

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

Submitted Feb. 25, 2022

Coalition Canada Basic Income - Revenu de base



List of Recommendations

- 1. Introduce a livable national Basic Income Guarantee using local costs of living, indexed annually and delivered monthly, to residents of Canada aged 18 to 64.**
- 2. Recognize that indigenous people must be key players with the Federal Government in designing a Basic Income Guarantee in ways suited to the needs of their communities both on reserve and off.**
- 3. Design a national Basic Income Guarantee program conditional only on income and residency in Canada that delivers the greatest support to working-aged adults with lowest incomes.**
- 4. Engage with each province and territory to harmonize the income transfers they receive as the federal government assumes responsibility for income transfers to working-age adults, starting with Prince Edward Island.**

Coalition Canada Basic Income - Revenu de base is a cross-country organization of basic income advocacy groups and networks. We advance a national movement to institute a basic income in Canada, building alliances and collaborating with advocacy groups, networks and individuals supporting a just recovery in Canada from the COVID-19 pandemic.

Coalition Canada is a non-partisan volunteer organization. Our members are experienced basic income and anti-poverty advocates living in all provinces and territories of Canada. We work with representatives from basic income and anti-poverty organizations. Decisions are made collectively by all members. We work in concert with Basic Income Canada Network (BICN) and Basic Income Canada Youth Network (BICYN), advocating for the implementation of a national basic income guarantee program for those who need it.

Coalition Canada's recommendations are based on our research and discussions with numerous groups and people from all walks of life across Canada.

1. Introduce a national livable Basic Income Guarantee using local costs of living, indexed annually and delivered monthly, to residents of Canada aged 18 to 64.

It should be paid monthly to residents of Canada aged 18 to 64. Other federal income transfers, such as the Guaranteed Income Supplement for seniors should be adjusted to the level of the Basic Income to ensure fairness.

2. Recognize that Indigenous people must be key players with the Federal Government in designing a Basic Income Guarantee in ways suited to the needs of their communities both on reserve and off.

Collaboration between Canada and Indigenous governments must be undertaken. Mere pro forma consultations are inadequate to meet Canada's constitutional obligations in implementing a Basic Income Guarantee that works for all Canadians.

3. Design a national Basic Income Guarantee program conditional only on income and residency in Canada that delivers the greatest support to working-aged adults with lowest incomes.

Those with no income should receive the full benefit. As income increases, the benefit should be reduced by a proportion of the other income. Design the benefit to vary monthly in response to changing needs.

4. Engage with each province and territory to harmonize the income transfers they receive as the federal government assumes responsibility for income transfers to working-age adults.

Start with the Government of Prince Edward Island, which has already requested to enter into discussions with the federal government to provide a Basic Income Guarantee for the people of PEI.

Canada's social safety net must be renewed to meet the social and ecological challenges of the 21st Century: racism and discrimination; reconciliation with Indigenous peoples; pandemics; climate change; energy transition; disruptive technologies; job loss and retraining; the opioid crisis; vast income inequality; deep poverty; and food insecurity.

Current targeted income and social supports are insufficient. When the pandemic hit, the CERB/CRB response, despite some flaws, demonstrated this. But Canada has a suite of successful income transfers that can be built upon. An income guarantee is a rational, proven model already used in Canada to provide income to vulnerable populations. In 1976, the first permanent guaranteed income program in North America was established in Quebec. It provides income support for Cree Hunters and Trappers and supports cultural and historic practices. Documented results include increased engagement in traditional sustainable hunting and trapping practices, increased confidence in the future of cultural practices, and improved health and social outcomes for participants, families, and communities. This income support program has not led to reduced participation in the wage economy when paid jobs are available. The Canada Child Benefit has raised hundreds of thousands of children and their parents out of poverty, as have Old Age Security and the Guaranteed Income Supplement for seniors. These programs have reduced inequality, and increased financial security, health and well-being, and reduced both the incidence and depth of poverty in Canada. The Canada Pension Plan and Employment Insurance are integral components of Canada's income security system, although the pandemic revealed how inadequate and outdated our EI system is. In 2018, only 40% of workers qualified for EI when they needed it. We recognize now that EI must be redesigned to be more inclusive, particularly for the new class of workers we now call the precariat.

A well-designed basic income program would ensure there is no disincentive to work. Fears that people receiving a basic income would stop working are unfounded. Canadian research from basic income experiments found little change in workforce participation. When they left the workforce, it was usually to provide care work or further their education, for personal health reasons, or because they were dissatisfied with their work conditions.

How much a national basic income guarantee would cost depends on how it is designed. It would be paid for by streamlining and reallocating government resources through a review and redesign of current income transfer programs, tax credits and deductions, and other tax reforms. For example, the Parliamentary Budget Office (PBO, April 2018) based its estimates on the Ontario Basic Income Pilot and estimated the gross cost at \$76 billion, minus current spending of \$32.9 billion from refundable and non-refundable tax credits and special programs for a total of \$43.1 billion. However, as experts have pointed out, the Pilot was set up as an alternative to Ontario Works and Ontario Disability Support Programs. Assuming there are costs related to similar types of programs in the other provinces and territories, this represents an additional \$20 billion dollars of current spending that can be replaced, not including the cost of administration. **The net cost would then fall to \$23 billion** by reallocating these provincial and territorial costs to a national basic income guarantee program. Additional savings from the administration of these programs, and future savings resulting from reduced hospitalizations (a savings of 8.5% identified from the Mincome experiment in the 1970s), reductions in visits to

family doctors, and savings in other social systems (Forget, 2011) make a Basic Income Guarantee an even more valuable investment.¹

Support for basic income is growing among parliamentarians. Support for a basic income guarantee crosses party lines. Prince Edward Island’s all-party Special Committee on poverty released its report on November, 2020 calling for the creation of a full basic income guarantee program that maintains all of PEI’s social programs and services that support people with low-income which was adopted unanimously. The Premier of PEI has sought to engage the federal government to implement these recommendations but has yet to receive a response. Two basic income initiatives were introduced in Parliament prior to the 2021 federal election (Bill C-273, Liberal MP Julie Dzerowicz; Motion M-46, NDP MP Leah Gazan). After the election, MP Leah Gazan and Senator Kim Pate introduced identical bills in the House and Senate (“An Act to develop a national framework for a guaranteed livable basic income”, C-223 and S-233). Members of the Liberal Party of Canada and Young Liberals have voted a basic income guarantee as its number one policy recommendation for several years. The New Democratic Party and the Green Party of Canada are both committed to a national livable basic income guarantee. Fifty Senators wrote an open letter to the prime Minister calling for a basic income guarantee and forty-three later called for an immediate implementation of the Canada Disability Benefit, a form of basic income for the disabled.

A successful recovery from the COVID pandemic requires individual and community resilience. Income security for everyone who needs it will support resilience. Without it, it will be very difficult for individuals and communities to adapt and thrive. A basic income guarantee is not just a poverty reduction strategy (although it certainly is that) and it’s not just about replacing under-performing social assistance programs (although it certainly needs to do that too). It supports the most fundamental human rights of every Canadian: a basic income guarantee supports improved health outcomes, education and training, and family, work, and community life. Research indicates that it also acts as a local economic stimulus and can create jobs and grow the economy as did the Canada Child Benefit. Various national organizations and reports, including the Canadian Medical Association, the Action Plan of the National Inquiry on Missing and Murdered Indigenous Women and Girls, the United Steel Workers, and the United Church of Canada, have called for a basic income. The Royal Society of Canada’s Task Force on COVID-19 recently published a report by 11 top Canadian academics, mostly economists. Their #1 recommendation was a basic income guarantee. Financial and social inequality weakens our social fabric. In these uncertain times, Canada can push back against authoritarian and autocratic pressures by creating an economy and social support system which rectifies the imbalances between rich and poor, the weak and the powerful. A basic income guarantee will help build trust in our democratic institutions and assist us to transition successfully through the impacts of pandemics, climate change and resulting natural disasters.

¹See also *Basic Income: Some Policy Options for Canada* (Basic Income Canada Network, 2019) and *Designing a basic income Guarantee for Canada* (Boadway, Cuff & Koebel, 2016) for revenue-neutral models based on a two-stage process that harmonized a federal basic income program with provincial income assistance.