

CLOSING THE GAP

PROVIDE A UNIVERSAL BASIC INCOME AS PART OF SOCIAL ASSISTANCE TO REDUCE INCOME INEQUALITY

Basic income can reduce poverty, stimulate economic growth, lower health care costs, improve education, and reduce gender inequality - and all with less bureaucracy.

UNIVERSAL BASIC INCOME

A universal basic income is, in essence, a government policy that guarantees a regular income to all Canadians to help them live a basic and dignified life. Beyond improving living standards, basic income can enhance an individual or a family's ability to make choices that meet their needs. A basic income lifts many Canadians out of poverty and increases access to opportunity - in work, in health, and in community life. Canadians, especially those living with low incomes, would have greater access to, and choice of, opportunities to participate more fully in education, leisure, arts and culture, and community events - all of which also enhance health, community vitality and overall wellbeing.

A basic income can also alleviate time pressure, allowing more time with friends, and creating more time for other important areas of a person's life like child care, eldercare, education, and volunteering. Among the broader social benefits it can provide, basic income can reduce poverty, stimulate economic growth, lower health care costs, improve education, and reduce gender inequality - and all with less bureaucracy.²³

There is widespread support for the idea of a universal basic income among Canadians as well as across political lines, and the debate is now focused on how to implement such a strategy in a cost effective way. While several approaches have been suggested, they fall into two essential types: (1) a fixed amount given to every person regardless of income, assets, employment status, or need; and (2)

23. Forget, E.L., Marando, D., Surman, T., & Urban, M.C. (2016). Pilot lessons: How to design a basic income pilot project for Ontario. Mowat Research #126. Toronto, ON: Mowat Centre. Retrieved from: <https://mowatcentre.ca/pilot-lessons/>

a refundable tax credit where every person receives an amount geared to income - the poorest receive the maximum amount and the richest receive none. This approach is also referred to as a negative income tax, and while it is more complicated to implement, it is seen as less costly. It is also the approach that is garnering the greatest interest and support.²⁴

While a universal basic income would ensure that fewer people slip into poverty, it must not be regarded as a panacea or a replacement for all social assistance programs. Rather, it is a policy to be woven into the existing social assistance fabric. Like other effective assistance programs, such as the Canada Child Benefit and Guaranteed Income Supplement that are lowering the poverty rate among children and seniors, a universal basic income fills gaps that persist and ensures that people ineligible for targeted funds do not fall through holes in the social safety net.²⁵

EXTENSION OF BENEFITS TO LOW INCOME CANADIANS

By integrating basic income into the existing system of assistance programs, it would fill gaps in support that inevitably emerge as a result of changes in broader economic and social circumstances. However, many such benefits are not currently available to low income Canadians. For example, as part-time and precarious work becomes more common, fewer Canadians have access to employment-based benefits that provide them with health and dental care, pensions, and other benefits. Those most at risk are women, single parents, Indigenous peoples, racialized groups, and people with disabilities. These inequalities challenge our Canadian values of equity and fairness for all. Extension of benefits to low income Canadians would help protect vulnerable people from the risks associated with the loss of those benefits.²⁶

When Canadians cannot access a basic income and the benefits they need, their physical and mental health suffers; the risk of housing and food insecurity increases; participation in community, arts, culture and recreation declines; and stress is magnified. The effect on individual wellbeing cannot be overstated, nor should the impact on the community be underestimated.

Taken together, these two policy directions indicate that we must:

- (I)** introduce a universal basic income for all Canadians as part of the social assistance system; and
- (I)** further extend health and social benefits to low and modest income Canadians.

24. Macdonald, D. (2016). A policymaker's guide to basic income. Ottawa, ON: Canadian Centre for Policy Alternatives. Retrieved from: <https://www.policyalternatives.ca/publications/reports/policymaker%E2%80%99s-guide-basic-income>

25. Zan, N. (2016). Would a universal basic income reduce poverty? Policy Brief. Toronto, ON: Maytree. Retrieved from: <http://maytree.com/policy-and-insights/publications/policy-brief-basic-income.html>

26. Granofsky, T., Corak, M., Johal, S., & Zan, N. (2015). Renewing Canada's social architecture. Framing paper. Toronto, ON: Mowat Centre. Retrieved from: <https://mowatcentre.ca/renewing-canadas-social-architecture/>