

## Brief to the Standing Senate Committee on Industry, Science and Technology

Board of Directors

Basic Income Manitoba

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Basic Income Manitoba (BIM) appreciates the opportunity to send feedback and recommendations to the Standing Senate Committee for its **study on the government's response to the COVID-19 pandemic**.

This brief will examine the social and economic impacts of a basic income and make a case for its implementation in Canada during, and in the wake of, this global epidemic. Canadians need a basic income in order to bolster the economy, and improve the health and wellbeing of society.

This brief will examine the following points:

- Economic and social impacts of the COVID-19 pandemic
- The limitations of the Canadian Emergency Response Benefit (CERB) and how this policy can be a case study for a more comprehensive and effective basic income
- Basic income as a necessary safety net to rebuild the economy and ensure the wellbeing of Canadians
- Policy option for an affordable and equitable basic income

### Economic and social impacts of COVID-19 pandemic

The COVID-19 epidemic has uprooted the lives of many Canadians. Not only is the physical health of citizens at risk, so is their mental wellbeing and sense of economic security.

COVID-19 has worsened inequality and income insecurity in Canada, which has already been a growing issue for decades. Current social safety nets across the country are further marginalizing Canadians in need, and are creating a 'welfare wall', which makes it tough for people to cycle out of the system. Social assistance benefits are also far below the poverty line, which prevent people from getting ahead. Employment Insurance (EI) does not provide adequate coverage for workers in non-standard employment and is not evolving with the current nature of the labor market. EI also falsely equates work with 'paid employment,' and doesn't give value to work done in the household, like childcare. There is so much value that comes from unpaid work like community service, artistic development and academic endeavors.<sup>1</sup> A basic income would give value to these roles.

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<sup>1</sup> Basic Income Ontario Network, Rethinking Work and Income Security in the 21<sup>st</sup> Century: The Case for Basic Income and Work (2020).

During this pandemic, the gaps in social assistance programs are much more apparent. People from all socio-economic backgrounds are being impacted. On average, 12.4 per cent of paid workers aged 15-to-64 have been laid-off on a monthly basis since February 2020, according to Statistics Canada data.<sup>2</sup> This pandemic has also uncovered the ‘gendered’ nature of work and has had a bigger impact on women in the labor market who are being laid-off at a higher rate than men are.<sup>3</sup>

The long-term impacts of workforce losses are still unknown; however, during the last three recessions, about 45 per cent of laid-off workers permanently lost their jobs.<sup>4</sup> Work is not enough to guarantee basic security for Canadians.

### **The limitations of the Canadian Emergency Response Benefit**

The Canadian government was swift in responding to the growing economic consequences of the COVID-19 pandemic with the implementation of the Canadian Emergency Response Benefit (CERB). The federal government understood that people needed income that was easy to access and rapid to receive.

However, because of the conditions of the CERB, many people have been left behind. In response, the government has implemented a slew of piecemeal programs in order to fill those gaps. As a consequence, more money is being poured into administering these separate programs than is necessary. It would be much more efficient and effective to create a universal basic income that could cover all Canadians in need.

The treatment of earned income creates a barrier to work and to reopening the economy. It would be better to allow workers to retain a portion of any earned income -- say by reducing the CERB by fifty cents for every dollar earned.

Fifty members of the Senate of Canada, almost half the chamber, are calling for a basic income plan that will replace the CERB and some other social programs developed during COVID-19. In an open letter, to the Prime Minister, Deputy Prime Minister and the Minister of Finance, senators recommended “... using the tax rolls to send crisis minimum income to all who are in need...”

Canada is a rich country; we have the means to implement a basic income program. It comes down to political will. This is a turning point in our society. This pandemic is an opportunity to learn from the mistakes of our current social safety net programs, and to create a policy that better supports Canadians.

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[https://d3n8a8pro7vhmx.cloudfront.net/obin/pages/142/attachments/original/1592339040/REPORT\\_-\\_Case\\_for\\_Basic\\_Income\\_for\\_Work\\_final.pdf?1592339040](https://d3n8a8pro7vhmx.cloudfront.net/obin/pages/142/attachments/original/1592339040/REPORT_-_Case_for_Basic_Income_for_Work_final.pdf?1592339040)

<sup>2</sup> Statistics Canada, COVID-19 and job displacement: Thinking about the longer term (2020).

<https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00030-eng.htm>

<sup>3</sup> Statistics Canada, COVID-19 and job displacement: Thinking about the longer term (2020).

<sup>4</sup> Statistics Canada, COVID-19 and job displacement: Thinking about the longer term (2020).

## **Basic Income is a necessary safety net**

Many pilot projects and studies around the world have proven the benefits of basic income. Two major experiments in Canada, the Ontario basic income experiment and Mincome, demonstrate that basic income is both effective and possible in Canada.

Despite being cancelled prematurely, the Ontario basic income experiment showed many positive results:<sup>5</sup>

- 88 per cent of respondents reported less stress and anxiety
- 58 per cent improved their housing situation
- 46 per cent were able to pay off debt
- 74 per cent were able to afford healthier food options and 28 per cent stopped using food banks
- 32 per cent were able to go back to school or upgrade skills
- 34 per cent found the basic income supported employment by affording transportation to work, childcare or business expansion
- 52 per cent were able to see friends and family more often.

During the Mincome pilot in Dauphin, Manitoba in the 1970s, hospital rates decreased by 8.5 per cent, more young men completed high school and participants spent more time with friends and family.<sup>6</sup>

In recent months, calls for a basic income have been heard from diverse sectors including faith groups, senators, youth feminists, health care professionals and Indigenous leaders. People understand the benefits of a basic income and support its implementation in Canada.

## **Policy options**

BIM supports a basic income guarantee of about \$2,000 per month, which is gradually reduced as earned income increases.

This option is an income-tested benefit based on family size which is paid to working-age adults. The benefit is adjusted based on total income. As income increases, the size of the benefit decreases.

## **Recommendations:**

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<sup>5</sup> Sheila Rogehr and Joli Scheidler-Benns, Signposts for Success: report of a BICN Survey of Ontario Basic Income Recipients (2019).

[https://assets.nationbuilder.com/bicn/pages/42/attachments/original/1551664357/BICN\\_-\\_Signposts\\_to\\_Success.pdf](https://assets.nationbuilder.com/bicn/pages/42/attachments/original/1551664357/BICN_-_Signposts_to_Success.pdf)

<sup>6</sup> Evelyn Forget, The Town with No Poverty: The Health Effects of Canadian Guaranteed Annual Income Field Experiment (2011).

[https://www.researchgate.net/publication/227387994\\_The\\_Town\\_with\\_No\\_Poverty\\_The\\_Health\\_Effects\\_of\\_a\\_Canadian\\_Guaranteed\\_Annual\\_Income\\_Field\\_Experiment](https://www.researchgate.net/publication/227387994_The_Town_with_No_Poverty_The_Health_Effects_of_a_Canadian_Guaranteed_Annual_Income_Field_Experiment)

1. That the federal government establish a basic income guarantee for 18-64-year-olds comparable to the monthly CERB amount of \$2,000, which is gradually reduced as earned income increases.
2. That the federal government consult and work with academics and non-partisan experts who have been researching and working on basic income policy designs in Canada, as well as with those with expertise in developing and implementing related pilots and programs.
3. That the federal government immediately adopt a basic income guarantee in collaboration with provinces, territories, municipalities and First Nations, as a response to the pandemic in order to recover and rebuild the economy, and ensure the wellbeing of Canadians.

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#### **About Basic Income Manitoba**

*Basic Income Manitoba (BIM) is a non-profit, non-partisan organization that educates, promotes, and advocates for basic income in Manitoba. We believe everyone has the right to basic needs in order to live a comfortable and dignified life. BIM is led by a volunteer-run board of directors, and works with a community of supporters. BIM is affiliated with the Basic Income Canada Network. For more information about Basic Income Manitoba visit [basicincomemanitoba.ca](http://basicincomemanitoba.ca)*