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THE CASE FOR BASIC INCOME IN CANADA¹

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I: Introduction

The idea of a universal minimum level of income support for all Canadians was first recommended by the Croll Committee Report in 1971. In the same year, the Castonguay-Nepveu Commission of Quebec suggested a similar scheme. In the early 1970s, a Social Security Review reintroduced the concept. On the basis of these proposals, the Canadian government, in partnership with the Province of Manitoba, conducted a Negative Income Tax (NIT) Experiment, called *MINCOME*, between 1974 and 1979. At the time, it was widely believed that this experiment would serve as a pilot for a universal program that would revolutionize the ways in which Canadians pay taxes, receive benefits and earn income. The oil shocks and persistent stagflation of the 1970s brought different governments to power at both the federal and provincial levels, and brought *MINCOME* to an end without implementation of the anticipated universal basic income proposal. In 1986, however, the idea was revived once again by *The Royal Commission on the Economic Union and Development Prospects for Canada*, known as the Macdonald Commission. Once again, the excitement generated by such a radical proposal did not translate into a universal basic income scheme, although subsequent governments continue to flirt with the idea, and the most effective new social support programs in Canada, such as the Child Benefit, are built on the lines of a negative income tax.

This chapter examines the social and political contexts that characterize the concept of Basic Income in Canada. Section II places the *MINCOME* experiment at the center of an ambivalence towards poverty elimination schemes that has dogged Canadian income assistance from its inception. Section III examines the policy response to *MINCOME* in the form of the *Royal Commission on the Economic Union* (the Macdonald Commission), while Section IV offers some preliminary results from a current attempt to re-examine the social consequences of *MINCOME*. The final section outlines the implicit policy of gradualism adopted by subsequent Canadian governments in response to an idea that has an ongoing resonance in Canada.

II: WELFARE, WELFARE REFORM AND A GUARANTEED INCOME

In North America before the Great Depression, the development of social assistance program was a piecemeal affair. Since the beginning, welfare policy in Canada and the US always concerned itself with the work incentive issue. The unemployable found relief through a set of uncoordinated private charities and local programs, but the employable were not generously treated. For those not eligible for particular program, the labor market was the main source of support. If earnings were inadequate, families sometimes received unreliable support from charities and, more often, went without. In both Canada and the United States, the Great Depression heralded a set of social problems not before seen and encouraged the beginnings of some national welfare policies in both countries.

In the wake of the Great Depression, welfare policy in both the US and Canada was reformed on the basis of a shared vision of how the economy ought to function. Individuals deemed capable of working should be able to find a job that paid a wage

adequate to support a family. This would be ensured by minimum wage legislation. During downturns, the government would stimulate private employment and, if necessary, directly finance public employment and public works. Over time, new programs and insurance schemes for particular issues and problems emerged in both countries without coordination and without challenging the vision of welfare policy created during the 1930s.

Long-term support would be made available only to those who were unemployable – lone mothers with dependent children, the aged and the disabled. To the extent possible, social insurance would be the basis of such support through pensions of various types and workers' compensation for those injured on the job. Unemployment insurance would support the temporarily unemployed. For those without insurance coverage, means-tested support would be made available on a temporary or emergency basis. For those deemed employable, the expectation was always that they would earn their support in the labor market and any income support in either country was doled out on a temporary basis. Notwithstanding the changes and refinements to the systems in both countries, that basic system brought into place by the Great Depression remained largely intact until the 1960s.

In the 1960s, activists in both the US and Canada began to question the *status quo*. In the US, newly elected Democrats ushered in a series of new programs. In 1961, Aid to Families with Dependent Children – the primary US welfare package – was amended to offer assistance to the unemployed. Food stamps (vouchers) were introduced in 1964, and the program was expanded in 1971 and 1974. Social Security amendments of 1962 and 1965 introduced federally funded social services and health care programs for welfare recipients and the retired.

By the 1960s, debate about income support schemes emerged in both countries. In the US, the old liberal-conservative debate about the appropriate level of generosity was complicated by a new set of controversies emerging in the Office of Economic Opportunity. Some began to question the basic vision of New Deal policies, wondering whether all the reforms envisioned would be sufficient to eliminate poverty. This set the stage for the emergence of four Guaranteed Annual Income Experiments that were conducted in the US between 1968 and 1980.

The distinguishing feature of the North American Guaranteed Annual Income experiments is that they were based on the idea of a negative income tax or refundable tax credit. Lady Juliet Rhys Williams (1898 – 1964), the British politician, is credited with inventing the phrase “negative income tax”.

The most well-known advocate for a negative income tax in North America was Milton Friedman who championed the idea in *Capitalism and Freedom* (1962). Advocates of the negative income tax saw it addressing several problems simultaneously. It would eliminate the need for a minimum wage which could be characterized as an inefficient incursion into the labor market. It would eliminate the “welfare trap” in which individuals moving off welfare and into the labor market encountered a strong disincentive in the

form of very high marginal tax rates. Gaps in social programs would be eliminated when the system was reformed into a seamless whole. For the first time, poverty among the working poor could be addressed. Moreover, using a single bureaucracy to administer an income tax/social security scheme in the form of a negative income tax was bound to be more efficient than a set of parallel bureaucracies administering inconsistent and overlapping programs. Critics responded that the potential for fraud under a negative income tax scheme would exceed that of the income tax, because the monetary returns to fraud could potentially exceed an individual's total tax liability. This would, they argued, soon require expensive policing that would wipe out any administrative savings. More significantly, critics of the schemes worried that labor markets would suffer under a negative income tax scheme because individuals, who would receive a minimum payout even if they chose not to work, would react to the disincentive. This last concern set the stage for the negative income tax experiments of the 1960s and 1970s.

In Canada, there were parallel developments. After WWII, family allowances were introduced and paid directly to mothers of minor children. Canada is a federal country, and many social welfare policies remain the responsibility of the provinces although the federal government began to take leadership to ensure similar programs across the country. The Canada Pension Plan, designed to augment Old Age Security and private pensions, was introduced by the federal government in 1966, although planning began in the late 1950s. Quebec had objected to a national scheme as an incursion into provincial autonomy, and the system was only implemented after negotiations that culminated in a separate, parallel system in Quebec. Throughout the 1960s, debates about universal health insurance culminated in a series of policy changes that saw all provinces with fully complying plans by 1972. The federal government, without provincial consultation, made major enhancements to the Unemployment Insurance Program in 1971. Income support schemes remained the responsibility of the provinces, but the federal government increased its support of provincial plans throughout the 1960s.

The centerpiece of Canadian antipoverty legislation was the Canada Assistance Plan, inaugurated in 1967. In 1970, the Department of National Health and Welfare published a report entitled *Income Security for Canadians* (the White Paper) that proposed to reform family allowances by introducing the Family Income Security Plan. In 1971, a Senate Committee report, *Poverty in Canada*, called for a universal Guaranteed Annual Income (GAI) based on the negative income tax principle. At the same time, the Quebec Commission of Inquiry on Health and Social Welfare (the Castonguay-Nepveu Commission, 1971) recommended major restructuring of social programs in Quebec.

This was a period of significant social spending, but interest in social security reform was enhanced by the political situation. The Trudeau Liberals were in a minority government position at the federal level and the (social democratic) New Democratic Party (NDP) held the balance of power. The Liberals were pressured by the NDP to consider social programs in return for political support. The NDP had been vocal in support of a GAI. However, the real impetus for a GAI came from a totally unexpected quarter. In 1971, a federal-provincial conference held in Victoria attempted to rewrite and patriate the

constitution.² On the eve of agreement, Quebec declared it could not support the “Victoria Charter” because “it failed to provide for a jurisdictional settlement in the field of social policy” and “no patriation of the constitution would be possible until those concerns were satisfied” (Van Loon 1979: 474). That is, Quebec nationalism had run up against the unilaterally imposed federal changes to unemployment insurance, and Quebec would oppose patriation of the constitution unless and until the sovereignty of Quebec with respect to social program changes was guaranteed.

Disappointment in Ottawa was profound. Discontent at the 1972 conference of Provincial Welfare Ministers focused on the federal government’s unilateral changes to unemployment insurance in 1971 and its proposed reform of family allowances. Several provinces demanded that the federal government hand over to them the jurisdiction and resources to fund the family allowance program, and the Conference called for a joint review to rationalize the social security system in Canada (Johnson 1975: 457).

The Throne Speech of 4 January 1973 called for such a review and the *Working Paper on Social Security in Canada* (the Orange Paper) appeared in April of the same year and set the stage for the discussions. The GAI attracted policy attention, and policymakers were intrigued by the US negative income tax experiments. The 1971 White Paper had explicitly drawn attention to these experiments:

An overall guaranteed income program for the whole population that is worthy of consideration is one that offers a substantial level of benefit to people who are normally in the labour market. Therefore, a great deal of further study and investigation, like the experiments now under way in New Jersey and Seattle in the United States, is needed to find out what effects such a program would have on people’s motivation, on their incentives to work and save. Until these questions are answered, the fear of its impact on productivity will be the main deterrent to the introduction of a general overall guaranteed income plan. (41).

This interest at the federal level had a counterpart in the province of Manitoba, which had just elected its first NDP government under Premier Ed Schreyer. Manitoba had declared its interest in an administrative test of the GAI as early as 1971. In March 1973, Manitoba submitted a proposal for funding of a full experiment (rather than an administrative test or pilot project) to the federal Department of National Health and Welfare. It contemplated a budget of \$17 million and expected to enroll well over 1,000 families, with Ottawa paying 75% of the costs. On 4 June 1973, Manitoba and Canada formally signed an Agreement Concerning a Basic Annual Income Experiment Project covering cost-sharing and jurisdictional issues. The joint news release announcing final approval claimed:

The Manitoba experiment is expected to make an important contribution to the review of Canada’s social security system launched last April by all ten provinces and the federal government. (22 February 1974)

² At the time, more than a century after the birth of the country, Canada was still governed by the British North America Act which was housed in London. There was no Canadian “constitution”.

The design of the project selected families from two experimental sites: Winnipeg and the rural community of Dauphin. A number of small rural communities were also selected to serve as controls for the Dauphin subjects. The Winnipeg sample was designed along the same lines as the US experiments: subjects were randomly selected from Winnipeg, and paired with matched controls from the same community. The major advantage of this design was that subject families were isolated from one another, which made it possible to vary the parameters of the negative income tax between families. The randomly drawn dispersed sample, and the use of controls, also made it possible to isolate the effects of the GAI and to draw conclusions about causation. The main goal was to gauge work response, and therefore the disabled, the institutionalized and the retired were excluded. This is the only part of the experiment that received research attention, and ultimately the findings were very similar to US findings: secondary and tertiary wage-earners tended to have a moderate labor market response, while primary earners showed little change in the number of hours worked in response to registration in the GAI.

The Canadian experiment, however, had one unique feature. It is the only experiment that contained a “saturation” site. Every family in Dauphin and its rural municipality, with a population of approximately 10,000, was eligible to participate in the GAI. This time, the elderly and the disabled were not excluded. The justification at the time was that the isolation of the treatment sample in the classic experiments would put families in a highly unrealistic situation, quite unlike the conditions that would attend a universal program. The Dauphin site was explained as an attempt to answer questions about administrative and community issues in a less artificial environment (Hum and Simpson 1991: 45).

How do you introduce controls into a saturation site? The experimenters decided to create a “shadow” Dauphin by choosing families in a number of nearby, similar communities. The Dauphin sample received the treatment, but their counterparts in these other communities, who did not receive funding, answered the same set of questionnaires and participated in the interviews and data collection.

The actual conduct of the experiment ran into difficulties fairly quickly.³ It was understood from the outset that “research” would be a joint responsibility, but Manitoba would be responsible for administration. Midway through the experiment, with the social security review disintegrating and political support for the GAI waning, the project was altered in two ways. First, research veered away from the original focus on work incentives towards administrative issues. Second, the project was directed to adopt an “archive” strategy. That is, researchers would collect and archive data, but not engage in analysis.

³ The details of the *MINCOME* experiment and the way it operated come from working papers and articles, when cited, but most come from formal and informal conversations with Ron Hikel (the senior Manitoba civil servant charged with overseeing the experiment, Michael Loeb (founding research director), Derek Hum (second research director) and Wayne Simpson (a labor economist who, with Derek Hum, has published some work describing the labor market reaction of the Winnipeg sample).

The main reason for this change was financial (Hum and Simpson 1991: 43 – 47). The original budget of \$17 million was never more than a wild guess and, in the event, proved far inadequate. The inflationary price increases of the 1970s, coupled with a larger than anticipated unemployment rate, meant that the proportion of the total going to program expenses exceeded estimates and was not under the control of the researchers. The payments to families were inflation-adjusted, but the budget was not. Moreover, these were statutory expenses. Costs for data collection would also have spiraled out of control, because wages paid to staff were not entirely under the control of researchers. Analysis was the last claim on the budget, and it was funded from an ever diminishing residual.

The first response was to cut secondary research programs. Originally, there were to be four foci: an economic program that centered on work incentives; a sociological program that looked at family formation, community cohesiveness and attitudes, mobility and the like; an administrative program and a statistical program. The sociological program was the first to go. The researchers used ethnographic methods that were highly suspicious to quantitatively-oriented senior research staff – open-ended interviews, participant-observer methodologies and so on. Press accounts of this research were disparaging, claiming that all privacy must be foregone by participants in exchange for a little money. Research on the farm labor supply was the next to go. It had always been seen as a concession to Manitoba agricultural interests, but of no real importance. When it became clear that no more money would be forthcoming and that the original budget would not even allow a reasonable estimate of labor response, the primary motivation of the experiments, the researchers declared the research project a “success”, shut it down, and spent the rest of the life of the project focusing on administrative issues which would be both cheap to undertake and necessary since the money still flowed to participants.

In the end, the project ran for four years concluding in 1979, but the data collection lasted for only two and virtually no analysis was done by project staff. Part of the explanation is a change in the intellectual and economic climate. The social security review was no longer a priority, and the GAI no longer a fashionable interest. There was no appetite, either in Ottawa or among the public, for the large and sweeping reforms that had been talked about at the beginning of the decade. The changes in government, both federally and provincially, reflected the changing mood. Neither the Progressive Conservative government of Joe Clark in Ottawa, nor Sterling Lyon’s Tories in Manitoba, were interested in continuing the GAI experiments.

The fate of the original data themselves – boxes and boxes of paper files on families containing questionnaires related to all aspects of social and economic functioning – was unclear. They were stored in an unpublicized location by the Department of National Health and Welfare. In 1981, The Institute for Social and Economic Research was created at the University of Manitoba, with funding from the federal government and a mandate to prepare the data for research. The Institute inherited a poorly organized collection with no finding guide. In the end, only the Winnipeg sample, and only the labor market aspects of that sample, was ever made available. The Dauphin data, collected at great expense and some controversy from participants in the first social experiment ever conducted in Canada, were never examined.

III: The Royal Commission on the Economic Union and Development Prospects for Canada

By 1983, the economic turmoil of the 1970s was past, but had left an enduring legacy in the form of a relatively large federal deficit and ongoing acrimony between the provinces and the federal government. In this context, a Royal Commission was established and given a broad mandate to examine all aspects of the ways in which the Canadian economy functioned. One aspect of that overall review was to look again at the arrangements for social security provision across the country.

Once again, a strong case for a Guaranteed Income in Canada was made in the 1986 report of the Macdonald Commission, and several of its background research studies. In 1982, “The Royal Commission on the Economic Union and Development Prospects for Canada”, was appointed under the direction of the Rt Hon. Donald Macdonald, who had been a senior federal minister in the energy and finance portfolios. Among its recommendations was a sweeping transformation of the ways in which Canadians pay taxes, receive benefits and earn incomes. The Commission itself described its proposals as “radical, not cosmetic, and wholesale rather than tinkering at the margin (vol. 1, p. 48). The Commission’s Report (Vol. 2, pp. 778-83) documented what were widely perceived to be limitations with the current system: no national minimum standard for assistance and consequently differential support levels between provinces; administrative inefficiencies that leave some families eligible to receive benefits simultaneously from two or more different programs; a confusing array of programs that recipients often cannot understand; and, most importantly, an inability to deal with the working poor. Welfare recipients are discouraged from moving from support to the labor market since any earnings results in a dollar for dollar reduction in their benefits.

The Commission attempted to address these defects with a Universal Income Security Program (UISP), which would “simplify and rationalize the existing aggregation of programs” (vol. 1, p. 49). Always aware of the cost of social programs, the Commission did not argue that social expenditures for income support should be reduced, but did suggest that there be “no increase in the cost of transfers and tax expenditures” (vol. 2, p. 795). Perhaps fearing public reactions, the Commission went out of its way to argue that its proposals should not be considered a guaranteed annual income scheme (vol. 2, p. 795). Nonetheless, a GAI is precisely what they proposed.

The design of the program would see the UISP replace some existing programs: Family Allowance, Child Tax Credits, Income tax exemptions for dependents, the personal income tax exemption, Guaranteed Income Supplement, and federal contributions to social assistance payments (Canada Assistance Plan) and federal social housing programs. In 1984 dollars, UISP would grant \$3825 to each adult (and first child in a single parent family) with each additional child receiving \$765. Families with income from other sources would have benefits taxed back at a 20% rate. The personal income tax rate structure would remain. This program, listed as Option A, would be funded from reallocated program expenditures from the discontinued programs and therefore impose no net cost. The Commission calculated that a family with two children and an income

below \$30,000 would gain under UISP. Families with earned income in the \$8,000 to \$12,000 range could expect an increase of \$5,000 to \$7,000. Option B would retain the personal income tax exemption and guarantee slightly lower incomes. In both cases, families without other earnings could expect a provincially funded and administered “top-up” since the UISP would replace only federally mandated programs. Old Age Security payments would be retained, since many seniors planned their retirements upon the current system, and tax-back provisions would be eliminated for single pensioners (Vol. 2, p. 796). In order to garner public support, the Commission suggested that payments to young recipients might be dependent upon an active job search, demonstrated earnings or participation in locally administered training programs. Moreover, payments to those under age 35 might be restricted to half the payout level for those over 35 years of age (vol. 2, p. 798).

The Commission declared that the scheme could be delivered either by a system of demogrants or through a negative income tax, and acknowledged the complexity of the design considerations involved in the actual delivery of either program (vol. 2, p. 799). Supplementing the UISP would be a reformed system of Unemployment Insurance designed to strengthen its social insurance basis. Attempts to use the UI system as a system of redistribution weakened its usefulness as social insurance, according to the Commission (vol. 2, 539, 602). Moreover, less emphasis would be put upon a minimum wage as an antipoverty program, and a greater emphasis would be placed upon allowing the market to function. The Commission placed a good deal of emphasis on mobility, training and education, introducing schemes such as a Transitional Adjustment Assistance Program which would provide grants for training, mobility, short-term employment and other adjustment subsidies to the unemployed (vol. 1, p. 54).

Despite the boldness of its proposals, the Macdonald Commission did not convince subsequent federal governments to undertake the radical transformation promised by its UISP. Nevertheless, the most successful and far-reaching social programs introduced since 1986, including especially the National Child Benefit, build on the principles inherent in the Macdonald Commission.

IV: Reconsidering Dauphin

More than two decades have passed since the publication of the Macdonald Commission Report and the fundamental problem of poverty amidst plenty persists in Canada. Over the past few years, there has been a re-emergence of interest among social agencies, as well as some federal and provincial government departments in the idea of a wholesale reform of social security along the lines of a GAI.⁴ Most persistent in this regard is Senator Hugh Segal who persists in raising the idea in various venues.⁵

⁴ See, for example, *In From the margins: A Call to Action on Poverty, Housing and Homelessness*, a Report published by the Standing Senate Committee on Social Affairs, Science and Technology released in December 2009.

⁵ Michael Enright conducted an interview with Hugh Segal, as well as EL Forget and Ron Hikel, for CBC Radio *Sunday Edition*, October 18 2009. <http://www.cbc.ca/thesundayedition/2009/10/october-18-2009.html>

One aspect of this renewed interest is ongoing work to document the actual consequences of the *MINCOME* experiment that were not reported at the time. The Dauphin saturation site is important for several reasons. The researchers believed themselves to be using a saturation site to gather data on program administration and agricultural labour supply. Michael Loeb, more prescient than most, imagined that a universal GAI might impact aggregate demand, and a saturation site might provide evidence of that effect. A saturation site, however, is a very different kind of social experiment than the dispersed samples of the other experiments, and can in principle provide a different kind of insight more amenable to sociology than to economics.

Imagine that you are a sixteen-year old boy in Dauphin in 1974, trying to decide whether to register for grade 12. Your family will come from one of three informal social classes (Rhyne 1979)⁶. You might be “English”.⁷ If so, your family may belong to the economic elite of Dauphin – professionals, some business owners, large landowners and many of the civil servants employed in Dauphin fell into this category. You are probably going to grade 12 and, later, to college or university in Winnipeg or Brandon. You might be Métis⁸. Your family may well be living on the other side of the river, in a community dubbed “little Chicago”, with a much lower family income. Your parents may be seasonal farm workers who experience regular bouts of unemployment. You probably do not plan to continue high school. Most likely, however, you will be “Ukrainian”.⁹ Your family will probably attend one of the two large Ukrainian cathedrals in town – the Orthodox or the Catholic. Your father will probably be a tradesman or work for the railway, and your mother will be a homemaker, a nurse in the large regional hospital, an elementary school teacher or a retail clerk. Your parents may own a small business that services the agricultural community. For you, the decision about whether to continue to grade 12 will be difficult. There are good jobs for strong boys without a high school diploma in Dauphin in 1974; you could work for the railway, in the trucking industry or in the trades like your father, and expect a decent lifetime income. You may experience considerable family pressure to contribute to family income. Grade 12, and ultimately university, will not be a foregone conclusion.

To make your decision, you (and your parents) will take into account the probable income your family will receive next year from all sources, including the GAI. Your decision, even in the classic experiments, would be useful because researchers could know how the extra income security associated with the GAI would affect incentives for human capital formation. In Winnipeg, however, you would be making that decision in isolation from other young people whose families could also benefit from the GAI. In

⁶ Darla Rhyne completed a sociology thesis at the University of Toronto in 1979, under the supervision of James Turk, on class and ethnicity in “River City”, the pseudonym for Dauphin. She was one of the controversial ethnographers, who lived with families in Dauphin and collected data on all aspects of social life.

⁷ This means, in the context of Dauphin, not Ukrainian and not aboriginal. Everyone else is “English”.

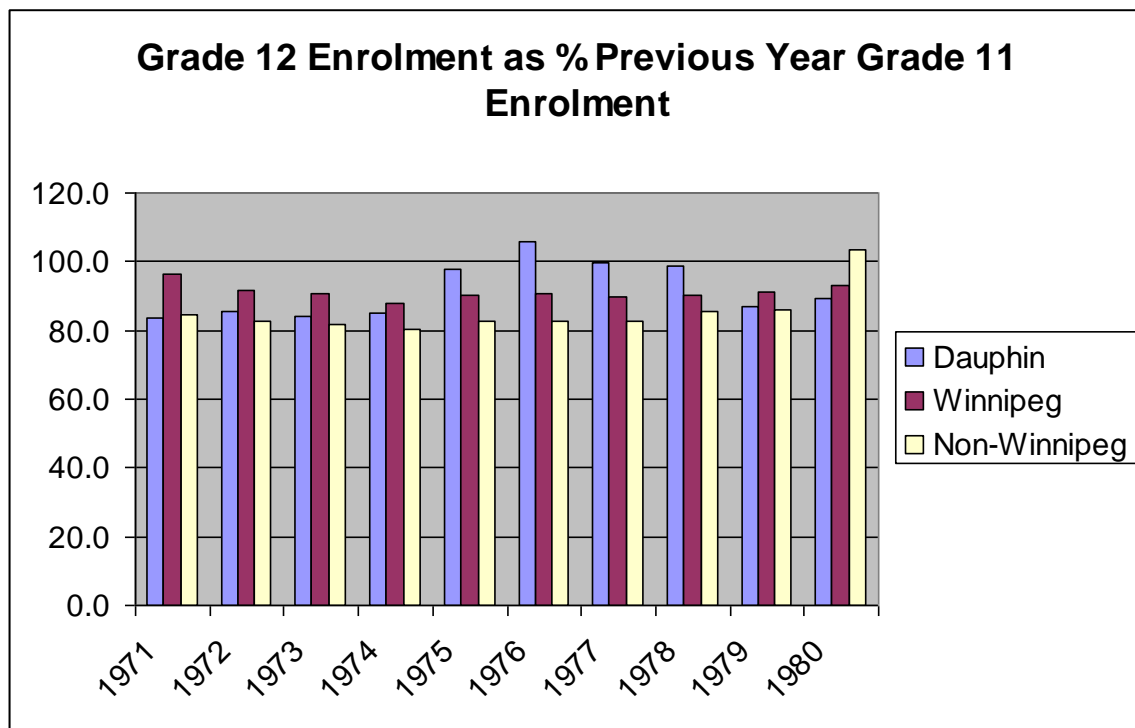
⁸ Metis are descendents of the Scottish and French fur traders and their aboriginal wives. There is ongoing negotiation to declare the Metis a “First Nation” which would confer certain rights similar to aboriginal Canadians with First Nation status, however this has not yet yielded results.

⁹ Ukrainians in Dauphin are not recent immigrants; most “Ukrainians” in Dauphin in 1974 would be second, third and fourth generation Canadians.

Dauphin, not only would your decision be affected directly by the expected income associated with the GAI, but also by the fact that all your friends would be making a similar decision and all could expect to benefit from the GAI if family income warranted it. That interaction effect would show up in Dauphin, but not in the classic experiments.

When I decided to re-examine the data from the Dauphin site, I was confronted with 1800 dusty boxes, and traces of a few obsolete data tapes. I wondered if we could examine the consequences of the *MINCOME* experiment by taking advantage of a unique population health database maintained in Manitoba. Some US experiments had gathered data on health outcomes, and I thought we might be able to replicate some of their findings (Kerachsky 1977, Lefcowitz and Elesh 1977). Before I could justify access to that data, however, I needed some evidence that it could, in principle, work. One of the effects that we expected might occur was that more adolescents, and especially more adolescent males, might continue high school beyond the mandated age (Mallar 1977; Maynard 1977; Maynard et al. 1979; McDonald and Stephenson 1979; Rea 1977; Weiss, Hall, Dong 1980). We accessed aggregate data from the Department of Education, presented in Figure 1 below.

FIGURE 1



Grade 11 enrollments as a percentage of the previous year grade 10 enrollments show a similar pattern. We could not disaggregate by gender. This figure is based on aggregate enrollment data provided by the Department of Education and does not control for underlying population dynamics. However, the population was stable and there were no classification issues that we are aware of. Money flowed to Dauphin families from

MINCOME between 1974 and 1978. Dauphin students seemed more likely to stay in high school than their rural or urban counterparts during the experiment, while they were less likely than their urban counterparts and not significantly different from their rural counterparts before or after the experiment.

Intrigued, “Manitoba Health and Healthy Living” – the provincial department that funds health insurance in Manitoba – allowed access to the medicare data, which extends back to 1970. Ethical considerations would not allow us to identify families in receipt of payments under *MINCOME*, so we looked for community-level effects. The benefit of *MINCOME* to those who collected payments is obvious, but those whose incomes exceeded the threshold and therefore did not qualify also benefited. Because this is an agricultural community and even those working in other sectors had incomes dependent on harvests and agricultural prices, few people knew in advance whether they would qualify or not. The health and social benefits, including the willingness to allow potentially useful adolescent children to stay in school rather than encouraging them to work, is dependent on perceived risk and not directly on whether the family qualified for support after the fact.

This is consistent with the conceptual framework of Evans and Stoddart (1994) who emphasized the social determinants of health. Evans and Stoddart argued that economic well-being is fundamental to the health of populations. However the precise pathways by which income influences health outcomes are less clear. Research has examined the relationship between health and each of the related concepts of mean family income, income distribution and the incidence of poverty. Our focus is on a different dimension of economic well-being: income security, which is a concept distinct from income or socioeconomic status. Income security, the guarantee that all participants can expect a basic annual income whether or not they work, gives people a longer planning horizon, allowing them to get beyond just making ends meet. Moreover, a universal program avoids targeting individuals because they are “unemployed” or “single parents”. Universality promotes social cohesion; a universal guaranteed annual income becomes a shared social experience rather than simply an individual benefit.

For some individuals, whose families were promised income security during particularly vulnerable periods of their lives, the health and social consequences may have lasted much longer than the experiment (Brownell et al. 2004a, 2004b, Chen et al. 2002, Connor et al. 1999, Haveman et al. 1994, Hertzman 1999). Adolescents, for example, may have been able to graduate from high school, rather than entering the labor force earlier or working on family farms. Figure 1 summarizes aggregate enrollment data that seems to suggest that an unusually large “lucky cohort” of adolescents in the saturation site did continue in high school during the experiment. Their contemporaries elsewhere in rural Manitoba, by contrast, seemed to follow earlier patterns of leaving school before graduation. The life chances of adolescents in the experimental site may have been permanently altered and, although more tenuous, their own children may have benefited from the better economic outcomes of their parents (Haveman et al. 1994, Hertzman 1999). In Manitoba as elsewhere, young children in rural areas suffer higher rates of accident and injury than their urban counterparts (Brownell et al. 2002, Brownell et al.

2003). Did young children in the experimental site have better outcomes than their counterparts elsewhere because an income guarantee for their parents made it less likely that children would undertake age-inappropriate tasks during a harvest, or more likely that adult supervision would exist?

Our data allow us to revisit the experimental population more than two decades later, in order to document any lifelong health and social differences. Several other Canadian provinces have organized data in a similar fashion, but the breadth and depth of the Manitoba database with a population-based research registry offers unique opportunities. The research registry contains no names or street addresses, but it does include an encrypted “health insurance” number assigned to each resident. It also contains demographic characteristics, family composition, dates of arrival and departure including births and deaths, and place of residence (a 6-digit postal code). Time-sensitive data elements (place of residence, family composition) are updated using “snapshot” registries provided every six months since 1970 (Roos and Nichol, 1999). This registry includes all Manitobans, making it possible to track residence in Dauphin during *MINCOME*, as well as moves into, out of, and around the province. Births and deaths in Dauphin and elsewhere can also be tracked. The encrypted identifier allows for linkages across databases and years of data, making it ideal for both cross-sectional and longitudinal research.

The Repository is a collection of administrative databases that holds records for virtually all Manitobans’ contacts with the health care system, as well as more recent data from the education system and family services system. The health data are available from 1970 on, and the education and family services data are available for the past decade. The health data have been extensively validated for research purposes (Roos and McNicol 1999; Roos et al. 1993, Metge et al. 1999, Robinson et al. 1997).

One of the strengths of the original experiments, however, is that they used a case-control methodology. We can find everyone who lived in Dauphin during *MINCOME* and was therefore eligible for income-contingent supplementation. But we have no way of finding the original controls. We decided to use a quasi-experimental design to construct a new cohort of controls, this time correcting the ambiguity in the original design that made it unclear whether individuals or families were the primary unit. We hard-matched on geography because we decided that living in a small rural prairie town in the mid-70s was fundamentally different than living in an urban centre. We excluded Winnipeg and we decided not to select controls from small towns in the north of the province, because these towns would have much higher aboriginal populations¹⁰ than did Dauphin, would have very different access to health care services and would be largely devoted to resource extraction which would generate very different patterns of health care use. Our

¹⁰ Aboriginal Canadians have much poorer health outcomes, but the reason we excluded sites with large numbers of First Nations people is that First Nations healthcare is delivered and financed in fundamentally different ways from that of other Canadians. In particular, people who live on reserves at least part of the time will normally not access physician services for primary health care because they will receive that health care from nursing stations or health centres. These visits will not be recorded in the provincial database.

controls were selected from small towns very much like Dauphin in south and central Manitoba. We matched each subject to three controls using propensity scores on age, sex, whether or not the individual was part of a single-parent female-led family and whether the individual lived in a small town or rural area. A check of the matches showed 99% of those under 60 in 1974 matched exactly on age and sex, while more than 95% matched overall.¹¹ Then we went to the 1971 census and compared Dauphin subjects with our weighted controls on all the factors we could draw from the census. We found only two significant differences: Dauphin subjects were more likely to list Ukrainian heritage than were the controls, and farmers in Dauphin had a greater proportion of farmland planted in canola than other crops. The latter likely had little impact on health outcomes, and was therefore ignored. Ethnicity could well have affected outcomes, but we noted that the Ukrainian heritage cited was not recent; most “Ukrainians” in Dauphin in 1974 were second, third or fourth-generation Canadians.

Our analysis of the Dauphin sample is ongoing, but we have some preliminary results. We discovered that hospitalizations among Dauphin residents declined during the MINCOME experiment, relative to the controls, but that after the money stopped flowing in 1978 the original pattern began to reassert itself. The two areas most affected were hospitalizations for mental health issues and for “accidents and injuries”¹², both areas that are often related to poverty in population health analyses. Perhaps even more significant is what we have not found – any effect at all on family dissolution or divorce rates. The one factor that was so heavily politicized in US debates had no apparent impact in Canada. In fact, all of the great fears of opponents to GAI seem vanquished: there is no significant effect on employment for primary earners, and the reduced employment of secondary and tertiary earners – married women who used a GAI to finance maternity leaves and adolescents who used a GAI to stay in school longer – is a positive outcome. Families did not split apart when offered a GAI; divorce rates did not soar. There is no basis upon which to suppose that fertility rates increased; if anything, girls who stay in school and marry later probably have fewer births over a lifetime than their poorer counterparts.

The most telling results, however, come from the participants themselves. Amy Richardson, a mother of six in the 1970s, remembers *MINCOME* as a welcome program that allowed her “to put some cream in the coffee”; she reports spending the additional income on luxuries like school books, and notes that “It was to bring your income up to where it should be.”¹³ Hugh Henderson says “If a kid wants an education, and he’s willing to pay for it, I think the government should help.” His wife Doreen Henderson insists, “Give them enough money to raise their kids. People work hard, and it’s still not enough. This isn’t welfare. This is making sure kids have enough to eat.” Perhaps most telling is Barbara Livingstone who initially wanted nothing to do with *MINCOME* despite

¹¹ Since women have a greater life expectancy than men, we couldn’t find 3 perfect matches for every man over 65. In that case, we selected the best match using propensity scores.

¹² This category includes not only the obvious automobile accidents and workplace injuries, but also the effects of family violence, suicide attempts, assaults, and so on.

¹³ Amy Richardson, Doreen Henderson, Hugh Henderson and Barbara Livingstone were among the participants interviewed by Lindor Reynolds in a *Winnipeg Free Press* article on our study: see Reynolds (2009).

qualifying; she eventually applied because “my friend assured me it wasn’t welfare, it was an experiment.”

The Dauphin component of the *MINCOME* experiment is uniquely interesting. Building on a foundation of population health which sees communities rather than individuals or even families as units of interest, we have found some evidence that a GAI does have at least some community-level effects. Our analysis is only possible because of an accident of history; universal healthcare in Canada emerged and with it the requirement for a large and detailed database just before *MINCOME* was undertaken. Without that database, we would have no capacity to uncover any of the effects of the Dauphin component of the experiment. That delicious irony is just the latest manifestation of the unexpected ways that “science” has brushed up against “politics” and sheer serendipity in the history of antipoverty policy in North America.

V: CONCLUSION

What can we conclude about the history of GAI debate in Canada? This is an idea that waxes and wanes in popularity, but it constantly re-emerges as we struggle to rationalize the ways in which we pay taxes and deliver social support in Canada. For four decades, we have come close repeatedly to introducing a wholesale reform of social security, but each time concerns about cost, about the “morality” of weakening labor market commitment among young people and married women, and about whether giving people an adequate income is “sufficient” to solve the problem of poverty undermines will.

There are two reasons to be optimistic that such a much-needed reform may yet be implemented. First, interest is again re-emerging among some agencies that fund and deliver social programs, and ongoing work on costing reasonable programs is underway. Second, we should recognize that federal government departments of various political casts have, in the wake of the Macdonald Commission (1986), introduced most significant new programs in a format that builds upon the architecture of the refundable tax credit. The Child Benefit is arguably the most significant social program introduction of recent years, and it has been responsible for reducing the poverty rate among low-income families with children. This is, in fact, a GAI for families with children. The Guaranteed Income Supplement is, in fact, a form of GAI for low-income pensioners.

It is unlikely that Canada can, in the foreseeable future, abandon its pre-occupation with means-tested benefits, but the principles of ensuring a minimally acceptable level of income are well entrenched, as is the architecture for delivering such a program seamlessly. What is still missing is a commitment to extending the principle of a basic income to all Canadians, including childless adults, at a level adequate to sustain a reasonable life.

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