



CHANGING TIMES - February 2019

Basic Income: What it is and how it works?

Providing a basic income to the poor lifts them out of poverty and benefits our communities. Many people support the idea and believe it's affordable, but others including some politicians are still sceptical.

What is basic income?

Basic income is a payment that ensures a minimum income level regardless of employment status. People who have jobs but do not earn enough to reach the basic income threshold are eligible. A basic income is more generous than current social assistance payments and is generally simpler to administer which reduces the cost to the government bureaucracy and hence the taxpayer.

Current social assistance rates across Canada are abysmally low. The Caledon Institute's 2017 report shows that there was little difference in the levels of income support for people on assistance across Canada. Single people fared the worst with incomes of around \$700 per month which is less than 50% of the low-income measure. Couples are the next most impoverished group with incomes of about \$1200 per month. Families with children are somewhat better off since the Canada and provincial child benefits have been enhanced, but their incomes are still below the low-income measure.

So, what would a basic income look like? There was a pilot project in Ontario to test whether it could be a benefit to the community as well as to the recipients. The project was designed to provide a basic income for adults between the ages of 18 and 64. Children's costs were to be covered by the existing child benefit programs and seniors' needs were already provided by existing programs. Single people would receive \$1416 per month and couple would receive \$2002 per month. These levels of income are approximately 75% of the low-income measure. In addition, recipients would be allowed to keep 50% of income that they could generate up the point where their earnings matched the basic income.

An important principle of basic income is that it is unconditional. Recipients may choose to work or further their education but are not obliged to do so. Also, there are no restrictions on how to use the money.

Participants in the program would be monitored to find out how the increase income impacted their lives. They would report on changes in their food security, stress and anxiety, mental health, health and health care usage, housing stability, education and training, employment and labour market participation. Sadly, the recently elected Ontario provincial government cancelled the program and so a valuable learning opportunity has been lost.

Can a basic income reduce poverty?

There is evidence that giving people income supports so that they can live in dignity benefits them and the community. The longest running and most credible program was in Manitoba from 1975-1978. It provided participants supports that raised income to 60% of the low-income cut-off. Dr. Evelyn L. Forget, an economist and professor in the Department of Community Health Sciences, University of Manitoba, analysed the data from the project and found that:

- People with jobs kept working.
- People accessed health care less
- Youth stayed in school to complete high school.

Clearly, the community as well as the participants benefited from this program, since health care costs were reduced, young people were able to plan for better futures due to completing high school and workforce participation was maintained.

*Corry Wink, Ontario rep
National Social Justice Committee*

Sources:

<https://www.ontario.ca/page/ontario-basic-income-pilot>

<http://www.livableincome.org/rMM-EForget08.pdf>

https://maytree.com/wp-content/uploads/Welfare_in_Canada_2016.pdf



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