



# Basic Income Canada Network Réseau canadien pour le revenu garanti

Brief submitted by the

## Basic Income Canada Network<sup>1</sup>

as part of the consultation process for the  
Canadian Poverty Reduction Strategy

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This brief concentrates on federally-administered, income-related programs and some indications of interrelationships with other areas such as housing, education, financial literacy, physical and mental health, community development, race and gender.

By focusing on this issue, we do not assert that basic income is a panacea. It is, however, central to a more holistic and effective strategy, not just to reduce poverty but to improve wellbeing for Canadians.

There is a wide body of research behind statements in this document and further references are available on request. Our website at <http://www.basicincomecanada.org>, provides more information, including on *The Basic Income We Want*. BICN is a national, non-partisan, non-profit organization supported by people with diverse backgrounds from academia, politics and policy to high tech entrepreneurs and physicians, and from people in the 1% to those with lived experience of poverty, and much more.

### **The Logic of Basic Income as the Foundation of an Effective Canadian Poverty Reduction Strategy.**

1. Poverty isn't only about income; but it is *always* about income.
2. **Poverty is not complex; life is.** The simple fact is that the fewer resources people have at their disposal, the harder it is to manage life's challenges, from one's place of birth to illness

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<sup>1</sup> Submitted by Sheila Regehr, Chairperson (Toronto), Dr. James Mulvale, Vice-Chairperson (Winnipeg) and Dr. Jenna van Draanen, Secretary (Vancouver).

or racism or job loss. Too often, policy has been paternalistic, judgmental and punitive, manufacturing complexity by treating people living in poverty as different than the rest of us, thereby compounding problems rather than solving lack of income directly.

3. **Income** is the leading determinant of health and wellbeing, far more important than health care systems, lifestyle or genetics. There is ample evidence that both physical and mental health can be seriously compromised by living in poverty. **Security** and **dignity** are equally important. Again, there is solid evidence that the constant stress of insecurity, stigma, discrimination, and lack of control damages bodies and brains, sometimes irreversibly.
4. Tackling problems **upstream** works better than downstream (preventing people from falling into the river rather than constantly trying to pull them out). We have large income security gaps in Canada; if we fix them, we have fewer downstream issues to sort out, and we reduce complexity and cost, both human and financial. We have good estimates of the cost of poverty in Canada and they exceed the amount it would take to bring everyone up to the poverty line.
5. **The federal government has the lead role** in providing income security for the vast majority of Canadians. It is the order of government with the best capacity to provide better basic income security for those now left behind. Anyone who must rely on provincial/territorial social assistance as their income floor does not fare well.
6. Basic income and social assistance are **opposite models**. The first provides unconditional cash transfers, without judgement, so people can use their time and money as best suits their own changing needs and circumstances. Social assistance income is highly conditional. It is very time consuming for all concerned and it is highly restrictive. As one example, someone with a basic income has the freedom to use it to pursue higher education (along with student grants and loans). In most parts of the country it is difficult or impossible to combine social assistance and student loans thereby cutting off an important route to a better life.

NB: We are not talking here about services that come with social assistance, just income. Services can be delivered as well as, and probably far better, in different ways and by people whose role is to help rather than to enforce rules and control money. To the extent that many services have been required to treat the consequences of poverty, they will be less needed in the future. This will give us better knowledge of what kinds of services really work. More effective, collaborative service models may also emerge, for example ones run by neighbourhood residents to foster community development.

7. The federal government already provides **forms of basic income**. It also administers provincial and territorial add-ons. The largest, most important basic incomes have been in place for decades and they go to seniors (OAS and GIS) and working-age adults with children (CCB). The most universal, but far smaller, is the GST credit.

It must be stressed that **child benefits go to working-age adults, not children**. The benefits are well below the poverty line; they are thus a *partial* basic income, but they are significant. Some people worry about what would happen *if* we give unconditional income to working-age adults. This is *not* a theoretical question because we do indeed provide it--just not very fairly.

The chart below shows combined current federal and provincial benefits that resemble basic incomes available to three family types<sup>2</sup>. Amounts vary by where you live, and by who you are or your stage of life. Single working-age adults are clearly left far behind, some receiving only the federal GST credit.

Individual/Family Configuration	Current Basic Income Per Year
Single senior (65+)	\$16,515 to \$19,891 per person
Lone-parent with 2 children, aged 2 and 10	\$4,268 to \$5,737 per person (or \$12,804 to \$17,211 for the family)
Single adult (18-64)	\$276 to \$576 per person

Those single people include:

- youth trying to stay in, or go back to, school
- recent graduates trying to get a foothold in a precarious job market
- employees with jobs that are low-paid, with no benefits and erratic hours
- people facing discrimination in various, often intersecting ways
- people who lose jobs and don't qualify for EI
- adults with episodic disabilities or who need lengthy treatment and recovery periods due to illness
- women fleeing violent partners
- adults caring for elderly or other adult dependents
- family and friends who are part of children's lives and influence the environment they grow up in--their non-custodial parents, aunts, uncles, older siblings and neighbours
- older workers who've had hard jobs and find disabilities starting to limit their work

8. In contrast to the gaps people at the low end of the income spectrum face, public resources are doing a good job of enhancing **income security for those who are most advantaged**. Tax expenditures for 2011 show dozens of credits and deductions worth over \$102.5 billion. The vast majority provided far more benefit to people in the highest income deciles (e.g., registered pension plan and RRSP deductions, partial inclusion of capital gains). The majority provided no benefit at all to people in the lowest 2 deciles and do little better for those in

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<sup>2</sup> Thirty-three basic income type programs are identified in David Macdonald's 2016 report for the Canadian Centre for Policy Alternatives entitled *A Policy Maker's Guide to Basic Income*, see especially Table 3, page 15; the amounts are based on having no other income.

the 3rd and 4<sup>th</sup>.<sup>3</sup> If these were redesigned to close loopholes, to reduce preferential treatment, to make greater use of refundable credits and to gear everything better to income level, the tax system could be far fairer and simpler and it could fund a very good basic income that leaves no one out. The Canada Child Benefit changes reflect a change in this direction.

9. Canada has **evidence that basic income works**. This is evidence of long-running programs and comes from governments' own evaluations and that of researchers outside government. The evidence shows reduced incidence and depth of poverty (dramatic for seniors and significant for families with children). The benefits have helped keep people off welfare and improved food security. Evaluations of child benefits also show positive health, education and employment outcomes, as well as reduced tobacco and alcohol use. The same patterns show up in the pilot in Dauphin, Manitoba in the 70s, and in more recent pilots and programs around the world. They also show patterns of community-wide benefits that go beyond improvements for individuals.

Equally significantly, there have been **no indications of feared effects**. People tend to work more, not less, and they work differently, better balancing demands of employment, entrepreneurship, education and family responsibilities. In Canada, it does not appear that seniors or children's benefits caused housing, rent or other prices to spike, wiping out the value of the benefit. Benefits for adults with children do not seem to have had negative effects on either employees or employers. Some research internationally reveals that adding conditions just adds administrative cost--outcomes are as good as or better with unconditional transfers.

### **Going Forward: Basic Income as both Historical Idea AND Innovation**

Some people think basic income is an old idea we should forget. It is, in fact, an important, historically-grounded one--like democracy. Also like democracy, it is a work in progress.

Philosophers, economists, anthropologists, social psychologists, civil rights leaders and many others writing about basic income have stressed the moral underpinnings of the concept, including the value of **human dignity**, the importance of the common good and of freedom. These same values are widely held across all major faiths and Indigenous traditions as well as secular institutions, such as human rights instruments.

In addition, there has always been an immensely practical side. Thomas More writing in *Utopia* in 1516 remarked in relation to the killing of thieves that:

*No penalty on earth will stop people from stealing, if it is their only way of getting food. It would be far more to the point to provide everyone with some means of livelihood.*

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<sup>3</sup> From David Macdonald's 2016 CCPA Report *Out of the Shadows*, pp 12-14.

It is not the concept that is the issue. We need to **innovate** by translating the idea into better public policy that works now. And the need is **urgent**. Robots are taking over good and bad jobs; essential care work still doesn't pay any bills; poverty increasingly breaks down along lines of race, religion, gender, disability and immigrant and Indigenous status; divisiveness, austerity in the face of extreme wealth and distrust of governments are intensifying economic, social and political unrest. Economists and governments over the last 40 years told people it would turn out differently. Many indirect ways have been tried to ensure people decent livelihoods; they have proved inadequate.

As Nobel Prize-winning economist Joseph Stiglitz notes, we must create public policy based on the economy as it is lived, not theorized. The world runs on money, everyone needs it for livelihoods, freedom, inclusion, and the capacity to contribute. It's time to deliver it--directly--into people's hands.

## **Recommendations**

The federal government could:

1. Lead in expanding basic income nationally to 18-64 year-old adults in their own right through levers at its direct disposal, for example by making tax credits refundable, removing conditionality, such as from the Working Income Tax Benefit, closing loopholes and reducing and setting limits on tax breaks that benefit people with high incomes and wealth.
2. Cooperate with and support other orders of government that are piloting and otherwise moving towards basic income, with a view to determining how it can best be rolled out nationally and how emergency support might be structured that is not welfare and is consistent with basic income principles.
3. Support and collaborate with provinces, territories, municipalities and Indigenous governments in rethinking how services could be restructured under a basic income model, including, for example, by providing services and subsidies based on low-income regardless of its source, offering financial literacy and financial information independent of people selling financial products, and assistance in filling out tax forms and understanding tax implications. It should be a priority to ensure that services are voluntary and developed collaboratively with clients. It is important to see how services can contribute to neighbourhood and community revitalization that greater income stability among residents would allow.
4. Set a national target for the elimination of deep poverty, along with overall poverty reduction goals.

Thank you for the opportunity to contribute.