

Ontario's social experiment: Can basic income buy happiness?

By Rachelle Younglai

May 1, 2017 – *The Globe and Mail*

Brandy and John Childforever have gone from one low-paying job to the next in Thunder Bay. John used to work the night shift at Safeway. Now he is working part-time at WalMart for minimum wage of \$11.40 an hour.

Brandy used to work at Cash Money Instant Loans and recently found work as an administrative assistant that pays \$16.40 an hour. But that job is temporary and she may lose it any day. With four boys to take care of, the Childforevers strain to pay their monthly bills and live in fear of losing work in the northern city.

They could be ideal candidates for Ontario's controversial social experiment to give people money with no strings attached. The province will spend \$150-million on a three-year trial, to see whether a guaranteed income will give people the freedom to find better jobs and lead healthier lives.

The government wants to know whether people receiving basic income will experience less stress and anxiety, stop going to the emergency room, go back to school and get new skills, find higher-paid jobs as well as better housing. Are they happier?

The concept of providing a basic income has become popular in recent years, as governments around the world grapple with a growing digital economy that has displaced workers from more traditional jobs and contributed to an uncertain labour market.

One Manitoba town experimented with giving residents money for free in the 1970s. No definitive assessment of the program has been completed, though one researcher found that it alleviated poverty.

It is unknown whether basic income will work in the 21st century or on a larger scale. Critics see it as a disincentive to work, not to mention unsustainable, while supporters see it easing the burdens on the health-care system, as well as a necessity in a world without jobs.

Finland, Kenya, the Netherlands and Oakland, Calif., have embarked on their own basic-income experiments over the past year. Those pilot programs, as well as Ontario's, will help provide some answers. If deemed successful, basic income could be rolled out more widely and transform how social assistance is provided.

"It is a way of assessing how people react," said Ontario Community and Social Services Minister Helena Jaczek.

As soon as this summer, randomly chosen residents in Thunder Bay, the Hamilton, Brantford and Brant County region and Lindsay will receive free cash.

A single person can receive nearly \$17,000 a year and a couple \$24,027 per year. Residents who have unstable work and low-paying jobs are also eligible.

However, any income earned from work will reduce the amount of basic income provided and there are income eligibility requirements: No more than \$34,000 per year for an individual and \$48,000 for a couple.

Much of Ontario's basic-income pilot is in flux. The provincial government still has to hire researchers and social scientists to design and administer the experiment, including picking the 4,000 participants and deciding who will get basic income and who will be part of the control group, which will not receive additional government funds. The researchers will then

have to figure out how to measure any changes in people's lives, including their mental health and job opportunities.

Basic income would make a real difference for people like 54-year old Leonard Crawford, who has been sleeping and eating at a downtown shelter in Thunder Bay since November after being kicked out of the house he had lived in for most of his life.

Mr. Crawford said he gets about \$300 biweekly in workers' compensation payments because he hurt his back lifting a fridge as a cleaner for McDonald's.

He had already been living without heat, water and hydro for five years because he could not pay the bills on his family house. The city then seized it when Mr. Crawford could not pay the property taxes.

Now Mr. Crawford spends most of his days going for walks around Thunder Bay, visiting the street where he used to live and other neighbourhoods. Sometimes he goes to the library, sometimes he talks to his old neighbours and friends. He said the city owes him money from the sale of his home and he is waiting for the cash so he can find his own apartment. "I want to get out of here," he said.

For 39-year-old Brandy and 36-year old John Childforever, basic income would help them pay down debts and find safer housing.

They are desperate to leave the social-housing complex where they live. There is blue duct tape covering a hole in the floor, water seeps in through their ceiling and Brandy worries about an electrical fire.

"We would like to get out of here, but we can't because we can't afford it," she said.

It's not just the condition of the unit, they have witnessed a knife fight from their front window, their neighbours are drinkers and there are constant parties that they don't want to subject their children to. On a whiteboard in the kitchen is a list of monthly expenses, to

show their children the cost of life. After paying the bills, they often have \$40 left over to buy weekly groceries for a family of six.

"It makes them think. It opens their eyes. They know we struggle," said Brandy. "We say, 'Look, mom and dad are both working.' We encourage them to get an education so that they can get a better job... and not have to live in a place like this," she said.

Because Brandy now has a higher-paying job, they are the only tenants paying the market price of \$960 in their rent-geared-to-income complex.

In order to move, they would likely need a minimum of \$4,000 to pay the first and last month's rent and other moving costs. On their combined income of about \$43,000 this year, they could be eligible for about \$2,000 in basic income if they were selected.

Will people work?

One of the biggest knocks against basic income is that it will stop people from working. Why work for minimum wage of \$11.40 an hour in Ontario when you can receive nearly \$17,000 a year for doing nothing?

Under Ontario's plan, if a resident earns income from a job, half of those wages are deducted from the amount of basic income he or she can receive. That differs from other basic income pilots, like the one that just started in Finland, where unemployment is a requirement to receive the free cash.

Ontario's social services minister Ms. Jaczek hopes that if people on basic income stop working, they will retrain and make other improvements to their lives. The minister said she is a "great believer" in the power of work as it "gives people that incentive to get up in the morning. It is a lot more satisfying for many people rather than being isolated," she said.

Basic income, also known as universal basic income or UBI, has become a pressing issue for

those who believe that society is in danger of falling into disrepair.

It's not just the 300,000 manufacturing jobs that have vanished. Temporary work is on the rise. Automation is replacing conventional jobs and the drop in commodity prices forced Ottawa to rethink the country's reliance on natural resources.

Over the past year, a troubling trend emerged: wage growth slowed to its lowest level in two decades. Alberta was partly to blame because of the loss of high-paying oil-patch jobs. But Ontario – the country's economic heavyweight – recently showed earning declines in higher-paid industries such as manufacturing, education and technical services.

Jobs in every industry have become less reliable. Over the past two decades in Canada, the share of the working population with permanent jobs has decreased, while the percentage of those with temporary positions has inched up.

Take health care, now a major employer in Thunder Bay and one of the faster-growing industries in Canada due to the aging population.

Trish Madigan, 44, works two part-time jobs as a personal support worker for the elderly, as well as people with multiple sclerosis and brain injuries. The single mother earns about \$23 an hour at the nursing home and \$14 an hour at the retirement home. She often works back-to-back shifts: such as midnight to 7 a.m. at the nursing home, and then 9 a.m. to 5 p.m. at the retirement home.

Ms. Madigan earns too much to qualify for basic income, though she considers her quality of life poor. Although she loves her job, she finds the pay unrewarding. Much of her downtime is spent recovering from her shifts and she rarely sees her teenage daughter. "What have I given up? A social life," said Ms. Madigan. "No one wants to date someone with these hours," she said.

Jobless future

Some of the biggest supporters of basic income can be found in Silicon Valley and among tech executives. They see a dystopian future where technology will replace most jobs and the income gap between the rich and poor will continue to widen.

"It's ugly where we are heading. We are heading to a world where fewer and fewer people participate and the people who do participate have more and more money and the people who are shut out have less and less," said Paul Vallée, the chief executive of Canadian tech company Pythian.

Studies suggest routine jobs such as cashiers will soon be automated and jobs requiring cognitive skills are safe. But Mr. Vallée, who dedicates his spare time to helping the basic-income movement, believes governments and society must adapt now.

Technology has evolved to a point where it is automating automation. Companies like Amazon, Uber and Apple have altered consumer behaviour and jobs. Retail shops are vanishing. Banks are racing to overhaul their services before technology forces them out of business.

"If we screw up, then we end up with grinding poverty and an underclass that is looking for a way out," he said.

Prohibitive costs

Even though Ontario doesn't yet know how it will determine success, Ms. Jaczek said she will look for noticeable differences between those receiving basic income and the ones not getting any additional government funds.

But providing everyone with a basic income is prohibitively expensive. The province already spends nearly \$9-billion on social assistance for about 600,000 cases. A basic-income bill for Ontario's population would likely run in the trillions of dollars.

Someone like 61-year old Leona Milloy has lived off social-assistance cheques of around \$1,100 a month for more than a decade. Severe depression caused her to leave her job teaching early childhood education in Hamilton. After a divorce, the death of her ex-husband and raising her two children, she moved to Thunder Bay.

Throughout the day, she takes more than a dozen different medications for her depression, pain arthritis and other ailments.

Ms. Milloy recently bought a bus pass to attend a community centre for people with mental-health and addiction issues. When she is not there, she spends her days sewing, doing jigsaw puzzles, watching TV and cleaning her basement apartment. To help stretch her government checks, she eats some of her meals at the community centre.

What would she do with extra money? “I would buy a better choice of meat, vegetables,” she said.