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## **NATIONAL FRAMEWORK FOR A GUARANTEED LIVABLE BASIC INCOME BILL**

SECOND READING—DEBATE CONTINUED

Speech by:  
The Honourable Diane Bellemare

Tuesday, April 26, 2022

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### NATIONAL FRAMEWORK FOR A GUARANTEED LIVABLE BASIC INCOME BILL

SECOND READING—DEBATE CONTINUED

**Hon. Diane Bellemare:** Honourable senators, before I begin my speech on Bill S-233, allow me to express my great admiration for Senator Pate's work on the penal system and her tenacity in promoting an unconditional guaranteed livable basic income program. I share her desire to see an end to poverty. I recognize, as she and others have pointed out, that receiving a stable basic income has positive effects on the physical and mental health of each person.

However, it is possible to achieve the same results with public policies that are less costly and more equitable and socially acceptable than the policy proposed in Bill S-233.

Even though I hold Senator Pate in great esteem, the socio-economic problems raised by Bill S-233 are so important to me that I cannot support the bill.

[*Translation*]

Bill S-233 would require the Minister of Finance to develop a national framework to provide all persons over the age of 17 in Canada, as well as permanent residents, refugees and temporary workers, with access to an unconditional guaranteed livable basic income.

Throughout history, a few philosophers and some economists have promoted the idea of an unconditional guaranteed basic income, or GBI. More often than not, they were described by their peers as utopians.

In the early 1960s, right-wing economist Milton Friedman gave new life to the idea of GBI when he proposed a negative income tax in his famous work, *Capitalism and Freedom*. He sought to reduce the role of the state and to privatize social programs. Certain right-wing and left-wing groups have praised him since.

In most industrialized countries, the social safety net we know was developed around concepts of mutualization, reciprocity and social inclusion. It relies on participation in the workforce, social insurance, targeted income-based benefits and social assistance for those in need. This system can be improved. Unfortunately, it is incompatible with a system based on an unconditional guaranteed livable basic income, as provided for in Bill S-233.

Several studies have shown that this idea is not economically realistic and is questionable in terms of fairness and social acceptability.

Why is a GBI economically unrealistic? The answer is simple: its cost is prohibitive. A GBI would help just over 11% of those living under the poverty line by giving 100% of all adults a basic income. To fund such a GBI, we would have to completely overhaul the income tax system.

The Parliamentary Budget Officer recently calculated that it would cost \$87.8 billion in 2022-23 to implement a GBI program similar to the pilot project that Ontario launched in 2017 for adults aged 18 to 64. These estimates are based on a basic income of \$17,000 for a single person and \$24,000 for a couple, reduced at a rate of \$0.50 for every dollar earned on top of the basic income. The cost of a basic income increases rapidly as the clawback rate goes down, as was pointed out in another PBO report released in 2020.

In 2019, the Basic Income Canada Network estimated the cost of providing a guaranteed annual income of \$22,000 for Canadians aged 18 and over at \$187 billion a year if the government clawed back \$0.40 per dollar earned. Bill S-233 takes a similar approach. That is the equivalent of all federal personal income taxes in 2021-22, which totalled \$189.4 billion.

A universal benefit is even more costly. A guaranteed income of something like \$22,000 for every Canadian adult would cost \$637 billion according to the Basic Income Canada Network. That is almost twice the federal government's total revenue. Even after taxes, that kind of basic income would absorb all federal revenue. In short, the cost of a guaranteed basic income is prohibitive.

That is the issue. To finance this kind of program, governments would have to overhaul the income tax system. The tax changes it would take to fund such a program would have a negative effect on labour market participation, not because people are lazy, but just because they are rational. In essence, the number of people supported by the program would exceed the number of people the government set out to help initially. Fewer hours worked means fewer hours taxed, and that means less revenue for the government. In short, paying for guaranteed basic income is unsustainable.

As you know, not long ago, the Government of Quebec struck a committee to come up with a plan for implementing a GBI, and the Government of British Columbia created a panel to set up a pilot project. Both groups rejected the feasibility of such a program. The British Columbia panel rejected the very idea. Why? Because no pilot project could capture all the macroeconomic consequences of financing a GBI system.

[*English*]

I quote from the B.C. panel:

Many Canadian basic income proposals suggest eliminating most or all tax credits, including the basic personal amount, to create a "self-financing" RTC basic income. This would be a fundamental reform of the tax system that would mean

tax becomes payable with the first dollar earned, increasing disincentives to work for low-income earners not on Income Assistance.

The report adds that these taxes would generate insufficient funds.

The panel continues:

Eliminating programs could be another alternative, but we believe that the many services provided by the existing programs aimed at meeting basic needs—in combination with cash transfers—are essential to a just society.

The report concludes:

. . . as we have emphasized a basic income must be considered in the context of how it is financed and how the changes made to taxes and programs to cover its costs combine with the incentive effects of the basic income itself. Impacts of the financing aspects of a major basic income could exceed the incentive and economic effects posed by the benefits alone.

[*Translation*]

My second point has to do with fairness and social justice. The two provincial expert panels analyzed the impact of a guaranteed basic income from the perspective of social fairness through the philosophical principles of social justice that have been outlined by the well-known philosopher John Rawls. According to these principles and that philosopher, a guaranteed basic income can cause major social fairness problems. The short explanation is easy to understand. An equal basic income for all is not necessarily fair, because it does not guarantee equal opportunities for all. Let's not forget that everyone has different needs. Conversely, a targeted approach can better ensure the principle of equal opportunities.

As the British Columbia expert panel pointed out, and I quote:

[*English*]

Moving to a system constructed around a basic income is not the most just policy change we can consider. The needs of people in this society are too diverse to be effectively answered simply with a cheque from the government.

The report further reads:

We are also concerned about the implications of a basic income for the society we will share in the future. A basic income emphasizes individual autonomy—an important characteristic of a just society. However, in doing so it de-emphasizes other crucial characteristics of justice that must be, in our view, balanced: community, social interactions, reciprocity, and dignity. The basic income approach seems to us to be more individualistic than the way we believe British Columbians see themselves.

[*Translation*]

The work of American philosopher Elizabeth Anderson reached similar conclusions.

Our current system provides support to all people in need through a variety of different programs, which, I repeat, could be improved at both the federal and provincial levels. These programs are more responsive to the diverse needs of all those who experience hardship under different circumstances and at different times in their lives than an equal basic income for all at all times would be.

Because the guaranteed basic income is a one-size-fits-all solution, implementing this approach could have unintended and undesirable consequences.

Here is an example to illustrate my point. According to the latest report by the Parliamentary Budget Officer, which discusses the income distribution effects of GBI, a low-income single-parent family could lose \$5,315 per year as a result of the implementation of GBI. However, it is precisely these families, which are usually headed by women, that we want to help.

Esteemed colleagues, I join Senator Simons in encouraging you to reflect on how Bill S-233 will affect young people. How will society be able to provide roots and wings for its children if they are handed a basic income as of the age of 18 without any corresponding requirement for education, training or participation in society? Would a parent, even a wealthy one, agree to finance their 18-year-old who decided to drop out of school or a training program and refused to work? To ask the question is to answer it. Should these be the principles on which our society is based?

I now want to talk about political issues. Colleagues, Bill S-233 raises issues of social acceptability and constitutional problems. In March 2022, I conducted a poll with Angus Reid on work ethic and GBI. The results will soon be available on my website.

I'll give an overview of the findings.

Firstly, Canadians have a work ethic that has remained consistent through similar polls that I conducted in 1981 and 2014. Roughly 79% of Canadians think that every adult who is able to work should work to earn a living. However, 54% of Canadians would like to be able to live without working. That is why the idea of a guaranteed basic income polarizes Canadians. While 46% of Canadians support this idea, 37% are against it. When we ask Canadians if they are prepared to pay for this program through their taxes and reduced services, only 19% of Canadians are prepared to do so, while 62% are not. What is more, only 5% of Canadians strongly support the idea of funding a guaranteed basic income through increased taxes and reduced services, while 43% of Canadians are strongly opposed.

GBI is an attractive idea, but Canadians are not prepared to cover the cost. Who would pay for it then?

Bill S-233 also raises real constitutional issues. It involves eliminating many social transfers to the provinces. The federal government could unilaterally decide to do so. It goes without saying that the provinces would react vigorously. The provinces are not ready to accept this, nor are they prepared to hand over their social assistance responsibilities to the federal government. The discussions would be endless.

In conclusion, there are solutions we can work on to reduce poverty in Canada. The Poverty Reduction Act, which we passed in 2019, seeks to reduce poverty and sets targets linked to the United Nations 2030 Agenda. The British Columbia and Quebec reports describe many inspiring opportunities for action. For example, the two reports recommend the implementation of a guaranteed basic income, similar to what already exists for seniors and persons with living with disabilities, and it is quite feasible.

Recommendation No. 5 of the Quebec report proposes the implementation of a program to facilitate transitions in the labour market and training. It provides several realistic proposals for reducing and preventing poverty.

The current system, which is preferred by industrialized nations and promoted by the OECD, the International Labour Organization and the United Nations, has proven to be successful. It reduces poverty and, above all, it helps prevent it.

[*English*]

There are many solutions we can work on to eliminate poverty and inequality in Canada, but a GBI should not be one of them. It's time we abandon this utopian dream for pragmatic, rigorously tested, targeted programs that will reduce and prevent poverty, provide skills and training and create an inclusive labour market. Thank you, *meegwetch*.

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