

A basic income would be an unfair, complicated and costly way to eliminate poverty

By Diane Bellemare

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There is much to say about Bill S-233 tabled in the Senate. The bill – which proposes to oblige the federal Minister of Finance to develop a national framework to implement an unconditional guaranteed basic income program (GBI), unconditionally guaranteeing sufficient income (equivalent to or near the low-income threshold) for all Canadian citizens over age 17, as well as Canadian residents, refugees and temporary workers – strives to eliminate poverty and establish social equity. These are laudable goals. There is also no doubt about the positive effects of a stable basic income on an individual's physical and mental health, as ample research has demonstrated.

But a GBI is not the only way to achieve these noble ends. In fact, a GBI would be among the most constitutionally complex and prohibitively expensive ways to tackle poverty and inequity. Its blanket approach also lacks fairness, and lacks the credibility that comes with all-important public buy-in. However, the arguments against a GBI should not be confused for calls to accept the status quo: Issues of poverty, chronic unemployment or underemployment, training and education deficits, among other social problems, should instead be addressed through targeted social programs delivered through all levels of government working together.

Let's first address cost. According to 2021 analysis by the Parliamentary Budget Officer, the gross cost of a guaranteed minimum income program for Canadian adults aged 18 to 64 similar to the one adopted in Ontario's basic income pilot (which provided up to \$17,000 a year for an individual and up to \$24,000 for a couple) would be \$87.6-billion in 2022-2023. In another cost calculation, the Basic Income Canada Network (BICN) estimates that a guaranteed income of \$22,000 per adult older than 17 would cost \$187-billion a year.

Whichever figure you go with, these ballpark ranges are near the equivalent of all the federal personal income tax paid in 2021-22 (\$189.4-billion). In another scenario, the BICN estimates a tax-free universal allowance of \$22,000 per adult at \$637-billion – almost double the entire budget revenue of the federal government (which was \$394-billion in 2021-2022).

Financing a GBI would put an end to personal tax exemption and all other tax deductions. It would involve a complete transformation of our income tax system at the federal and provincial levels. And it would have detrimental economic effects that would likely hamper participation in the labour market – not because people are lazy, but because they are rational. Fewer working hours in the labour market would mean less revenue for governments. A GBI, in other words, would be financially unsustainable. Not surprisingly, both Quebec and British Columbia recently rejected the feasibility of a GBI after extensively studying the issue.

Those governments also raised issues of fairness. A basic equal income for all is not necessarily fair because it does not guarantee equal opportunities. Individuals and families have different needs that the actual social system acknowledges. According to the PBO's analysis of the redistributive effects of a basic income, a low-income single-parent family would lose \$5,315 a year with a basic income program. A GBI would actually reduce the ability to target diverse needs and circumstances so as to provide for truly equitable opportunities.

And then there are the real constitutional issues that Bill S-233 raises. The abolition of federal transfers for social programs that would be necessary to afford a GBI would require negotiations with the provinces and territories, which would not easily abandon their responsibility for social assistance to the federal government.

Finally, Canadians do not appear to be willing to finance a basic income. In March, 2022, I commissioned a public-opinion poll on the topic from Angus Reid. Seventy-nine per cent of the more than 1,500 respondents believe all working-age adults in Canada should work to earn a living. While just under half (46 per cent) of respondents said they'd support a federal GBI, that number dropped to 19 per cent when presented with the budget implications of financing such a program.

That doesn't mean Canadians aren't interested in giving each other a helping hand. On the contrary: When asked about targeted programs, such as a Youth Guarantee Program that would support a job pathway program for unemployed Canadians under age 30, 59 per cent of respondents were in favour; a Job Path Program for all unemployed Canadians was supported by 65 per cent; while a Professional Training Program for all Canadians was supported by 74 per cent of survey respondents.

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

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