



Submission to the 2021 Federal Pre-Budget Consultations

Basic Income Canada Network (BICN)

We welcome the opportunity to contribute to this budget. We are making income security proposals towards the goal of **economic recovery for all**.

It is a tragic reality that, despite lofty rhetoric, people are being left behind and pushed out of the economy. Their numbers are growing due to the financial strain of the pandemic combined with the cracks in Canada's social protection systems that COVID-19 has exploited. People who thought they were middle-class are now facing hardship they never imagined. For people disadvantaged long before the pandemic hit, the situation continues to worsen. Income and wealth inequality are widening. Trauma is building. That is not the path to a better future.

All orders of government face mounting social and economic problems and costs if they don't reverse these trends. Waiting is dangerous.

The federal CERB instinct was correct—financial crisis requires cash. Its design had flaws but they are solvable. The knowledge gained through programs and studies over the years can be used to design a simpler, unconditional basic income guarantee that is available to Canadians when and as they need it. It prevents financial challenges from becoming full-blown crises, enabling people to more readily transition to better situations in their health, education, family, work, and community life. It supports local economies, where income is spent and where businesses need customers to survive. It also acts as a stabilizer and stimulus for the larger economy.

Support for basic income is growing among parliamentarians. Polling shows majority public approval too. Still, there are those who are undecided or opposed in some way. Sometimes this reflects design concerns that merit examination to find solutions or trade-offs. Sometimes it reflects lack of knowledge about what could work in Canada—of the careful and rigorous modelling that has been done, studies that call for basic income, a large body of evidence, the policies already in place. Some commentary is discriminatory and disrespectful towards Canadians who are struggling. Constructive engagement can address all these issues.

A basic income guarantee is a rational, proven model in Canada where we provide such guarantees for significant parts of the population already. Canadians who fall through the cracks must be brought in. Government must take seriously what Canadians need and want.

RECOMMENDATIONS

For this 2021 budget, BICN urges the federal government to allocate resources to:

1. Establish a responsibility point within government, accountable to a designated Minister, with staff, expertise and other resources required to develop options for investments in a national income security program that is federally led and consistent with basic income principles, especially unconditionality.

2. Engage with the Government of Prince Edward Island, as it has requested, and invite other jurisdictions, to work toward the design of a national program with a Federal/Provincial/Territorial framework for transitioning to a new system, similar to collaboration that ushered in the national child benefit system in the 1990s.
3. Engage with stakeholders in developing design options, including former basic income pilot participants, recipients of other income security programs, and people with research, policy design and implementation expertise on basic income type programs.
4. Utilize program vehicles designed to deliver greatest support to those with lowest incomes with as few conditions as possible, should federal temporary income measures be adapted or developed to respond to the pandemic or other crises until a more permanent system is in place.

CONSIDERATIONS

Current Competing Income Security Systems

Unconditional income guarantees for seniors (OAS/GIS) and families with children under 18 (CCB) are gradually income tested and provide regular, substantial security. The GST credit is more universal reaching single adults under 65, but the amount is very small.

- These are federal benefits. Provincial and territorial add-ons are federally administered. Income guarantees for seniors and parents have been successful in reducing inequality, increasing financial security, health and well-being, and reducing both incidence and depth of poverty.
- They have adapted positively; benefits related to children have become more adequate and effective over time.
- Both seniors' and children's benefits have transitioned people off of welfare rolls.
- This model gets good return on investment for people and the economy. It is well supported by Canadians.

Social assistance (SA) is available only *after* people are in deep financial crisis. That leaves people living on low and precarious incomes ill-supported in their efforts to stay afloat. Living in perpetual financial insecurity takes a toll on physical and mental health. SA makes matters worse. It is conditional, humiliating and stigmatizing. It creates barriers to health, employment and other life activities.

- SA is administered by provinces and territories. Benefits vary by jurisdiction; the many rules change frequently. Incomes are usually far too low to meet basic needs forcing recipients to seek time-consuming services and charity to get by.
- Some services that people want, like education and training, can be denied by caseworkers. There is a great deal of room for race, gender and other biases to affect interactions.
- Services only for welfare clients mean that other struggling Canadians can't access them.
- Reviews of SA over decades have produced little change. Cut backs and erosion of benefits have been common. It traps people rather than enabling positive transitions.

We would all be better off investing in a *national basic income* that is delivered more simply, fairly, consistently and effectively.

Cost and Financing

There are pragmatic design options for Canada. They do not involve giving money to billionaires. They do not replace public services; they work in synergy. They do not require huge amounts of new money. They can save money. They require investing differently to manage costs and maximize positive outcomes.

Designs modelled by the Basic Income Canada Network (Option 1 at https://www.basicincomecanada.org/policy_options), by the previous Ontario government, the Parliamentary Budget Office, the government of Prince Edward Island, and others have much in common. All show that feasible options exist.

They focus on income-tested benefits designed to be a foundation that doesn't have cracks to fall through, to improve adequacy of income, to reward paid employment, and to taper off gradually. They make costs manageable and maximize good outcomes. They avoid financial crises.

BICN goes furthest in identifying potential funding sources that can be rolled into a basic income guarantee—re-profiling and simplifying resources that are already in the tax/transfer system (including social assistance payments) and adding tax fairness measures (Canada gives wealthy people billions in tax breaks that we think should go to those who really need them). There are other ways to pay for it as well, however. And there will be downstream savings because we are paying billions of dollars now for preventable consequences of inequality, poverty and other problems.

Basic income is a low-risk investment that brings a high return in wellbeing for individuals and the country. Those who receive it will spend it, putting it directly back into the economy, a boost for local business especially. Then people will find and create other opportunities to have the best life they can. A study for UBIWorks conducted by the Canadian Centre for Economic Analysis <https://www.ubiworks.ca/groweconomy> shows that a basic income can make a contribution to job creation, revenue generation and a stronger economy overall. It also highlights that it can be financed in different ways and pays for itself over time.

There is no viable alternative that can get these results. Giving people more services *instead of* money leaves people out if the services don't match their unique and changing needs or can't be delivered where and when they are needed. Denying income keeps people out of the larger economy. It adds to cost and bureaucracy. The vast majority of Canadians are quite capable of managing their own lives with better income security. Services can be better deployed to help with special challenges that go beyond basic income needs. As for other income-based programs, conditions add to bureaucracy and cost and leave people out.

A Solution for Multiple Challenges

Basic income is not a panacea. It is, however, a solution that makes many problems easier to tackle. It is not just about poverty, although it is certainly about that, and it is not just a replacement for social assistance, although it certainly needs to do that. It is a much bigger and more profound solution to multiple challenges.

A basic income helps avoid financial crises, provides resilience and helps us manage transitions that are inherent in human lives. It's not just an individual matter; it also provides resilience to communities. Our economy is in transition, our climate, demographics and democracy too.

Instead of focusing on 'who' we think are the people who will benefit most, we need to think about why we all need income security, 'when' any of us might need some support and when we are able to help others.

Many reasons are given for a basic income. For example, there is concern about technology and the rapid pace at which it is changing our lives. Whether changes are positive or not, lasting or not, they are disruptive. Some argue that technology and artificial intelligence will end work as we know it. Others argue that new and better jobs will replace old ones.

While that debate goes on, the bank teller who has lost his job to an ATM and on-line banking still needs to eat today, have a roof over his head, pay for internet service and have some capacity to plan for what's next. The mature, middle-class woman whose experience is no longer in demand may have assets. But they could run out before she is able to transition to a different field of employment. She'd end up on social assistance. A basic income would help her pivot and maintain wellness.

A basic income is not going to solve all the issues that technological change entails, or racism, climate change, gender-based violence, a steeply unequal economy, the mistakes we all make from time to time.... or a pandemic. Other programs can create green jobs, affordable housing and child care spaces, support small businesses, curb violence, raise wages ... and vaccinate the population.

Those kinds of programs are incredibly important but not sufficient either; they are not direct, fast or flexible enough to meet immediate, daily, changeable basic needs. CERB did respond to those needs with cash, quickly (again, with flaws that can be fixed). It worked. People who received CERB said it reduced their anxiety, gave them 'breathing room'. They used their cash in diverse ways. It prevented a very difficult public health crisis from becoming worse due to personal financial stress. Those who were ineligible were not so fortunate.

Nothing is served by a system that denies opportunity and drives anxiety, hunger, illness, anger and desperation. Everything is served by people who have options.

Unconditional cash, when it's needed, has a permanent role to play in public policy. A basic income guarantee is that simple, common-sense policy.

As a participant in a federal study that recommended a basic income summed it up:
Most people want to empower themselves but they have been excluded from these opportunities. They want respect. They want a chance to show what they can offer the world.

Sheila Regehr
Chairperson
Sj.regehr@gmail.com