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Submission by Basic Income Nova Scotia

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The current context

2020 has been a difficult year in Canada and around the world. The COVID-19 pandemic has led to the more than 450,500 deaths world-wide. Efforts to control the spread of the virus have led to historically high unemployment levels. Many are struggling. Marginalized people—those of colour, the homeless, the poor, the underpaid or precariously employed, newcomers, migrant workers—are particularly impacted (XX). Governments reacted with temporary measures to support individuals and businesses, notably, the Canada Emergency Benefit (CERB), which temporarily provides \$2000 per month to those who have experienced income loss as a result of COVID and the social distancing requirements that were put in place. Almost daily, additional supports were announced as additional gaps were recognized.

Compounding the difficulties caused by the pandemic are a raft of deaths of black and indigenous people in both the US and Canada which has focused a spotlight on systemic racism that exists in police forces, justice systems, and all other institutions in our society. People are on the streets daily demanding racism and discrimination be directly addressed and that public funds be reallocated, deemphasizing policing and incarceration and refocusing funds on providing the supports necessary for every person in our society to live a healthy life with equitable opportunities.

Climate change, long a crisis but to date inadequately addressed, has received additional attention during the pandemic. As social distancing requirements restricted travel, fossil fuel use declined, and people in the fossil fuel industry and fossil fuel dependent companies experienced job losses. In direct relationship to the decreased use of fossil fuels, cleaner air and water began to be evident. If we are to effectively address climate change, we must rapidly and permanently transition from our dependence upon fossil fuels and create an economy whose health is not defined by ever increasing consumption (Mulvale, 2019). A transition to a greener economy will also mean jobs will be lost and people will require support.

Before the pandemic—the inadequacies of our system

Even prior to the pandemic and mass protests, many in Canada were experiencing poverty, despite governmental efforts to reduce it in children (Canada Child Benefit) and seniors (OAS/GIS). Statistics Canada reported the overall poverty rate in Canada in 2018 to be 8.7% (Statistics Canada, 2018). Unattached adults between the ages of 45 and 64 had the highest rates of poverty of any age group (Statistics Canada, 2016), reflecting unwarranted historical beliefs

about who is deserving of help and who is not. Poverty rates in some provinces are much higher than the Canadian average. In our province Nova Scotia, for example, a recent report revealed child and family poverty rate was 24.2% (Frank & Fisher, 2019). People of color, those with disabilities, and those in rural communities had even higher rates of poverty.

It is well documented that income has a dramatic impact upon health. Income is referred to as the determinant of social determinants of health, meaning that it has a direct causal connection to most other social determinants of health. Those with higher incomes have better health and take up a smaller percentage of public health care costs (MacEwen & Saulnier, 2010). Poverty has dramatic impacts upon the mental and physical well-being of people. Indeed, the Canadian Medical Association estimates that only 15% of the health problems Canadians experience are a direct consequence of a person's biology. The other 85% can be linked to social determinants and are often poverty related. Hugh Segal (2016) described the individual and societal costs of poverty in the following way: "The damages poverty causes "to human beings' life chances, to communities and to social and economic productivity and progress are clear and cannot be ignored. Poverty is the best predictor of early illness, early hospitalizations, longer hospital stays and earlier death. It is a reliable predictor of substance abuse, food insecurity, poor education outcomes, and for some, trouble with the law." (p. 16). Make no mistake—poverty is expensive.

Many families and individuals living in poverty (many of whom work) are dependent upon income assistance to survive. But social assistance programs provide financial support that is insufficient, and clawbacks not only disincentivize people from seeking work, but can increase their financial insecurity should they become employed. Throughout Canada income assistance levels are not enough to raise people out of poverty. In Nova Scotia, a single employable person receives \$860 a month, a yearly amount that falls more than \$10,000 per year below even the lowest estimate of poverty Low-income cut-off. A single person with a disability does not fare much better. In contrast, the amount designated for CERB, \$2000 per month, would provide a yearly income of \$24,000, slightly above the most generous estimate of poverty, the Market Basket Measure (Tweedle & Aldridge, 2018).

Basic Income Guarantee (BIG)—a way forward

We can and must do better. In a society as wealthy as ours it is a violation of human rights and common decency for any child or adult to live in poverty. A basic income guarantee (BIG) is needed. BIG is a poverty elimination strategy. Many models of a basic income have been discussed over the years. We at Basic Income Nova Scotia (BIG-NS) advocate for a progressive BIG at a level that provides for the necessities of life, including food, clothing, shelter, and other resources that facilitate social engagement, such as access to travel and means of communication. A Basic Income should do more than just keep a person out of poverty; it should guarantee that person the ability to participate as a full citizen in society, with dignity and security (Foster & Stevens, 2019). We believe a BIG must be based upon the following six principles:

1. **Autonomy.** A Basic Income should be accessible to each *individual*, regardless of any other factors. Family situations and regional situations may be taken into account to

determine the level of the Basic Income Guarantee, but the recipient of the Basic Income Guarantee should be the individual. This also preserves the cost-saving benefit of living with others, reduces the size of the bureaucracy otherwise needed to check into living arrangements, and reduces the potential for power dynamics within households that could deny some individuals the freedom to use their benefits.

2. Universality and Unconditionality. A BIG should not be means-tested and is not based on exclusion criteria. A BIG would not create or rely on a massive bureaucracy to assess people's deservingness. This is in deliberate contrast to social assistance benefits that require recipients to prove they are poor *and* living within certain moral boundaries (e.g. looking for work, going to school, etc.). A BIG would be funded through a joint federal/provincial progressive tax regime.

3. Dignity. A BIG must be sufficient to lift a person out of poverty. This means it should be above the Low-Income Cut Off (LICO) or other reasonable measure of poverty.

4. Universal Responsibility: Funded through a progressive taxation scheme. A BIG rests on the moral premise that every segment in our society has a responsibility to contribute to that society. The implementation of a Basic Income Guarantee will provide opportunity to review the tax system with an eye on simplification, fairness and universal responsibility. The route to funding a BIG must include both federal and provincial components.

5. Economic Integrity. The introduction of a BIG has to be financially viable. It cannot come at the cost of the country's economic integrity. Careful consideration of a national policy has to take place in a context relevant to the economy and the laws of the country. Thus, a BIG would have to exist alongside a legislated minimum wage and a free labour market. Historical examples of basic income have failed where severe restrictions on labour mobility meant that local employers could offer local workers only a pittance. Workers could not go anywhere else to look for work, so employers had no competition. There were no legislated minimum wages so no wage was too small. A legislated minimum wage and a free labour market are essential to ensure that employers do not use the BIG as a way to offer below-subsistence wages.

6. Social Integrity: It would not replace *all* extant social assistance or welfare programs. A basic income could never replace, even partially, existing universal, publicly-funded services such as healthcare and education. Disability supports would still be necessary although disability support payments may become a top-up to a basic income. A BIG would not replace Employment Insurance, CPP, or work-related pension plans which are already fully funded by workers and employers. A BIG would replace social assistance/welfare payments that fall far below the poverty line and are clawed back once a person is employed. It might replace some existing tax credit schemes. A Basic Income would leave no one receiving income support worse off than before a basic income program was implemented.

BIG – the Research

A considerable amount of research has demonstrated the positive impacts of a BIG. A concern that is often raised is that people on a BIG would choose not to work. Research has shown this is not so. The Mincome study, for example, conducted in Manitoba in the 1970's showed that there was very little change in the rates of engagement in paid employment with a BIG. Those who stopped working fell into two categories: Students who returned to school and caregivers who chose to stay home with their children or an ailing relative (Forget, 2011; 2013; 2018). The same finding was reported by researchers studying the recent Basic Income pilot study in Finland (Kangas et al., 2019). Other benefits reported in the research include a dramatic reduction in poverty, reduced high school dropout rates, increased engagement in secondary education, decreases in health care costs (especially those resulting from mental health issues or accidents), stimulates local economies, values all work not just paid work, and people trust the government more.

Can we afford a BIG?

Another question often asked is whether we can afford a BIG. The answer is yes. In fact, we already have shown we can with CERB. Rigorous modeling conducted by the Basic Income Canada Network (Pasma & Regehr, 2019) recently demonstrated three different ways that a BIG can be funded solely through a progressive taxation system in a cost-neutral manner. However, this document is not the only costing option available to a government. Various approaches are possible that combine different funding sources.

Recommendations

We at BIG-NS envision a poverty-free future for Canada; a future where income supports are in place for all people whether crises exist or not; a future that supports the health of all Canadians; a future that is better prepared for the inevitable occurrence of additional crises; a future that helps redistribute wealth in a way that rights historic inequities and creates further foundations for stable Canadian society; and a future that enables a transition to a green economy. A Basic Income Guarantee is an essential ingredient in this vision of a better future for Canadians. To that end, we recommend the following as we move forward:

1. Institute a BIG following the principles outlined in this document to replace the current social assistance system.
2. Combine strengthened social programs such as but not restricted to pharmacare, dental care, affordable housing, child-care, and a living wage with a BIG to create a comprehensive social safety net for all Canadians.

Thank you very much.

Sincerely,

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