

## Brief to the House of Commons Committee on Recovery Plans from COVID-19

### Basic Income Guarantee: The Cornerstone of a Just Recovery

This brief advocates for a Basic Income Guarantee (BIG) as a foundational policy for a just recovery. Income distribution is a key social determinant of health. This brief provides specific recommendations for a basic income that eliminates poverty in Canada and ensures all people, regardless of work status, are able to meet their basic needs and live in dignity.<sup>1</sup> It is a model supported by Basic Income Canada Network (BICN), and other basic income groups across Canada that support BICN and this model of providing income security.<sup>2</sup>

Public health officials (including the Canadian Medical Association, the Canadian Association of Social Workers, and the Canadian Public Health Association) have long been supporters of basic income because they see the harmful evidence of life without income security. There are now emerging collaborations among leading figures in the Senate,<sup>3</sup> food insecurity sector, precarious employment sector<sup>4</sup> women's organizations, Indigenous leaders<sup>5</sup>, child poverty coalitions, among others.

The magnitude of the COVID-19 pandemic has laid bare the deep inequalities in our society and glaring holes in our social safety net. We see now just how precarious work is and how so many of us live a paycheck or two away from financial crisis. Despite the high level of post-secondary education, only 44% of millennials have found permanent full-time employment. Another 47% are working at jobs with some degree of insecurity including over one-third who are on short-term contracts, freelancing, or working through a temporary employment agency.<sup>6</sup> We see how reliant we are on underpaid, low-wage workers who provide us with essential services, and how we undervalue the people, mostly women, who care for our children, our sick and our elderly.

Employment Insurance falsely equates 'work' with 'paid employment', only giving value to the latter. The pandemic has unveiled the systemic sexism, racism and colonialism that continues to harm us, and has revealed how wealth creation for the few over the needs of the many is leading to environmental calamity and the collapse of our social systems. Public policy must now be designed deliberately, in a way in which the environment, women, Indigenous people, and racialized and gender variant people all count.

### About Basic Income

A basic income is a direct payment from government to ensure that everyone has sufficient income to meet basic needs, participate in society, and live with dignity regardless of work

<sup>1</sup> Basic Income Canada Network ([BICN](#)).

<sup>2</sup> See principles underlying a basic income guarantee ([BICN: PEI's BIG](#); [Lindsay Ontario's Declaration](#)).

<sup>3</sup> Letter sent by the Honourable Frances Lankin and Kim Pate on behalf of 50 Senators (April 21, 2020) to the Prime Minister, the Deputy Prime Minister and the Minister of Finance.

<sup>4</sup> [PEPSO](#) (Poverty and Employment Precarity in Southern Ontario).

<sup>5</sup> National Inquiry into Missing and Murdered Indigenous Women and Girls: Reclaiming Power and Place. (2019). [Executive Summary](#): Final Report: Calls for Justice 4.2 (p.68) and 16.20 (p.91).

<sup>6</sup> Martin, J. C., Lewchuk, W. (2018) [The Generation Effect](#): Millennials, employment precarity and the 21st Century workplace. McMaster University and PEPSO.

status. A Universal Basic Income (UBI) is a general term that refers to any type of basic income program. A program that delivers a cheque unconditionally to everyone is one example, the other is a program that creates an income floor (also known as a guarantee), and results in a cheque sent unconditionally to everyone whose income falls below that floor.

Canadian public policies that have been most effective in improving security and wellbeing and in reducing inequality and poverty are ones that provide regular, **unconditional income guarantees**. It is this kind of success we should be looking to build on. Old Age Security and the Guaranteed Income Supplement for seniors, and benefits for adults with children under 18 (now called the Canada Child Benefit), along with provincial/territorial add-ons, have helped these populations weather economic ups and down for decades and have provided economic stimulus as well<sup>7</sup>.

However, adults between the ages of 18 and 64 have been left out and are facing a very uncertain future. Their insecurity is profound. This is especially true for single people, when we know that it now takes most households two incomes just to get by. Finding and keeping a job, getting decent pay and working conditions, and qualifying for Employment Insurance (EI) are all challenging. According to Statistics Canada, in 2018, about 1.1 million Canadians were unemployed at some point in the year. Of these, 63.9% contributed to the EI program. Among eligible contributors, 87.4% had accumulated enough insurable hours to receive regular EI benefits.<sup>8</sup> This indicates that in 2018, only 55.8% of unemployed Canadians received EI benefits. As for the last resort of social assistance, income is provided in a way that remains unrelentingly miserly, punitive and debasing of human dignity. If Canada is to reduce suffering, save lives, and build a healthy, resilient economy for people and the planet, we will need to do better.

Denying people an adequate income denies them the capacity to make their own choices. For example, it forces some people to go to food banks instead of grocery stores where they can choose to buy what they want and is best for them. The 4000 plus recipients in the Ontario pilot used their basic income in countless and unique ways—a driver’s license renewal, gas for a car or tractor, hospital parking passes, supplies for self-employment, a child’s play structure, a gym membership. These decisions reflect what was needed and mattered most to those individuals and families and are also choices that supported local businesses.<sup>9</sup>

## Lessons from the COVID Response

Positive lessons learned from the rapid response of government:

- Federal government provided leadership and action for the whole country and gained public trust for its handling of the pandemic.
- Impressive non-partisan, multijurisdictional cooperation.
- Recognition that people needed income quickly in order to deal with loss of jobs.
- Rapid provision of direct cash transfers, using existing government systems (EI, tax system, CCB, OAS/GIS, GST credits).

<sup>7</sup> CTV News. (July 12, 2017). [Bank governor credits liberal stimulus with stronger economy](#).

<sup>8</sup> Statistics Canada. [Employment insurance Coverage Survey, 2018](#).

<sup>9</sup> BICN (2019). [Signposts to Success](#). A survey of Ontario Basic Income Pilot recipients shows Canadian experience.

- Rapid adaptability as the situation changed and evolved, as it became clear that some people who needed help were being excluded because they did not qualify for initial benefits, the amount offered was insufficient, and other reasons.

Challenges with the COVID response:

- Some responses come with conditions and rules that treat different groups of people in different ways. For example, the CERB identifies some people as 'eligible' and others 'not eligible' based on income earned from previous employment. Some social assistance recipients are able to get CERB benefits but some of Canada's most disadvantaged individuals and families do not qualify. Seniors and people with disabilities are not eligible for the CERB. When a person receiving CERB earns \$1000, the entire benefit is removed, providing a strong employment disincentive. The benefit does not gradually disappear as earned income increases, which leaves people with difficult choices about going back to work.
- Some groups are receiving one-time only payments.
- Students receive a lower amount and have additional requirements.

## The Basic Income We Want

A basic income is intended to be regular and ongoing, providing people with security to plan for the future, rather than a short-term emergency fund. A basic income guarantee ensures that people have some security while they start to gain income from employment. If a basic income had been in place prior to the COVID pandemic, targeted programs for different groups would not have been needed, and income transfers could have rolled out without people falling through the cracks. A basic income provides a foundation of stability, security, a measure of confidence and a level of trust in government that will make good outcomes possible.

In response to the COVID-19 crisis, our concern for human life and wellbeing has led us to the conclusion that the federal government must act decisively now and that the best available evidence in Canada at this moment argues for a **basic income guarantee model** for adults 18-64, consistent with programs for seniors and children that have demonstrated success.

Policy options for a comprehensive, equitable, and affordable basic income have been rigorously modelled for Canada by BICN and leading economists.<sup>10</sup> We support a basic income guarantee for adults 18-64 comparable to the CERB monthly amount of \$2000, gradually reducing as other income rises, ensuring that some benefit continues into the middle-income deciles, consistent with BICN's design and principles for [Policy Option 1](#).

## Basic Income Evidence, Myths and Misunderstandings

1. *People will quit working:* This is a myth. There is no evidence of this. Perpetuating the claim is discriminatory, often aimed at the people most disadvantaged in our society. Evidence from basic income pilots here and around the world, and from established Canadian basic income-like programs that provide unconditional payments, reveals the same pattern of results—people work the same or more or differently. People take time to get better jobs<sup>11</sup>

<sup>10</sup> See Policy Option 1 in BICN (2020). [Basic Income: Some Policy Options for Canada](#). See also: Boadway R, Cuff K, & Koebel K. (2016). [Designing a Basic Income Guarantee for Canada](#). Kingston: Queens University.

<sup>11</sup> Ferdosi M, McDowell T, Lewchuk W & Ross S.(2020). [Southern Ontario's Basic Income Experience](#). Hamilton: McMaster University Labour Studies.

or start their own businesses and community enterprises.<sup>12</sup> People also have options to retrain or go back to school, undertake care work for a dependent or better combine unpaid work and employment. This is in addition to overall improvements in wellbeing.<sup>13</sup>

Because a basic income provides stability it enables people to take constructive risks and to plan for the future, get their health issues under control so they can be more productive, and avoid settling for a dead-end job. Critics claim there is no long-term evidence, but this is not true. Adults with children in Canada have been receiving a form of basic income for a full generation. Government evaluations of the national child benefit system created in the late 1990s showed positive results in labour force attachment a few years later<sup>14</sup> and the child benefit system has continued to improve to better support parents.

2. *Basic income will not fix everything.* True, but a red herring. Some critics claim that basic income is too simple a solution for poverty's complexity. Inequality and poverty that result from structural causes need structural solutions. When income inadequacy and insecurity are reduced with a basic income, people are able to manage better because they have more options. For individuals disadvantaged by these systems, the dignity of a basic income and ability to plan a future empowers them. Income is an especially powerful resource because it is fungible—it can be used for anything and different people will use it in different ways, as the Ontario pilot recipients proved.<sup>15</sup>
3. *We can't afford it.* Opinion, not fact. As demonstrated by the pandemic, when we recognize and understand that we need to act – we can, and we do. It is a matter of priorities. Money spent on income transfers goes directly back into our economy, most of it is spent locally on food, rent, home repairs, haircuts, and everything else needed for daily living. Canada's child benefits are credited with strengthening the economy and providing a stimulus.<sup>16</sup> To help our local economies recover, we cannot afford not to have a basic income.
4. *We would have to give up the other programs and services we need.* A false dichotomy. This assumes that services compete with income support, that services are an alternative to income support, or that governments are looking for ways to dismantle services. In reality, programs and services work in synergy with a basic income. The combination of public education and child benefits, for example, has meant better health and educational outcomes for more children over the years.
5. *We shouldn't give money to people who don't need it.* True. A basic income guarantee ensures this does not happen. A guarantee model only transfers income to those below a designated income threshold and is used now to deliver the Canada Child Benefit and the Guaranteed Income Supplement for seniors, and was the model used for the Ontario basic income pilot.

<sup>12</sup> BICN (2019). [Signposts to Success](#). A survey of Ontario Basic Income Pilot recipients shows Canadian experience. See also *Basic Income: A Transformative Policy for India* by Sarath Davala and Guy Standing, Bloomsbury Publishing, 2015.

<sup>13</sup> The Guardian. (May 07, 2020), [Finnish basic income pilot study improved wellbeing, study finds](#).

<sup>14</sup> Federal, Provincial and Territorial Ministers Responsible for Social Services. (2005). [Evaluation of the National Child Benefit Initiative](#).

<sup>15</sup> BICN (2019). [Signposts to Success](#). A survey of Ontario Basic Income Pilot.

<sup>16</sup> CTV News. (July 12, 2017). [Bank governor credits liberal stimulus with stronger economy](#).

## Recommendations:

1. That the federal government lead in designing a basic income guarantee program consistent with the principles identified by BICN and others as a way to recover and rebuild the economy following the pandemic, working towards a fully national basic income in collaboration with provinces, territories and municipalities to ensure that all governments contribute and benefit fairly, and that any changes to supports and services are made appropriately to ensure that no one is left worse off.
2. That the federal government partner with PEI on the design and implementation of such a program. The PEI legislature already has cross-party unanimous support for such a partnership and has created a Special Committee on Poverty mandated to recommend design options for a basic income guarantee for the province.
3. That the federal government consult and work with recognized academic and non-governmental experts who have been researching and advocating for a basic income guarantee for many years.
4. That the federal government consider a basic income guarantee for adults 18-64, comparable to the CERB monthly amount of \$2000, ensuring that some benefits continue into the middle-income deciles consistent with the principles of a basic income guarantee as outlined in [BICN's Policy Option #1](#). This should include a boost in income for low-income seniors, especially single seniors, to ensure fairness.

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### **About Coalition Canada: basic income/revenu de base (the Coalition)**

We are an experienced group of Basic Income Guarantee activists. The Coalition came together following the election of the federal minority Liberal Government in October 2019. Working in affiliation with Basic Income Canada Network (BICN) and basic income groups from the Yukon and all provinces except Newfoundland are currently represented, including the Basic Income Canada Youth Network (BICYN). The Coalition is a volunteer organization.