Brief to the Senate Standing Committee on National Finance
for its study of Bill S-233
on a National Framework for a Guaranteed Livable Basic Income

By Basic Income Canada Network/
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BICN has a long-standing and central role in the growing basic income movement in Canada. We want our brief to be clear about what we want and why, the challenges and the benefits, and how this relates to Bill S-233 which we believe is of utmost importance. We focus on 7 areas we think matter most to constructive study in the committee’s work.

1. The basics of a Basic Income Guarantee for Canada

A Basic Income Guarantee (BIG or GLBI) builds on experience with guaranteed incomes, especially for seniors (combined OAS/GIS) and families with children (CCB). They share these characteristics:
• Based on income—providing more to those who need it, not the same for everyone
• Universally accessible to all in the political community when needed—it is inclusive
• Unconditional—no employment, education, training or other behavioural conditions
• Rewards employment and entrepreneurship through a gradual reduction rate
• Provides significant security
• Responds automatically to interruptions in income
• Makes options possible.

Basic income organizations and allies across Canada developed a Consensus Statement outlining design parameters for people currently left out.1 It is a guarantee model, in line with BICN’s Option 1 in Basic Income: Some Policy Options for Canada, which provides detailed statistical modelling and explanations for our design and resourcing decisions.2 A guarantee model was used in the Ontario pilot and Parliamentary Budget Office costings.

Concerns about high gross costs and problems identified with a universal demogrant are not at issue with the kind of basic income guarantee that is most feasible to meet Canada’s needs now.

2. Why we need a GLBI

Ordinary people are facing increasing risks over which they have little or no control, like recessions, pandemics, inflation, war, precarious and low-paid jobs, the disruption of artificial intelligence, and extreme weather. Working-age adults in particular, especially singles, have almost no income security to protect them. This feeds stress, anxiety and physical and mental health problems that erode individual capacity and put a strain on health and other service systems.

2 https://basicincomecanada.org/policy_options/
Canada is facing multiple, growing crises, in health care, mental health and addictions, housing, food insecurity, climate change and a democratic deficit. We urgently need to get ahead of these trends and start reversing them. We can do that by supporting the capacity of people to help themselves and each other in their communities. They know what’s needed.³

Our social protection programs for working-age adults tend to wait until people have lost jobs, provide minimal support at that point, and thus often replicate or exacerbate the impact of discrimination and inequality in the labour market. Programs that people pay into do not guarantee benefits. When income from employment or income replacement programs is not enough, there is a steep and quick fall to social assistance and an almost certain erosion of human capacity due to inadequacy, complexity, controlling conditions, and stigmatizing design.

A GLBI, in contrast, supports people while they are working, and supports transitions from school to employment or a change in occupation or sector, upgrading education or skills, or better managing other life events, like medical treatments. It provides options, enables positive risks like starting a business, and provides security to save and plan for the future. It enables people with employment limitations related to disability, neurodiversity, or high care demands, for example, to find a good fit for them in the paid labour market and take on as much as they can. It provides resilience that benefits communities as much as individuals.

There is no parallel or alternative to a GLBI that can be as effective because unconditional cash is fungible. It can be used immediately—it buys food to sustain mind and body, an air conditioner in a heat wave, pays rent to prevent eviction, or fixes a car needed to get to a job. Money can be used for anything so it can meet an extraordinary diversity of day-to-day and longer-term needs beyond anything a bureaucratic or service-based system can imagine, let alone deliver.

A GLBI won’t solve everything, but it does fill a glaring income security gap. It will make other problems easier to solve and other goals easier to reach, especially working in synergy with public services, like health care and education, and specialized services for needs that are beyond the basics.

3. Policy Goals of a GBLI

There are often high expectations for a basic income and indeed it has been shown to be transformative and capable of improving many aspects of a person’s life. From our perspective, however, there are 3 key, measurable policy goals for a GLBI, against which any design should be assessed:

- **Income security** for everyone, there when it’s needed
- **Greater equality** to improve fairness in the distribution of society’s resources⁴
- **Prevention of poverty**, ensuring income does not drop so low as to cause harm and reduce capacity to function in society and the economy.


⁴ A basic income guarantee can enhance and secure income at the lower end of the distribution; the equality goal requires specific measures to redistribute income from the top and not squeeze the middle.
As with seniors and children’s benefits, there are ways we can track outcomes to identify benefits and potential problems, including administrative ones, and modify to improve as we go. Other developments like automatic taxation can help.

It won’t be perfect; it needs to be better than what we have now.

4. Costs .... and Benefits

Net cost is often confused with gross cost. Net cost subtracts resources that are already in the tax/transfer system to allocate to a BIG, like GST credits, personal amounts, social assistance payments and tax breaks that only benefit the wealthy. Many other income sources (not services) are possible to support investment in income security that pays returns in the greater wellbeing of the population and country. Another step is to look at savings in other areas that will accrue as the harmful consequences of income insecurity, inequality and poverty diminish. It’s harder to measure and predict but essential to think about because downstream impacts have been growing rapidly since the pandemic. This is visible in homeless shelters and tent encampments, food banks, drug overdoses, poor health, criminality, and often a drain on municipal budgets. Downstream costs treat symptoms, often unsuccessfully, leaving the disease unchecked.

We also need to recognize and value the benefits possible in order to get value for our money. Underinvesting and getting poor results is wasteful. It is important to compare the costs of a BIG with the costs we are paying already and assess which provides more benefits, greater return on investment, and reduction in costly consequences. Evidence indicates a BIG is the better path from a cost and benefit perspective. It is also an opportunity to simplify unnecessary complexity and the administrative burden it places on recipients and governments.

5. Work and Employment

A BIG supports adults while they are working, in the home, at a job, in the community, at school, running a business or running for office. It takes all kinds of work to hold society and the economy together. A basic income supports them all, including employment.

With AI disruption, precarious work, social media, inflation, green transition, and more, the demands on time, money and mental bandwidth are growing. Young people especially are finding it hard to get a foothold in the labour market and acquire the traditional markers of adulthood and independence. Adults need support to build capacity and prevent erosion.

Direct cash transfers that are not conditional on employment, including child benefits in Canada, have shown the world over to have a range of health and education benefits and to support employment, entrepreneurship, and community engagement. Ontario Basic Income Pilot research⁵ and a recent analysis of temporary pandemic benefits in Canada⁶ (direct cash but not a basic income) highlight very positive results in enabling people with jobs to get better ones with higher pay and to change jobs and fields to get a better fit. Ontario pilot participants

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⁵ https://labourstudies.socsci.mcmaster.ca/documents/southern-ontarios-basic-income-experience.pdf

⁶ https://policyalternatives.ca/publications/reports/cerb-more-just-income-program
demonstrated a wide diversity of ways in which they were able to improve their lives and earning capacity.\footnote{https://basicincomemecanada.org/wp-content/uploads/2021/04/BICN-Signposts-to-Success.pdf}

With a basic income guarantee that rewards employment, adults are better able to be resilient, enter into and maintain labour force attachment, and to adapt, innovate and take positive risks.

6. Moral Hazard

Concern is often expressed that some people who are capable of being employed will simply ‘stay home and play video games’ rather than keeping or getting a job. That may happen, but all the evidence indicates it would be an exception. There is a great deal of evidence in and beyond basic income studies, from economics, psychology, sociology, health, and neuroscience, for example, that explains what motivates humans and supports our wellbeing.

Small labour force reductions in pilots are usually due to \textit{temporary} and \textit{positive} situations, like a return to education or training, and care for very young children or frail elderly. Some people are actually working at too many jobs in order to make ends meet and their health suffers. Other adults in pilots increased their employment, especially those who had previously been on social assistance as well as people with disabilities, illness or injury, or heavy care responsibilities for whom a full-year, full-time job is not possible. Parents receiving income security in the form of child benefits have been able to maintain labour force participation, as evidenced by their low percentage on social assistance rolls now compared to earlier decades (although they may still struggle due to scant income security for employed adults).

Again it is important to remember that a BIG doesn’t fix everything, but in synergy with services, for example, to treat depression, addiction, or other mental health concerns that are limiting people, or to create affordable housing or greener jobs, it opens up options to be healthier and part of society and the economy in ways that are not possible now.

A more profound moral hazard issue for policy makers is the relative weight given to exceptions compared to a large majority of people who will be helped. No public policy is perfect. The fear of a few exceptions should not deny the transformational benefits that a BIG could mean for the many who are working so hard for themselves, their families and their communities. Exceptions should not be dismissed, but they can be addressed in other ways.

The concept of ‘reciprocity’ has also been raised as a moral issue surrounding a basic income, sometimes expressed as the notion that adults should be required to prove their contribution to society, or their disability, to receive public support. Reciprocity, however, is based on freely-chosen, mutual agreement. It is \textit{not} reciprocity when people with money, privilege and power in a society determine that those who lack such resources must abide by conditions, administered by bureaucrats, in order to meet their most basic human needs. Social assistance controls, adds stress and still does not provide enough to meet those needs. This runs counter to human rights and dignity and especially gender, Indigenous and racial justice.

7. Why Bill S-233 as a Framework bill matters

It is important that Senators understand the implications of costs, design details and evidence when considering a national framework for a GLBI. It represents a significant policy
development, albeit not a new or radical one as guaranteed incomes have been in place for seniors and families with children for decades. Direct cash transfers are increasingly used as a social policy tool because they are fast and effective, seen most recently in the grocery benefit (by name, but in fact unconditional) delivered through the GST/HST credit mechanism.

A national framework bill can start the process of building the pieces into a simpler, more inclusive and effective income security system.

Ultimately, it is governments working together that will make decisions about design details and funding that are beyond the scope of Bill S-233.

Bill S-233’s greatest significance is in creating a mandate and a home in government for the detailed work and decision-making to happen. That mandate is the key to making income security better for Canadians who are struggling against the odds. All of Canada’s national policy successes had to start somewhere, with an identified need and commitment to action. There would be no medicare or public pensions, for example, without a decision that Canada needed policies like those. The ‘idea’ of a public pension became reality when the details of the CPP/QPP were worked out.

Support for S-233 recognizes that Canada has a serious income insecurity problem and a promising way to solve it that should be pursued.

A recent comment from a city councillor highlights why a mandate to pursue a national framework matters so very much. He was commenting on the ‘status quo’ that includes tent encampments popping up across his province (but could apply to any number of other disturbing trends across the country), stating that it is ‘a complete failure of all three levels of government in Canada’. The point is not to blame, it is to improve the status quo, to recognize that all three levels of government need to come together to be successful and that a GLBI plays a pivotal role in a better, more hopeful future.

Senators, by supporting Bill S-233, are declaring that Canada needs better, national, income security, especially to fill the gap for those left out, and that it is the job of the federal government to work with other orders of government and civil society to make it happen.

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About BICN/RCRG
BICN is the sole national, registered, non-partisan, non-profit organization dedicated to a basic income to improve income security for everyone in Canada. We were created in 2008 as a national affiliate of an international organization. Then and now we work with members of all political parties, academics and non-profit leaders. The basic income movement in Canada has grown to embrace a vast array of national, regional and local groups, partners in different sectors, experts, and ordinary people from all walks of life, as well as wide public support. See more at basicincomecanada.org.