

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

By: Basic Income Canada Network (BICN)

Recommendation 1: That the government transition from temporary measures like CERB which have been successful but only for those who qualify, to a permanent basic income guarantee that provides security for all and rewards employment. This guarantee model, for 18-64 year olds, should be generally consistent with programs providing income security through unconditional cash transfers to seniors and to families with children under 18.

Recommendation 2: That the benefit level of \$22,000/year individual and \$31,113 per couple, with a reduction rate of 40%, be set as the goal and that the policy be designed according to the principles in *Basic Income: Some Policy Options for Canada (2020)*¹. The cost of this Option (#1) modelled in 2017 was \$134 billion and was **fully offset** by \$136 billion found through the redesign of existing tax/transfer programs and proposed tax fairness measures. Other income-related funding sources could also be considered by government (*not* funds for public services), as well as returns on investment similar to those from child benefits that generate employment, tax revenue and increases in GDP², potential new vehicles such as an inheritance tax, and savings that will accrue as the high human and financial costs of poverty, inequality and insecurity are reduced.

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

² <https://www.cancea.ca/CCB>

Context and Rationale

1. This budget is being developed during a historic time where big, bold, positive action has already begun with measures like CERB. Large scale and bold thinking must also guide long-term, future-oriented plans for the wellbeing of Canada and Canadians. The Basic Income Canada Network (BICN), along with many others, has worked for years to be able to contribute concretely to this goal and welcomes the opportunity to be part of pre-budget consultations.
2. Tens of thousands of individuals and other organizations have written to the Prime Minister calling on the government to transition from temporary CERB benefits that leave people out and in some cases penalize employment to a permanent basic income guarantee that provides security for all and rewards employment. Those calls are coming from an extraordinary breadth of sectors—public health, food security, leaders among Black, Indigenous and People of Colour, Canadian Senators, anti-poverty groups, businesses, high tech entrepreneurs, people with disabilities, faith leaders, youth, arts and culture workers, women's and gender equity groups, people who have participated in, been consulted on, and researched basic income pilots, and more. A number of us have worked on designing policy options.
3. This breadth of support for a basic income indicates how foundational it can be to helping address many challenges our society and economy are facing, such as precarious employment, technological disruption, climate change, and skyrocketing mental and physical health problems straining health care and police systems. A basic income will ensure a floor below which no one will fall and the autonomy and dignity that are essential to well-being and resilience. It is good for individuals and it is good for the functioning of society and the economy.
4. The Senate Finance Committee has recently concluded from its study of the impacts of COVID-19 that government must clarify how it will help Canadians who need support, including those not qualifying for CERB, when the benefit runs out. Recommendation 3: *That the Government of Canada, with provinces, territories and Indigenous governments, give full, fair and priority consideration to a basic income guarantee.*
5. While Canada has successful forms of basic income for seniors and families with children, the roots and intersections of racism, colonialism, sexism and paternalism still run deep in some other current income security and tax/transfer programs and in the labour market. The result is wide income, wealth and health disparities that have collided with COVID-19 to magnify them. Those who were previously disadvantaged are being hit hardest. Policy and budget allocations for a healthy future must turn this trend around.
6. One of the most stark examples of the exacerbation of systemic discrimination through public policy is found in the Report of the Inquiry into Missing and Murdered Indigenous Women and Girls. The Government of Canada and other political parties have committed to implementing its calls for justice and they include a call for a basic income *for all*.
7. Income support tied solely or primarily tied to employment replicates the systems that privilege some of us in the labour market and in life, and disadvantage others. These programs do not protect us well in a precarious, unpredictable economy that depends on chance. They leave people out when help is most needed. They leave too many young people and families anxious and fearful of the future. Social assistance is actively damaging as it is built on punitive conditions, denial of dignity, grossly inadequate income, powerlessness and

rules to control behaviour. The growing concern over over-policing in disadvantaged neighbourhoods has its roots in policies that trap people in deep poverty.

8. Basic income is *not sufficient* to solve our systemic problems but it is a *necessary* foundation. It is anti-poverty, anti-racist, pro-equality, pro-reconciliation and pro-common good. It is good for individuals, society and the economy.

What is a basic income compared to CERB?

9. It is a direct, regular, cash transfer from government sufficient to enable everyone to meet basic needs, live with dignity, and participate in society, regardless of employment status. CERB is a direct cash transfer and \$2000 a month is a reasonable amount but it is linked to employment conditions and it leaves out people who most need it. Also, a basic income ensures employment is rewarded, while the CERB is not available to those whose income exceeds \$1000, thereby disincentivizing employment. A basic income is long-term, providing the ability to plan for the future.
10. There are two main basic income models. One is a 'demogrant' that provides the same amount to each individual and is recouped at tax time from people with higher incomes. Old Age Security is like a demogrant and our tax system is able to ensure some seniors don't face a big tax bill by only sending us as much as we are able to keep. The other model is a 'guarantee' that anyone, as needed, can access. It is universal in the way our health care system is universal. The Guaranteed Income Supplement part of seniors' benefits, as well as child benefits, work this way. No one gains an economic advantage they don't need if these policies are designed well.
11. A basic income ensures income security for all, not by ignoring the factors that can disadvantage us or cause hardship as some policies do but by empowering and by preventing disadvantage from becoming desperation. It helps level the playing field of both opportunity and outcome.

BICN's Policy Options

12. BICN, using SPSPD/M and with the help of leading economists and social policy experts, has designed, costed and identified funding sources for three basic income options to demonstrate that it is affordable and that governments have choices. The full report, *Basic Income: Some Policy Options for Canada*³ provides a wealth of information on principles, design issues, and funding sources. It shows how different options can all eliminate poverty, reduce inequality and improve income security up into the middle class. Our modelling and numbers are based on 2017 data and our benefit level is an equivalent of the CERB's \$2000 in 2020.
13. We stress that the funding sources we identified are ones that could be modelled within the tax/transfer system and are based on tax fairness; they are not the only ones that are possible or desirable in meeting the principles and goals of a basic income.
14. Since Canada already has forms of basic income for seniors and families with children under 18, it is 18-64 year olds, especially single people, who are lacking income security. Some live highly precarious and anxious lives, even with one or more jobs. Some of them are managing, even doing well, for now but a bad break could be catastrophic. Others live in poverty because their jobs just don't pay enough. And there are those trapped on social

³ https://www.basicincomecanada.org/policy_options

assistance. Canada can and must do better, and we must not wait. We are recommending Option 1, as we did to other committees of the House and Senate, because it fits with existing forms of basic income and there is a great deal of evidence supporting it. Its positive impact in flattening Canada's income inequality curve is shown in chart below.



Impact of a Basic Income for Adults 18-64*

Life-affirming stability when it's needed most, a little help from those who can, security for everyone.



*Option One data from Table 11: Impact of Basic Income by Total Family Income (2017), in Basic Income: Some Policy Options for Canada, BICN, 2020.

www.basicincomecanada.org

15. The government's rapid, adaptive response to the need for direct cash transfers during the COVID-19 crisis demonstrates the critical role of federal government leadership and its capacity to deliver a basic income. That puts Canada in a very strong position to act confidently to rebuild a better future.

Why basic income and not an alternative?

16. First, basic income is not an alternative to public services like health care, education, child care or pharmacare, or to better employment-related measures. In turn, public services and employment measures are not an alternative to basic income; *they work in synergy*. Services are more effective doing what they are designed for rather than compensating for inadequate income. We access doctor and hospital care when we are sick; a basic income helps keep us healthy and enables people with disabilities to manage them better. Education helps children get ahead; they learn better when their families and communities are not stressed by poverty. Employment is generated when residents have money to spend in local economies where income buys food, housing, basic goods and local commercial services.

17. Charity is also not an alternative. More food banks and homeless shelters and more social division between recipients and providers of charity will not solve the problems of poverty and social unrest. Unconditional cash transfers to individuals support human dignity, resilience and social justice.

Cost/Benefit Analysis

18. BICN has carefully costed its recommendation for a basic income for 18-64 year olds and has identified sources to fully fund it (recognizing that there are other sources too). The cost of not moving in this direction is very difficult to quantify as precisely. The consequences of not implementing a basic income, however, include rising food insecurity, increases in physical and mental health problems, homelessness, unaddressed lingering effects of people who contracted COVID-19 and are not recovering, increased viral transmission from people who cannot isolate, more deaths of illness and despair, more gun violence, social conflict, unsustainable strain on provincial, territorial and municipal budgets, lost economic stimulus and people's loss of trust in a government that doesn't trust and support them.
19. There is a substantial body of national and international evidence on income as the leading determinant of health and wellbeing, and on basic income (including Canadian seniors and child benefits) as a way of reducing poverty and inequality, and providing a wide range of benefits. The United Nations sees the merits of basic income as a response to the global pandemic⁴. This budget can demonstrate federal leadership in support of Canadians and as a contribution to meeting global challenges.

About BICN

BICN is a registered, non-partisan, voluntary organization with tens of thousands of supporters. It works in informal affiliation with regional and local groups, and individual experts across the country. BICN is an affiliate of the Basic Income Earth Network along with Revenu de base Québec. See more at basicincomecanada.org.

⁴ https://www.undp.org/content/undp/en/home/blog/2020/the-case-for-a-universal-basic-income.html?utm_source=email&utm_medium=newsletter&mc_cid=64e0146ff9&mc_eid=e6e1022feb