

Marjorie Cohen

# A Good Idea Goes Bad

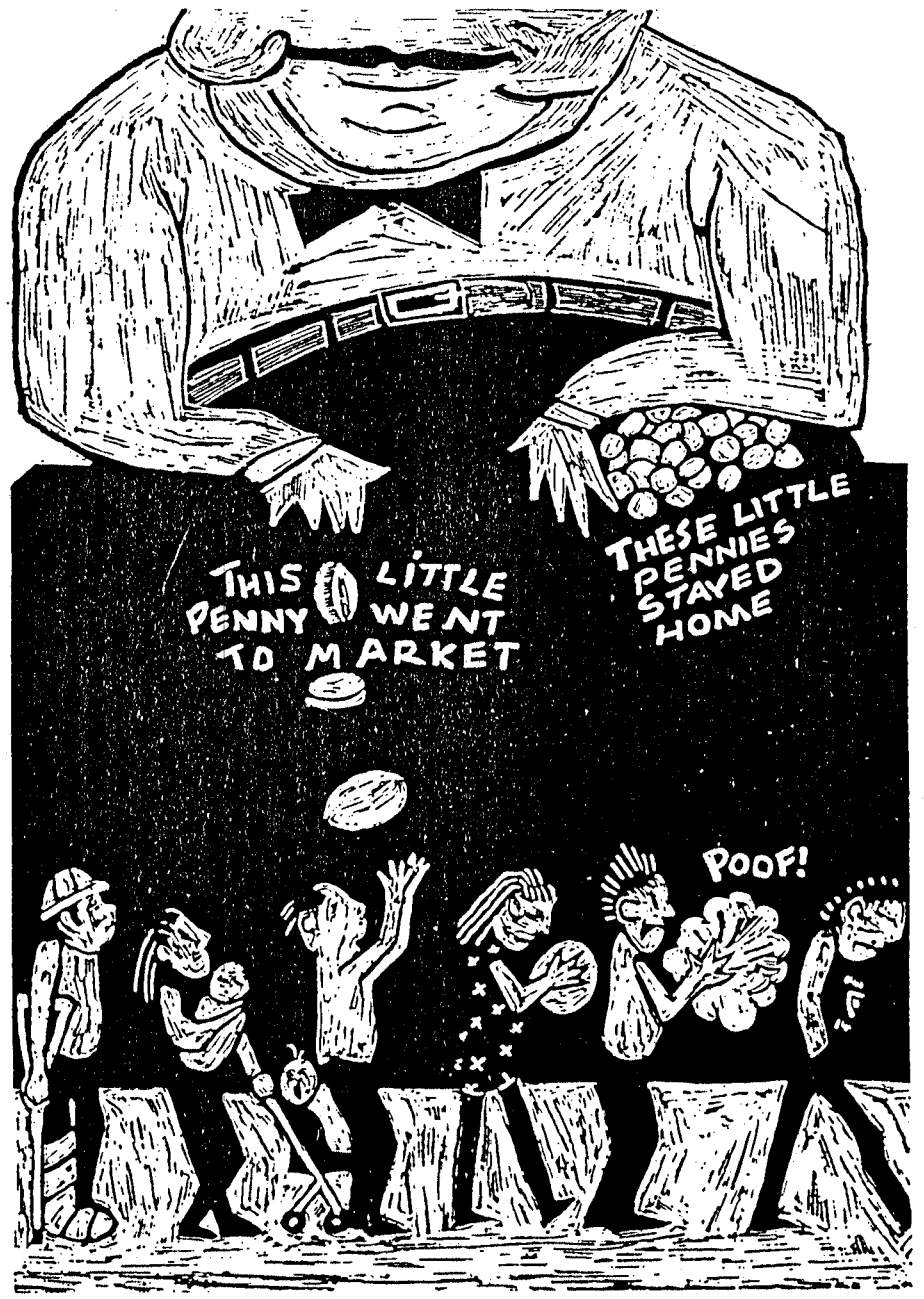
## Guaranteed Income or Guaranteed Poverty?

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**I** want to say at the outset that I am against a Guaranteed Annual Income. Not because it is a bad idea - on the contrary, it could be a good one, which is why many of us favoured it in the past. I'm opposed to it now because the Canadian Manufacturers' Association, the Macdonald Report, the Business Council on National Issues, *The Financial Post* and the Fraser Institute are for it. This may seem a somewhat unorthodox way to go about deciding whether a social policy is good, but in this case it's reasonable.

The current interest in GAI appears to transcend ideological differences, since both right-wing business groups and certain progressive organizations are calling for it. Everybody thinks the current social security system is rotten, so a major overhaul - even a massive restructuring - is attractive. But there are dangers to being on the same side as business on this issue. Although what right-wing groups are calling for sounds similar, it is radically different from what most of us had in mind when we supported the idea of a GAI in the past. We wanted a supplementary program which would catch the people all the other programs had missed. We did not advocate the elimination of existing social security programs in favour of one tax-based income program, which is what business wants.

Politically it is an insane time to call for radical changes in social programs. This government is much more concerned with improving conditions for business than improving social programs for people. We simply can't trust it to do the right thing for the right reason: if we get a GAI it will be one business wants. But aside from not wanting this government to mess around with the so-



cial insurance system, there are serious flaws in what is being proposed - even by groups who normally have the interests of the poor and downtrodden at heart.

The basic idea of a GAI is that there should be a single program which would ensure a minimum income for all Canadians. A variety of different proposals have been put forward, but they have common features. The first is that a GAI would be simple: a single program operating through the income tax system could eliminate the confusion and contradictions which often arise because of the proliferation of programs which currently exist. And besides, a simple system would be cheaper to administer. The second feature is that it would be more selective in providing support; the truly poor would be identified and helped while those who do not really need public assistance, but who get it now because of universal-type programs, would not. Another feature is that it would provide support for the working poor by not eliminating them from the assistance programs as their income rises.

It is easy to criticize the programs advocated by the right; they are mean-spirited and miserly, intent on guaranteeing poverty rather than income. The first recent indication that the business community was interested in a GAI was the Canadian Manufacturers' Association's (CMA) submission to the Macdonald Commission. It advocated abolishing existing income-security programs and a variety of tax exemptions in favour of a GAI scheme. The programs to be eliminated include unemployment insurance, workers' compensation, Canada/Quebec Pension Plan, Old Age Security, the Guaranteed Income Supplement, the Family Allowance, provincial social assistance, and veteran's allowance. The CMA also wants to drop the child tax credit, the child-care expense deduction, child tax exemption, married exemption, age exemption and provincial tax credits. Substituting all this with a GAI would, according to the CMA's estimates, save the government about thirty billion dollars a year - or roughly the equivalent of the government deficit.

The Macdonald Commission liked this approach. Its proposal for a Universal Income Security Program (UISP) incorporates many of the same ideas, including the elimination of the guaranteed income supplement, family allow-

ance, child tax credits, married exemptions, child exemptions, federal contributions to social assistance payments, federal housing programs and possibly the personal income tax exemption. The outstanding feature of Macdonald's UISP is that it would replace all these programs with an extremely *low* guaranteed income. In one example, cited to illustrate how the program would work with the personal income tax exemption eliminated, a family of four would receive about \$9,000 a year. In another, with the personal income tax retained, a family would receive \$7,000. Even the commissioners recognized these amounts as on the low side. (According to Statistics Canada, the poverty level for a family of four is about \$21,700.) They candidly admitted \$7,000 was "not necessarily adequate to meet all family needs."

The justification for suggesting such low income levels was that they were also recommending relatively low tax-back rates, which means the poor would not lose all of their guaranteed income as soon as they found a job. Rather, the guaranteed part would be gradually reduced as incomes increased over time. This whole arrangement was billed approvingly as a "desirable work-incentive," something which is being touted all over the place. For example, a recent Royal Commission on Employment and Unemployment in Newfoundland proposed a similarly low guaranteed basic income, saying specifically that "the reason for keeping the GAI low (only half the minimum income level) is to prevent it from becoming a financial disincentive to work."

The crucial issue for business and government is to give people enough to keep them alive, but not so much that they will refuse to work at very low-paying jobs. The working poor are in the spotlight at the moment. But while we normally think of poor people as the unemployed, about one-quarter of poor families are headed by someone who actually has full-time, full-year work and about seventy-five per cent of poor families are headed by someone who works more than twenty weeks a year. Clearly the issue is that wages are too low. One simple solution would be to increase the minimum wage. The income protection of the minimum wage has been seriously eroded in the past decade. In 1975 the federal minimum wage was about half of the average industrial wage. Now it is about one-third. But business groups are adamant that this is not a solution to

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poverty for those who work. The Business Council on National Issues, in a recent presentation to the Ontario Social Assistance Review Committee, maintained that raising the minimum wage would increase unemployment and be counter-productive in improving income levels for poor wage earners. Business groups would prefer to see some form of minimum income scheme which would top up the income that working poor receive. The appeal of this to employers is easy to see. The burden of providing a living wage would not fall on them.

**W**hile progressive groups are critical of the low levels of income support being proposed in these GAI schemes, many are accepting the general design being put forward by the right. The Canadian Council on Social Development (CCSD), for example, has been actively trying to organize support for a GAI, which it is calling a core income program. The CCSD has held a series of workshops across the country called Work and Income in the Nineties (WIN) promoting its core income concept, which so far is rather vague in its outlines. Many labour and community groups were critical of the initial context of the discussions, in particular the neglect of the whole issue of full employment. As a result, the CCSD hastened to put forward assurances that a core income program should not be seen as a substitute for full employment policies, nor as a subsidy to employers, nor as a replacement for all social services. But despite this, they nevertheless continue to maintain that "existing income security programs could be partially or totally collapsed to finance the implementation of a core income program."

The best one can say about this approach is that it is politically naive. Can anyone believe that abolishing existing social programs in favour of a GAI will give the poor *really* adequate incomes? Certainly not if the government listens to business or takes the advice of the Macdonald Report-something they are wont to do.

There are worse things to be said about the CCSD's vision. It accepts the basic assumption that as there is only so much to go around, social programs must be simplified, rationalized and made much more selective. David Ross, the chief architect of the CCSD's core income idea, feels it will provide greatly increased benefits to those in need by re-

arranging existing income-transfer programs "without adding to the deficit, if reducing the deficit is a given in today's discussions of income-security reform." In other words, the stale economic pie is fixed in size and the only solution is to divvy it up differently so that the poorest are served first.

**I**t is difficult to argue against targeting social assistance so that it reaches only the very poorest. The poor *are* badly treated in this country, but there are real dangers in this approach. For one thing, it undermines the notion that the government has responsibilities to other groups. We have a large range of income-support programs which protect all sorts of people, such as unemployment insurance, workers' compensation, the Canada Pension Plan and medicare for starters. These programs should not be put at risk because the poor are more deserving. We should not be party to this type of trade-off. Current welfare provisions are miserable, but redesigning them at the expense of already hard-won concessions is no solution. It merely falls into line with other items on the government's agenda - the elimination of the principle of universality and greater reliance on private market forces.

The concept of universality has been particularly important for women. When family income is the gauge by which social benefits are distributed (and it always is in GAI schemes) the particular needs of women are lost. Women's poverty, except when they are living alone, is hard to see. We talk about poor families, poor kids, poor old people, but the particular poverty of women is invisible when they are in families. This is the reason feminist groups have been so adamant about the universal application of programs like family allowance and on tying unemployment insurance benefits to individual rather than family income.

Progressive groups calling for a GAI also seem to be oblivious to its total reliance on market forces to provide social services. Cutting government provision of services in favour of increasing family incomes assumes that as long as people have sufficient incomes all of their needs can be provided through the private market. This approach was advocated by conservative U.S. economist Milton Friedman in the sixties. He called it a negative income tax, and, like the GAI proposals, advocated abolishing all existing welfare schemes in favour of a sin-

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gle incomes program operating through the income-tax system. The assumption behind a GAI and Friedman's negative income tax is that public support for certain things, like housing programs or daycare, can be eliminated and people will be "free" to make their own arrangements by purchasing them directly from the private market. Even assuming that GAIs would ever be raised high enough for this to be possible (which is highly doubtful) we already know private enterprise is very discriminatory about who it wants to serve. The private housing market, for instance, has little interest in providing shelter for single mothers with kids, or the disabled, or old people. Private day-care operators tend to be much more willing to take care of kids in suburban than in rural or inner-city areas. Abandoning federal housing programs in favour of a GAI, as the Macdonald Report suggests, would be a disaster for those now served by these programs. The move toward funding private day care or giving individual subsidies so that each family can find its own child-care service is part of the same philosophy which says that individuals will be better served if they can make their preferences known through the market mechanism.

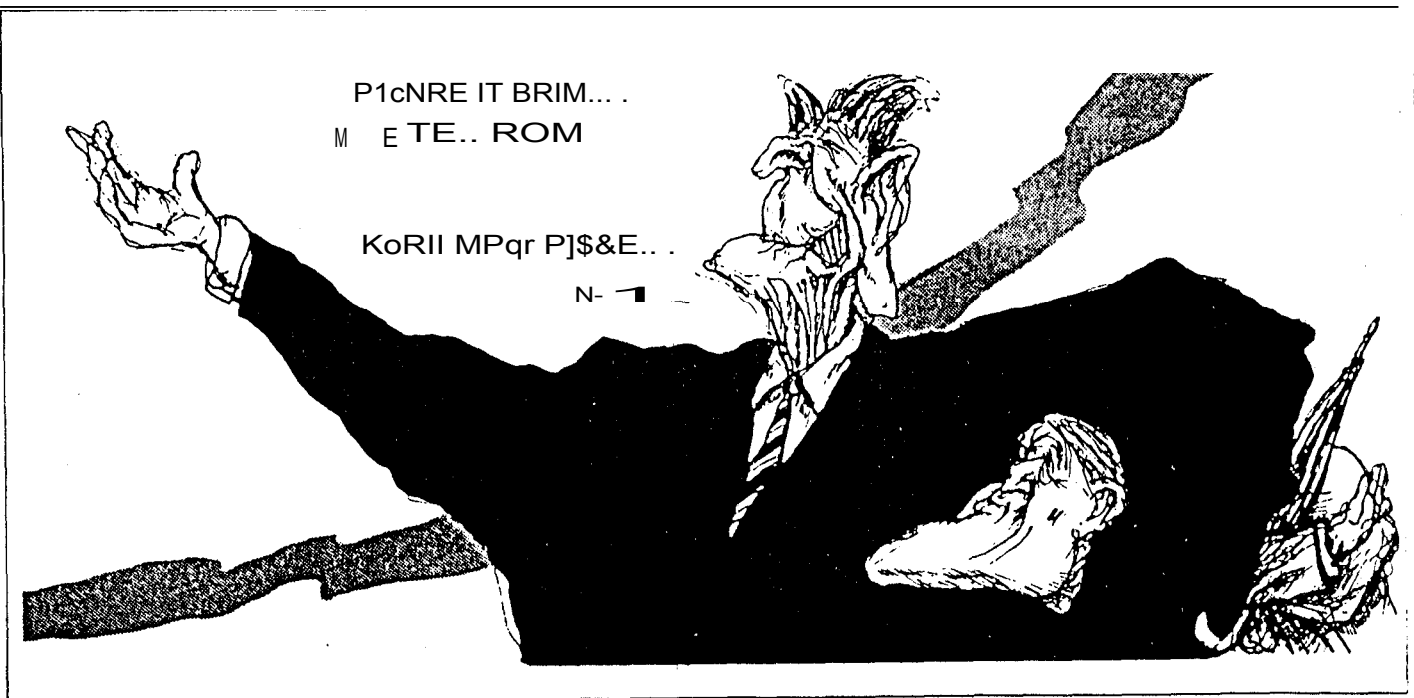
**T**he most disturbing aspect of the arguments in favour of a GAI is the assumption that work is becoming obsolete, at least work as it is commonly

understood, the kind you get paid for. There are constant urgings to rethink our concepts of work and not to focus narrowly on paid employment. This has a lot of appeal, particularly to those groups whose work has been ignored or undervalued, like women. But with this attitude, the policy implications are for redistribution within specific spheres, rather than a rethinking of the nature of production altogether. The "post-industrialists" are convinced unemployment can't be solved because technological advances have eliminated the necessity for everyone to work. A few years ago the well-known economist Wassily Leontief wrote an article in which he maintained that not only the physical, but also the mental functions involved in the production of goods and services are progressively diminishing. He likened labour's inevitable obsolescence as a result of the introduction of computerized, automated and robotized equipment to that of draft animals who were replaced by tractors and trucks. His point is that no matter how low wages fall, the cost advantages of employing technology, rather than people, will not be reversed, therefore any country which tries to maintain wage rates and levels of employment will inevitably weaken its competitive position in international trade. The issue, then, becomes not one of how to increase employment levels, but how to redistribute what work and money is available.

The extent to which the left has

bought this argument is truly amazing. The December issue of the *New Internationalist* had as its theme "Useful Work or Useless Toil." Vancouver political economist Phil Resnick's article is particularly provocative. He maintains that socialists "should cease their rearguard action in favour of full employment." Why? Because "capitalism, for all its many contradictions and failures, may at last have brought Western societies to the threshold of a new, potentially liberating, future." We won't have to work. Technology has reduced the amount of labour required so that we can now "move beyond the fixation buried deep in the Western psyche, that work for wages is the only realization of our human essence." I suppose we could debate the nature of this human essence in the Western psyche, but I somehow have the feeling that the desire for paid employment has at least something to do with our physical essence - the desire to eat, for example.

Despite all the rhetoric lavished on new concepts of work, the idea that technology has advanced to such a stage that we can be free from the necessity to work for an income is formulated in surprisingly narrow concepts of what work is. The discussion is almost completely centred on the de-industrialization of certain sectors, so the only work which seems to count is manufacturing and resource extraction. It is true that we require less labour to produce food and other tangible items that people need to



live. However, this does not mean that all human needs which require labour have been satisfied or that the new jobs which are created are simply those for "fast-food workers, janitors and security guards," as Resnick maintains. Growth of jobs in the service sector has greatly outpaced the loss of jobs in the manufacturing sector. This trend cannot be dismissed nor should governments be left off the hook when it comes to expanding the provision of services and jobs which serve people.

Those supporting a GAI haven't entirely given up on work. What they are calling for in part is a recognition that many things people do without pay should in fact be remunerated - not entirely through wages, but through a GAI. In this way the deterioration of working conditions, the expansion of part-time work for example, wouldn't be such a hardship on people. David Ross advocates greater support of work in household, community and other small-scale ventures. He feels public policy should "place a greater emphasis on the encouragement of personal, cooperative and community-based entrepreneurship." The emphasis, then, should be on self-reliance. A core income plan would support such activities and "have the side-effect of reducing the pressure on traditional markets since there would likely be reduced numbers of full-time job-hunters seeking paid employment."

**T**he government must hug itself in glee when it reads this kind of stuff. It is exactly what it wants. Women have been told for years that the best way to re-enter the labour market is to create their own jobs. Nothing could be better, from the government's perspective, than to have the mass of unemployed Canadians off in remote places stoically struggling to be self-reliant in their own households. What this approach does however, is ignore the big issues. We don't have unemployment in Canada because all production problems have been solved by technological design. Our unemployment is related to structural difficulties; for example, our tremendous reliance on trade, the low labour content of our exports and the high labour content of our imports. The problem is we have left too much to the "natural" forces of the market mechanism.

There is nothing intrinsically wrong with community and individual attempts to work things out for themselves. In

some places it is simply the only alternative and urging individuals to spurn self-help initiatives would be churlish. However, the results tend to be predictable. We see tremendous self-exploitation occurring as women in Newfoundland desperately try to make a living doing home knitting or as collectives in B.C. organize cottage industries to make children's clothing. Some may succeed, but the chances aren't good. Nor do I mean to imply that we shouldn't be rethinking concepts of work. However, in doing this we do not have to abandon the idea that the basic duty of government is to ensure that everyone who wants a paying job should be able to have one.

The "big bang" approach to social assistance reform is a tremendous gamble. It's like blowing your whole salary on lottery tickets - you might win big, but the odds are miserable. No one can defend the existing system, but rolling all assistance programs into one giant plan is a frightening solution. There are alternatives: we could increase welfare payments and redesign its administration to eliminate its degrading features; we could raise the minimum wage; provide cheap housing, transportation, and child care; improve medicare and education; pass better labour legislation; provide national disability insurance and improve publicly funded pensions. We could even insist on full employment.

The issue of a GAI is politically embarrassing for many of us because opposing it now means reversing long-standing calls for guarantees of minimum income levels. But the important point is that there is a mighty big difference between what is being proposed now and what we were proposing in the past. The right-wing are getting clever - they are co-opting our language and using it in a particularly perverse way. (They are all doing it: REAL Women uses the language of feminism "choice," "equality"; Ronald Reagan uses the language of peace - "a peaceful solution in Latin America.") It becomes very confusing when we are using the same words to mean very different things, but it is a brilliant strategy - tell the poor you are giving them what they want, call it the same thing, but work it out so that you get what you want. The results will be nightmarish for ordinary people. U

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## Erin Moure She Touched Me

I saw it  
I heard it  
It had a voice  
Two people jumped up & congratulated  
me

Their seats were empty  
It had a beautiful voice  
It touched me

I touched her  
Her mouth tasted like salt  
I held my tongue in her  
Her voice was a thread in my mouth  
Her hand touched my ear  
I heard it

They jumped up  
The bleachers were yellow & red  
The roof of the stadium  
vanished  
I held her with my mouth  
A voice heard me

The tide was down  
Wood was high on the shore  
They stood out of their seats  
They saw me  
I heard it  
It had a beautiful voice

The ramps of the new bridge were empty  
I heard the voice  
It woke me  
Her hand touched my breast where I was  
moving  
They stood up

The train pulled into the station  
A false creek stopped it  
The wood on the shore began singing  
I heard it  
It had a voice  
The water was far away  
The train let go

Their seats were empty

She touched me