

THE NECESSITY OF UBI FOR A PROSPEROUS, HEALTHY SOCIETY

The COVID-19 pandemic has seen too many people go through hell and back. Many of our poorest citizens will have a harder time making it back. What we learned throughout this ordeal is that government is not the problem some people see, but rather, government has been and can be the solution to many of our problems.

The federal government has begun our recovery with a plan for a national child-care plan which will help put many people, particularly women, back to work. It's a good start. But the CERB (the Canadian Emergency Relief Benefit) has shown us we can come back in a way that can resolve our major challenges of income inequality, precarious work, housing shortages and homelessness. We need a Universal Basic Income plan to be established step by step, giving priority to those most in need.

We must rebuild a society where the following become less and less ubiquitous:

- Predatory payday loan operators
- Precarious work for low pay, no job security, no health benefits and no sick leave pay
- Social assistance/welfare, sometimes referred to as suicide assistance
- The societal costs of poverty such as extra policing and corrections, extra medical and mental health costs

The federal government programs during the pandemic have shown us a better way. With a CERB-like Universal Basic Income we can build a robust and inclusive safety net that more than pays for itself. The old expression used by some of our more advantaged people is “you have to spend money to make money” or, in this case, save money. A UBI or what some call a Guaranteed Livable Income (GLI) could reduce the enormous social and economic costs of poverty, as well as those associated with healthcare and criminal legal system costs. In addition, the long-term social and economic benefits of such a program could offset the financial cost of the program itself, by simultaneously lifting at least 3.2 million families out of poverty. It could also create hundreds of thousands of new jobs, grow the economy by tens of billions and eventually pay for itself with increased tax revenues. It can be thought of as an investment as opposed to a cost

A basic income program is essentially an unconditional cash transfer from the government to individuals. It could, in theory, replace other social assistance payments, such as employment insurance and welfare, which critics already say are insufficient and administratively onerous. The Canadian Centre for Economic Analysis (CANCEA) was commissioned by basic income advisory group UBI Works to look at the potential economic impacts of Canada implementing two different kinds of basic income programs. The first, a guaranteed minimum income based

on the design of the Ontario Liberals' cancelled basic income pilot project, would ensure a minimum income of \$24,000 for individuals and \$34,700 for couples. The second program, based on a proposal by UBI Works, would guarantee a minimum income of \$24,000 for individuals and \$36,000 for couples, while also paying a \$6000 "universal dividend" to all adults. Both programs would "claw back" 50 cents for every \$1 of employment income and 100% of all income from other government transfers, EXCLUDING the Canada Child Benefit and the \$6000 dividend.

The CANCEA study showed that, depending on which program was used and how it was funded, it would create between 298,000 and 598,000 new jobs after 5 years, and add between \$36 and \$84 Billion annually to Canada's GDP. It would also raise up to \$514 Billion in new tax revenues over 25 years. The analysis showed that to have the most positive economic impact, the program should be funded primarily by taxing higher income households.

Before Parliament recessed for the summer, There was a debate on Second Reading of a proposed UBI study, Bill C-273, the National Strategy for a Guaranteed Basic Income Act. It was sponsored by MP Julie Dzerowicz (L-Toronto Davenport). In debate Ms. Dzerowicz pointed out that the economic distress of the pandemic has fallen most heavily on women, youth, Indigenous, and workers in the new underclass of "gig" workers, with more temporary and short-term jobs, and many jobs (blue-collar and white-collar) being eliminated by automation and artificial intelligence (AI). She said we need a new model – one that provides stability to those who have been trapped in the cycle of poverty, to those in danger of falling into poverty, and to the middle class threatened by disruption. A basic income program can offer this new model. And it can be a cornerstone of Canada's innovation and economic growth strategy. Pilot programs in Manitoba (in the 1970's), and Ontario recently, however truncated it became for political reasons, as well as over the years in Japan, Finland, Iran, and the United States, have all shown positive benefits.

The CERB succeeded though it had never been tried before in Canada on such a massive scale. It succeeded even though it was conceived and deployed in haste. A UBI, by contrast, would be more carefully designed and its effectiveness would be even greater than the proven success of the CERB, From UBI pilots we have seen the health and employment skills of UBI recipients improved as financial anxiety was lifted, and the additional funds were used to cover daycare expenses of parents who returned to school to upgrade their skills, or sought better jobs. The Parliamentary Budget Office (PBO) estimates that a UBI program would cost upwards of \$93 Billion a year by 2025 but that the program would boost the income of about 6.4 Million Canadians by an average of \$4500. Put that up against the fact that before the pandemic almost half of Canadians reported that they were just \$200 away from failing to cover their monthly bills! Further, the PBO's estimate doesn't account for the economic upside of a

healthier and larger, better paid workforce -think of the healthcare savings, the extra tax revenues.

Finally, there is the myth spread by the austerity-minded that UBI would discourage people from working. Pilot programs worldwide have shown very little evidence of laziness in the experiments. As MP Dzerowicz said on June 14, 2021: "Recipients of basic income do not see it as a handout but a resource that they use to retrain, go back to school or search for fulltime work, and when they do, they often find better work, earn more, and stay in jobs longer". CERB recipients used their \$2000 monthly cheques to pay down credit-card balances, to boost the national savings rates, to launch or expand small business, and to buy and renovate homes, a shot in the arm for an ailing economy and an investment in themselves and the country.

Small time incrementalism has not worked. We need bold action from politicians with vision to make our "rebuild" better. Basic Income is a matter of priorities, with vision to make our "rebuild" better