis can be seen as a means for every resident to benefit from common ownership of public resources (Flomenhoft 2012), rather than as a handout from

the state. This is how it has apparently worked out in Alaska, where the state's Permanent Fund Dividend is financed from taxes on oil production (Widerquist, and Howard 2012).

In this regard, we have a unique opportunity in Manitoba, where Manitoba Hydro, a Crown corporation, is responsible for the development and sale of electricity. Its 2012-2013 annual report indicates retained earnings of \$2,542,000,000.00, although there is a need to invest in replacing infrastructure (Manitoba Hydro Electric Board 2014). Nevertheless, might it be possible for the electricity pricing structure, especially sales to corporations and jurisdictions outside of Manitoba, to be set to partially or fully finance a basic income guarantee?

## VII. CONCLUSION

We do not pretend to have provided a comprehensive plan for the evolutionary road to a full basic income guarantee; but we have sketched out the main outlines of an income enhancement proposal for support and inclusion for all Manitobans. These outlines can form the basis for detailed planning, including cost and benefit estimation. Although there are some hopeful signs as described above, it is clear that effective policy advocacy is required to begin the evolution toward a basic income for Manitobans. A target for such advocacy may be the upcoming provincial election, which might be fashioned by advocates into a window of opportunity.

John Kingdon's (2011) three streams model of agenda setting and selection among alternatives in public policymaking provides a useful framework for describing the advocacy task required. Kingdon (2011) describes a policy window as an opportunity which occurs when three streams or processes intersect. The three streams are the problem stream (which relates to the recognition of a phenomenon as a problem which must be managed), the solutions stream (which relates to the development and ascendancy of policy proposals for management of the problem) and the politics stream (which involves changes in the political environment).

The phenomenon of poverty is already on the agenda as a problem for policy action. Not only has the Manitoba government developed a poverty reduction strategy as described above, but the United Way of Winnipeg has developed a Poverty Reduction Council (Winnipeg Poverty Reduction Council n.d.). The key advocacy task is to raise the prominence of the poverty problem so that it is sufficiently high on the

agenda to require attention. Basic income is represented in the solutions stream in at least a limited manner, through media attention to Mincome, the comments of the provincial leader of the opposition and an emerging national conversation about the basic income model. The Manitoba Ombudsman's (Manitoba Ombudsman 2010) report described above also has raised questions about categorical and conditional income support programs.

Therefore, advocates must raise the prominence of basic income as a solution to poverty, perhaps beginning by convincing the local advocacy groups, such as Make Poverty History Manitoba, the Social Planning Council of Winnipeg and the Canadian Centre of Policy Alternatives. Poverty reduction, and to a lesser extent, basic income, have entered the politics stream to some extent, as the government and opposition have staked out positions. The key task for advocates is to influence as many political parties as possible to couple poverty and basic income in their election platforms, by lobbying their key decision makers.

Hopefully, two factors will assist in such advocacy. One is the presence in Manitoba of visible and committed anti-poverty advocates, such as those organizations named above. The second is the pragmatism of the approach we have presented here.

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<sup>i</sup> The Market Basket Measure began to be collected in 2002

<sup>ii</sup> Statistics Canada (Statistics Canada, <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2020802&pattern=202-0801..202-0809&tabMode=dataTab>) describes this measure as "the difference between the low income threshold and the family (or household) income, expressed as a percentage of the low income threshold. For those with negative income, the gap ratio is set to 100. As a measure of depth of low income, the statistic takes the form of the median of the gap ratio calculated over the population of individuals below the income line."