

# The Basic Income Path to a Healthier Society

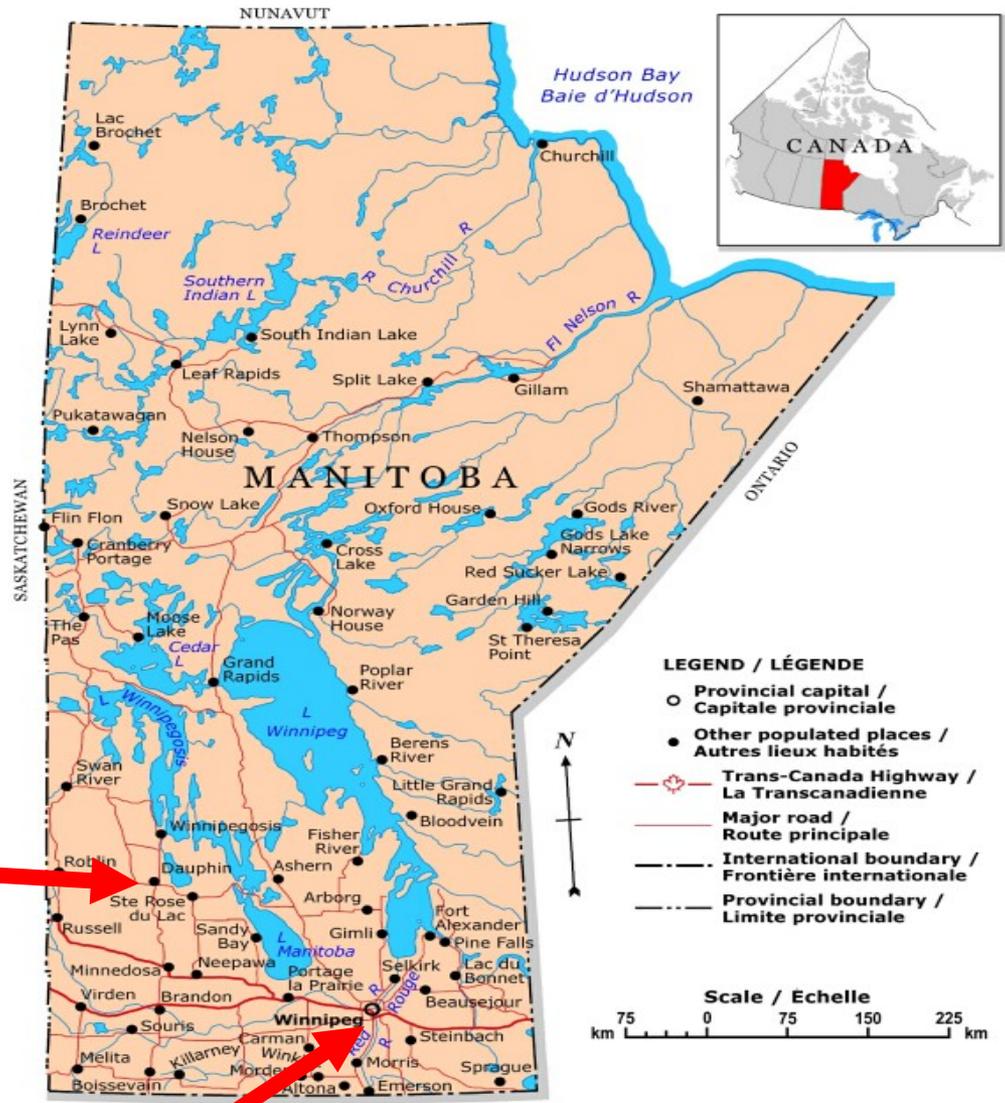
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# OUTLINE

- What we discovered about Basic Income and health from an almost forgotten Canadian experiment conducted in the 1970s – MINCOME
- How that influenced a Basic Income experiment in Ontario, Canada that was just cancelled prematurely.
- How what we discovered might be useful for others

# MINCOME

- In 1974, the federal government and the province of Manitoba decided to conduct a “Guaranteed Annual Income” experiment
- Participants received a GAI from 1975 - 1978
- Was designed to find out what effects a GAI would have on the labour market
  - **Would people quit their jobs???**



DAUPHIN



WINNIPEG



# Design

- PAYMENT DESIGN: Negative Income Tax (refundable tax credit)
  - Families received money for three years
  - Guaranteed rate slightly above “Mother’s Allowance”
  - Benefit was taxed back by 50 cents for every dollar earned in Dauphin
  - In Winnipeg, 7 different payout and tax-back rates were designed

# What happened to the project?

- Families were paid and data collected; experiment lasted for the full planned term

BUT

- Economic and political turmoil during 1970s:
  - Provincial government changed in 1976 and Conservative government elected
    - Mincome lost political support
  - Federal minority government was hanging on by a thread
    - Other economic priorities took precedence

# What happened to the project?

- Experiment ended as planned but researchers demanded more funding for analysis
- They were told to “archive the data for future analysis”

# Fifteen years later:

Hum, D. and W. Simpson. 1991. *Income Maintenance, Work Effort, and the Canadian MINCOME Experiment*. A study prepared for the Economic Council of Canada. Ottawa: Canadian Communications Group.

# Derek Hum and Wayne Simpson:

- Used the Winnipeg sample and found negligible effects on labour market
  - Men worked 1% fewer hours
  - Women worked 3% fewer hours
  - 2 groups had larger reactions
    - Married women stayed out of workforce longer when they gave birth
    - “young unattached males” significantly reduced work effort

Almost twenty years after that, I went looking for the “young, unattached males”

- I was interested in:
  - Quality of Life
  - Education
  - Health, especially mental health outcomes

# What happened to the project?



1800 boxes of paper files. No database had been constructed.

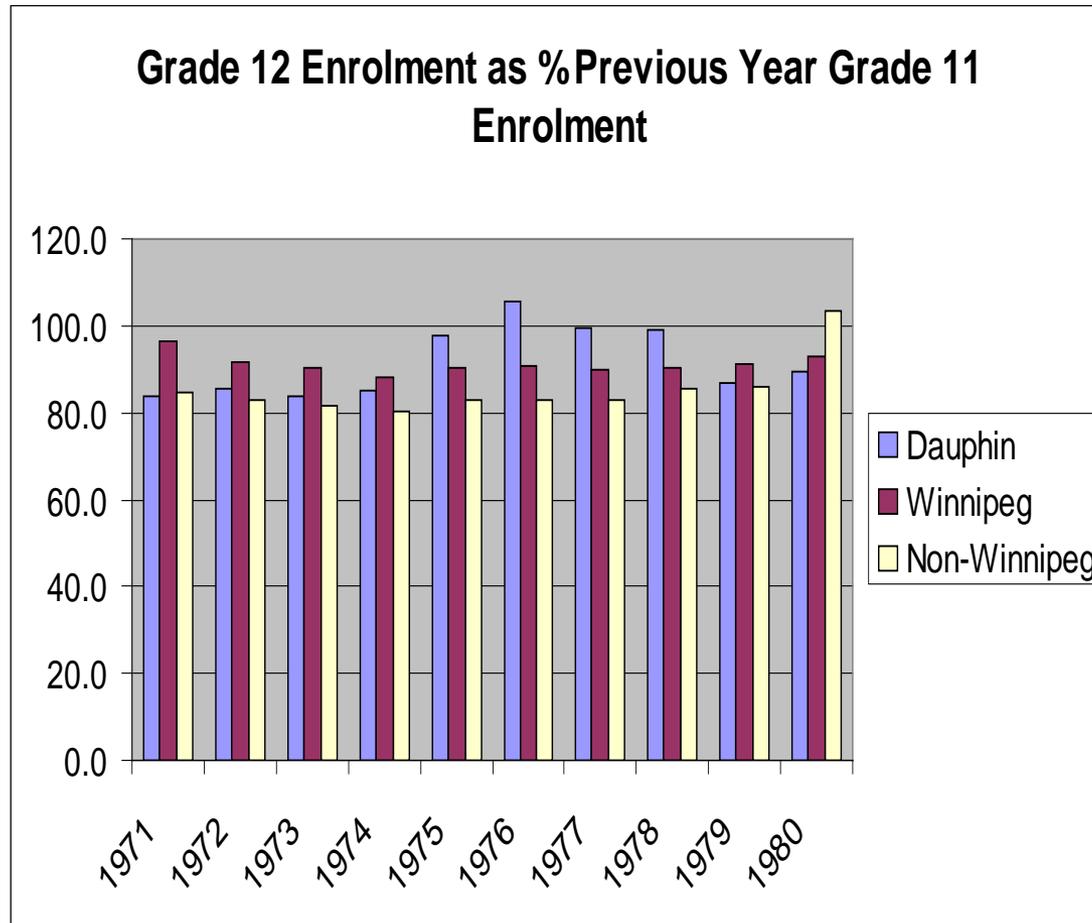
Hum and Simpson Labour Market tape had become obsolete

Library and Archives Canada

I focused on the small town of Dauphin because it was a saturation site:



# In Dauphin, high school completion increased



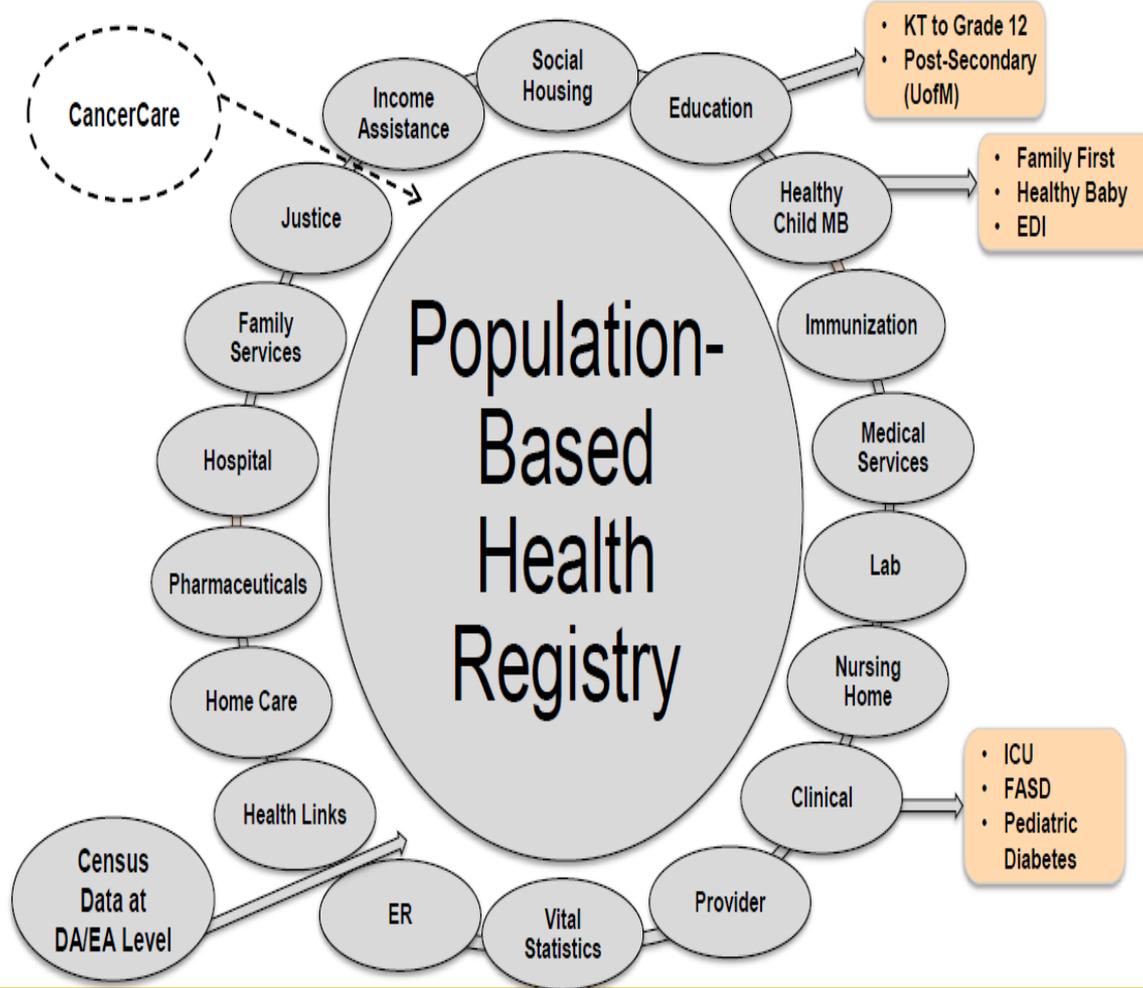
# The “young, unattached males”

- Were 16-year old high school boys
- Mincome payments to their families allowed them to stay in school for another year or two
- Imagine the differences in opportunities faced by someone who completed high school in the mid-1970s and someone who didn't

# I also wanted to know effects on health and quality of life

- I was very lucky:
  - Canada had introduced universal health insurance and by 1971 it was implemented in Manitoba
  - Administrative data routinely collected as part of healthcare delivery

# MCHP Houses the Anonymized Population Health Research Data Repository



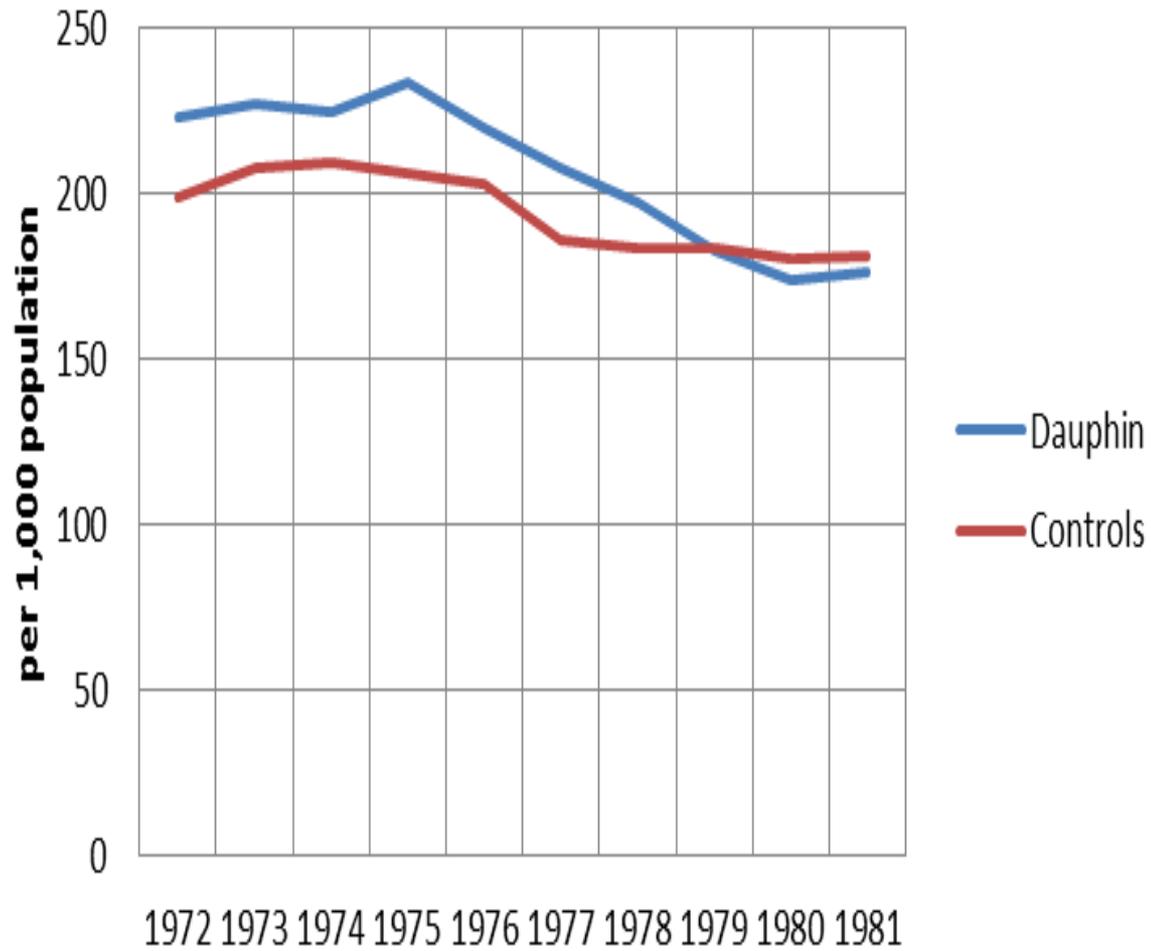
# I also wanted to know effects on health and quality of life

- A quasi-experimental design with a matched comparison group
- Created a 3 to 1 matched sample for Dauphin residents using a combination of hard and propensity-score matching

# PROPENSITY SCORE MATCHING

- Individual: age, sex
- Family: number of children, single parent female led
- Community: rural/small town

# Hospitalization Rates



# Let's look closer....

- **8.5% decline** in hospitalizations was due to:
  - Reduction in “accidents and injuries”
  - Hospitalizations with a “mental health” component

# Visits to family doctors declined among people who received a Basic Income

- The only statistically significant cause was visits related to “mental health”
  - Anxiety, depression, family conflict, sleep issues

Were there other effects?

# CHILDREN MAY HAVE BEEN MOST AFFECTED

- Stayed in high school longer
- Had first child later
- Had fewer children over a lifetime

But how did the families perceive  
MINCOME to have affected their  
lives?

# Amy Richardson



Richardson family  
1970s

# Amy Richardson:

- She ran the Dauphin Beauty Parlor from her home
- Her husband retired at 53 because of health problems
- 6 children
- Used the extra money for “luxuries” -- like “school books”

- “It was to bring your income up to where it should be. It was enough to add some cream to the coffee. Everybody was the same so there was no shame.”

# Eric Richardson

- Was about 12 when the experiment ran
- Remembers it vividly because it was the first time he and his brothers and sisters were taken to the dentist
- Eric finished high school and went to community college, and he is now a college instructor in Winnipeg

39 years after the end of  
Mincome....

In 2017, the province of Ontario  
used MINCOME to design a new  
Basic Income Guarantee Experiment

# Basic Income In Hamilton, Lindsay, Thunder Bay, Ontario

- A 3-year experiment
- 1,000 subjects and 1,000 Controls in each of Hamilton and Thunder Bay; 2,000 subjects in Lindsay

## Ontario basic income pilot project to launch in Hamilton, Lindsay and Thunder Bay

3-year pilot will cost \$588 a year and reach 4,000 households

By Paul Tait, Staff Writer, Hamilton Star | Updated: April 26, 2017 11:52 AM EST



Ontario Premier Kathleen Wynne announces the basic income pilot project in Hamilton on Monday. (The Hamilton Star)

### Related Stories

• [TWO cost estimates](#)

Premier Kathleen Wynne announced Monday a plan to study basic income in Ontario, in a three-year pilot project based in Hamilton, Lindsay and Thunder Bay.

### Weather

Today	Tomorrow	Thursday	Friday	Saturday
17C	18C	17C	17C	17C

### More Weather

### Top Hamilton Headlines

- City and province to take in record \$1.1 billion in tax
- Municipality study reveals why some people in Ontario don't use GI
- Hamilton's \$1.1 billion (GI) is one for the good
- Ontario's basic income pilot project to launch in

# Purpose

- Poverty reduction,
  - intended to follow secondary effects on mental and physical health, child development, labour market participation, human capital formation, community effects.
- In particular, they wanted to know if a BI could help them control the escalating cost of delivering healthcare

# WHO QUALIFIES?

- 18 through 64-year olds, with or without children
- Individuals can attend school while receiving BIG
- Includes people with disabilities

# WHAT WILL THEY RECEIVE?

- Refundable tax credit model based on family income
  - \$16,989 for singles (less 50% of earned income)
  - \$24,027 for couples (less 50% of earned income)
- Children receive Canada Child Benefit (no reduction in family entitlement to BI)
- People with disabilities receive additional \$6,000 per year

# HOW WOULD THEY KNOW IF THE EXPERIMENT WORKED?

- Poverty reduction, food security

- 
- Physical and mental health
  - Career and life decisions (job training, family formation, parenting)
  - Education
  - Savings and investment decisions; financial insecurity
  - Work decisions, unpaid work, gender, labour market impact
  - Mobility and housing

- 
- Perceptions of citizenship and inclusion
  - Community impacts

- 
- Administrative costs
  - Impacts on other social programmes

# Status of Project

- Sampling began in summer of 2017 and was complete by April 2018
- Provincial election in May 2018 and Conservatives were elected
- Project was cancelled in July 2018
  - Purely ideological
  - No “data” except baseline survey

# Lisa MacLeod, Minister of Social Services

- Said she'd announce the details of the cancellation "later"
- No idea how long participants would continue to receive stipends or how they will be transitioned off program – they were only informed they would receive payment in August
- On August 31, the Minister announced payments would end March 2019 to give participants time to adjust

# What happens to health when a BI experiment is prematurely stopped?

- In particular, what happened during the 30 days of uncertainty before the clarification of the status of the participants?

# Since the announcement:

- There are real fears of suicide – or worse
- Reports of people who made decisions to improve their lives, now unable to pay their rent or tuition
- Heartbreaking stories from participants who feel betrayed

My e-mail box is overflowing with  
unsolicited comments, many  
mentioning health effects

- Shared with permission
- Listen to the words people use to describe their situation
  - longing for community and inclusion

I was not surprised so many of the disabled ones, were like me, survivors of child sexual abuse, with chronic health problems, and lifelong mental health and addiction problems. being in the pilot worked so beautifully for those of us with high ACES scores and of course it does. [We] never had any security, and to get it, some of us for the first time unleashes our potential in a million ways.

-- anonymous  
email to me

i wanted you to know. you (proponents of BI) made us feel like we mattered, the wards of the state who were harmed in CAS, who were never helped by medicine who have been ostracized over and over and over. i want to say there is a special place in my heart for those in the pilot whose trauma was grossly misdiagnosed as psychotic illness by a mental health system.

-anonymous email to me

I'm having bandwidth problems due to the trauma that makes some of my other trauma symptoms flare up sort of. Migraines that went away in the pilot are worse than ever. They started coming back after the election though. I could see the handwriting on the wall.

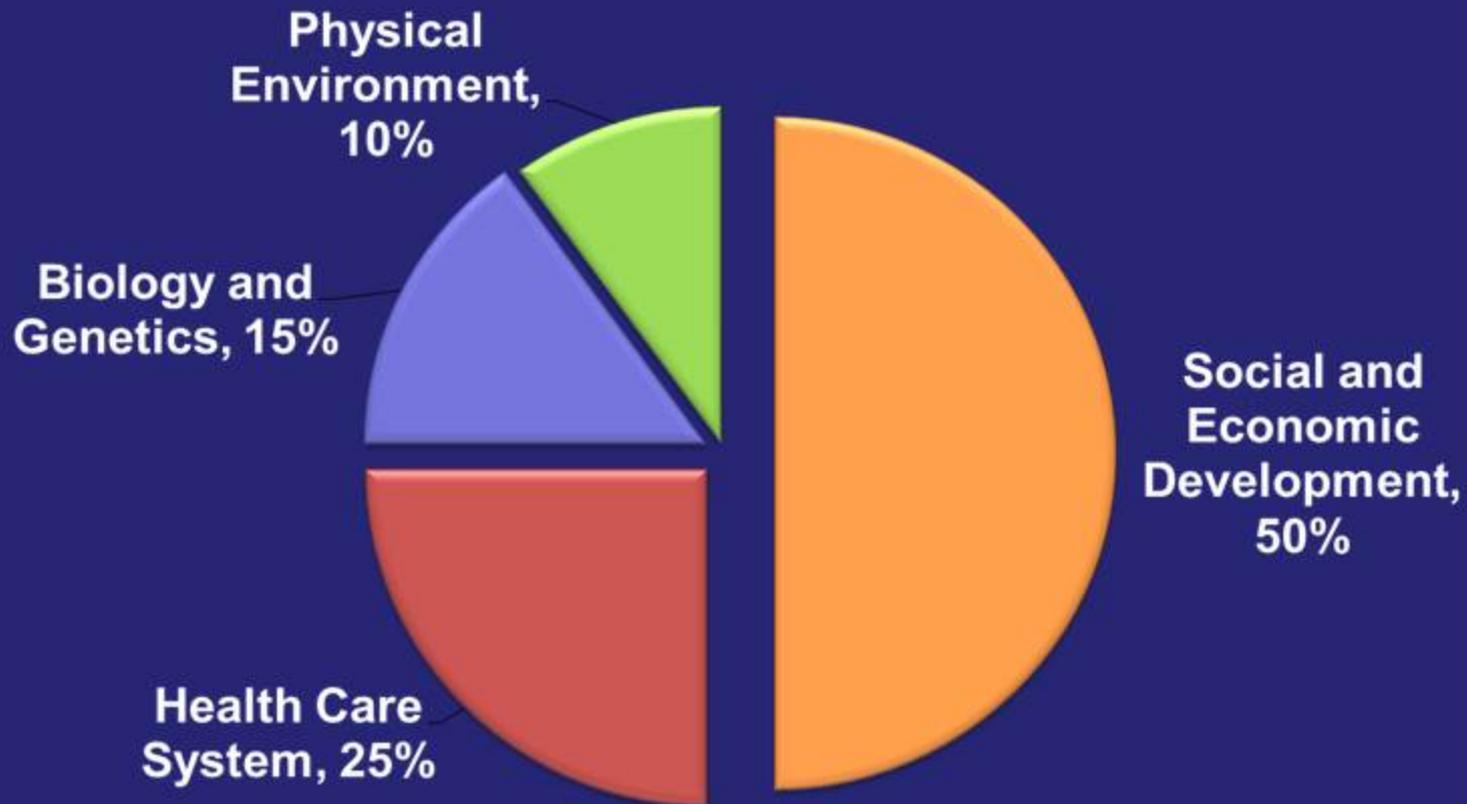
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to me

How does a basic income affect health?

# 4 possibilities to consider

- Material deprivation
- Stigma
  - Effects on individuals mediated by others
  - Effects on individuals of internalized shame
- Income Insecurity
- Income Inequality
  - Effects on individuals mediated by stress
  - Effects on individuals mediated by societal breakdown

# Estimated Impact of Social Determinants of Health



Source: Adapted from The Health of Canadians - The Federal Role, Volume One: The Story so Far, March 2001, Standing Senate Committee on Social Affairs, Science and Technology

# Material Deprivation

- Pathway
  - This is the story most consistent with “social determinants of health”
  - A BI gives people the resources to buy nutritious food, better housing, better childcare, health services not provided by the government

# Stigma

- All of our research consistently shows that, even when you control for the level of income, families who receive income assistance do worse than families who receive income from wages

# Stigma

- First Pathway:
  - Mental health suffers when recipients of income assistance are identifiable to others
- Second Pathway:
  - People have internalized social messages that shame those receiving assistance even when others do not know

# Income Insecurity

- Not the same as low income
  - Someone with a stable, secure but low Basic Income suffers from material deprivation but not income insecurity
- Income insecurity means that income is potentially unstable
  - Precarious employment is the main, but not the only, cause of income insecurity
  - Conditions imposed by current welfare system are also a source of insecurity – fines, disqualifications, arbitrary decisions by frontline caseworkers

# Income Insecurity

- Pathway:
  - This works through chronic stress, and the evidence in the medical literature on the health effects of chronic stress is voluminous – links to chronic conditions like diabetes, to birth outcomes, mental health etc.

Marin, M.F., Lord, C., Andrews, J., Juster, R.P., Sindi, S., Arsenault-Lapierre, G., Fiocco, A.J. and Lupien, S.J., 2011. Chronic stress, cognitive functioning and mental health. *Neurobiology of learning and memory*, 96(4), pp.583-595.

# Income Inequality

- Wilkinson, R.G., Pickett, K., 2010. *The Spirit Level: Why Equality Is Better for Everyone*. Penguin: London.
- Pickett, KE and Wilkinson, RG. 2015. Income Inequality and Health: a causal review. *Social Science & Medicine* 128 (2015): 316-326.
- **FIRST PATHWAY**
  - The story that has traditionally been told is that inequality affects individual health through because people experience envy and chronic stress when they compare themselves to others.

# Income Inequality

- SECOND PATHWAY

- Income inequality affects mental and physical health by attacking social solidarity
  - Housing segregation
  - Prosperity gospel churches that value individual achievement and financial success
  - Educational segregation: private schools; private universities
  - Lack of access to internships and social networks that facilitate success
- These changes close doors for people at the bottom of the income distribution

# How Can Basic Income Improve Health?

- Can eliminate material deprivation
- Can address income insecurity through its insurance effect
- Cannot really address income inequality through income redistribution, because inequality is due to very high incomes at the top
- BI might enhance social solidarity by giving those at the bottom the resources to participate more fully in society

# How can a Basic Income Improve Health?

- Stigma can be reduced by delivering a Basic Income anonymously
- Internalized social attitudes are harder to change –
  - Can a Basic Income encourage us to re-examine the ways we value one another and value ourselves?

THANK YOU!



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