

## Basic Income: Helicopter money

Written by Eric Walberg, Эрик Вальберг/ Уолберг ██████ ██████  
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About 10% of Canadians live in poverty. That figure is even higher in major cities, such as Toronto where the number of children living below the line is nearly 25%. In India, 22% of the people live in poverty. A "guaranteed annual income" (GAI) could wipe out this poverty at a stroke.

GAI (also BIG -- basic income guarantee) has been quietly mooted by both left and right since the 1960s. Economist Milton Friedman called it (approvingly) "helicopter money". What could be easier to administer, to end the most obvious source of social injustice, and which is [welcomed](#) even by most Canadians?

Leading politicians around the world have endorsed the idea. In India, several projects and modest universal Cash Transfers (CTs) have been implemented. All Green Parties from Europe to North America, the Scottish National Party, the French Socialists, all endorse it. Switzerland will hold a referendum in June. Finland will launch a trial in 2017, and is committed to implementation, as are several Dutch cities. Brazil implemented a Citizens Basic Income for all of its citizens in 2004, with positive results in terms of health and economic stimulation (and ensuring the reelection of President Lula da Silva).

Rising star of the European left, economist Yanis Varoufakis, founder of Democracy in Europe Movement 2025: *In the 50s and 60s the dream of shared prosperity was that which gave hope. The basic income approach is capable of doing this as long as you can explain to them where the money will come from, that it will not be simply debt, that we are going to generate a lot more income and a chunk of it is going to fund this.*

US presidential candidate futurist Zoltan Istvan, founder of the Transhumanist Party: *Robots are going to take many if not nearly all jobs in the next 10 to 35 years. So we need a way to*

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*transition society to being able to happily live in an age where there are no jobs. UBI (universal basic income) is the perfect vehicle.*

### Why the sudden shift to support GAI?

While the logic of GAI is obvious to India's poor, the idea has become more urgent in the developed countries, as, due to continued technological advance combined with offshoring of manufacturing jobs, particularly to China, full time employment is giving way to part time, temporary jobs and even lifetime unemployment. 40% of Spanish are now part of the "precariat", term coined by London University Professor Guy Standing, in *A Precariat Charter: From Denizens to Citizens* (a conflation of 'precarious' and 'proletariat').

The policy gains a majority around the world, even in Canada, as revealed in an [Environics poll](#) commissioned for the Pierre Elliott Trudeau Foundation in 2013.

Though social welfare reforms from the 1930s reduced inequality from the highs of the "Gilded Age" in the 1890s, the share of national income going to the richest 1% has doubled since 1980 from 10% to 20%, the level it was in the first Gilded Age. The share going to the richest 0.01% quadrupled from 1% to almost 5%, which is larger than it was in the 1880s. (It's almost as bad in Canada, also increasing sharply from the 1990s.)

Except for outright starvation, poverty is a [relative concept](#) : you feel poor when your neighbour has a new car and you are stuck with your old bicycle, or when he buys a goat and you are without milk. This was confirmed internationally by a recent [OECD poll](#)

2008 was the turning point. That the people's president Obama's hands were tied by the banksters, who made him hand out trillions to them as "quantitative easing" (QE), even as they rewarded themselves with million-dollar bonuses, shocked Americans. (Canada handed out proportionately the same billions to ours.)

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Even neoliberals and bankers themselves admit that more equality is a good thing for capitalism, according to the IMF, "an important ingredient in promoting and sustaining growth". More equality will "improve efficiency, understood as more sustainable long-run growth." More concretely: it is in the interests of these super-rich to throw more crumbs from their table if they want to keep power.

### How to finance GAI?

Canadian expert Forget proposes a GAI of \$18,000 a year for every Canadian. If people have no income from any other source, that's their total income, which will increase if they work, with a hefty tax, say 50%, till their 'real' income goes up to, say, \$30,000 and their GAI effectively goes back to the source. Forget said the challenge is finding the right dollar figure that will raise people out of extreme poverty while maintaining a financial incentive to work.

Who would qualify for the guaranteed annual income? Unlike provincial welfare programs a GAI model would be available to both the working poor as well as people on assistance. "If you're working a minimum wage at \$11 an hour or whatever it is in your province you would qualify," Forget said. It creates a work incentive to ensure that people who work are always better off than if they didn't work.

The current Liberal platform to help average Canadians targets mostly the middle class, with a tax increase on the top 1% (above \$200,000) and some tax cuts for the middle class.

The bankers haven't raised much interest here but they are the elephant in the room. One which British Labour Party leader Jeremy Corbyn recognized with his proposal of a "People's Quantitative Easing" in which the Bank of England would channel new money directly to citizens, not leave it up to the banks to do with as they please.

In other words: take the control of money away from the banks, and in doing so, alleviate poverty and create a multiplier effect on job creation. Not only 'jobs', but more generally--work, paid or unpaid. A volunteer's heaven. People who want to do good things, whether or not they produce profit, will no longer have to navigate the shark-filled waters of government grants, juggle

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part time jobs, squeezing in time for their real passions.

[Canada's National Welfare Council's report](#) showed that it would cost Canada far less than what we pay now as a result of inequality. Poverty is costing us all--as much as \$30 billion a year by one estimate--by slowing the economy, forcing up our tax bills, increasing health care costs and crime. On the other hand, the now closed National Council of Welfare put the overall cost of GAI in Canada at \$12 billion in 2011.

[AHT](#)

Basic Income Part II - International experience - BIEN, Brazil, Namibia, US, Manitoba