



Motion 46 and Bill C-273 on Basic Income
(text of M-46 and C-273 is appended)

March, 2021

INTRODUCTION

The Basic Income Canada Network (BICN) sees Motion 46 (on a Guaranteed Livable Basic Income) and Private Member's Bill C-273 (on a National Strategy for a Guaranteed Basic Income Act) as crucial and complementary advances towards the policy change we need. There are some limits to what they can do, however. There is also room for interpretation in some areas that are important to address. The following considerations and analysis are provided for that purpose. This is not a BICN position paper but an aid to understanding the issues.

A motion and a private members bill are different vehicles to help turn the basic income idea into actual policy design and implementation. The purpose here is to reflect on the content, what each adds and how to understand them together. We also address key matters that these vehicles can't cover that BICN's design work has.

In general, M-46's strengths are that it describes key goals of a basic income and what its parameters must be to ensure, for example, that it is adequate, inclusive, regular, unconditional, and works alongside other services and supports. For its part, C- 273's strengths are in outlining accountabilities, shared responsibilities, and the federal and intergovernmental structures and processes needed to make national policy change happen.

Key questions that have come up include: the distinction between a basic income and other social programs; what evidence we have and what research or information might we need and why; what is a pilot that tests implementation; why we need a national framework; and how long it will take to get a basic income in place.

A critical element that must be added to the discussion, due to the fact that neither motions nor private members' bills can direct the spending of money, concerns the actual design decisions that need to be made, including to determine benefit amount, cost, funding and administration. In this, BICN has made a leading contribution with principles, analysis and modelling in its Policy Options report at https://d3n8a8pro7vhmx.cloudfront.net/bicn/pages/3725/attachments/original/1579707497/Basic_Income-Some_Policy_Options_for_Canada2.pdf?1579707497

Another key factor is recognition that while a permanent basic income is being developed, governments, and the federal government especially, can act on their own to support people in ways that are consistent with basic income principles, like improving adequacy and removing conditions on programs that exclude people who are most lacking in income security. With COVID-19 impacts making long-standing problems worse and spotlighting the flaws in our current income security system, the need is urgent.

CONSIDERATIONS/ANALYSIS

1. Basic income and social programs

Motion 46 says that a basic income is

in addition to current and future government public services and income supports meant to meet special, exceptional and other distinct needs and goals rather than basic needs ..

Bill C-273 call for measures to assess models as to

the potential of a guaranteed basic income program to reduce the complexity of or replace existing social programs to alleviate poverty and to support economic growth ..

Concern has been expressed that these two statements may seem incompatible, especially that the reference to ‘replacing’ existing social programs could be interpreted to mean that eliminating services could be a way to pay for the basic income. We would not support that.

We do not believe this is the intent but to avoid any misinterpretation, it is essential to make a few important distinctions. The first is between programs that provide income and other ‘social’ programs. There certainly is a maze of income programs across the country that affect the disposable income people have. They include various tax deductions and credits from different orders of government, a variety of other programs, and social assistance payments. Some are unconditional, some highly conditional, some stigmatize. Sometimes the interactions can be perverse. People fall between the cracks or get trapped. Reducing this complexity and restoring fairness, simplicity and transparency is important. The money spent on many elements of this maze could be consolidated and invested in a basic income to get better results. That means some income programs are not so much ‘replaced’ as they are ‘rolled into’ a better, streamlined income security system.

Other non-income services and social programs are distinct from this income security system. They work in tandem with it. A basic income does not replace them. For example, income security and public health care both have roles in keeping individuals healthy and the public safe. Having adequate income and affordable housing gives people options to match their circumstances. However, there are some services that exist in large part to try to compensate for incomes that are far below any standard of decency or adequacy. People are effectively forced onto them to survive. These kinds of programs may be reduced or changed over time, not because of government or bureaucratic decisions but because with a basic income clients have more autonomy and resources to self-identify their needs. This offers great opportunity for providers and clients to work together to structure services and other programs to truly match the need and get far better results than are possible now.

The second distinction that sometimes gets confused is between what is basic and what meets additional needs and goals. For example, we all benefit from universal public health care and public education, as well as roads and bridges. These are services necessary to everyone’s well-being. Some services meet more specific or exceptional needs, the cost of which would be beyond what is reasonably considered basic. For example, a basic income helps an individual who gets headaches sometimes or has seasonal allergies to buy over the counter remedies. But those needing extensive mental health or learning supports or a person with a disability who needs costly prescriptions, assistive devices or personal care support can’t possibly be expected to pay for that from a basic income. Additional income and/or services are needed for this purpose.

The third distinction is between current and future programs. Pharmacare and childcare are examples of promised new national programs that provide services and reduce costs to individuals. Again, because public services and basic income perform different functions and support each other, they are not an either/or proposition. They are complementary investments that provide good returns and that makes them affordable.

2. National strategy and framework of national standards

The government of Prince Edward Island (PEI) has indicated that it is ready to implement a basic income, but it needs the federal government to do so. Other jurisdictions would need this too. All governments can be expected to be concerned that they are treated fairly by the federal government in a national policy and that they have some flexibility in their own jurisdiction. A basic income could make a big difference to municipalities too. It will be important that what works for PEI can also work in provinces with very diverse, densely populated areas like Toronto, in Indigenous communities, and in remote areas of the north.

The importance of jurisdictional matters for people is demonstrated by the different way the Canada Emergency Response Benefit (CERB) affected social assistance (SA) recipients depending on how their provincial or territorial regime treated the benefits. It also created a huge gulf between SA recipients who qualified for CERB and those who didn't, as well as administrative difficulties related to going on and off the SA system. Provinces and territories may have saved money while people were receiving federal emergency benefits. It took some people off SA rolls and were it not for programs like CERB, many more people might have had to resort to SA. It's not clear to what extent any savings were used to help people left on SA. A national basic income would resolve many of these issues.

More than half a century ago, Saskatchewan led the way in establishing Medicare but it became national policy though the framework (principles and funding arrangements) of the *Canada Health Act*. Similarly, and especially pertinent, establishing a new national child benefit system in the 1990s involved a framework agreement whereby the federal government took on the larger income security role while provinces and territories agreed to re-invest in additional income support and/or services for children.

M-46 and C-273 recognize the need for a national strategy and the involvement of other governments, with the latter being more specific about the accountability for making this happen resting with the federal finance minister, who must also consult widely.

3. The design of a basic income

Design details are critical to deciding what Canada is going to implement and what would be in a framework of national standards. This is a major challenge and a reason why people with the necessary knowledge and experience need to be brought to the table.

Neither motion nor bill proposes a specific model as it would have cost implications, but the motion is more directive on this front.

Canada certainly has the capacity to design and deliver a basic income. BICN's work in designing and modelling options is a key resource. Much of the testing that is important to policy design and implementation is done through such modelling (statistical simulations of policy changes). Experience with programs for seniors and children that have basic income features also gives us much to draw upon. The rapid delivery of CERB in the early stages of the pandemic also demonstrates a capacity for responsiveness that is greater than many of us realized and that is a positive development for the design of a basic income.

4. Evidence, research, collection of data

C-273 specifies that the strategy must include measures to

support research programs that will provide evidence to guide the design and implementation of a guaranteed basic income program in each province, including through collaboration with international organizations and institutions with experience of similar programs;

There are a number of issues in this reference that deserve attention. First, the focus on ‘each province’ indicates that agreement needs to be reached between federal and provincial and territorial governments. For a national strategy to work effectively and to overcome the patchwork variability and complexity in income security for people across the country, we would expect the federal role to be the foundational one and that any provincial or territorial differences would be the minimal, unless a jurisdiction exceeds the standards of the national framework.

The second issue is that given the vast amount of evidence that already exists, the first goal of any research program must be to gather and synthesize current knowledge so the people responsible for designing and deciding upon policy are well informed. The most logical way to do that is to engage stakeholder and network experts who have been working on basic income and income security issues, some for a long time.

Third, while it is valuable to be aware of the work of organizations and institutions outside Canada, the evidence indicates that in many respects Canada is a leader in this field. For example, there are pilots and proposals around child benefits that are being lauded in United States municipalities and explored in other countries as a step towards a more universal basic income. They are similar to the actual child benefit system in Canada that has been established and working successfully here for over two decades for the whole population. Income guarantees for seniors have been running even longer.

What we have learned from our own established programs and from basic income pilots around the world is that there is a consistent pattern of benefits and improved lives. That pattern counters what have largely been faulty assumptions, that people end up in poverty, for example, because they lack motivation or don’t make the right decisions. These assumptions are often built on stereotyping and discrimination against people who have been structurally disadvantaged in our societies. There is also an enormous body of scientific knowledge from fields such as health and neuroscience that programs based on this kind of thinking causes harm.

It is essential that evidence and knowledge guide the implementation of a basic income in the specific policy context of Canada. Lessons from our own experience are a big help, especially the recent CERB experience that had both positive and problematic elements. Other countries with similar or greater tax and administrative capacity may also be useful resources.

As for the collection and analysis of other data, for effects related to cost, responsiveness and other issues, this is largely a matter of modelling and technical capabilities. Effects on people can be learned largely through administrative data and Statistics Canada’s survey vehicles, for example on labour force participation, time use, volunteering and health. This information can be useful over time to ensure that as the basic income program runs we can learn as we go and improve as needed. Again child benefits provide a great example. Benefit levels increased

over time and that helped more lone parent families to escape poverty and exit social assistance. These families didn't do as well as two-parent families when benefits were lower.

5. Implementation pilots

M-46 calls for a permanent basic income. C-273 says the national strategy must include measures to

establish a pilot project in one or more provinces to test models of implementation of a guaranteed basic income program;

People may think this means another pilot or experiment like the one that was run in Hamilton and other sites in Ontario (2017-19). BICN and the authors of M-46 and C-273, however, have stated publicly that we do not need another experiment to tell us if basic income is a good idea or one that seeks data in an unrealistic effort to convince everyone.

We need to figure out how to implement a basic income most effectively.

A pilot implementation is an activity undertaken to test a system in a realistic setting and learn about the fit between the system and its goals and about changes necessary prior to full-scale deployment. This is the term used for regular government practice when policy changes are being implemented; it doesn't mean another experiment about whether or not basic income is effective.

Also, as with the beginning of medicare and child benefits, it's possible to roll out in one province before being delivered nationally and to allow jurisdictions some flexibility. The rapid responsiveness of emergency benefits during the pandemic shows Canada has capacity to deliver a basic income very effectively.

6. Time Frames

Currently, there is no government plan on the table, for engagement, accountability, even recognition that basic income is needed or is a legitimate subject for policy development. This prevents progress and risks backsliding. The Bill, if passed, would legislate some accountability and a time frame of two years to develop the national strategy that can be implemented. Two years later, a report on results is mandated. When the new child benefit system was introduced in the 90s there were periodic evaluations. This helps ensure we learn from early experience and adjust/improve as warranted.

The Bill implies that the federal government must design something implementable. Because the Bill can't direct federal spending, however, there is ambiguity. The time frame may seem long compared to how quickly CERB was rolled out, but CERB was assumed to be temporary and it was flawed. Involving the provinces, territories and stakeholders to make national policy adds to the time needed. PEI, however, has already come to the federal government to help it finance a basic income that would start there.

M-46 clearly calls for the federal government to introduce basic income legislation. Models are available. Much of the policy groundwork has already been laid. C-273 gets people to the table.

Nothing precludes the federal government acting where it can on its own or inducing provinces and territories to the table faster. Given the dire situation many Canadians are in, the struggle provinces, territories and municipalities are having with their budgets due to COVID-19, and

the need for economic stimulus, an opportunity to be at the table to find a solution should be welcomed by many.

Our work outside government is to continue to push wherever we can, to keep the bar high and use all the tools available to us to move basic income forward. Both M-46 and C-273 can help us do our work.

APPENDIX

Motion #46 Text

That, in the opinion of the House, the government should introduce legislation and work with provincial and territorial governments and Indigenous peoples to ensure that a guaranteed livable basic income (i) accounting for regional differences in living costs, (ii) for all Canadians over the age of 18, including single persons, students, families, seniors, persons with disabilities, temporary foreign workers, permanent residents, and refugee claimants, (iii) paid on a regular basis, (iv) not requiring participation in the labour market, education or training in order to be eligible, (v) in addition to current and future government public services and income supports meant to meet special, exceptional and other distinct needs and goals rather than basic needs, including accessible affordable social housing and expanded health services, replace the Canada Emergency Response Benefit on an ongoing and permanent basis in a concerted effort to eradicate poverty and ensure the respect, dignity and security of all persons in respect of Canada's domestic and international legal obligations.

Bill C-273 Text

(substance with titles and preamble removed)

Summary: This enactment requires the Minister of Finance to develop a national strategy to assess implementation models for a guaranteed basic income program as part of Canada's innovation and economic growth strategy. It also provides for reporting requirements in relation to the strategy.

1 This Act may be cited as the National Strategy for a Guaranteed Basic Income Act.

2 In this Act, Minister means the Minister of Finance.

3 (1) The Minister must develop a national strategy to assess implementation models for a guaranteed basic income program in Canada.

(2) In developing the strategy, the Minister must consult with the Minister of Employment and Social Development, the Minister of Industry, representatives of provincial governments responsible for employment and social development, leaders of Indigenous communities and governments, representatives of municipal governments, experts in guaranteed basic income pilot projects, the academic community and key stakeholders, including representatives of organizations involved in labour and employment and in entrepreneurship and innovation.

- (3) The strategy must include measures to
- (a) establish a pilot project in one or more provinces to test models of implementation of a guaranteed basic income program;
 - (b) create a framework of national standards to guide the implementation of a guaranteed basic income program in any province;
 - (c) support research programs that will provide evidence to guide the design and implementation of a guaranteed basic income program in each province, including through collaboration with international organizations and institutions with experience of similar programs;
 - (d) collect and analyze data for the purpose of assessing, for each model tested,
 - (i) the effect on government, including in relation to the efficiency, flexibility, cost, continuity and responsiveness of program and service delivery models and the potential of a guaranteed basic income program to reduce the complexity of or replace existing social programs, to alleviate poverty and to support economic growth,
 - (ii) the effect on recipients and their families, including in relation to their quality of life, their physical and mental health, their use of health services, and in relation to housing stability, living standards, nutrition, savings, education, social relations and labour market participation, and
 - (iii) the direct or indirect benefits for the recipients' communities, including in relation to entrepreneurship, job creation and civic action; and
 - (e) establish metrics that may be used to measure the effects and benefits described in subparagraphs (d)(i) to (iii).

4 The Minister, with the approval of the Governor in Council, may enter into an agreement with the government of a province for the collection, analysis and sharing of data for the purpose of determining how a guaranteed basic income program might best be structured and implemented in the province.

5 (1) Within two years after the day on which this Act comes into force, the Minister must prepare a report **setting out the national strategy** and cause it to be tabled in each House of Parliament on any of the first 15 days on which that House is sitting after it is completed.

(2) The Minister must publish the report on the website of the Department of Finance within 10 days after it has been tabled in both Houses of Parliament.

6 Within two years after the report referred to in section 5 has been tabled in both Houses of Parliament, the Minister must, in consultation with the parties referred to in subsection 3(2), prepare a **report on the results of the implementation of the national strategy** in each province that sets out the Minister's conclusions and recommendations, and cause it to be tabled in each House of Parliament on any of the first 15 days on which that House is sitting after it is completed.