

## Basic Income Backgrounder

### What is a Basic Income?

A Basic Income is guaranteed income sent directly from government to individuals regardless of their employment status. There are two different models:

1. Demogrant: an amount paid to all individuals regardless of wealth or income. Higher-income individuals pay all or most of it back in taxes.
2. Negative Income Tax, a top-up paid to people whose income falls below a certain threshold. Those with higher incomes do not receive it, but have security from knowing it's there.

Most current models being advocated in Canada today are the second (Negative Income Tax) model.

Canada already has some limited forms of Basic Income, including the Canada Child Benefit (a Negative Income Tax model that decreases according to higher family income), Old Age Security (a demogrant) and the Guaranteed Income Supplement (a Negative Income Tax model), as well as related provincial benefits. These benefits have already helped to lift many Canadian families and seniors out of destitution. More universal Basic Income experiments have been carried out in Canada, including the Mincome program in Dauphin, Manitoba in the 1970's and the Ontario Basic Income Pilot Project from 2017-2018. Other jurisdictions, including Finland, India and parts of the U.S., have also conducted Basic Income pilot projects

### Benefits of a Basic Income:

The aim of a basic income is to ensure that everyone has the financial security to meet their basic needs and live with dignity, regardless of their work status. Pilot projects have demonstrated that people receiving basic income report improvements in their mental and physical health. Far from reducing people's incentive to work, studies have shown little or no overall decrease in working hours. Rather, basic income has allowed recipients the financial security and stability to plan ahead, to pursue education and skills training, and to transition from precarious work situations to secure more stable, long-term employment.

Basic income recognizes that employment in itself does not necessarily lift people out of poverty. The increase in precarious and low-paid jobs, coupled with the rise of automation and other workforce disruptions, such as the COVID-19 pandemic, make employment an uncertain predictor of income security for many people. In addition, much of society's most important work, including the care of young children and other vulnerable family members, is largely unpaid, creating an economic burden that falls primarily on women. A basic income guarantee would give these individuals the assurance that they could continue to meet their needs despite their circumstances.

A guaranteed basic income would reduce the complexity of eligibility requirements and rules around support programs, which make these programs difficult to navigate for the applicant as well as expensive to administer. In addition, basic income at a level above current social assistance rates would put more money to spend in the hands of people who need to spend it, stimulating the local economy. Moreover, it would help to prevent some of the "downstream" costs associated with poverty in our society – greater strain on healthcare and criminal justice systems and reliance on emergency supports such as food banks and homeless shelters.

Finally, a guaranteed basic income would give people on low incomes more dignity – by freeing them from stigmatizing and intrusive rules to prove their neediness – and instead give them the autonomy to make decisions about spending their money that make best sense for them.

## Concerns

Some advocates have expressed concerns that a guaranteed basic income may not have an overall beneficial effect. They rightly point out that basic income on its own cannot work without access to other supports, including pharmacare and extended health care, childcare, transit, internet access, and affordable housing, some of which are provided under current social assistance programs. If these supports are eroded under the guise of a basic income guarantee, people might be left worse off than before. Similarly, advocates for higher minimum wage and better working conditions fear that a basic income guarantee might undermine demands on employers to provide better pay and more steady hours.

Another concern is that a basic income administered via the income tax system may not capture people who do not file tax returns, and would have to overcome barriers to filing to reach those individuals. As well, if the amount of income received is only adjusted annually, based on the previous year's return, it would not be responsive to people who experience sudden changes in circumstances. However, it is possible to design a basic income program around these obstacles to deliver support effectively and responsively to changes in people's circumstances.

While a recent report in British Columbia concluded in favour of increasing social assistance rates and access to other supports rather than establishing a basic income pilot for that province, even its authors recommended a targeted basic income as the best option for certain groups of people, such as youth aging out of foster care, survivors of domestic abuse and people with disabilities. Nor does enhancing existing social assistance programs address the stigmatization, lack of autonomy and intrusive monitoring inherent in delivering and administering such programs.

Despite the caveats that have been raised, people living on low incomes in Canada and those who advocate on their behalf agree that a greater level of income support is needed to support low-income Canadians and that it must be complimented by other robust social programs around housing, extended healthcare, childcare, access to internet, public transportation, and strong employment standards. A guaranteed Basic Income offers a way to accomplish this goal while upholding the inherent dignity of all.

## The time is now

The economic and social disruption of the COVID-19 pandemic have led to increased calls for a basic income for Canada. Nearly one year ago, fifty senators in Canada wrote a letter to the Prime Minister and federal Finance Minister calling for the implementation of a guaranteed basic income. Since then, the United Church of Canada has joined. In August 2020, Leah Gazan, MP for Winnipeg Centre, submitted Motion 46 calling on the federal government to convert and expand the Canada Emergency Recovery Benefit (CERB) into a permanent Guaranteed Livable Basic Income. In February 2021, Julie Dzerowicz, MP for Davenport, introduced Bill C-273 to establish a national strategy for a guaranteed basic income. This spring, both the federal Liberals and the federal New Democratic Party will be discussing the potential for a Basic Income in Canada at their national conventions.



Diocese of Toronto  
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For further reading:

Basic Income Canada Network: <https://www.basicincomecanada.org/>

Himmelfarb, Alex, and Hennessy, Trish, eds.: *Basic Income: Rethinking Social Policy* (Canadian Centre for Policy Alternatives, 2016) <https://www.policyalternatives.ca/publications/reports/basic-income>

Forget, Evelyn L. *Basic Income for Canadians: From the COVID-19 Emergency to Financial Security for All* (Toronto: James Lorimer & Co, 2020)

MacAdam, Murray, ed. *Overcoming Ontario's Poverty Pandemic: Report on the Voices from the Margins Project* (Toronto: Interfaith Social Assistance Reform Coalition, 2021) [available for order or free download at [www.isarc.ca/bookstore](http://www.isarc.ca/bookstore) ]

Jessie Golem - Humans of Basic Income project features former Ontario Basic Income Pilot participants telling the stories of how the Basic Income Pilot changed their lives. <https://www.jessiegolem.com/humans-of-basic-income>

Toronto Star debate between economists Armine Yalnizyan and Evelyn Forget (: <https://www.thestar.com/opinion/contributors/the-saturday-debate/2021/02/13/the-saturday-debate-is-it-time-to-bury-the-idea-of-a-universal-basic-income.html>

News from the Parliamentary Budget Officer: <https://www.ctvnews.ca/politics/parliamentary-budget-officer-says-basic-income-program-could-halve-poverty-rate-1.5377748>

Open letter from 50 Canadian Senators calling for a minimum basic income, April 2020  
[https://senCanada.ca/media/366255/senpate\\_open-letter\\_2020-04-21\\_canadian\\_emergency\\_response\\_benefit\\_e.pdf](https://senCanada.ca/media/366255/senpate_open-letter_2020-04-21_canadian_emergency_response_benefit_e.pdf)

Canadian Anglican and Lutheran Bishops' call for a guaranteed Basic Income, May 2020:  
<https://www.anglican.ca/news/a-public-letter-on-guaranteed-basic-income/30026458/>

United Church call and resources for a guaranteed Livable Income: <https://united-church.ca/social-action/act-now/create-guaranteed-livable-income-program>