

Brief to the Standing Senate Committee on National Finance

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The Basic Income Canada Network (BICN) welcomes the opportunity to contribute to the work of this committee in its **Study on the government's response to the COVID-19 pandemic and its economic impact** to enable Canada to refine its response to COVID-19 and move from emergency to more permanent policies that meet the challenges of our time and an uncertain future.

This brief addresses the socio-economic impacts of COVID-19 with specific recommendations for a basic income that ensures everyone is able to meet essential needs and bolster their health during the course of the pandemic and beyond.

This is an unprecedented time. Parliamentarians will have to make the most difficult decisions about life and death for other people. This takes far more honesty, frank discussion and bravery than usual. It is no time to be cavalier or cynical; the need is too important and urgent.

BICN wants to underscore a few main points to aid the Committee:

- Calls for a basic income are growing from all parts of society for our **common good**.
- There is far more **evidence** for, and expertise on, basic income than many people realize (those of us working in this area for years can be a valuable resource to the Committee and government in designing policy going forward).
- Newspapers, talk shows and social media are full of **opinions** on basic income lately, some thoughtful, others ill-informed and lacking evidence.
- **Policy options** for a comprehensive, equitable, and affordable basic income have been rigorously modelled for Canada by leading economists, including some working with BICN. We support a basic income guarantee for 18-64 year olds comparable to the CERB monthly amount of \$2000, gradually reducing as other income rises, ensuring that some benefit continues into the middle income deciles, consistent with BICN's design and principles.
- The federal government has demonstrated through CERB that it has the capacity to act and adapt quickly. That inspires confidence that transitioning to a basic income may be difficult but it is certainly feasible.

It is past time. Canada needs a guaranteed basic income now.

Calls for a basic income have been made in diverse sectors of society from Indigenous leaders, to faith institutions, 50 Senators, over 150 health care professionals, a million youth and many more. Public health officials (including the Canadian Medical Association, the Canadian Association of Social Workers, and the Canadian Public Health Association) have long been supporters of basic income because they see the harmful evidence of life without income security. There are also now emerging collaborations among leading figures in the food insecurity sector, women's organizations and child poverty coalitions, among others.

BICN has been working on this issue with national and international experts for over a decade, fostering an exchange of knowledge, research and policy development. Just prior to COVID-19

being declared a pandemic, we released the results of two years of work rigorously modelling three national options for a basic income, fully costed and financed. The report, ***Basic Income: Some Policy Options for Canada***¹, provides in-depth analysis and rationale and an overview of previous proposals that informed our work. We hope this will inform the concrete policy development and implementation work that is needed by the government now.

This brief's recommendations reflect an assessment of the crisis we are facing, common myths and misconceptions that inhibit informed, constructive dialogue and action, and the evidence in support of a basic income.

We want to assure Parliament that there is solid evidence for a basic income and detailed modelling to do it in a way that uniquely serves Canada.

The Economic Impact of COVID-19

The COVID-19 viral crisis has magnified and raised the stakes of an inequality and insecurity crisis that has been building for the past few decades. We all want a return to normal where we do not have to be so afraid of contagion and death from physical interaction. A vaccine and built-up resilience seem likely to make that possible, from a human health perspective, in a year or two.

But we will *not* go back to the old socio-economic normal; the magnitude of the pandemic makes it impossible. We either learn from this experience and create a better, new normal or daily life will get immensely worse for many people.

Policy makers and the public have known that steep inequality breeds social ills, that employment is precarious, that technology is disrupting livelihoods, that the middle-class is insecure and indebted, that many people are only a paycheque or two away from personal financial crisis. We have known that the work of people, especially women, who keep us fed and cared for has been consistently unpaid, underpaid and undervalued. Vast amounts of this work are excluded from GDP but it is the underpinning of the whole economy, of life. We know that sexism, racism and legacies of colonialism create disadvantage and harm—and that our planet is endangered. Public policy did not heed the warnings sufficiently, so that now the foundations of our society, economy and democracy have become fragile and cracked.

One of the biggest fault lines that has been exposed is the gendered nature of work. Much public policy, like Employment Insurance, falsely equates 'work' with 'paid employment', only giving value to the latter. Other viral outbreaks have hit women harder than men and set them back longer. COVID-19 is following the same pattern. Public policy now must be designed deliberately, in a way in which women and the environment count.

The Canadian public policies that have been most effective in improving security and wellbeing and in reducing inequality and poverty are ones that provide regular, unconditional income guarantees. It is this kind of success we should be looking to build on. Old Age Security and the Guaranteed Income Supplement for seniors and benefits for adults with children under 18 (now called the Canada Child Benefit), along with provincial/territorial add-ons, have helped those populations weather economic ups and down for decades and have provided economic stimulus as well. They are working during this pandemic.

¹ https://www.basicincomecanada.org/policy_options - https://www.basicincomecanada.org/revenu_de_base

However, for the 18-64 year old adults left out— aunts, uncles, brothers, sisters, older parents, sons and daughters, young people facing a very uncertain future—insecurity is profound. This is especially true for single people in a reality where it takes most households two incomes to get by. Finding and keeping a job, getting decent pay and working conditions, and qualifying for Employment Insurance are all much harder than before. As for the last resort of social assistance, income is provided in a way that remains unrelentingly miserly, punitive and debasing of human dignity.

If Canada is to reduce suffering, save lives, and build a healthy, resilient economy for people and planet, we will need to do better. That involves tough decisions but is entirely feasible.

The Lessons from CERB as a response to COVID-19

Key positive aspects of the Canada Emergency Response Benefit and related measures include:

- A recognition by government that people needed income, quickly, in order to deal with loss of income and then provided it through direct cash transfers, using existing program architecture (EI, tax system CCB, OAS/GIS, GST credits);
- Rapid adaptability as it became clear that other people needed help but were excluded; because of the conditions of the initial benefits, and as situations changed and evolved;
- Federal government providing leadership and action for the whole country.

The COVID-19 response measures differ from a basic income in significant ways. They come with conditions and rules that treat different groups of people in different ways. The CERB identifies some people as 'eligible' and others 'not eligible' based on previous employment. Some social assistance recipients are able to get CERB benefits but others, some of Canada's most disadvantaged individuals and families, do not qualify. These benefits don't gradually disappear as earned income increases, leaving people with difficult choices about whether to take a job. A basic income guarantee ensures that people have some security while they start to gain from employment. Seniors and people with disabilities are not eligible for the CERB. Some people get one time payments through other programs. Students receive a different, lower amount and have additional requirements.

This makes the income security measures put forward for COVID-19 very complicated for people to navigate. In addition, a basic income is intended to be regular and ongoing, providing people with security to plan for the future, rather than a short-term emergency fund.

If a basic income had been in place prior to the pandemic, help could have rolled out more smoothly.

There is no question that a post-COVID economy is going to be greatly different than it was before—and all forms of work and employment will be different. As the economy starts to open up, it will not be smooth. Many businesses will struggle to reopen, more people may do their paid job at home, and that will depend on whether schools are open. There might be more production of the things we really need and less consumption of many things we don't, more incentive and opportunity to transition to a greener economy. There might be recurring waves of pandemic.

Making the future better is largely unpredictable. It will require change and transition that is often an uncomfortable and frightening prospect for humans. In this context, a basic income provides a foundation of stability, security, a measure of confidence and a level of trust in government that will make good outcomes possible.

Basic income basics

A basic income is a direct payment from government to ensure that everyone has sufficient income to meet basic needs, participate in society, and live with dignity regardless of work status.

There are many names and acronyms used, some to put the stress on a particular aspect, like unconditionality or adequacy. None are self-explanatory. All require more description. This brief will use lower case words for descriptions.

There are two main delivery models usually proposed. One is often referred to as a ‘demogrant’ or dividend whereby every individual receives the same benefit amount, regardless of family status or how much other income they have. It is generally understood that it will be recouped in some fashion from wealthy people at tax time. The closest Canadian policy we have to this is Old Age Security for seniors. It phases out at upper income levels and arrangements are then made with the Canada Revenue Agency so that all seniors receive an amount close to what they know they can keep and spend. On its own OAS is not enough to meet basic needs.

The second model is often referred to as a ‘guarantee’. It is a universal benefit in the sense of universal health care where we are all covered but we receive care based on our needs, which vary among people and across time. The Guaranteed Income Supplement for seniors is an example of this model. It is based on the other income of an individual or couple, providing highest benefits to those who need them most to reach a standard of adequacy close to the poverty line. For a couple the benefit amount is based on their combined income, then split so each partner gets an individual payment. The Canada Child Benefit works similarly providing benefits progressively when people are in greatest need. It usually goes to the parent who is the primary caregiver. Benefits in place right now in Canada for children are significant but not enough on their own to meet basic needs for the whole family.

These existing programs in Canada that have characteristics of a basic income have been working successfully for decades in synergy with universal public services like health care and education and a range of specialized services, like those geared to help seniors stay active, for example, or to support children with learning challenges.

The following section is provided to respond to requests that basic income experts have received from Parliamentarians in both the House of Commons and the Senate, specifically to address myths and to ensure informed and constructive dialogue.

Basic income evidence, myths, misunderstandings

1. “People will quit working.” This is worse than a myth.
 - There is no evidence of this—none. Perpetuating the claim is discriminatory, often aimed at people most disadvantaged in our society. Evidence from basic income pilots here and around the world, and from established Canadian basic income-like programs that provide unconditional cash, reveals the same pattern of results—people work differently, the same or more. People have options to go back to school to get a better job, undertake care work for a dependent or better combine care work and employment. They get better jobs²

² <https://labourstudies.mcmaster.ca/documents/southern-ontarios-basic-income-experience.pdf>

and start their own businesses and community enterprises³. This is in addition to overall improvements in wellbeing.⁴

- Because a basic income provides stability it enables people to take constructive risks and to plan for the future, not settle for a dead-end job, or get health issues under control so they can be more productive. Critics claim there is no long-term evidence but this is not the case because adults with children in Canada have been receiving a form of basic income for a full generation. Government evaluations of the national child benefit system created in the late 1990s showed positive results in labour force attachment a few years later⁵ and the child benefit system has continued to improve to better support parents.
- Studies of responses to changes in benefits for employment-related programs or social assistance are not evidence of any impact of a basic income because they have conditions that constrain options and often focus on short-term outcomes. The CERB is designed to take away the entire benefit as soon as someone earns \$1000, providing a strong employment disincentive.
- There are volumes of research from psychology, neuroscience and sociology explaining how humans are social beings who work for many reasons more intrinsic than money, including time structure, meaning, status, and social connections.
- The bigger problem in our economy is that decent, meaningful employment is getting harder to find and after COVID-19 many employers will not be there or will further automate. There are pockets in the country where people feel they have no future and are vulnerable to deaths of despair or surviving in the moment that too often involves guns and crime. People need options to survive and thrive, to bring communities back.

2. “Basic income will not fix everything.” True, but a red herring.

- This is used as a criticism of basic income even though basic income proponents do not make this claim. Some critics also claim that basic income is too simple a solution for poverty’s complexity.
- The evidence shows that when income inadequacy and insecurity problems are resolved or reduced with a basic income, people are able to manage other issues better because more options become available. The inequality and poverty in our society that have structural causes need structural solutions. For individuals who have been disadvantaged by these systems the dignity of a basic income and ability to plan a future help to empower them. That can foster larger societal change for the better.
- It is life that is complex but most of us have the resources to manage the demands on us. It is when the resources are too few to meet the demand that we run into trouble. Income is an especially powerful resource because it is fungible—it can be used for anything and different people will use it in different ways as Ontario pilot recipients proved.

³ [Signposts to Success](#), BICN results of a survey of Ontario Basic Income Pilot recipients shows Canadian experience. See also *Basic Income: A Transformative Policy for India* by Sarath Davala and Guy Standing, Bloomsbury Publishing, 2015

⁴<https://www.theguardian.com/society/2020/may/07/finnish-basic-income-pilot-improved-wellbeing-study-finds-coronavirus>

⁵https://www.canada.ca/content/dam/esdc-edsc/documents/programs/child-benefit/papers/evaluation-report/eval_ncb.pdf.

3. “We can’t afford it.” Opinion, not fact.

- It is a matter of priorities. We pay one way or another; this issue is what we get in return. BICN has modelled how to use the resources we have in our tax/ transfer system (including social assistance income) to redesign and redistribute financial resources more fairly and effectively. There are plenty of other financing options too, like downstream savings from the current costs we are now paying for poverty, inequality and their consequences in crime, the healthcare system and lost potential. As just one example, people show up in emergency wards every day for a \$1000 visit when what they needed was \$20 for some medication they couldn’t afford or a decent meal. An inheritance tax (a tax most comparable countries have) is another example that could be used as a financing source and would help break up the extreme concentration of wealth at the top of the income curve.
- The *cost* of a basic income is not a *loss*—the money goes directly back into the economy, especially locally, for food, rent, home repairs, haircuts, and everything else needed for daily living. Canada’s child benefits are credited with strengthening the economy and providing a stimulus⁶. By this count, we cannot afford not to have a basic income.

4. “We would have to give up the other programs and services we need”. A false dichotomy.

- This thinking comes from people who seem to believe that services compete with income support, that services are an alternative to income support, or that governments are looking for ways to dismantle services.
- In reality, other programs and services work in synergy with a basic income. The combination of public education and child benefits, for example, has meant better health and educational outcomes for more children over the years.
- Universal services like healthcare and education are investments that reduce the costs to individuals and society—they provide a public, common good that none of us could afford on our own. They reduce demands on income for everyone on the income ladder. But they, or any other specialized services, cannot be a substitute for a basic level of income in a society. To suggest that is paternalistic and dehumanizing. It denies people the capacity to make their own choices, like situations that force some people to go to food banks instead of grocery stores where the rest of us can select what’s best for us.
- Trying to solve inadequate income with anything other than income is also impractical and ineffective. The 4000 plus recipients in the Ontario pilot used their basic income in countless and unique ways—a driver’s license renewal, gas for a car or tractor, hospital parking passes, supplies for self-employment, a child’s play structure, a gym membership instead of medication for depression, an escape from the third job in a day that left too little time for sleep. These decisions reflect what was needed and mattered most to those individuals and families, with no bureaucracy needed at all.
- The evidence indicates clearly that people who have a basic income put less demand on other costly services that treat what are largely preventable problems.

⁶<https://www.ctvnews.ca/politics/bank-governor-credits-liberal-stimulus-with-stronger-economy-1.3500252>

- In BICN’s modelling, no services or programs other than in the tax/transfer system are used to finance any of our options. Social assistance *income* is used as a funding source because for the most part it will no longer be needed when a basic income is implemented. A portion of administrative budgets currently used to ‘police’ the many conditions and rules is also folded into the basic income, but funds are left for the provision of services. With fewer people needing services to make ends meet, greater attention can be given to those who do need specialized support.
 - Some people express fear of governments pushing austerity agendas or profits ahead of people. This is a legitimate concern. But they seem to interpret a basic income as a means to enable the dismantling of public services, leaving us all to fend for ourselves in the market. This is an extreme libertarian approach. We do not see evidence of a government in Canada that shows signs of such a strategy. Those who have cut services have also cut income programs without talk of, or movement towards, a basic income as an excuse to do so. The federal government has gained public trust in its handling of the pandemic’s economic fallout and it has an opportunity to continue to build that trust.
5. “We shouldn’t give money to people who don’t need it”. True, but this doesn’t have to happen with a basic income.
- This concern is usually applied to the ‘demogrant’ or UBI model where everyone gets a cheque. That money is taxed back from higher income earners later, so the net effect does not involve giving money to people who don’t need it. There are good reasons for this approach and in BICN’s modelling, both demogrant and guarantee options are designed to have similar progressive impacts, providing greatest help when it is most needed, ensuring that wealthier people contribute their fair share and guaranteeing security for everyone. The demogrant model requires more extensive policy change, however, than the guarantee model that covers many Canadians now and for which we have a greater evidence base (e.g., CCB, GIS, the Ontario pilot).
 - In a guarantee model, people who do not need a basic income (who are above the designated threshold) would not receive any payments.

BICN has traditionally not endorsed any specific proposal or model in the interests of encouraging work and discussion of different approaches here and internationally. However, in response to the COVID-19 crisis, our concern for human life and wellbeing has led us to the conclusion that the federal government must act decisively now and that the best available evidence in Canada at this moment argues for a **basic income guarantee model** for 18-64 year olds, consistent with programs for seniors and children that have demonstrated success.

As we learn more and make our way through the crisis, the beginnings of economic recovery and the rebuilding of a better new normal, other options, adaptations and hybrids should remain possibilities for future consideration. It is most critical that the basic income guarantee architecture be put in place as soon as possible in order that everyone in Canada can contribute to, and benefit from, a healthier new normal.

Recommendations:

1. **That the federal government establish a basic income guarantee for 18-64 year olds comparable to the CERB monthly amount of \$2000, ensuring that some benefits continue into the middle-income deciles, consistent with the design and principles of Option One in *Basic Income: Some Policy Options for Canada* (https://www.basicincomecanada.org/policy_options - <https://www.basicincomecanada.org/>)**

revenu de base). This option recognizes that a small boost in income will also be needed for low-income seniors, especially single seniors, in order to ensure fairness.

- 2. That the federal government consult and work with recognized academic and non-government experts who have been researching, working for a basic income and developing policy design for Canada as well as those who have expertise in developing and implementing related pilots and programs.**
- 3. That the federal government lead in immediately adopting a basic income guarantee in response to the pandemic and as a way to recover and rebuild the economy, adapting as evidence may require, while working towards a fully national basic income, in collaboration with provinces, territories, municipalities and First Nations, to ensure that all orders of government contribute and benefit fairly and that other necessary changes and supports are made appropriately to ensure that no one is left behind.**

About BICN

BICN is a registered, non-profit, non-partisan national organization, run by a volunteer board of directors, and an affiliate of the Basic Income Earth Network since BICN's creation in 2008. Our work is made possible by volunteer time and individual donations. BICN is informally affiliated with provincial and local basic income organizations, and the wider network is made up of associations with academics, activists, politicians and more. This includes connections to an international research community of people involved with pilots and programs in a wide range of countries. More information is available at www.basicincomecanada.org .