



The struggle to meet basic needs often goes unnoticed among our neighbours, friends and family in Perth and Huron communities.

# A Basic Income the Next Layer of Protection

## EXECUTIVE SUMMARY

Read the full article online [perthhuron.unitedway.ca](http://perthhuron.unitedway.ca)



## Making a Livable Income: The Next Layer of Protection

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The COVID-19 crisis has had a devastating impact on the world, and on our communities as we know them, and it has exposed the reality that the Canadian social safety net no longer works.

Canadians are in a moment now where many agree that people in need of support should get it. That help should preserve people's dignity and provide adequate means to support themselves and their families. That help should come quickly, and it should be simple to access.

In recent weeks, many have called for a basic income as a way of ensuring that Canada's response to the pandemic is not short lived.

"I never go to the movies, buy new clothes or eat at a restaurant. Ninety per cent of my food comes from food banks or *The Local* and I never eat enough.

"If I had a livable income, I could go to the grocery store and buy my own food, take a class, join a group and attend local events. I could reclaim my self-respect and dignity and feel a sense of belonging. My mental health would improve and I would need less professional support because I would feel more a part of my community.

"Poverty creates isolation when I can't participate in the community I live in. I don't want anyone to suspect how poor I am because the stigma and discrimination is huge. I feel ostracized and alienated from my community and society."

Canada has a lot of experience and success with targeted types of basic income programs. For example, benefits for families with children (such as the Canada Child Benefit – CCB) and for seniors (such as Old Age Security – OAS) are basic income programs that use a negative income tax model. We're not giving the same amount to everyone; instead, benefits are delivered through the tax system and targeted to ensure that the most support goes to people with the lowest incomes. Most experts agree these programs are working well. What is not working is the amount allocated by these programs and the belief that everyone has access to a well-paying job. The call for a basic income is about filling the gap for groups who are not well served by current programs

For decades we have tied income support for working-age adults to employment. However, we failed to evolve our programs even as low-wage, precarious work became a mainstay feature of our labour market. Relentless cuts to programs for working-age adults meant that the supports were rendered ineffective. Employment Insurance does not provide benefits for all those seeking work, and provincial/territorial social assistance programs are known best

for their inadequacy, inefficiency, and punitive nature. The system is broken, and the economic impacts resulting from COVID-19 tells us it's time we fixed it - now and for future generations.

"Not having any idea if you will have food or shelter is a huge stressor. I know from personal experience; if you're just trying to survive, you don't have the capacity to reach your full potential."



### Why Now?

The rapid contraction of the global economy due to COVID-19 and national unemployment rates currently at 13%, which are projected to reach 25% or higher, have prompted heightened interest in a Basic Income in Canada. Research from 2019 found that nearly half of Canadians reported being \$200 or less away from insolvency at the end of each month<sup>1</sup>.

A Basic Income including an emergency fund mechanism for emergent crisis would also provide an opportunity for government to de-construct systems that are often complex, ineffective, biased and limited by entrenched structural inequities. The opportunity is to re-image our community's economic wellbeing to create a more resilient, equitable and inclusive future for everyone.

If a Basic Income had been established pre COVID-19 it would have given people an income to spend into the economy creating more consumer demand which causes businesses to produce more and hire



more workers, thereby injecting even more money into the economy.

This would ultimately mean Gross Domestic Product (GDP) growth and a stronger economy. A study done by the Roosevelt Institute predicts that a Basic Income system could permanently grow a country's economy by 13% (the equivalent of a \$210B GDP boost in Canada), piling the \$43B such a system would cost <sup>ii</sup>.

A Basic Income system is not just more efficient than the Canadian Emergency Response Benefit (CERB) <sup>iii</sup>, it is also more equitable and would effectively pay for itself.

### Is this economically sustainable?

In short – yes!

With regards to cost, a 2018 Parliamentary Budget Office report <sup>iv</sup> found that a national Basic Income would cost approximately \$76 billion annually. With a reduction in government-funded programs that currently replicate benefits covered by Basic Income, such as Employment Insurance, Canada Child Benefits or Old Age Security the cost would actually end up closer to \$43 billion <sup>v</sup>.

This lesser number doesn't factor in two other major savings. Firstly, that key costs to government directly related to poverty would be reduced or eliminated, including health care and social assistance costs. And secondly, the new found purchasing power of people living with low-income and vulnerable people feed back into government revenues and create economic stimulus.

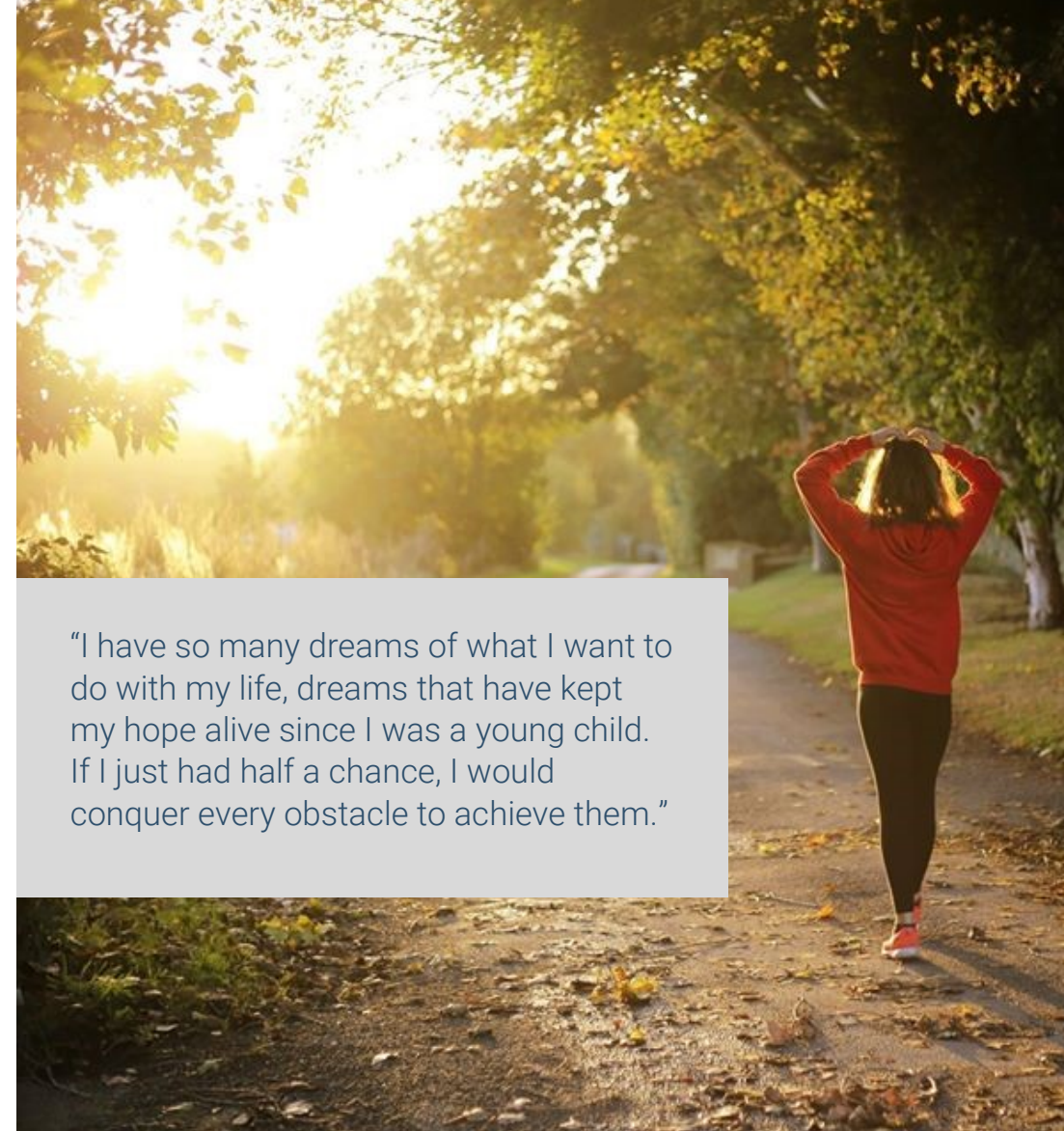
However, there will always be the need for social programs that address inequities that cannot be adequately addressed by income alone. Senator Kim Pate reported in a Tamarack webinar, May 14, 2020, that Basic Income would not replace existing supports exclusively but the need to develop a strategy that includes housing, and childcare. This strategy would evaluate where costs are covered and where needs still exist and would include additional supports to individuals with disabilities and our First Nations, Metis and Inuit populations. These populations would need additional supports to ensure equality.

Indeed, Basic Income has always had validity as an anti-poverty measure. It offers a way to deliver social safety net supports with efficiency and dignity compared to the bureaucratic and often overbearing oversight of social assistance. It has now become an economic wellbeing necessity.

### A Way Forward

The economic impact resulting from COVID-19 has demonstrated the need for a resilient and equitable safety net, one element of which is the Basic Income in addition to an effective public health response. It is likely that a Basic Income cannot be implemented until after the pandemic.

Like all major shifts in economic policy, Basic Income advocates should focus on the pragmatic aspects of implementation, promoting the policy to all Canadians as an essential element of our social fabric much the same as universal healthcare, Old Age Security, and universal education. The conversation needs to centre on the details of implementation so that future sustainability is ensured and the program will not erode over time.



“I have so many dreams of what I want to do with my life, dreams that have kept my hope alive since I was a young child. If I just had half a chance, I would conquer every obstacle to achieve them.”

### Recommendations

1. To engage locally, provincially and nationally with key stakeholders to advance the necessary support in advocating for Basic Income.
2. To facilitate a virtual panel discussion with experts on Basic Income to engage and educate the public on the need for equity at this time of transformation resulting from COVID-19.



- i. <https://www.cbc.ca/news/canada/calgary/200-financial-insolvency-2019-1.4986586>
- ii. <https://oakvillenews.org/universal-basic-income-better-solution-to-cerb-andrei-andew-abbey-park-high-school-covid-19/>
- iii. <https://www.canada.ca/en/services/benefits/ei/cerb-application.html>
- iv. [https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2018/Basic%20Income/Basic\\_Income\\_Costing\\_EN.pdf](https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2018/Basic%20Income/Basic_Income_Costing_EN.pdf)
- v. <https://www.theglobeandmail.com/opinion/article-cerb-and-other-coronavirus-benefits-wont-last-forever-or-will-they/>

All quotes by Heather, a community member with lived experience

Read the full report on Basic Income at: [perthhuron.unitedway.ca](http://perthhuron.unitedway.ca)

For more information about the impact of poverty, read 'How Much is Enough; the Impact of Low Incomes on Households and Communities in Perth and Huron Counties'

Also on [perthhuron.unitedway.ca](http://perthhuron.unitedway.ca)



Social Research & Planning Council

The Social Research and Planning Council (SRPC), operated by United Way Perth-Huron, is comprised of community representatives who are dedicated to the collection, analysis, and distribution of information relating to social trends and issues in Perth and Huron Counties. The SRPC approaches its work in two ways:

- a. Commissioning research into specific social issues.
- b. Developing recommendations for community improvement based on local findings and working collaboratively with community members to implement change.

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