Written Submission to the Finance Department in Advance of the Upcoming 2024 Federal Budget

By: Basic Income Canada Network/
Réseau canadien pour le revenu garanti

Sheila Regehr
sj.regehr@gmail.com

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RECOMMENDATIONS

1. That the government establish a national framework for a basic income guarantee in line with Bills S-233 and C-223, guided by Option 1 in Basic Income: Some Policy Options for Canada\(^1\) to improve income security, reduce inequality and support human capacity, positive transitions, and health and wellbeing\(^2\).

2. That the government provide funding to immediately increase regular, unconditional income support for the 18-64 year old age group, especially for single people, using existing federal mechanisms such as the GST credit for those with low and modest incomes, and utilizing automatic tax filing and other measures that help people get the support they need when they need it. This should be a step towards the comprehensive national framework. This is consistent with recommendations increasingly proposed by others, including making temporary enhancements to the GST permanent, and the CCPA Alternative Federal Budget recommendation for a Canada Livable Income as a needed fourth pillar of income security.

3. That the government, in the context of that national framework, take into account developments in and proposals from other jurisdictions such as Québec, Newfoundland and Labrador and Prince Edward Island and support such work in jurisdictions in the interests of advancing a national basic income with the urgency with which it is needed.

4. That the government establish a publicly-accessible federal responsibility centre with the mandate to ensure inclusive, comparable, unconditional income security for all in Canada, simplifying and strengthening cohesion across different income-related programs and tax measures.

\(^1\) https://basicincomecanada.org/policy_options/ available in English and French

CONTEXT AND RATIONALE

Canada is in the midst of multiple crises—in cost of living, hunger, housing, climate, mental health, addictions, precarious work and more. For working-age adults, the tragedy is that huge gaps in income security policy are making life harder, eroding human capacity during what are supposed to be our most productive years.

Chronic uncertainty and income insecurity wears people down. For people with low, modest or insecure income, life is getting unbearably hard with little help—or hope—in sight. That must change.

The alternative to income insecurity is better income security. Adults need it while they are working and building their lives, at jobs, at their own businesses, at home, at school or training, in the community.

**Better** income security is a basic income guarantee for 18-64 year olds. It is fast, effective, affordable, based on solid evidence. It works to support financial wellbeing the way medicare supports health, by being there when we need it.

**Income** is what enables people to meet daily needs in a modern society like ours. Its critical importance is underscored, for example, by its role as the leading determinant of health.

**Income security** is more than that. It is about what happens the next day, and the days after, and the autonomy to shape that future. It is especially essential to mental health and social functioning. It is what gives people the capacity to build a life—to bridge from youth to adulthood, from illness, accident or trauma back to health and wellbeing. It lets you sleep at night, plan for the longer-term, form relationships, develop and utilize skills, adapt, innovate, cooperate, and transition when it’s needed.

Income guarantees for seniors and families with children under 18 have been a success individually, societally and economically and should be further improved. Both federal and provincial/territorial governments are part of this success, although the federal role is foundational. The new Disability Benefit will hopefully extend this kind and level of guarantee to even more people.

From age 18 to 64, human adults are considered to be at our most productive. These years are also most demanding. Paradoxically, the income security for working-age adults, especially for singles, is notable for its absence and/or inadequacy. This gap creates the conditions for more problems, rather than solutions.

**Working-age crises**

Working-age adults are facing unprecedented, intense, negative physical and psychological impacts of financial insecurity and inequality. Chronic uncertainty and unpredictability are breeding anxiety, stress and burnout. The stressors can come in the form of: job precarity and poor working conditions; accident, illness and injury; discrimination; the disruption of artificial intelligence, war or another pandemic; fires, heat waves and floods; recession and inflation; abuse or other personal trauma. For those most negatively affected, poor health, depression, anger and lack of trust and cooperation can have serious societal consequences.
Individuals can’t prevent these crises on their own. No one knows when they might be hit with a crisis, or how well they will cope, gain the capacity to recover, or imagine a future where they can thrive. As a country, however, building security and capacity is entirely possible. It is a matter of political choice.

The people excluded from financial security include young people struggling to get a toe-hold in the job market and workers stuck in dead end jobs, the gig economy, or holding multiple jobs and still not getting by. They are women with high care demands on their time, and middle-aged workers in disappearing jobs who can’t afford the time to retrain. They are health care workers who are burned out, people who used to volunteer at food banks who now have to go there for food themselves, and older workers who have had demanding jobs who are still very capable but can’t handle the same kind of work or a full 40-hour work week. They are adults with health issues, who with adequate income security, can get better, manage their challenges, avert disability, and live fuller lives.

In contrast, some working-age adults are gaining greater income security by virtue of inheritance, fuelling intergenerational inequality that is societally unhealthy. We’re nearing the end of a decade where it is estimated that $1 trillion in personal wealth will be transferred in Canada alone, with most of this wealth in financial assets.³

A Basic Income Guarantee Solution

We have decades of experience showing that unconditional income guarantees work for seniors and families with children to enable a range of health, wellbeing, societal and economic benefits. There is ample evidence from programs and pilots in Canada and around the world that it will work for 18-64 year olds generally, including those with limitations who may not qualify for the new Disability Benefit. It could prevent potentially disabling conditions from developing. It can significantly increase the capacity of our working-age population.

Recently, the Canadian Centre for Policy Alternatives (CCPA) analyzed the impact of income at an adequate level provided by CERB during the pandemic.⁴ Its findings for the working-age population echo those of surveys and research from the Ontario Basic Income Pilot⁵ and BICN’s collection of Covid stories.⁶ In the CCPA analysis, CERB recipients with jobs were able to get better jobs with a better fit for their skills, and higher pay. The route for some was through education that wasn’t possible before. In the Ontario pilot, recipients who didn’t have jobs going into the pilot also were able to get, create, improve and keep jobs. The route for many of them involved improving health, expanding social connections and getting more education. People with health problems were among those able to get healthier and increase their paid and unpaid work capacity.

The evidence keeps growing around the world too, like the dozens of pilots in American cities all showing a range of positive outcomes⁷ and a new report about Basic Income as a Public

⁴https://policyalternatives.ca/publications/reports/cerb-more-just-income-program
⁵https://labourstudies.socsci.mcmaster.ca/documents/southern-ontarios-basic-income-experience.pdf
Health Measure from the United Kingdom. Canada’s experience and policy capacity, however, make a basic income more achievable here than anywhere else. If evidence really does drive policy, then basic income is a policy choice that we must turn towards.

More certainty and stability builds capacity and the cooperation needed to tackle other big challenges like the transition to a greener economy, overcoming legacies of historical discrimination and colonization, innovating for the future, and meeting the government’s commitments to the UN Sustainable Development Goals.

Income Security Gaps

Current gaps also provide evidence that a basic income guarantee is the way forward.

- **Employment and entrepreneurship.** The paid labour market and the economy are precarious, uncertain. Paid work does not provide income security to everyone and often just doesn’t provide enough income at all. Non-market care work, without which the market economy could not function, does not bring in income and limits time available for paid work. Discrimination continues to disadvantage people in the labour market.

- **Employment Insurance (EI).** This program does not necessarily provide income security either. Paying into the program is no guarantee of qualifying for benefits. If past work was precarious, non-standard, low paid or not paid, EI can deepen income inequalities. EI doesn’t help with struggles faced while people are employed.

- **Goods and Services Tax credit and similar refundable credits.** These are regular, unconditional, based on income, and have a good reach into the populations that most need income security. They are far too small to be effective as income security but have potential as a vehicle to deliver higher permanent benefits.

- **Canada Emergency Response Benefit (CERB).** As a temporary crisis benefit it was life-saving for recipients and the economy. It set a reasonable standard for adequacy and delivered benefits quickly. It was not a basic income. It had some design flaws, was temporary, and tied to employment. It excluded those who needed help most to protect themselves and to rebound from the pandemic’s negative health, social and economic effects. The income needs of working-age adults still struggling with long-Covid remain unmet.

- **Social Assistance (SA).** SA is not income security; it is evidence of its lack. SA is a stigmatizing, often highly-controlling, deep poverty trap. It is easy to fall into and hard to climb out. Deterioration in physical and mental health is almost inevitable. While provinces and territories can go some distance to make SA more humane they do not have the fiscal capacity to ensure an adequate benefit to prevent the poverty trap and the need for homeless shelters, emergency rooms, policing, and other downstream societal costs.

The 2024 budget offers an opportunity to move towards better income security and a healthier economy for all in Canada.

A national framework for a basic income guarantee will provide the foundation for a coherent, comprehensive, fair and simplified system that ensures income security for everyone.

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**Federal action to improve income security for those who need it most**, through existing unconditional vehicles like the GST credit, can rapidly relieve pressure on struggling individuals, families and neighbourhoods as well as the voluntary sector, health care system, and other municipal and provincial/territorial services.

**Developments among other jurisdictions** can aid in advancing a national framework and national action.

**A federal responsibility centre for income security** is essential to ensure a home in government that works holistically, without silos, for fairness and dignity for all.

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**About BICN**

The Basic Income Canada Network is the only national, registered, non-profit organization in Canada with basic income as its sole mandate. See more at basicincomecanada.org.