



Basic Income Canada Network/Réseau canadien pour un revenu garanti

Pre-Budget Submission to the Federal Finance Committee¹

September 2022

What's the rush for a basic income? That's a question posed by people whose lives are going well so far and/or who think under some circumstances a basic income makes sense, but not *now*.

This submission for the 2023 federal budget answers that question.

We need a well-designed basic income for a more comprehensive, streamlined income security system that avoids rushing out with an array of temporary, confusing bandaid programs when a crisis highlights how lacking and outdated many of our current programs are.

Canada has a patchwork, not an income security system. Some people are always left out because there are gaps between the patches—by design. This patchwork overburdens health and legal systems and other public services, fails to support essential unpaid work outside the market, and limits our ability to get along with each other in our communities.

Canada's own, evidence-based approach to crisis management stresses the need to prevent, prepare for, respond to, and recover from risks to Canadians.² The risks of poverty, inequality and income precarity are very well known; a basic income is an effective and affordable way to manage them, especially through prevention.

The Canada Emergency Response Benefit (CERB) was rushed in 2020. It saved people and the economy, reducing poverty and inequality, but it had serious flaws. It was not a basic income although it had some of basic income's positive features. Now, it's gone. In 2022, we are debating new benefits for Canadians hard hit both by inflation and inflation-fighting measures that further penalize them.

¹ A shorter version of this document has been submitted to the Finance committee in adherence to its guidelines and 2000 word limit.

²<https://www.publicsafety.gc.ca/cnt/rsrscs/pblctns/2017-mrgnc-mngmnt-frmwrk/2017-mrgnc-mngmnt-frmwrk-en.pdf>

Many ordinary Canadians are still trying to recover from earlier financial crises, heatwaves and floods. They may be also be dealing with physical or mental health challenges, facing food insecurity or historical discrimination. Seeing these as temporary blips in an otherwise stable society is hiding from reality. A basic income is the kind of simpler, more automatic, counter-cyclic stabilizer we need, adjusting to ups and downs, maintaining a more even keel, making us more resilient. It provides the capacity to transition as circumstances change—and they will, in expected and unpredictable ways.

So let's not rush quite as fast as CERB.....**and let's also not waste any more time!** We can learn from CERB and from evidence amassed that a basic income is a far better option than what we have now. Statistical modelling shows it is affordable, by more wisely investing the resources Canada has available. Canada already has programs that are like a basic income, especially for seniors and families with children. Those permanent programs were effective vehicles for delivering pandemic income support when it was needed. We now urgently need a permanent basic income system that leaves no one behind, helps overcome past trauma, and enables everyone to be part of a better future. Not acting means sliding backwards.

The Basic Income Canada Network urges the Government of Canada to:

- 1. Design a basic income for 18-64 year olds in line with Option 1 in *Basic Income: Some Policy Options for Canada* (BICN, 2020)³. It is consistent with the general Consensus of the basic income movement, along with many allies, on the form of basic income that is most effective for Canada. BICN's work provides modelling detail that demonstrates feasibility, efficiency, and effectiveness in achieving the goals of providing greater income security to ordinary Canadians, poverty prevention, and reduction in inequality, including gender inequality. It provides options for financing the basic income by redesigning current programs and redistributing resources to invest in people at the lower end of the income spectrum, ensuring that people who are very well off and benefit most in the economy pay their fair share.**
- 2. Create a national framework to guide this work in line with Bills C-223, S-233 and C-273, engaging provincial, territorial and municipal governments, Indigenous governments and leadership, and civil society organization stakeholders. To advance the national framework:**
 - (a) Establish a federal responsibility centre within ESDC where other income security programs reside and where cross-departmental work on Canada's commitment to the United Nations Sustainable Development Goals (SDGs) is coordinated, and have the HUMA committee conduct hearings to inform the framework, including by learning from analyses of federal pandemic income benefit programs.**
 - (b) Provide financial, technical and other support to other jurisdictions in their work towards a basic income, including engaging the public, promoting informed dialogue, and exploring implications and potential benefits for programs and policies in municipal, provincial, territorial and Indigenous jurisdictions.**

³ https://basicincomecanada.org/policy_options/ available in English and French

- (c) Provide financial support to civil society organizations fostering civic engagement on national income security policy to ensure the diverse experiences of citizens and residents in Canada are heard and taken into account in policies that affect their lives.**

CONSIDERATIONS

There are a number of issues, questions, and false or unfounded assumptions that come up consistently in basic income discussions. There are also some patterns and trends that the pandemic and ongoing aftermath have shifted, that have become more visible, or have been accelerated or more pronounced. They are affecting public debate.

Some key considerations related to basic income are addressed below.

Shared goals

First, we recognize and very much appreciate that other organizations are also making recommendations for better income security, moving in the direction of a basic income. They add to earlier calls like those in the Missing and Murdered Indigenous Women and Girls Report. We are pleased to have been consulted on some of these initiatives and that our work has been drawn upon. It shows that support is growing and that there is widespread agreement that there are big gaps in our income security programs.

There is also agreement, and ample evidence, that direct income transfers via the tax system are an important way to help solve income insecurity, poverty and inequality.

Many proposals, we believe, share common goals but they vary in detail and carry different names. Some are more modest than others, perhaps offered to give the government options that they hope will be considered a reasonable start. Some focus on deepest poverty, for example, or a particular population group, as the government's work on a new Disability Benefit does. Ensuring that *everyone* can meet their needs, however, is the ultimate goal and a defining characteristic of a basic income.

As the national, non-profit organization devoted solely to basic income, BICN believes the government can and must move further and faster than more modest proposals, and be fully inclusive, for greatest effectiveness.

No one in Canada should be left behind and no one should have to suffer more years of misery when unconditional cash transfer solutions are possible, knowing they work much better than highly conditional, stigmatizing, and inadequate ones. The evidence is overwhelmingly clear on that. We can learn more as we go but a desire for some unattainable, perfect evidence cannot be allowed to stall urgently needed action.

We have decades of successful experience with seniors and children's guaranteed incomes. We've had decades of programs like social assistance that have utterly failed because they're based on prejudice and ideology, not fact. Too many Canadians are in an ongoing struggle with precarious jobs that don't pay enough.

The Bills introduced in the House and Senate calling for a National Framework are so important to creating an income security system that works for everyone in Canada. This framework is

comparable to the federal-provincial-territorial agreements that created a new national child benefit system in the 1990s that has grown and transformed over time, contributing so much to the well-being of so many families with children and to the economy.

Learning from CERB

Since 2020, we also have the invaluable experience of CERB. In the midst of a global pandemic, Canada's poverty reduction goals were surpassed, (down to 6.4% in 2020 compared to 10.3% in 2019). That's remarkable given that most people in deepest poverty were not eligible for CERB. It shows that Canada has the ability to reach more ambitious goals more quickly. Depressingly, however, we are sliding backwards in the post-pandemic-benefit period. In 2022, a walk or transit ride around any city reveals obvious, spreading desperation.

According to a World Bank report⁴ countries around the world adopted direct cash transfers to individuals as a response to the pandemic crisis. Some, like Canada, used existing income programs (like our seniors and children's benefits) as a vehicle for rapidly delivering help. Many countries also had to design new programs (like CERB) to fill gaps. But CERB is gone; the gaps are still there.

The World Bank report offers 10 lessons for the future based on its analysis. Number 8 refers to 'the simplicity of Covid-19 cash transfers benefit structure' as renewing an interest in 'benchmarking programs against basic unconditional design' and suggests that 'user-friendly delivery choices tested in the pandemic (e.g., remote applications) could also be benchmarked against standard practices'.

By learning from CERB and our existing unconditional programs, Canada is exceptionally well placed to create a simpler, more inclusive, user-friendly and cost-effective benefit structure to manage current and future challenges for individuals, communities and the economy.

The Consensus model of a basic income for Canada

While there are various models of basic income, what the majority want in Canada is clear. Basic income groups across Canada at national, regional and local level, along with allies in other social justice movements, are agreed on the essentials of a basic income model for Canada. It's a guarantee model that sets benchmarks for Canada. It doesn't go to millionaires, but it's not just for the most disadvantaged either. The benefit reduces gradually so it supports ordinary people earning other income and gives them a better chance to get ahead.

BICN's Policy Options publication provides a more detailed description of how these essentials and principles of a basic income guided the policy choices we made, from benefit level and reduction rate to financing.

Cost and Affordability

Considerable modelling has been done showing that the *net* cost of a basic income is relatively modest. Estimates of Canada's spending on poverty are often higher. Paying for a basic income is mostly a matter of redesign, simplifying and rolling in other income programs and applying tax fairness principles to ensure that those who are able pay their fair share do so. It

⁴<https://openknowledge.worldbank.org/handle/10986/37700>

means investing existing resources in a different way to ensure people with low and modest incomes are able to meet needs and more effectively participate in the economy and society.

Downstream savings (like the 8.5% reduction in days spent in hospital found in Dauphin due to the 1970s Mincome program) are more difficult to model but there are sound indicators that benefits and savings will result in many areas: better physical and mental health; fewer interactions with the criminal/legal system; more positive social connections; better educational and employment outcomes; and the ability to better manage employment and family care responsibilities, quality of life for people with a disability, or the economic impacts of intimate partner violence or racial discrimination.

There is no reason why a period of inflation should interfere with designing a basic income. A basic income does not add money to the larger economy; it puts money in the hands of people who will spend it. All governments recognize that people with low income need help to deal with inflationary pressures. The danger of ad hoc responses is that the money will be delivered at the wrong times, to the wrong people, and in the wrong amounts. A well-designed basic income will automatically get support to the people who need it, when they need it.

A basic income allows people to buy food and pay rent that they can't afford now. It helps prevent other costly problems, like loss of housing, from emerging or worsening due to the impact of traditional inflation-fighting measures. The real affordability problems we have are tax breaks and other structures that allow income, wealth and power to be concentrated in the hands of fewer and fewer people.

Labour shortages and work

Prior to the pandemic, much discussion around basic income was about automation replacing jobs for humans. Now, what dominates is the matter of labour shortages that have been a long time coming but felt more acutely as we started to come out of the pandemic.

What hasn't changed is that much employment is still precarious and doesn't come with enough pay and benefits to make ends meet. Job offers can't be equated with sustainable employment. With inadequate income and little to no security or stability, people get trapped in dead end situations unable to transition out. We also know that the pandemic is not done with us, with people getting repeat infections, some dealing with long Covid and others getting new resurgent forms of flu.

Lack of income security for working age adults makes earning harder and falling into deep poverty easier. It takes money to find and keep a job, pay for a phone, buy clothes for interviews, access transportation and childcare, and more. We can't afford to have workers lined up at food banks and shelters. If adults use up their time, energy and mental bandwidth just trying to survive it also robs us of their contributions to family and community.

One of the key design flaws of CERB was to deny people a \$2000 benefit when they earned over \$1000. That was a drastic employment disincentive, even at the height of a pandemic period when it was important for health reasons for people to stay home. In BICN's basic income model, the person who gets \$1001 from their job would be better off than the person with a \$2000 basic income alone, not worse off.

A well-designed basic income does not significantly reduce employment, as the Parliamentary Budget Office recognized. Further, reductions can be temporary and for positive reasons like education or child rearing as basic income pilots have shown. A basic income both

supplements the low earnings of some workers, thereby increasing work incentives, and creates the opportunity for people to take a job and look for a better one.

We need to support everyone, in their diverse patterns of work and employment. BICN certainly supports the government's development of a Disability Benefit to meet specific, disability-related needs. Many people with disabilities may then be able to earn more too, with more adequate income security than provincial welfare regimes provide. But people on regular social assistance need help too; deep poverty and stigma can be disabling and that's preventable. Help to people who provide care and support to family members and friends with disabilities is also crucial.

An inclusive basic income enables everyone, with or without a disability, to find the combination of care and employment that works best. That makes it more possible for people to enter and maintain labour force participation.

Connections to other major policy fields

No one in the basic income movement claims that a basic income is going to solve everything. However, in study after study on issues ranging from food insecurity, homelessness and long-term care to mental illness and gun violence, it is poverty and inequality that are cited as root causes. Better income security therefore can make other challenges less complicated and daunting.

As the recent report of the federally-funded Green Resilience Project (GRP)⁵ highlights, there are interactions between income security, climate change and community resilience that need to be addressed together. Issues related to food security, care, health, race, gender, time poverty and other factors also came up in the 33 GRP community conversations across Canada. It is clear that marginalized groups suffer disproportionately from climate catastrophe and that puts more demand on society's ability to respond. It needn't be this way. A key finding is that people see the connections; they don't live their lives in the silos that often characterize government programs. They want to be part of the solutions but don't have the capacity. A basic income would increase that capacity. Young people particularly understand its potential for their lives.

Demographics, income security and democracy

While young people are often seen at the forefront of action on the environment and social justice, there are also signs that the intersection of age and class is being used to sow discord and division. Many young people are legitimately frustrated that their future does not look like the life that their parents' and grandparents' generations enjoy. There are political forces, however, that prey on that insecurity to draw young people into extremist, populist movements. They foment fear and anger, the urge to tear everything down rather than work for better solutions. That does not bode well for democratic functioning.

Earlier generations are more likely to have the characteristics associated with being middle class, even if their income isn't quite up to the middle brackets. If you got an education and worked hard, the labour market and policy advances like student loans, employment insurance, pensions, employment benefits and protections, and seniors benefits provided significant stability and security. Not for everyone of course as women, racial minorities and people with disabilities still did not fare so well.

⁵ <https://greenresilience.ca/final-report/>

But this sense of the security of middle-class life has eroded as both the labour market and government policy are failing to deliver adequate rewards for the very hard work of living in a fast-paced, complex, precarious world that is overheating at an alarming rate. This is not sustainable. It is about three or four times more expensive to compensate for the health and other damage done to disadvantaged Canadians than to prevent it by overcoming poverty and reducing inequality.⁶

A basic income is important for all ages but especially for young people who want freedom to build their own future without government interference, while providing security, hope and attainable options.

Civil society

Civil society actors whose primary focus is on issues or policy areas other than basic income (e.g., food insecurity, housing affordability, decent wages, pensions, public health, social assistance, racism, poverty, addictions, fair taxation) are increasingly advocating for more basic income-like policy change among their recommendations. Those providing community-based direct support on the ground are overwhelmed with the immediate needs that they know they cannot meet.

Others with some policy capacity are developing their own income-related proposals. BICN's rigorous work, however, still stands as the benchmark to aim for.

There is, unfortunately, extraordinarily little funding for basic income work compared to the resources available for more traditional, often downstream approaches that treat, but don't solve, problems. Further, a siloed approach to closely interconnected issues constrains the ability to find synergistic solutions.

Resources are needed specifically to support basic income organizations in their work, especially to reflect the rights and realities of Canadians who face insecurity because they fall through the gaps in our current programs. Resources are also needed to enable civil society actors to come together and collaborate on income security as an area of mutual interest.

About BICN

The Basic Income Canada Network/Réseau canadien pour un revenu garanti is the only national, registered, non-profit organization in Canada with basic income as its sole mandate. Established in 2008, we are an affiliate of the international Basic Income Earth Network (BIEN) that connects us to expertise in other countries. We are volunteer run, depend on individual financial contributions, often from people who have very little to give. We are non-partisan, we work with politicians at all levels of government, and we collaborate with a wide range of individuals and groups in the wider basic income movement in Canada as well as interested and allied organizations. See more about us at basicincomecanada.org.

⁶ <https://cwp-csp.ca/poverty/the-cost-of-poverty/>