

OPINION

It's time for Ottawa to seriously study how a guaranteed basic income could replace outdated layers of sclerotic support programs



JOHN IBBITSON >

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The possibility of Canada adopting a guaranteed basic income deserves more robust study.

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A private member's bill advancing a guaranteed basic income for Canadians has no hope of passage, but it contains a good idea that the Liberal government should steal.

Bill C-223, introduced in the House of Commons by NDP MP Leah Gazan last week, would direct the Minister of Finance to “develop a national framework for the implementation of a guaranteed livable basic income throughout Canada for any person over the age of 17.” Within a year of the bill's passage, the minister would be required to present a framework for a basic income to Parliament, and then regularly report on progress in implementing the framework.

“The fact that people are poor in this country is a political choice,” Ms. Gazan told me. “Let's stop propping up corporations and let's invest in people.”

The interesting thing about a guaranteed basic income is that aspects of it are attractive to conservatives as well as progressives, because it could put an end to the massive bureaucracies and complexities of the welfare state. Not only would a guaranteed basic income reduce poverty, it would increase independence and responsibility.

A guaranteed basic income could be a stabilizing force for Canada

Most private member's bills die on the order paper, and C-223 will as well. But the possibility of Canada adopting a guaranteed basic income deserves more robust study.

This is not to say research does not exist. There have been pilot programs and reports by both government and think tanks.

Earlier this year, the Parliamentary Budget Officer produced a report showing that a guaranteed income of about \$17,000 for a single person and \$24,000 for a couple “would cut poverty rates by almost half in 2022, although this would vary

across provinces.” The PBO put the annual cost to government at \$93-billion by 2026.

The Basic Income Canada Network, a non-profit, has studied three scenarios. The stripped-down version would offer a maximum of \$22,000 to a single adult and just over \$31,000 to a couple and would cost the federal and provincial governments \$134-billion annually. It would be fully paid for by increasing federal income tax rates – the highest bracket would go from 33 per cent to 37 per cent – increasing corporate taxes from 15 per cent to 20 per cent, taxing capital gains at the same level as income, and dismantling many existing welfare programs.

Such heavy increases in taxation could deter investment and lead to higher unemployment, resulting in more people depending on a guaranteed basic income or other government supports and producing unsustainable deficits.

And all of this presupposes that some sort of asymmetric agreement could be reached between Ottawa and the provinces, tailored to regional realities and the fiscal capacity of each province.

And here is where we could take inspiration from Ms. Gazan’s bill. Finance Minister Chrystia Freeland could commission a task force on the costs and benefits of a guaranteed basic income. The task force could be led by an outside authority, or by senior officials in the department. There would have to be plenty of outreach to provincial and Indigenous governments, and extensive modelling of economic impacts.

The result, if successful, would be Canada’s first gold-plated, fully costed, impact-projecting framework for a federal-provincial guaranteed basic income. I’d allow the department 18 months to pull it all together.

The framework might be so unrealistic and expensive that it proves the guaranteed basic income won’t work. More likely, it would be embraced by one ideological side and rejected by the other. Those on the left might abandon the idea, once they see the full impact of removing tens of billions of dollars of

unemployment insurance, social assistance and other income supports from people who now would be expected to make their own way in the world, though support for people with disabilities, and possibly some housing supports, would remain.

Those on the right might protest confiscatory taxation, a loss of competitiveness and the inevitability of new social programs being layered on top of the guaranteed basic income.

But the existing system, which was put together more than half a century ago, with layer upon layer added since, is so complex and sclerotic that meaningful reform is probably impossible. Maybe it's time to replace the whole thing with a simple, guaranteed income for anyone who needs it. Let's at least take a good, hard look.

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351 King Street East, Suite 1600, Toronto, ON Canada, M5A 0N1

Phillip Crawley, Publisher