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Abstract

Basic income is not a single, uniform policy, but rather a range of policy proposals that share certain principles while also differing along key dimensions. Based on the extensive literature related to basic income, we conceptualize basic income as a class of policy proposals, all of which share common principles. In this paper, we look at the following questions: what are these generally shared principles and what are the differing dimensions? We highlight that designing any form of a basic income requires making well-thought-out choices with regard to how design elements will achieve specific objectives, and implementing a basic income requires working through a significant number of details.

Introduction

It is difficult to resist the beauty and simplicity of the concept of a universal basic income: it is a single, equal cash payment to all people regardless of their social status, assets, income, or ability to work, and it potentially answers the problem of poverty while circumventing the administrative complexity of the web of existing income and social support programs. Advocates of a basic income have proposed it as a tool to address a number of policy issues, including to reduce (if not eliminate) poverty, address disruptions to the labour market caused by advancing technologies and climate change, provide compensation for unpaid work, reduce gender inequality, provide a more equitable distribution of economic rents, and/or remove stigma and complexity associated with typical welfare programs. A basic income is purported to improve health outcomes, support people through school, and encourage risk-taking and entrepreneurial activities with supposedly only modest reductions in labour market attachment.¹ As such, a basic income is often touted as a policy panacea, addressing many of the major public policy challenges of today. These points may explain why piloting a basic income has been proposed by several political parties, notably the Green Party of Canada, and is supported by a number of Canadian academics.

So what exactly is a basic income? A comprehensive review of the literature demonstrates that a basic income is not a single, uniform policy, but rather a range of policy proposals that share certain principles while also differing along key dimensions. These differences are demonstrated by the myriad terms used to describe various proposals; terms like guaranteed basic income, negative income tax, livable income, citizens' income, participation income, and universal basic income are used to signal different basic income designs. We use the term "basic income" throughout to encompass all of these variants, and we conceptualize basic income as a class of policy proposals, all of which share common principles. In this paper, we look at the following questions: What are these generally shared principles? What are the differing dimensions?

This paper starts by reviewing the concept of basic income, its essential principles, and its design elements. As we will highlight here, designing any form of a basic income requires making well-thought-out choices with regard to how design elements will achieve specific objectives, and implementing a basic income requires working through a significant number of details.

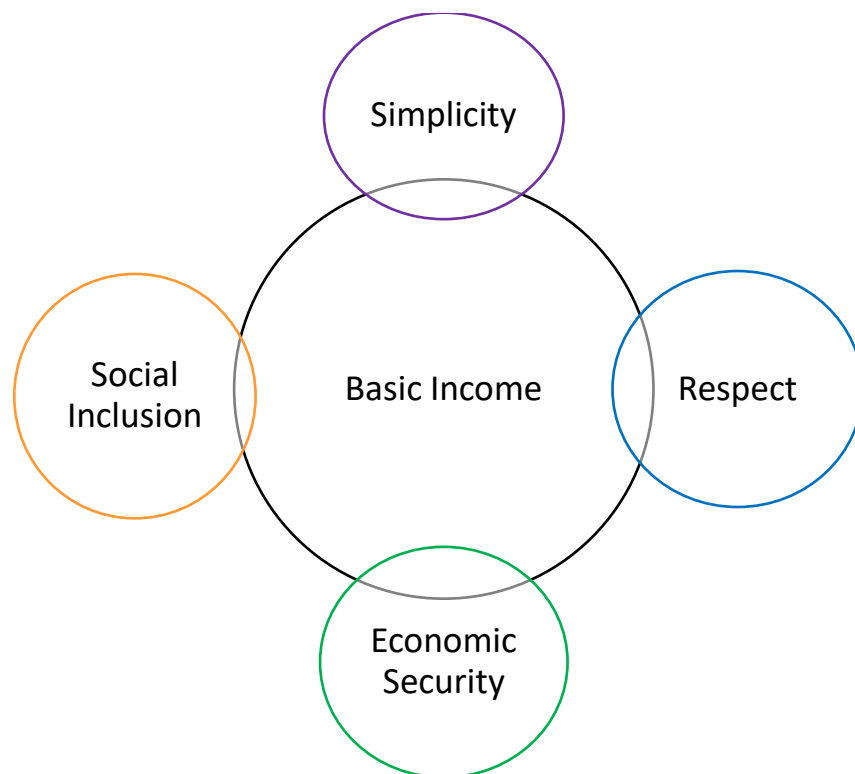
¹ The topic of the effect of a basic income on labour supply is taken up in companion papers. For now, we note that Hum, D., & Simpson, W. (1993). Economic Response to a Guaranteed Annual Income: Experience from Canada and the United States. *Journal of Labor Economics*, 11(1), S263-S296. <https://doi.org/10.1086/298335> show a very modest reduction in labour supply following the implementation of various basic income experiments in Canada and the United States; however, a companion piece Riddell, C., & Riddell, C. (2020). *Does a Universal Basic Income Reduce Labour Supply for All Groups? Evidence from Canada's Negative Income Tax Experiment*. Research paper commissioned by the Expert Panel on Basic Income, British Columbia. will re-analyze those results.

Overarching Principles of a Basic Income

While a basic income is not a single, well-defined policy, a broad review of the academic and grey literatures, popular writing, and basic income proposals from institutions such as NGOs, think-tanks, and foundations *generally* share common, albeit often unstated, principles. This is not to say that these principles are overtly stated or that every proposal or every advocate of a basic income shares these principles, but rather, based on the voluminous material available, a guiding principles framework takes shape. This “guiding principles framework” is based on four foundational principles that entail a benefit program that is simple, treats its beneficiaries with respect, improves economic security, and supports social inclusion. What does each of these foundational principles mean? We detail each below. In all cases the principles are derived in comparison to the existing income support system, whether those comparisons be real or perceived.

Figure 1

Guiding Principles of a Basic Income



Simplicity²

The current system of income and social support programs is replete with red tape. As shown by Petit and Tedds (2020b), it is a complex system to navigate: a person wanting to access the system must know what programs exist, how the program is accessed, complete the requisite application forms and processes, learn the differing eligibility requirements and how they are assessed, and understand what reporting and monitoring is required while receiving the program benefits. The intent of the system may be to prioritize the most vulnerable, yet the complexity of the system erects barriers for those the system is intended to serve by discouraging those who would benefit from the programs from accessing the programs. Furthermore, current social assistance programs often require repeat users to undergo rigorous re-application and re-eligibility requirements that not only discourage beneficiaries from leaving the program but also discourage persons from leaving dangerous, low-quality jobs or situations of domestic violence. These aspects are deeply entrenched in the existing system and contribute to the phenomenon known as the “welfare wall”: where recipients end up worse off if they leave a program for the paid workforce

A basic income, on the other hand, is intended to be simple, not only to access but also apply for and maintain the benefit. This includes knowing about the program, accessing the program, applying for the program, and understanding who is eligible for the program, with little to no regular reporting and no barriers to access for either first-time or repeat users. That is, a basic income is much less restrictive than current social assistance programs. In addition, it is intended to be as close as possible to being paid automatically, guided by opt-out principles rather than opt-in requirements. A basic income is also simple in the sense that it has a benefit schedule that is simple to understand. Beneficiaries should be able to correctly anticipate (with little to no effort on their part) when benefits are paid, how much they will receive, and how benefits are calculated. This overlaps with the principle of economic security discussed below: it is easier for persons/households to budget and build the financial reserves that help them escape the cycle of poverty when they receive a predictable benefit amount. Clearly, on the grounds of simplicity, when compared with the existing social assistance system, implementing a basic income will take more than technical changes to the system; for a basic income to be accepted, it will require an attitudinal and cultural change on the part of both the public and policy makers.

Respect

There is a firmly held notion that receiving support through the existing income assistance system is shameful and demeaning. Stigma arises from negative social attitudes of

² Simplicity is not the same as conditionality. While there are many proposals for an unconditional basic income, many other proposals are actually conditional. For example, a participation income Atkinson, A. B. (1996). The Case for Participation Income. *Political Quarterly*, 62(1), 67-70. is conditional on participation in society through caregiving, volunteering, pursuing education, and so on (a behavioural condition). A negative income tax form of a basic income is conditional on income (a technical condition). All of these different basic income choice elements can still adhere to the principle of simplicity. As a result, conditionality is a design element, not an overarching principle.

others toward benefit recipients, and negative self-characterizations (i.e., feeling like a failure, shame) which, as a consequence, devalues recipients to a class lower than non-recipients, sometimes referred to as “the undeserving poor.” Stigma affects both the take-up of income assistance benefits and the mental and physical well-being of those who receive them (Friedrichsen et al., 2017; Geiger, 2015; Ribar, 2014).

Sources of stigma are also inherent within the system itself in various aspects: individual attributions of responsibility for poverty, how the program is implemented, including wait times, and negative interactions with caseworkers (Stuber & Schlesinger, 2006). For example, a program that singles out low-income persons/households, such as a means-tested cash transfer, is more stigmatizing than a program that provides a cash transfer to nearly everyone (such as the Canada Child Benefit). Addressing stigma is important to achieving the goal of alleviating poverty: the higher the stigma associated with a program, the lower the take-up of benefits and the less effective the program is at achieving its goals, which may include the alleviation of poverty (Celhay et al., 2017; Friedrichsen et al., 2017; Geiger, 2015; Moffitt, 1983; Ribar, 2014).

A basic income should reduce, if not eliminate, stigma—feelings of shame and the signalling out of a group that is perceived as “less than”—associated with traditional welfare programs and help bolster dignity by ensuring that people are not only treated with respect by the system but are also worthy of such respect. A key component of fostering respect is to ensure that people have autonomy over how they use the assistance provided.

Economic Security

Economic security is generally defined as the *assurance* of an *adequate* income (Rejda, 2012). Economic security depends on three things: financial security, financial stability, and financial continuity. Mapping this back to the definition of economic security, adequacy is achieved through both financial security and financial stability, while assurance is achieved through financial continuity. Financial security is the ability of a person/household to secure a basic quality of life. Financial stability is the ability of households to weather unexpected income shocks, such as unexpected expenses or declines in income. Financial continuity is a reasonable expectation that a base level of income will continue in both the near term and the future.

Economic insecurity thus arises when people face limited financial resources, an inability to cover basic expenses, and/or uncertainty in income. The lack of economic security has significant effects on mental health, including fear, worry, anxiety, frustration, and depression. Dealing with economic instability requires constant juggling, which adversely affects decision-making. People who are distressed and distracted by their financial burdens may be more likely to err on the job, increasing their chances of being fired. Investing in human capital itself becomes more difficult: attending training programs requires overcoming the recurring inclination to skip a class as one deals with day-to-day struggles, like finding a babysitter or solving the challenges of long commutes. Even learning becomes more difficult when dealing with economic insecurity (Gennetian & Shafir, 2015).

The current social assistance system does not support economic security. Social assistance often does not provide sufficient income to cover basic needs and earning additional income results in either a reduction in or revocation of benefits (or fear of the revocation). Many support programs also require individuals to deplete their assets and financial reserves in order to qualify for income support. Furthermore, few of the existing programs in the assistance system provide assurance of a permanent income. Support under many of these programs is neither guaranteed nor fully continuous. There are, however, programs that are continuous for a year, such as the Canada Child Benefit and the GST/HST tax credit—that is, once you are assessed as qualifying for the benefit, your benefit is guaranteed for the next 12 months. In addition, disability assistance can often be guaranteed for life depending on the nature of the disability.

A basic income, instead, enhances economic security. A basic income helps cover basic needs and is generally an assured stream of income. Eligibility for a basic income does not require financial reserves to be depleted, which aids beneficiaries in weathering shocks; at minimum, a basic income does not make these shocks any harder to manage than they already are. This aspect of economic security, which is a key part of a basic income, is also essential to a person achieving autonomy. Autonomy occurs as economic security allows people more choices in how they lead their lives.

Social Inclusion

As outlined stated in United Nations (2016, p. 17) “social inclusion is the process of improving participation in society, particularly for people who are disadvantaged, through enhancing opportunities, access to resources, voice, and respect of rights.” Participation in society is limited when people lack access to material resources, including income and employment, or to services such as health care (United Nations, 2016). Poignantly, this recognizes that people are not able to fully participate in any given sphere without having autonomy to use these material resources to achieve social involvement. That is, social exclusion occurs when individuals face barriers to participating fully or effectively in society. Income poverty is one factor in social exclusion.

The current social assistance system attempts to promote social inclusion mainly through paid work; however, this focus on paid work often does not take into account the well-being of the recipient. Beneficiaries are encouraged (and in some cases forced) to apply for and accept paid work as quickly as possible without consideration for the quality, sufficiency, or permanency of that paid work.³ Additionally, paid work is not the only path toward social inclusion and the focus on paid work could actually decrease participation in socially beneficial

³ For example, under the Employment and Assistance Act s. 13 and 14(1)(a) and the Employment and Assistance Regulations s. 31(1), if a recipient of income assistance or hardship assistance in B.C. either fails to accept suitable employment (subject to the conditions of an employment plan) or fails to accept or pursue income or other means of support that would enable the recipient to be completely or partially independent of income assistance, the recipient’s benefits may be reduced by \$100/month for two calendar months if it was an employment opportunity or until the failure is remedied. There is no mention here of the quality of employment that constitutes “suitable employment.”

activities. For example, for recipients of social assistance, job search requirements (such as job training or monthly reporting) may reduce the recipient's ability to pursue other activities that may be both personally and socially beneficial. These other activities may include volunteering, training, caregiving, and education.

Comparatively, a basic income promotes opportunity, inclusion, and full participation in society. It does this by altering the choice set of those for whom participation in the formal labour market may not be optimal. For example, for a person considering whether to stay home and care for their young child or enter the labour force, basic income provides a value for the otherwise unpaid child-care option. This enhances social inclusion by valuing unpaid work and providing a source of income to those who choose to engage in unpaid work such as child care and volunteering, education, training, and entrepreneurship. The idea is not that people are unwilling to work, but rather that participation in the formal labour force may not be the optimal choice for all persons. Some advocates of a basic income argue that it should provide for absolute freedom in choosing how to participate, even if that activity is to stay home and binge-watch Netflix all day. However, which activities should be encouraged over others is a program design feature. For example, earnings supplements and earning exemptions that can be paired with basic income programs ensure that work pays, even the first dollar.

Summary

Taken in their entirety, the main message of the principles of basic income is that a basic income is humanizing. Beneficiaries have the right to dignity, subsistence, security, and the freedom to make choices. A basic income also embodies the power of fairness and simplicity. In essence, a basic income is about social justice.

Spectrum of Basic Income Elements

Not only do basic income proposals share the four outlined guiding principles, but an extensive review of the literature establishes that all basic income proposals entail choices for design and implementation along 13 key elements. Together, these elements individually and collectively represent a menu of possible choices in designing and implementing a basic income. That is, any basic income type support program can be viewed as a series of choices along these dimensions. Figure 2 presents these 13 elements. This section describes each of these elements and the choices that lie within them.

Figure 2

13 Elements for Designing and Implementing a Basic Income

13 elements	Objective
	Sufficiency
	Exclusivity
	Universality
	Duration
	Uniformity
	Equivalence scale
	Beneficiary unit
	Frequency
	Conditionality
	Form
	Administration
	Financing

Objective

What is the primary objective of the basic income program?

There are three major objectives identified in the literature. Traditionally, a basic income has been proposed as a means to either eliminate or, more modestly, reduce poverty. Generally, basic income is viewed as a way to broaden or enhance the coverage of existing income support programs. Income support programs are generally criticized as having low take-up rates and inadequate benefit levels. Although seldom discussed explicitly, it is often implicitly implied that take-up rates of a basic income would be high if not perfect (particularly by low-income persons), and low-income persons would receive more under a basic income than under the current social assistance programs. Whether or not this is true is dependent on design features (i.e., sufficiency and administration) that must be planned concurrently to meet this objective.

Second, a basic income has been advanced as a necessary centrepiece support program to respond to labour market transformations caused by artificial intelligence (AI) and advances in robotics (The Green Party of Canada, n.d.; Yang, 2020). In the more extreme version, this view regards basic income programs as an essential tool to addressing the mass unemployment that is purported to arrive with the advancement of artificial intelligence and robotics. The argument here is that as technology replaces the labour force, it will lead to an economy in which there is no work, or at least not enough work, for some people. In this case, a

basic income design does not have to consider work incentives, as labour supply exceeds labour demand.

A less extreme but related objective sees basic income as a tool to address structural changes in the labour market due to climate change and advancements in technology. In this view, the labour force must adapt its skill sets or potentially transition into early retirement (i.e., older workers who are unwilling to adapt or for whom there is no benefit to adapting). Both require some type of bridging either while training or while waiting to become eligible for old age benefits. In this case, the design of a basic income may focus on skill upgrading programs that complement the new technologies while ensuring that displaced workers do not become trapped in a cycle of poverty.

Finally, a basic income is viewed as a social dividend by some advocates.⁴ This view sees the basic income as a payment to citizens related to social investments. There are at least three opinions related to the basic income as a social dividend. First, it is a payment to citizens based on private-sector access to socially owned resources and assets (i.e., the distribution of resource rents). The Alaska Permanent Dividend Fund (Alaska Department of Revenue, n.d.) is often pointed to as a model of a basic income,⁵ and some advocates tout a carbon tax paired with a dividend payment as a potential basic income model.⁶ Second, it is a redistribution of economic rents, a concept that pertains to income or wealth that is essentially unearned (i.e., windfalls due to market failures (e.g., monopoly profits), returns that are the result of public investments in infrastructure improvements (e.g., urban property value increases), and zoning restrictions (e.g., single family home restrictions) (de Jong, 2019). Third, it is a payment for socially beneficial and uncompensated or undercompensated activities (i.e., caregiving). This perspective acknowledges the immense economic value of unpaid work and views the basic income as a dividend that redistributes this value back to those who are providing it.

While these objectives may seem quite similar on the surface, they have fundamental differences. A basic income whose objective is poverty reduction is focused on helping people up through creating and maintaining their labour market attachment. A basic income whose objective is structural labour market transformation is more focused on helping people up through retraining. And a basic income addressing labour market takeovers by AI is focused on catching people on their way down, with there being no possible actions that can or should be taken to address the underlying labour market phenomenon. That is, there is no need to consider retraining programs and work incentives. The first two objective are proactive, where

⁴ The idea dates back to Thomas Paine and the theory of justice Paine, T. (1797). *Agrarian Justice*. <https://www.ssa.gov/history/paine4.html>.

⁵ The Alaska fund bases the per person payment (the dividend) to eligible residents on a complex formula that results in the payment changing every year. The payment has been as high as \$2,935 per individual and as low as \$723 per individual (in real terms). While many call the payment a basic income, the variability and the lack of predictability in the payment is not aligned with the basic income principles outlined above.

⁶ See, for example, the Baker-Shultz plan Climate Leadership Council. (2019). *Exceeding Paris: How the Baker-Shultz Carbon Dividends Plan Will Significantly Exceed the U.S. Paris Commitment & Achieve 50% U.S. CO2 Reduction by 2035*. <https://www.clcouncil.org/media/Exceeding-Paris.pdf> or the plan recently endorsed by the Prime Minister of Ireland Murphy, J. B. (2019, January 30, 2019). Carbon Tax and Dividend Endorsed by Irish Prime Minister. <https://basicincome.org/news/2019/01/carbon-tax-and-dividend-endorsed-by-irish-prime-minister/>.

basic income can help people to better prepare for the changing demands in the labour market. In contrast, the AI approach is passive, where basic income is a response to inevitable transformations in the labour market that may render people redundant. Finally, a basic income viewed as a social dividend is unrelated to any of these views, but instead is about considering who should benefit from gains from exploiting socially owned assets or capital. In this view a basic income can help address important gender imbalances (as unpaid work is disproportionately performed by women), redress economic power imbalances, or help with acceptance of the policies needed to address the climate crisis.

Sufficiency

To what degree does the basic income address or cover a person's essential living costs? That is, is the basic income sufficient to cover a moderate standard of living (i.e., as defined by the Market Basket Measure poverty thresholds)?

While there are endless ways to define essential living costs and a moderate standard of living, any basic income proposal would have to wade into this debate and set specific parameters if its intent were to target some level of sufficiency. For example, a fully *sufficient* basic income aiming to eliminate poverty could be set so that no person's income falls below an accepted poverty threshold, such as the MBM (see Petit & Tedds, 2020c). A *partial* basic income, therefore, would be set below an accepted poverty threshold and be insufficient to cover a moderate standard of living (as defined by the threshold used) and additional income or support would be needed to meet the poverty threshold. A basic income, therefore, can fall anywhere along a continuum of sufficiency: from minimally sufficient to full sufficient and all things in between. An important trade-off is that greater sufficiency for a basic income entails greater financial cost.

Exclusivity

To what degree does the basic income complement or replace existing cash or in-kind programs?

Some basic income advocates back the basic income as a single scheme that replaces all other types of assistance (e.g., Lowrey, 2018), while others are more pragmatic and consider the basic income as a complement to other types of assistance, replacing only some types of assistance (e.g., Forget, 2018). Typically, advocates would entirely replace social assistance programs (i.e., welfare) but not other programs like employment insurance or the Canada Child Benefit. In the case where a basic income is included alongside other income assistance and social support programs, there is the potential for programs to interact—that is, the receipt of benefits from one program may reduce or preclude benefits from other programs. Potential interactions between a basic income and other programs reduce the simplicity of a basic income. However, the offering of multiple programs and the resulting interactions may be desirable in addressing the cost of a basic income program, the sufficiency of benefits, and

economic stability for vulnerable groups, such as persons with disabilities or women fleeing violence, who have more complex needs.

Universality

What portion of the population is to be covered by a basic income program?

A universal basic income usually envisions everyone, generally defined as citizens or residents of the enacting jurisdiction, as being eligible for the basic income. More selective basic income programs would only be available to specific groups. For example, a selective basic income might target children, seniors, or people with disabilities. Selective basic income schemes may be more acceptable politically, as people are more willing to support groups they view as vulnerable and worthy; they will also be more affordable, which further affects their acceptability.

Beneficiary Unit

How is the beneficiary unit of the basic income defined?

A basic income can be delivered to the individual or targeted to the household. It is a fairly simple matter to define an individual, but defining a household is more complex. Should it be based on a common residence (meaning that roommates are considered a household), a spending unit (such that individuals who are not tied by blood or marriage but who pool income to meet expenses are considered a household), or some definition of family (where the individuals must be related in some way)? As family formation and living arrangements become more diverse, including more adult children living with their parents, more couples living-apart-together, and more individuals cohabiting solely for the purpose of sharing expenses, defining the household as a basic income's beneficiary unit becomes a fairly complex and challenging task. Additionally, if the household is chosen as the beneficiary unit, how to scale the basic income (i.e., based on the number and ages of those defined as belonging to the household unit) is an additional design feature that must be considered (the issue of scaling is addressed in the following section).

Furthermore, basing the beneficiary unit on a definition of a household is often centred on assumptions about income and asset sharing within the household that may not hold for all households. Household-based basic income programs may actually exacerbate power imbalances within households and may reinforce dependency relationships, a reason why many women's groups support the individual as the beneficiary unit. On the other hand, basing a basic income on the individual would provide benefits to many low-earning individuals in high-income households. To the degree that the objective of the basic income is related to poverty reduction, an individual as the beneficiary unit could increase statistical inequality. Finally, individual-based basic income programs with no adjustment for family/household size are more costly (for a set individual amount).

Equivalence Scale

If a basic income is targeted to the household, how should it be scaled?

When a basic income is targeted to the household, there will need to be some mechanism to scale the transfer.⁷ This is based on the idea that as a household grows by an additional member, the needs of the household grows, but not proportionately, because of economies of scale. With the help of an equivalence scale, a basic income can be scaled for a household in proportion to its needs. Factors commonly taken into account are the size of the household and the age of its members. A typical method is to use a square root equivalence scale, which takes the per capita benefit, multiplies it by the number of beneficiaries in the household, and then divides it by the root of the number of beneficiaries (OECD, n.d.). For example, if the individual benefit is \$1,000 per month, then the monthly benefit for a household composed of two people is \$1,414. Many basic income proposals in Canada are designed to base the benefit only on the number of adults between the ages of 18 and 64 living in the household, leaving children to be covered by existing programs such as the Canada Child Benefit and seniors to be covered by various pension-style programs.

Uniformity of Benefit

To what degree do beneficiary units with similar income levels and household compositions receive similar benefit levels, and what happens if they have differing abilities or barriers to opportunities?

A universal basic income, one potential variant of a basic income, provides a simple, single, and equal payment to all people. However, this is at odds with reality: we are all born with different abilities, raised in different environments, and face different circumstances and barriers. Each of us may need a different level of support not only to survive but also to achieve our full potential. Some of us need very little to no support, while some of us need significantly more. Thus, a putatively attractive feature of a universal basic income—its simplicity and uniform treatment of everyone—may be a significant deficiency and challenge for implementation. Some adaptations to these differential needs could be relatively simple to address, such as gearing benefit levels to the cost of living in different regions. However, other differential needs, such as those associated with disabilities, are much more challenging to the proposal of a basic income. They may require complex administrative apparatus to assess individuals' type and level of disability and the associated need for extra benefits (cash and/or in-kind). Addressing this issue could require a separate program or even the retention of a reformed social assistance system.

Duration of the Basic Income Payment

For how long can a beneficiary receive the basic income?

⁷ If the basic income is not scaled, it is then an individual basic income and not a household-based basic income.

Most advocates of a basic income envision it as a permanent program with no limits in terms of the length of time a beneficiary may receive the benefit or the amount of money they can receive; however, limits have been suggested as a means to increase social and political acceptability of a basic income and to better support people through unexpected shocks and life transitions (White, 2003a, 2003b). As such, a basic income can be a permanent benefit or a temporary benefit, either as a pilot program or with time and/or monetary limits. A Canadian example of a time-limited basic income program that is based on life transitions is the Guaranteed Paid Family Leave Plan proposed by the Liberal Party in their 2019 election platform, which, if implemented, would provide a guaranteed income to all parents in their child's first year of life (Liberal Party of Canada, 2019).

Frequency of the Basic Income Payment

How frequently is the basic income benefit paid?

Generally, a basic income is envisioned as a regular stream of cash payments delivered on a set schedule. They could be delivered annually or at shorter intervals, including monthly, biweekly, weekly, or even daily, as a way to mimic wages and to better align payments with needs. An alternative but related approach that could be used to address the basic income principles identified above would be to deliver a cash transfer as a one-time, lump-sum payment, in which case it is more a form of a basic asset or capital stock (Gorbis, 2017). Finally, a mixed approach would be to deliver a basic income as a mix of a lump-sum payment initially to build a beneficiary's financial reserves (to address economic security, particularly financial stability) and then a regular stream of payments to provide financial security.

The frequency of payments is more than an administrative matter. How often it is paid will likely affect how the basic income is used. Evidence suggests that people may make different consumption-versus-saving decisions dependent on the frequency of payments. For instance, empirical evidence shows that when beneficiaries receive a large annual payment (i.e., annual tax rebate), they spend it mainly on durable goods, such as vehicles (Parker et al., 2013), and, when asked via survey, recipients claim they use annual payments to pay off bills or put into savings, with the commitment to saving increasing at lower levels of income (Shapiro & Slemrod, 2009). On the other hand, benefits paid out more frequently are more likely to be used for nondurable consumption goods. For instance, Jones et al. (2019) find evidence that the quarterly paid National Child Benefit in Canada increased spending on direct educational inputs and increased spending on household needs, such as transportation, child care, and food. In particular, families with negative savings (where expenditures are more than income) used the benefits on more basic inputs, such as food, shelter, and transportation.

Conditionality

Is eligibility for or the amount of benefit conditional on technical conditions, like income, assets, and employability, or on behavioural conditions, like looking for work?

An unconditional basic income does not impose conditions for eligibility: anyone can receive the benefit regardless of income, assets, or employability, and they do not have to adhere to any behavioural condition (e.g., actively looking for work). On the other hand, a conditional basic income imposes conditions that restrict eligibility in whole or in part.

There are two types of conditions: behavioural and technical. A behavioural condition imposes a required behaviour on a beneficiary: something that they have to do in order to receive the benefit. This can include filing a tax form or engaging in some form of socially beneficial activity. For example, a participation income (e.g., Atkinson, 1996) is only paid to recipients if they are involved in activities that are deemed to have social value (e.g., education, training, volunteering, or caring for young, elderly, or disabled dependants). Although more rare, benefits targeting families with children could also be conditional on desirable activities like sending children to school or having them vaccinated.⁸ The Manitoba Green Party in their 2019 platform imposed the behavioural condition of filing two consecutive tax returns in their proposal for a basic income (Green Party of Manitoba, 2019).

The other type of condition is technical in nature: eligibility and the amount of a basic income may or may not depend on income and/or assets. At one end of the spectrum, an unconditional basic income provides all persons with the same amount of benefit regardless of income or assets. These programs are the simplest and do not entail stigma, but there are cost implications. At the other end of the spectrum are social assistance (i.e., welfare) programs, which are not considered basic income programs, and which conduct intrusive investigations into income and assets for the purposes of eligibility and for the calculation of the benefit amount. These tend to be the most complex and generate the most stigma, but they are better at targeting low-income persons and reducing the overall costs of the program. In between these two extremes are basic income programs such as a refundable tax credit or a negative income tax that have a benefit reduction rate, where the basic income is reduced, clawed back, or eliminated if and when income exceeds specific thresholds, and neither eligibility nor amount of the benefit depend on assets. These types of basic income tend to be more complex than a universal basic income but less costly.

Technical conditions, however, raise other important issues that are rarely addressed in detail in basic income or even income assistance proposals. Notably, how are income or assets defined for the purpose of eligibility or benefit reduction? Income and assets can be, and are, defined in myriad ways, leading to different degrees of complexity and different behaviour outcomes. The definition of income for benefits is taken up in detail in Petit and Tedds (2020a, 2020b).

Form

What form does the basic income benefit take?

⁸ For example, Australia reduces the Family Tax Benefit for each child who does not meet immunization requirements.

Generally, a basic income is envisioned as a cash transfer. A cash transfer in itself can take many forms. Some basic income advocates suggest that a basic income should just be a cash payment regardless of income (e.g., Van Parijs & Vanderborght, 2017). Other advocates suggest that a basic income should take the form of a refundable tax credit or a negative income tax. Both of these forms are then conditional on income (which then ties into our previous section on eligibility and conditions).

An alternative to a cash transfer is in-kind assistance. In-kind assistance can be in the form of equivalent to cash (e.g., food stamps), a service (e.g., transportation), or an asset (housing), or perhaps even a mixture of all of these. A recent movement that has grown out of the basic income movement advocates a universal basic services model as a preferred approach (e.g., Coote et al., 2019). A universal services model sees everyone provided with shelter, health care, education, transportation, communication technology, legal protection and representation, and democratic institutions. These services, rather than income, are what a person needs to participate in society that will then provide the income necessary to fill in the gaps. Delivery of such in-kind benefits is considered in more detail in Kesselman and Mendelson (2020).

Administrative Structure

What administrative structure would be used to deliver the basic income?

In the delivery of a basic income, commonly proposed administrative structures include the use of existing provincial or federal institutions and delivery methods. However, using the existing provincial social assistance system to deliver a basic income may reinforce the stigma that is deeply embedded in the existing income support system if significant systems reforms are not put in place before implementing a basic income. Alternatively, the federal tax system is often promoted as an efficient and already existing administrative structure that does not reinforce existing stigma. However, Tedds (2017) details how this administrative structure is itself not ideal for many reasons, including (1) the tax system is itself complex and not accessible to many Canadians, (2) the Canada Revenue Agency (CRA) is focused on revenue gathering as opposed to ensuring that those who are entitled to benefits receive them, which may undercut implementation of a basic income, and (3) the CRA's dispute resolution mechanism is very formal and time-consuming. For these reasons, the use of the CRA to administer a basic income could reduce the take-up rate of a basic income; in addition, receipt would require beneficiaries to file taxes, yet not all individuals do file taxes (see Cameron et al., 2020).⁹

An additional concern that should guide the choice of administrative structure is how fluctuations in income are to be treated for the purposes of a basic income. For example, if a basic income is to be delivered through the tax system, the CRA currently only assesses income and thus benefit levels once a year; it is unable to adjust benefit levels for in-year

⁹ Nor are all persons expected to file taxes. Taxes must only be filed if there are taxes owing. This stems from the CRA's focus on revenue gathering.

fluctuations in income. This has implications for economic stability: if a basic income is unable to respond to an income crisis, beneficiaries have less economic stability. Furthermore, if a current beneficiary's income increases during the year but their benefit level does not change, the basic income may be more costly. On the other hand, the lack of mid-year adjustments also makes payment of the benefit more continuous: a beneficiary knows that once they are getting the benefit they will receive the benefit for the duration of the tax year, regardless of changes in their situation. This continuity can help with decision-making and reduce stress. Reforms aimed at making a basic income responsive could also be costly; they would require systems-level changes to the CRA, or some type of monthly income reporting system,¹⁰ or the retention of provincial social assistance programs.

While they are not often targeted for delivering a basic income, it is worth considering the role of non-governmental agencies (NGAs) in this administrative role. NGAs already play an active role in helping vulnerable populations learn about, apply, and access existing support programs and benefits. NGAs already have direct contact with vulnerable populations who likely trust the NGAs much more than they do government providers. If NGAs are not the primary administrative structure for a basic income, their importance in helping vulnerable people access the basic income should not be understated.

Funding

How is the basic income program to be funded?

Would it be through raising rates on existing tax sources, shifting current taxes to lean more on higher earners, eliminating government programs or spending cuts, through reduced use of the health or justice systems, or a combination of these? Going back to the options outlined in the section on objectives, the social dividend view of a basic income advocates a particular method of program finance, such as through redistribution of economic rents or resource rents, or through a carbon tax. However, these potential sources of funding available for governments in most jurisdictions are far below the needs of a full basic income.

Summary of Basic Income Elements

To design a basic income, policy designers will have to pick among the elements defined above, and the choices within them. While many of the elements are independent of each other, some of these elements are interdependent. For example, if the main objective is to address poverty, it may make more sense to have eligibility and the amount of the benefit evaluated at the household level, potentially with income conditions so those households with less income have a higher benefit. But if the main objective is the compensation of unpaid work or addressing gender inequities, individual benefits with no income conditions may be a better

¹⁰ The Manitoba Basic Income Pilot (MINCOME) used the CRA for delivery but also administered a monthly income test. Anecdotally, this monthly income test was a substantial burden to administrators Mendelson, M. (2019). *Lessons from Ontario's Basic Income Pilot*. <https://maytree.com/wp-content/uploads/Lessons-from-Ontario's-Basic-Income-Pilot.pdf>.

option. Taking the discussion from above, we can demonstrate these choices in a matrix; Table 1 summarizes this 13 x 3 matrix of elements. Not only can the matrix help compare and contrast different proposals, but it will also help in the designing and testing of various basic income models. It is important to note that while the elements are presented in an orderly fashion, a policy designer would not have to pick from the elements in the order presented.

Table 1*Design Elements of a Basic Income*

Element	Description	Choices		
Objective	What is the primary objective of the basic income program?	Addressing poverty, inequality, horizontal inequities	Compensation for unpaid work of social value (e.g., child care, elder care) or the payment of a social dividend related to resource extraction	Solution to labour market transformations, including that related to AI, digitization, and robotics
Sufficiency	To what degree does the basic income address or cover the living costs?	Minimally sufficient	Partially sufficient	Fully sufficient
Exclusivity	To what degree does the basic income complement or replace existing cash or in-kind programs that provide assistance to individuals and families?	Is in addition to all types of assistance	Replaces some types of assistance	Replaces all other types of assistance
Universality	What portion of the population is covered by a basic income program?	Selective population (e.g., children, seniors, people with disabilities)	Tax filers	Universal population based on citizenship or residency
Beneficiary unit	How is the beneficiary unit defined?	Fully individual	Households as defined by blood, marriage, common-law relationships	Households defined by common residence
Equivalence scale	What mechanism is used to scale the transfer according to household size?	Per capita (all beneficiaries receive the same amount regardless of household size)	Square root scale (the per capita benefit is multiplied by the number of beneficiaries in a household divided by root of the number of beneficiaries)	Other (e.g., OECD-modified, National Research Council, U.S. census)

Uniformity	To what degree do the beneficiary units receive similar benefit levels?	Varying benefit at the individual level	Varying benefit at a group level (e.g., people with disabilities)	Uniform benefit
Duration	For how long can a beneficiary receive the basic income?	Limits to benefit based on maximum numbers of weeks or years able to receive benefit	Limits to benefit based on lifetime maximum amount	Permanent benefit
Frequency	How frequently is the basic income benefit paid?	One-time payment (universal basic asset)	Annual benefit	Regular stream of benefits (e.g., monthly, weekly, daily)
Conditionality	Is a beneficiary restricted in any way in their eligibility for a basic income?	Behavioural conditions	Technical conditions	Unconditional
Form	What form or shape does the basic income take?	Cash transfer	Refundable tax credit	In-kind benefit
Administration	What administrative structure would be used to deliver the basic income?	Existing provincial entities	Canada Revenue Agency via the tax system	Non-governmental agencies
Financing	How is the basic income program financed?	Incremental tax revenues	Government program cuts or program elimination	Self-financing (e.g., resource royalties, carbon tax, rent tax, through reduced use of the health system, justice system)

Conclusion

This paper presents some important information regarding the design and implementation of a basic income, not only for Canada but for any jurisdiction wanting to explore the idea of a basic income. We examine four principles that are inherent in a basic income policy approach:

1. **Simplicity:** Basic income programs are simple to access and understand, being as close to automatic in delivery as possible
2. **Respect:** Basic income programs reduce stigma—feelings of shame and the signalling of a group that is perceived as “less than”—associated with traditional welfare programs and help bolster dignity by ensuring that people are not only treated with respect by the system but are also worthy of such respect
3. **Economic security:** A basic income enhances economic security by helping cover basic needs, does not require assets and financial reserves to be depleted before benefits are delivered, and is, generally, a guaranteed stream of income
4. **Social inclusion:** A basic income promotes opportunity, inclusion, and full participation in society

Further, an extensive review of the literature related to the notion of a basic income makes it clear that all forms of basic income involve a spectrum of choices along 13 key elements that individually and collectively represent a menu of possible choices in designing and implementing a basic income. That is, any basic income–type support program can be viewed as a series of choices along these dimensions, summarized as questions, as follows:

1. **Objective:** What is the primary objective of the basic income program?
2. **Sufficiency:** To what degree does the basic income address or cover the living costs?
3. **Exclusivity:** To what degree does the basic income complement or replace existing cash or in-kind programs that provide assistance to individuals and families?
4. **Universality:** What portion of the population is covered by a basic income program?
5. **Beneficiary unit:** How is the beneficiary unit of the basic income defined?
6. **Equivalence scale:** What is the adjustment mechanism to scale the transfer according to household size (or is it just an individual transfer)?
7. **Uniformity of benefit:** To what degree do the beneficiary units for the basic income receive similar benefit levels?
8. **Duration of the basic income payment:** For how long can a beneficiary receive the basic income?
9. **Frequency of the basic income payment:** How frequently is the basic income benefit paid?
10. **Eligibility or conditionality:** Is a beneficiary restricted in any way in their eligibility for a basic income?

- 11. Form:** What form or shape does the basic income take?
- 12. Administration:** What administrative structure would be used to deliver the basic income?
- 13. Financing:** How is the basic income program to be financed?

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