Basic Income for Working-Age Canadians:
A Comprehensive Perspective

Edmonton Centre Youth Council
Economic Inequality Subcommittee
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RECOMMENDATIONS

For the reasons stated in the sections below, the Edmonton Centre Youth Council (ECYC) recommends that the Government of Canada consider the following measures:

1) Ultimately, we ask that the Government of Canada to Institute a federal monthly basic income of roughly $22,000 per year for Canadians age 18-64 using a NIT or UD model. If using a NIT, the benefit reduction rate must be 40% or less. Such a program must not be paid for by cuts to other anti-poverty measures like employment programs, the National Housing Strategy, healthcare, or education

2) As an imperative first step, we ask that the Government of Canada use the philosophy of a basic income as an ideal around which to frame a new discussion about welfare reform with provincial governments. We ask that the Government of Canada encourage and financially enable provinces to adopt the following reforms to existing welfare legislation:
   a) Increase allowances to allow for an adequate standard of living for all welfare recipients
   b) Reduce benefit reduction rates (40% or less) for income support programs to diminish the welfare wall faced by welfare recipients trying to reenter the workforce
   c) Reduce the amount of paperwork necessary for an applicant to receive disability benefits, and ensure that eligibility criteria is broadened so that fewer disabled Canadians are wrongfully deemed ineligible for disability benefits
   d) Ensure that there is no gap in funding levels between provincial welfare programs, and those of indigenous jurisdictions

INTRODUCTION

This report is prepared by members of the ECYC for the purpose of advising Member of Parliament Randy Boissonnault on issues that matter to the youth and young adults of Edmonton Centre. A basic income is a concept that intersects with many of the issues that were raised by members of the ECYC. The following report is a comprehensive look at how a federal basic income program for working-age Canadians might help address many of the concerns that we, the participating councillors, have about our country.

We should place our discussion of a basic income for working-age Canadians in context of some of the promises that the Government of Canada has already made before the world at the United Nations to ensure an adequate standard of living for all of its citizens.

Universal Declaration of Human Rights ( Adopted by Canada in 1948)

   Article 25(1): “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

International Covenant on Economic, Social and Cultural Rights (Ratified by Canada in 1976)
Article 11(1): “The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing...The States Parties will take appropriate steps to ensure the realization of this right.”


Article 3: “States Parties shall take in all fields, in particular in the political, social, economic and cultural fields, all appropriate measures, including legislation, to ensure the full development and advancement of women, for the purpose of guaranteeing them the exercise and enjoyment of human rights and fundamental freedoms on a basis of equality with men.

United Nations Declaration on the Rights of Indigenous Peoples (Adopted by Canada in 2016)

Article 21(1): “Indigenous peoples have the right, without discrimination, to the improvement of their economic and social conditions, including, inter alia, in the areas of education, employment, vocational training and retraining, housing, sanitation, health and social security.”

Article 21(2): “States shall take effective measures and, where appropriate, special measures to ensure continuing improvement of their economic and social conditions.”

Convention on the Rights of Persons with Disabilities (Ratified by Canada in 2010)

Article 28(1): “States Parties recognize the right of persons with disabilities to an adequate standard of living for themselves and their families, including adequate food, clothing and housing, and to the continuous improvement of living conditions, and shall take appropriate steps to safeguard and promote the realization of this right without discrimination on the basis of disabilities.”

A BRIEF HISTORY OF BASIC INCOME

The concept of a basic income has existed in at least a primitive form since 1516 when Raphael Nonsenso was quoted in Thomas More’s *Utopia* as saying, “Petty larceny isn’t bad enough to deserve the death penalty. And no penalty on earth will stop people from stealing...Instead of inflicting these horrible punishments, it would be far more to the point to provide everyone with some means of livelihood, so that nobody’s under the frightful necessity of becoming, first a thief, and then a corpse.”

Since then, the concept of an unconditional social safety net has continued to be discussed in some form by the likes of Thomas Paine, John Stuart Mill, Bertrand Russell, Martin Luther King Jr., Milton Friedman, and Canadian-American economist John Kenneth Galbraith. There have also been fully operational basic income programs, or basic income experiments all around the world in countries like The Philippines, India, Bangladesh, Brazil, Nicaragua, Mexico, Kenya, Uganda, Malawi, Namibia, UK, Finland, Netherlands, United States, and Canada.

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Conservative Senator Hugh Segal in 2017: “It is hard to conclude that the income support that is now available for those living in poverty is adequate in any meaningful way (...) Our present social assistance imposes limits on economic progress, often keeping welfare recipients from entering the economic mainstream (...) Poverty is the best predictor of early illness, early hospitalizations, longer hospital stays and early death. It is a reliable predictor of substance abuse, food insecurity, poor education outcomes, and for some, trouble with the law...it also imposes serious economic strain and stress on communities, their schools, hospitals, policing and judicial system, and weakens their local economy overall...Reducing poverty is a solid investment in stronger families, communities, and the economy overall, if done with a measure of generosity and efficiency. Moreover, offering a basic and automatic income floor to those who fall into poverty, for however long, would also undercut the incentives they face to engage in the underground economy, especially if legitimate work was not discouraged by the way in which a Basic Income operated.”

Liberal Senator David Croll in 1971: “The welfare system as we have it in Canada today was never meant to supply the basic means of support for a sizable and ever-growing proportion of Canadian families...The welfare state has created an environment in which the individual loses his self-respect and becomes prey to agonizing frustration...The system has become an instrument of paternalism whereby recipients have been compelled to do what others thought was good for them, and to conform to middle-class norms that the poor themselves often have neither comprehended nor appreciated. The whole welfare system, at all levels, costs Canadians more than six billion dollars a year, yet it has not significantly alleviated poverty let alone eliminated it...It is the Committee’s recommendation that the Parliament of Canada enact legislation to provide a guaranteed minimum income for all Canadians with insufficient income.”

In Canada, basic income policy has its roots in the 1971 Report of the Special Senate Committee on Poverty, which is often referred to as the “Croll Report” after the committee chairman Senator David Croll. In 1974, the Governments of Canada and Manitoba agreed to conduct Guaranteed Annual Income experiment called Mincome, which took place in Dauphin, Manitoba. Mincome helped produce data on the effect that a basic income might have on labour, education, health, and family structures. The experiment ended in 1979 as a result of Premier Ed Schreyer being voted out of office in 1977. After the Mincome experiment was closed down, a final report on its findings was never released, but Evelyn Forget and the University of Manitoba did release a report in 2011 on the health outcomes of Mincome.

Basic income programs targeted at children and seniors have been adopted in Canada. The Canada Child Benefit (CCB), Old Age Security (OAS) and Guaranteed Income Supplement (GIS) are all basic income policies in that they are cash transfers conditional on the recipient’s age (younger than 18 or 65 and older) and income.

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But while basic income programs for children and the elderly have been adopted and proven successful at reducing poverty among their intended demographics, our current social safety net for working-age adults relies on a less effective patchwork of supports including the Working Income Tax Benefit for low-income workers, EI and provincial welfare programs for the disabled and unemployed, and other special measures. The facts demonstrate that our existing social safety net for working-age adults is woefully inadequate and that too many Canadians are denied the “adequate standard of living” that the Government of Canada promised its citizens before the world at the United Nations by ratifying the ICESCR in 1976.

Today, 235 000 Canadians (about the population of Regina) are homeless each year, 863 492 (more than the population of Quebec City) rely on food banks for basic subsistence, and 4.5 million Canadians (more than the population of Greater Montreal) are currently living in poverty based on Market Basket Measure.

In 2017, in large part due to activism from hundreds of Canadian basic income proponents, and in part due to a revival in public interest, another provincial basic income experiment targeted at working-age adults has been announced by the Ontario government to study the effects of a basic income for working-age adults on food security, physical and mental health, education, labour, and housing.

### BASIC INCOME BASICS

Basic Income (also known as Guaranteed Annual Income [GAI], Universal Basic Income [UBI] or Unconditional Cash Transfer [UCT]) policy can be reduced to two broad categories: **Negative Income Tax (NIT)** and **Universal Demogrant (UD)**. Both can be explained with the following formula:

\[ I = G - (E \times T) \]

Where:
- **I** = total income with basic income and employment income factored in
- **G** = maximum basic income allowance
- **E** = employment income
- **T** = benefit reduction rate

With NIT models, the benefit reduction rate is higher than zero and lower than one. With UD Models, the benefit reduction rate is zero. In other words, employment income will affect one’s basic income allowance with a NIT model, whereas a UD model will provide the same allowance to every person regardless of employment income.

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6 Ibid, p. 118.

The higher the maximum basic income allowance, the costlier the program will be, but the higher people’s standards of living will be. The lower the benefit reduction rate will be, the costlier the program will be, but the lower the disincentive to work will be for people receiving the basic income.

The basic income pilot project in Ontario is a NIT model. According to Senator Segal in his position paper, which was used as the framework for the project, “The demogrant option has been set aside for two main reasons...First...In the context of an international wave of experiments, an Ontario pilot that would test a different approach (the NIT) would therefore contribute new and unique results and information to the global thread of evidence being generated...Second, the heftier direct financial costs associated with a demogrant would likely discourage any government from implementing it as a full-scale program.”

UD have been paid out to Alaskans from dividends from the Alaska Permanent Fund, which consists of revenues from the state’s oil reserves. “Paying dividends has bolstered the state’s economy, reduced poverty, and made Alaska one of the least unequal states in America...The Alaska Permanent Fund has paid equal yearly dividends to every resident, including children, ranging from about $1,000 to over $3,000...While this isn’t enough to live on, it nicely supplements Alaskans’ other earnings. And paying such dividends regularly for more than thirty years has bolstered the state’s economy, reduced poverty, and made Alaska one of the least unequal states in America...Universality puts everyone in the same boat. No one is demonized and a broad constituency protects the dividends from political attack.”

While the UD model comes with a higher price tag upfront, it is possible that both models could be introduced with the same net price tag. For example, both models could be implemented alongside a more progressive income tax model, such that costs incurred on the lower end of the income spectrum could be compensated for by taxes at the higher end.

So in summary, the merit of the NIT is its lower upfront costs, and the merits of the UD model are both its total elimination of the welfare wall and its broad constituency. The ECYC does not wish to make a case for either model in particular, but we do wish to bring awareness to the respective merits of both models.

BASIC INCOME & WELFARE

Senator Hugh Segal: “Poverty is the best predictor of early illness, early hospitalizations, longer hospital stays, and earlier death. It is a reliable predictor of substance abuse, food insecurity, poor education outcomes, and for some, trouble with the law.”

Edmontonians are all too familiar with poverty and welfare. Low energy prices have contributed to the rise in average monthly EI recipients in Edmonton from 10,361 in 2014 to 26,314 during the first 11

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months of 2016\textsuperscript{11}. Furthermore, the 2014 monthly average of 33,444 Alberta Works recipients went up to 47,530 in the first 11 months of 2016\textsuperscript{12}. In March 2016, 20,431 Edmontonians accessed the Edmonton Food Bank compared to 12,825 in March 2014\textsuperscript{13}.

The fact that usage of supports like EI and Alberta Works is increasing can be interpreted as evidence that the existing patchwork of social assistance programs in Canada is responding to the increased need appropriately, but as was pointed in the Standing Committee on Finance’s 2013 Report on Economic Inequality, “...the effectiveness of the transfer system has been reduced through reductions in social assistance benefits and the introduction of stricter eligibility requirements for federal and provincial income maintenance programs...[A] ‘welfare wall’ exists for those receiving social assistance benefits,...which are ‘clawed back’ if recipients earn employment income.”\textsuperscript{14} The truth is that existing social assistance programs in Alberta are insufficient to meet the needs of Albertans.

For example, in the case of Alberta Works, any employment income over and above $230 is ‘clawed back’ (or taxed back) at a rate of 75\% (in other words, 75 cents clawed back for each dollar earned). This means that for a single adult household who is under the Expected To Work program within Alberta Works Income Support and is ineligible for any supplementary benefits, income is $304 of Core Essential benefits plus $323 of Core Shelter benefits + $230 of earning exemption for a total of $857 per month\textsuperscript{15}. Hypothetically, if the person in question makes minimum wage when the Government of Alberta increases minimum wage on October 1, 2017 to $13.60, after their $230 earning exemption is taken into account, they will be making $3.40 per hour on top of $857. This in a city where the average price of rent for a bachelor suite was $852 in 2015\textsuperscript{16}.

On top of disincentivizing employment, eligibility for existing social assistance programs is also subject to many criteria. To be eligible for disability benefits from a program like Assured Income for the Severely Handicapped (AISH) in Alberta, one has to submit a medical information form that must be completed by a doctor. Often it is also necessary to submit supplementary specialist referrals as well. All these medical documents must contain specific wording in order to be granted benefits in accordance with the AISH act. Being eligible for benefits from AISH also requires the approval of workers who are required to interpret the AISH act and decide whether the medical information an applicant provides satisfies the criteria of the AISH act. Thus, in order for a disabled, unemployed Edmontonian person to access basic subsistence through AISH, they are subject to the opinions, intelligences, fallibilities, and prejudices of one or more medical professionals, social workers, and, more importantly, of the AISH act itself. The October 2016 Report of the Auditor General of Alberta concluded that “[t]he AISH application process favours people

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\textsuperscript{12} Ibid, p. 16.  \\
\textsuperscript{13} Ibid, p. 17  \\
\textsuperscript{15} http://www.humanservices.alberta.ca/documents/income-support-factsheet.pdf  \\
\textsuperscript{16} http://www.rentseeker.ca/blog/wp-content/uploads/2015/07/Average-Rent-Prices-of-Apartment-Rentals-across-Canada-RentSeeker.ca_.jpg
\end{flushleft}
who are good at completing forms and are persistent. Assessing eligibility takes too long, and the department cannot be sure its staff’s decisions are consistent.”

This paternalist system that requires the disabled to prove their disability in order to receive an allowance that provides a below-poverty line income may work most of the time, but people will always slip through the cracks. “[M]any people with disabilities do not qualify for disability benefits…” Even those who qualify for disability benefits may have to wait months or years to receive benefits. In the meantime they may be forced to rely solely on Alberta Works Income Support’s Barriers to Full Employment program, which offers as little as $731 per month to single adult households who are unable to work. Needless to say, it is near impossible to sustain an “adequate standard of living” while living on $731 per month in Edmonton.

Let us also mention that another victim of welfare paternalism is the well-intentioned, altruistic, forward-thinking social worker who has the demoralizing job of upholding outdated and underfunded government welfare policies and programs. This is evidenced by the Alberta College of Social Workers passing their Resolution on an Assured Annual Income, which states that “the common good of all Albertans is best served by the principle of universality without a test of eligibility thereby ensuring the means for a modest lifestyle…”

Clearly a new means of ensuring an adequate standard of living in Canada is needed. Benefit allowances need to be increased, benefit reduction rates need to be decreased, and Canadians’ rights to an adequate standard of living need to be taken for granted. A basic income would be an appropriate solution that would help fulfill Canada’s treaty obligations to provide an adequate standard of living for all Canadians.

**BASIC INCOME & LABOUR**

Some critics of basic income policies will argue that work will be disincentivized by an unconditional social safety net. However, such arguments are short-sighted because, as long as benefit reduction rates are low enough, employment income will always be attractive as a way to increase a person’s total income. In fact, in the case of Mincome, “[t]he reduction in work effort was modest: about one per cent for men, three per cent for wives, and five per cent for unmarried women. These are small effects in absolute terms…On reflection, the small effect on work effort may not be surprising. GAI tax-back rates, while substantial, may still be less than the tax-back rates involved in other social programs.” (p. 80).

In the context of the relationship between basic income policy and labour, the conversation that should be had is about precarious employment.

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18 Evelyn L. Forget; Dylan Marando; Tonya Surman; and Michael Crawford Urban, “Pilot lessons: How to design a basic income pilot project for Ontario,” Mowat Centre: University of Toronto, Toronto, ON, September, 2016, p. 17.
19 [http://acsw.in1touch.org/uploaded/web/SUM_ResolutionAssuredIncome_20160301.pdf](http://acsw.in1touch.org/uploaded/web/SUM_ResolutionAssuredIncome_20160301.pdf)
In Edmonton, 11.3% of indigenous people are unemployed compared to 7.1% of all Edmontonians. 20 14.9% of indigenous Edmontonians’ income is from government transfers, compared to 6.8% of all Edmontonians’ income.

Among employed Edmontonians, 17.8% work for $15 per hour or less. According to the Edmonton Social Planning Council, “[w]orking poverty exists in Edmonton because while jobs are abundant, a significant proportion are low paying. Low paying jobs are often precarious, lacking in job security and fixed hours of work. Low paying jobs also disproportionately lack benefits like employer paid pensions and prescription drug and dental coverage.”21 All in all, 12.1% of Edmontonians are low income as a result of unemployment or precarious employment.22

Nationally, “precarious employment has become increasingly common, especially for young people who may simultaneously hold more than one part-time job, or work on temporary contracts with few or no benefits, or experience periods of no work between assignments.”23

Seasonal employment is also a serious problem:

“...[T]he number of workers in seasonal jobs can range from a low of 214,000 in mid-winter to a high of 766,000 in summer. This represents roughly two to five per cent of all workers in the country. [...] ‘Seasonality’ in employment is a reality for hundreds of thousands of Canadians...These simply aren’t enough winter seasonal jobs to go around. Accordingly, the solution for many seasonal workers is to collect Employment Insurance (EI) in the winter...In 2012, the federal government answered it with some EI reforms meant to coerce seasonal workers to find other jobs in the off-season instead of relying on EI benefits. The swift reaction from seasonal workers, employers and industries, and the mainly rural communities that rely on them, along with the CANSIM statistics that show no long-term reduction in claims after 2012, suggest that seasonal workers are not simply opting out of work in the off-season. Seasonal fluctuations in employment, in other words, are not a problem of individual motivation; they are a structural feature of our economy. Thus, they require structural supports - as event the freest of free markets always do, in practice if not in theory.”24

According to the Standing Committee on Finance’s 2013 Report on Economic Inequality, “[G]lobalization and technological process are widening the gap in employment earnings...”25

21 Ibid, p. 9
22 Ibid, p. 5
23 Evelyn L. Forget; Dylan Marando; Tonya Surman; and Michael Crawford Urban, “Pilot lessons: How to design a basic income pilot project for Ontario,” Mowat Centre: University of Toronto, Toronto, ON, September, 2016, p. 17.
Sadly, economic inequality and precarious employment in Canada is only going to get worse due to the increasing automation of our economy. According to a recent study by Creig Lamb of the Brookfield Institute, **41.9% of the Canadian labour force (and 43.1% of the Albertan work force) is at a high risk of being affected by automation over the next 10-20 years.** The professionals who are most at risk include retail salespersons, admin assistants, food counter attendants, cashiers, and transport truck drivers. According to the study’s estimates, 1.869 million Canadians (more than the populations of Calgary and Halifax combined) have a 79-97% chance of having their employment affected by automation within the next two decades.26

As the gap between the rich and the poor grows exponentially wider due to technological innovation, we need to take big steps towards ensuring there is a mechanism of redistribution in place to ensure an adequate standard of living for all.

**Elon Musk, Founder and CEO of SolarCity, Tesla, and SpaceX:** “There is a pretty good chance we end up with a universal basic income, or something like that, due to automation.”27

In addition to being a protective mechanism against precarious employment, some see the potential of basic income to “help shift the behaviour of higher income individuals by reducing the risk they face should they decide to become entrepreneurs. Indeed, by encouraging more entrepreneurship among both high and low income earners, a basic income could help to solve one of Canada’s most significant contemporary economic challenges, namely, persistent low levels of innovation - something that has long been blamed on Canadians’ high levels of risk aversion.”28

**In the words of Canadian tech entrepreneur and executive Michael Schmidt:**

> “I want to live in a world where there are little to no capital risks while innovating, or at the least much less capital risk than what many people face, thus thwarting their ambitions. Thus, the need for a universal basic income has never been more present - an income that everyone is able to access and that helps ensure that, at the end of a day of entrepreneurial action, there’s sufficient food on the table, a decent roof over one’s head and the meeting of other basic needs common to us all. While there are a lot of great reasons for a universal basic income, one that should be considered in addition to preventing poverty and reducing income and opportunity inequality, is how the emerging new economic system can further catalyze a nation of innovation. Universal basic income is an essential building block for an innovative economy.”29

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27 Catherine Clifford. “Elon Musk says robots will push us to a universal basic income - here’s how it would work”. CNBC. 2016. Available at: https://www.cnbc.com/2016/11/18/elon-musk-says-robots-will-push-us-to-a-universal-basic-income-heres-how-it-would-work.html
Basic income is an important next step for the Canadian labour force as both a protective measure against precarious employment and income inequality, and as a catalyst for entrepreneurial risk-taking and innovation.

BASIC INCOME & EDUCATION

When households receive basic incomes, education often becomes a high priority for household spending. “Overall, families appear to be quite sophisticated in the way they spend their benefit income. They are purchasing more basic necessities, and as their resources increase, they are directing increasingly more of the money towards those items that directly affect learning, such as educational tools. Interestingly, they significantly cut back spending on alcohol and tobacco…”

Regarding the data collected from Mincome, Forget, Peden, and Strobel state:

“We accessed high school enrollment data and discovered that there was a ‘lucky cohort’ of grade 12 students - an unexpected bubble in final year registration exactly coincident with Mincome…Outcomes were much larger than anyone should expect them to be, particularly for education…A seventeen year-old, trying to decide whether to commit to school for another year, will consider (along with his parents) many factors such as the projected income of the family from all sources, including Mincome. Subjects reported that many of these young men were under considerable pressure before the experiment to become self-supporting. Could the family afford to support him for another year? Could they do without his income? Was he needed to work on the farm? Mincome meant that at least some of these vulnerable adolescents were permitted to attend school for another year.”

Ruckert, Huynh, and Labonte write:

A large number of studies indicate that provision of a basic income is associated with improved literacy scores, reduced dropout rates and improved grades. Higher levels of educational attainment have, in turn, been associated with better health outcomes, for example by improving labor market outcomes, and contributing to social support systems and a healthier lifestyle…The North Carolina income support experiment found that children whose families were enrolled in the experiment experiencing test scores that were 22 points higher, on average, than children in the control group. In New Jersey-Pennsylvania, children were 20-90% more likely to graduate from high school. During the Manitoba income [Mincome] experiment, a notable outcome was that adolescent males delayed entering the workforce to continue attendance in school.

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30 Lauren Jones, Kevin Milligan, and Mark Stabile, “How do families who receive the CCTB and NCB spend the money?” Martin Prosperity Institute, Rotman School of Management, University of Toronto, March, 2015, p. 8-9.
There has been a demonstrable correlation in basic income experiments between the receipt of a basic income and improved education outcomes. Thus, a basic income would likely help Canada fulfill its treaty obligations to ensure education and economic opportunity for all Canadians.

**BASIC INCOME & HEALTH**

Concerning the effect that basic income experiments have had on health outcomes, Martin and Meili write:

“Of these social determinants of health, the most influential is income. Income is often referred to as the ‘determinant of the determinants’ because it influences access to other essentials for good health, such as where people can afford to live and how far they can go in school...The MINCOME experiment in Dauphin, Manitoba in the 1970s resulted in higher school completion rates and a reduction in hospitalization of 8.5 per cent, largely due to fewer accidents, injuries and mental health admissions...Canadians spent $63.6 billion on hospital services in 2014; a decrease of 8.5 per cent in health spending in today’s environment would result in savings of $5.4 billion.\(^{33}\)

Ruckert, Huynh, and Labonte note that the Alaska Permanent Fund has yielded a:

“14% decreased likelihood of low birth weight, with results more significant for less-educated mothers. Other research findings are consistent with this data, including an income experiment in Indiana. In this case, income supplements enabled access to better neonatal nutrition and healthcare. It is well known that early child development is a significant factor influencing cognitive, behavioral and physical domains in children which, in turn, impact health results later in life (...) In an unconditional cash transfer experiment in Malawi, schoolgirls were ~38% less likely to suffer psychological distress than the control group. A 1996 longitudinal study conducted on a tribal reservation in the USA examined the psychiatric outcomes following the opening of a casino, which lead to a rise of income in the reservation. The study results showed that drug dealing in adolescents declined, high school graduation rates increased and the youngest of the family were less likely to experience any psychiatric disorder. Research studies in Kenya present a multitude of mental health benefits from income supplements: youth experienced 24% less depressive symptoms, psychological well-being increased and the benefits played a buffering effect for the mental health of orphaned children.”\(^{34}\)

It should be no surprise that ensuring a basic livelihood to every member of a society has a positive effect on physical and mental health. A basic income would help Canada fulfill its treaty obligations to ensure health and security for all Canadians.

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BASIC INCOME & GENDER INEQUALITY

Because basic income is an equalization mechanism, it also has the positive effect of reducing inequalities along lines of race and gender.

Even in a wealthy nation like Canada:

“...[S]ome women find the sex trade a better option to get money than requesting welfare help because the welfare system threatens to take their children away...a single mom can have almost her whole welfare cheque go directly to her landlord at the first of the month, leaving her with no money until her child benefits arrive three weeks later. During that time she tries to be as still as possible in order to not get hungry so that what little food is available can go to her children.”35

62% of low-wage employed Edmontonians are women.36

Because low-income Canadians are more often women than men, a policy that is targeted at low-income Canadians will be targeted at the problem of gender inequality.

Results from a basic income pilot program involving roughly 6,000 men, women, and children in the state of Madhya Pradesh in India showed that after the implementation of a basic income for 18 months, “social equity improved.”:

“The benefits were more marked for people with disabilities, for women compared with men, and for scheduled caste and scheduled tribe families with upper castes. All those structurally disadvantaged groups had access to their own income, many for the first time, and mothers were able to look after the needs of girl children. School registration and attendance records for girls showed big improvements, more so than for boys, although theirs improved as well. And whereas previously young girls were more likely than boys to be underweight for their age, by the end of the pilot they had gained more than the boys had done. Gender equity undoubtedly improved.”

Another positive side effect of providing a basic income to low-income women, is that it will have the effect of reducing the instances in which a woman is forced to stay in an abusive and exploitative relationship out of financial necessity. The evidence from Mincome “does suggest a moderate response of marital dissolution due to a GAI payment.”38

In a basic income experiment, referred to here as an Unconditional Cash Transfer (UCT), in Malawi “the UCT arm reduced early marriages, early births and HIV transmission to a greater extent than did the CCT [Conditional Cash Transfer].”39

UBC Law Professor Margot Young offers the following qualifier regarding basic income and gender inequality in the workforce:

“Almost 50 years ago, the Royal Commission on the Status of Women in Canada issued its report on gender inequality in Canada. Among the report’s 167 recommendations was a call for a federal Guaranteed Annual Income (GAI). The commission proposed the program for single parents and especially sole-support mothers: ‘a majority category among the nation’s poor.’...The irony is that emphasizing economic citizenship for mothers outside of the paid work force risks reinforcing the separation of women from the public realm...So we cannot neglect other labour policies that focus on things like employment standards, wage levels and workplace discrimination as key foci for reform. Critically, access to adequate and affordable child care must be part of any policy reform...Thus, an important feature of any GAI proposal must be retention of, and expansion of, social program delivery alongside implementation of a GAI. Adequate child care, post-secondary education and health care are some examples of goods that must be publicly and universally provided for women’s inequality to be effectively addressed.”

If implemented properly, a basic income could help reduce gender disparity in accordance with Canada’s treaty obligations.

**BASIC INCOME & INDIGENOUS JURISDICTIONS**

Today, “[a] First Nation youth is more likely to end up in jail than to graduate high school (...) In 2006, the unemployment rate for First Nation people living on-reserve was 25% - approximately three times the rate for non-Aboriginal Canadians. In 2006, the average household income for First Nations living on-reserve was $15,958, compared to $36,000 (before taxes) for non-Aboriginal Canadians. In 2006, 61% of First Nation young adults (20-24) had not completed high school, compared with 13% of non-Aboriginal Canadians.”

Designing a basic income for working-age adults to successfully reduce poverty and catalyze economic growth on reserves could be an important step forward in correcting Canada’s centuries-old colonial legacy of disenfranchising indigenous peoples.

But delivering a basic income to on-reserve households comes with unique jurisdictional challenges as evidenced by the high rates of on-reserve households currently missing out on the Canada Child Benefit.

40 “Providing a BIG [Basic Income Guarantee] to First Nations members poses special challenges,


especially if it is administered through the income tax system. An acceptable BIG would involve the participation of First Nation governments even if the financing comes largely from the federal government. This would entail institutional issues that call for a separate study.\footnote{43 Robin Boadway; Katherine Cuff; Kourtney Koebel, “Designing a Basic Income Guarantee for Canada,” Queen’s University, Kingston, ON, February, 2017, p. 6}

Sheila Regehr of the Basic Income Canada Network has called on the federal government to “[s]upport 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, financial information that is independent of people selling financial products, and assistance in filling out tax forms and understanding tax implications.”\footnote{44 Sheila Regehr, “Brief submitted to the HUMA study that focuses on improving the delivery of federal resources and services for the Canadian Poverty Reduction Strategy,” brief submission, HUMA, June 2017, p. 5}

We echo Regehr’s point.


Part of the reason why the discussion of basic income policy should move from provincial (ie. Manitoba and Ontario) jurisdictions to a federal perspective, is that it is the federal government that is responsible for First Nations, not the provinces. Because the Ontario pilot project is “a provincial pilot, however, it is unlikely that Ontario’s guaranteed income project will provide any help to federally regulated reserves at all.”\footnote{46 Dan Wilson, "Honourable Intentions?" In “Basic Income: Rethinking Social Policy,” edited by Alex Himelfarb and Trish Hennessy. Ottawa: Canadian Centre for Policy Alternatives, 2016, p. 26}

A federally-funded basic income program that is designed and delivered in collaboration with indigenous jurisdictions could reduce poverty and provide financial stimuli on reserves. This could be a helpful step towards Canada fulfilling its treaty obligations to indigenous Canadians.

FINANCING A BASIC INCOME

The obvious question that is often brought up in any conversation in about basic is “How do we pay for it?” There are many different answers to this question that have been offered. A couple of such offerings are listed below:

Boadway, Cuff, and Koebel propose the following:

“The BIG we propose is a revenue-neutral reform in the composition of government transfers to persons that would significantly improve the relative position of those in the bottom of the net income distribution and reduce poverty. Our proposal would replace existing transfers delivered through the tax system, including many non-refundable and refundable tax credits (NRTCs,
RTCs), with a BIG. Social insurance programs such as employment insurance (EI), workers’ compensation and Canada and Quebec Pension Plans (CPP/QPP) would remain.”

David Macdonald argues, in his “Scenario 8” against replacing any current cash transfers and instead proposes the addition of a basic income program to working-age that supplements all current cash transfer programs:

“In the final scenario, a $10,000 negative income tax is created on top of all existing programs as a 34th patchwork of federal and provincial supplements. Under this scenario, a family would receive a $10,000 basic income (per person, adjusted for family size and family income) or they would receive the present basic income package, whichever is higher. By design, there are no losers under this program. Scenario 8 would reduce poverty from 11.7% to 9.3%, lifting 876,000 Canadians out of poverty at a cost of $14.5 billion. If, again, this were paid for out of GST revenue, the GST rate would need only increase from 5% to 7%...Broadly speaking, cancelling existing income transfer programs in favour of a single basic income results either in dramatically higher levels of poverty, or ethically and politically unsupportable compromises where seniors are pushed into poverty to lift up adults and children. The more acceptable and feasible approach would be to set up a new basic income on top of the 33 transfers that already exist, thus creating only winners, though the main beneficiaries would be middle-aged Canadians.”

The point that has been made by some critics of basic income on the political/economic left is that the cost of a federal basic income for working-age adults could result in funding being cut for other programs targeted at housing, healthcare, education, youth employment, public transportation and other essential services. We echo such concerns.

Again, there are many answers to the question, “how do we pay for it?” Some might suggest cutting existing cash transfer programs, some might suggest raising the GST rate, and others might suggest incorporating the basic income into an even more progressive income tax model. Ultimately, the correct answer is that which was given by Senator David Croll: “To do what has to be done will certainly cost money. Lack of action will cost many times more. What inaction will cost in lost humanity is infinitely greater.”

CONCLUSION & ACKNOWLEDGMENTS

For two years after I finished my undergraduate degree, I worked as a Follow-Up Support Worker for a Housing First department in inner-city Edmonton. This report is very much informed by my experiences working closely in this capacity with over 40 impoverished Edmontonians recovering from homelessness.

47 Robin Boadway; Katherine Cuff; Kourtney Koebel, “Designing a Basic Income Guarantee for Canada,” Queen’s University, Kingston, ON, February, 2017, p. 2-3
Though the services that I provided to our program’s participants primarily revolved around finding sustainable housing, I spent most of my time finding ways to leverage sufficient income for each of my participants to sustain themselves. To be clear, I don’t mean that our goal in Housing First was to lift people out of poverty - that seldom happened. Because the participants that I worked with were usually unable to work due to a variety of reasons, our goal was usually to help our participants squeeze enough support out of Alberta Works, the food bank, and -if the participant was lucky enough to have their application approved- AISH for the participant to be able to afford not being homeless.

As an advocate for my participants I was too frequently disappointed by the inability of our current social security system to guarantee an adequate standard of living to Canadians who are unable to work, its inability to empower those trying to escape poverty, and its inability to provide financial assistance to all who need it in a just, unbiased way.

Some believe that the creation of a basic income is a financially unviable policy, and that Canada would be prudent to make the best of the federal and provincial mechanisms that are already in place. I believe that -even if such criticisms are to be accepted- the characteristics of a basic income must be held up as ideals around which to shape our country’s discussion on welfare reform, our response to precarious employment and the rise of automation, and ultimately, any future endeavours to eliminate poverty. Himelfarb and Hennessy argue that “[t]here is never one single shiny solution to this patchwork of problems. But basic income, as an objective asks the right questions and could help inform public policy on everything from the inadequacy of social assistance to the inadequacy of the minimum wage.”

Some critics maintain that it may be better to continue designing more small, targeted solutions to the patchwork of problems, rather than adopting a basic income because poverty is complicated and involves many factors besides a lack of money. We agree that small, targeted programs must be part of Canada’s response to poverty and precarious employment. However, we believe that a basic income must still be part of the solution because, in the words of Sheila Regehr, “[p]overty isn’t only about income; but it is always about income.”

The Edmonton Centre Youth Council calls on the Government of Canada to institute a federal basic income for all working-age Canadians to help ensure an adequate standard of living for all Canadians. We do not wish to take a position regarding whether the basic income should follow a Universal Demogrant model or a Negative Income Tax model. We call for a basic annual income of roughly $22,000 paid on a monthly basis, and we urge the Government of Canada to consider a benefit reduction rate of 40% or less on any employment income above the basic income level. We are also of the opinion that such a basic income policy should not be paid for by cutting targeted funding to essential services like healthcare, education, childcare, or employment-related services.

In conclusion, Canada has already promised the world that it will provide all of its citizens with an adequate standard of living. We are currently far from fulfilling that promise, and the rise of automation in the next 10-20 years will only present us with new obstacles in the way of an adequate standard of living. However, a federal basic income for working-age adults offers a strong step forward towards fulfilling

51 Sheila Regehr, “Brief submitted to the HUMA study that focuses on improving the delivery of federal resources and services for the Canadian Poverty Reduction Strategy,” brief submission, HUMA, June 2017, p. 1
Canada’s promise of an adequate standard of living, and for paving a safe and equitable path through a transitioning, increasingly automated economy.

Thank you for taking the time to read and consider our report.

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