

Publié | Published: 2020-05-04
Reçu | Received: 2020-05-04 00:06 (HNE)



Hill Times

A guaranteed basic income program is no substitute for a good employment insurance program

EI is and remains the best policy choice to encourage a sustainable labour market integration, occupational and labour mobility, and the protection of a decent standard of living.

The **federal** government has responded to critical needs by adopting the Canada Emergency Response Benefit (CERB) which provides \$2,000 per month for people experiencing significant income loss due to COVID-19, as well as the 75 per cent wage subsidy which enables businesses affected by this crisis to maintain an employment relationship with their employees. These measures respond to emergency needs related to an unprecedented crisis, but they also reflect the major shortcomings of the Canadian Employment Insurance plan (EI).

Some hope to see the CERB become permanent and universal and form the basis of a guaranteed basic income program (GBI).

However, the implementation of a guaranteed basic income program would be a policy mistake. Instead, the **federal** government should rebuild the Employment Insurance program on a new foundation. It could also engage in a conversation with the provinces to modernize social assistance programs with the goal of eradicating poverty in a sustainable manner. And, all this, while keeping up with the needs of the 21st century.

Here's why.

The GBI is a simple and appealing idea. It is a one-size-fits-all solution that, at first glance, may seem fair and effective. It provides a basic income for all adults of working age without consideration. A GBI plan would cover basic expenses and keep Canadians from sinking into poverty. It would replace provincial welfare programs and would apply to everyone unconditionally. According to some, the GBI would also replace Employment Insurance, Old Age Security and many other programs.

Before going any further, it is worth noting that advocates for a basic income define it differently, and figures range from \$10,000 to \$22,000 for a single adult aged 18 and older. Cost estimates for such a program vary from \$60-billion to more than \$600-billion, depending on the benefit amount and the chosen formula. These are very high costs when we compare them to the **federal** government's total expenditure **budget** of approximately \$300-billion for the year 2019-2020.

Moreover, according to the OECD, it is not clear that a GBI would reduce poverty in all cases as it also depends on the benefit levels, the formula used and the funding strategy. In addition, as indicated by the **Parliamentary Budget Office's** analysis, the experiences of the GBI in Canada and around the world demonstrated that such a program reduces the number of hours worked by at least nine per cent, which in turn would result in a lower national income.

Another major hurdle: such a program would most likely be considered unconstitutional unless it receives unanimous provincial support. In fact, a GBI program would interfere with provincial **legislation** on social assistance and labour which are areas of exclusive provincial jurisdiction.

On the other hand, a comprehensive review of EI does not present unsurmountable problems and would be beneficial to Canada.

Social insurance programs, such as EI, have two objectives: firstly, to protect the standard of living acquired through paid employment and, secondly, to prevent poverty. The underlying principle behind them is that joining the active labour force is always the preferred choice.

Social insurance programs are the building blocks of most income security systems in industrialized countries. Their origins date back to Bismarck, who introduced contributory programs in the late 19th century to protect citizens' living standards in the event of illness or a workplace accident. Social insurance in the event of involuntary unemployment made its appearance in the 1930s in several European countries. These contributory programs have evolved considerably over time in accordance with the changes in the labour market, but they still play a central role in the income security framework.

In Canada, social insurance plans are generally less generous than those of other industrialized countries. For example, the EI program provides a maximum benefit of 55 per cent of a person's earnings up to a maximum of \$573 per week. Recent data from the **Canada Employment Insurance Commission** shows that the average weekly benefit amounts to \$454. It should be noted that only 58 per cent of male beneficiaries and 34 per cent of female beneficiaries receive the maximum weekly amount.

In addition, a worker temporarily receiving EI benefits may have to partially repay them if their annual income exceeds \$66,000 (30 per cent reimbursement for every additional dollar). Clearly, the EI program does not meet the objective of protecting the standard of living-it barely protects workers against the risk of poverty.

In many countries, income protection programs in case of unemployment cover about 75 per cent of one's salary. Representatives of employers and employees such as employers' associations and unions participate actively in the management of these programs which is not the case in Canada. They include many skill development initiatives, training and employment assistance services, which are referred to as active employment measures. Many programs also include partial unemployment provisions that were the inspiration behind the new Canadian wage subsidy program.

Employment insurance programs administered by labour market partners in other parts of the world have demonstrated their value. They allow measures that give greater flexibility for companies to adapt while providing more economic security for their employees. A look back at the economic history of the past 40 years shows that these programs have enabled countries like Germany and Scandinavian nations to recover faster from crises notably due to major investments in active labour market policies.

In Canada, investments in employment measures are significantly below the OECD average. It does not sufficiently address the issue of skills development such as up-skilling and re-skilling. And yet, considerable challenges remain in this area.

Considering the social and economic imperatives after COVID-19, as well as technological change, climate change and the aging workforce, the **federal** government must carry out an in-depth reform of EI to meet the labour market challenges of the 21st century. The government must do so in collaboration with the labour market partners that contribute to the plan.

EI is and remains the best policy choice to encourage a sustainable labour market integration, occupational and labour mobility, and the protection of a decent standard of living.

As for the best way to ensure a basic income for Canadians, it is largely the responsibility of the provinces. However, the **federal** government may certainly engage in a discussion with the provinces to support together the pursuit of a sustainable plan to reduce poverty in Canada.

Quebec Senator **Diane Bellemare** is part of the **Independent Senators Group**.

The Hill Times

Url: <https://www.hilltimes.com/2020/05/04/a-guaranteed-basic-income-program-is-no-substitute-for-a-good-employment-insurance-program/246345>