

Covid-19 and Basic Income

Covid-19 and Basic Income

- Four important points learned from the Covid-19 pandemic

1. BI builds resilience into the economy

The neoliberal economics approach of shredding the Social Safety Net in favor of tax breaks and tax concessions, leaves a nation vulnerable to inadequate minimum standards in times of crisis.

*Income is the engine of the economy.
Motivation behind CERB*

Covid-19 and Basic Income

- Four important points learned from the Covid-19 pandemic
 1. *BI builds resilience into the economy*
 2. ***\$2000 per month or \$24,000 per year has now, de facto, been federally recognized as "The Income Floor".***
It still begs the question of why someone is deserving and others are not.

Covid-19 and Basic Income

- Four important points learned from the Covid-19 pandemic
 1. *BI builds resilience into the economy*
 2. *"The Income Floor".*
 3. ***There is money for a Basic Income:*** Parliamentary Budget Office estimates 5.4 million individuals will receive the CERB and the program will have a total cost of \$22.3 billion in 2020-2021.

Covid-19 and Basic Income

- Four important points learned from the Covid-19 pandemic
 1. *BI builds resilience into the economy*
 2. *"The Income Floor".*
 3. *There is money.*
 4. **Basic Income is the optimal delivery system for Income Support Initiatives**

Covid-19 and Basic Income

- In transitioning to the “New Normal” we must be pro-active and not re-active. We must assume that another crisis will be happening. In Social Engineering, we must design a Social Safety Net the way we work with any major Engineering Project: Build for worst case scenarios.

And we now know what the worst case scenarios can look like.

How to Pay for a Basic Income?

You are already paying for it!!!!

Per person \$ X per year in income tax. This creates \$ Y per year in Tax Revenue for the Federal government to be budgeted for Income Redistribution and poverty related costs.

How to Pay for a Basic Income?



You are already paying for it
through your TAXES.



**But you are doing a poor job of
it!!!!!!**

How to Pay for a Basic Income?

- You are already paying for it.
- But you are doing a poor job of it:

Nova Scotia

Immediate :

Direct: Income Assistance Programs which are insufficient, ineffective, inefficient, inhumane, re-active.

Poverty Related Indirect: Housing, Health Care, Justice, Family Support Services, etc.

Future:

Poverty Related : Health Care, Loss income, loss tax revenue, loss economic activity, intergenerational poverty.

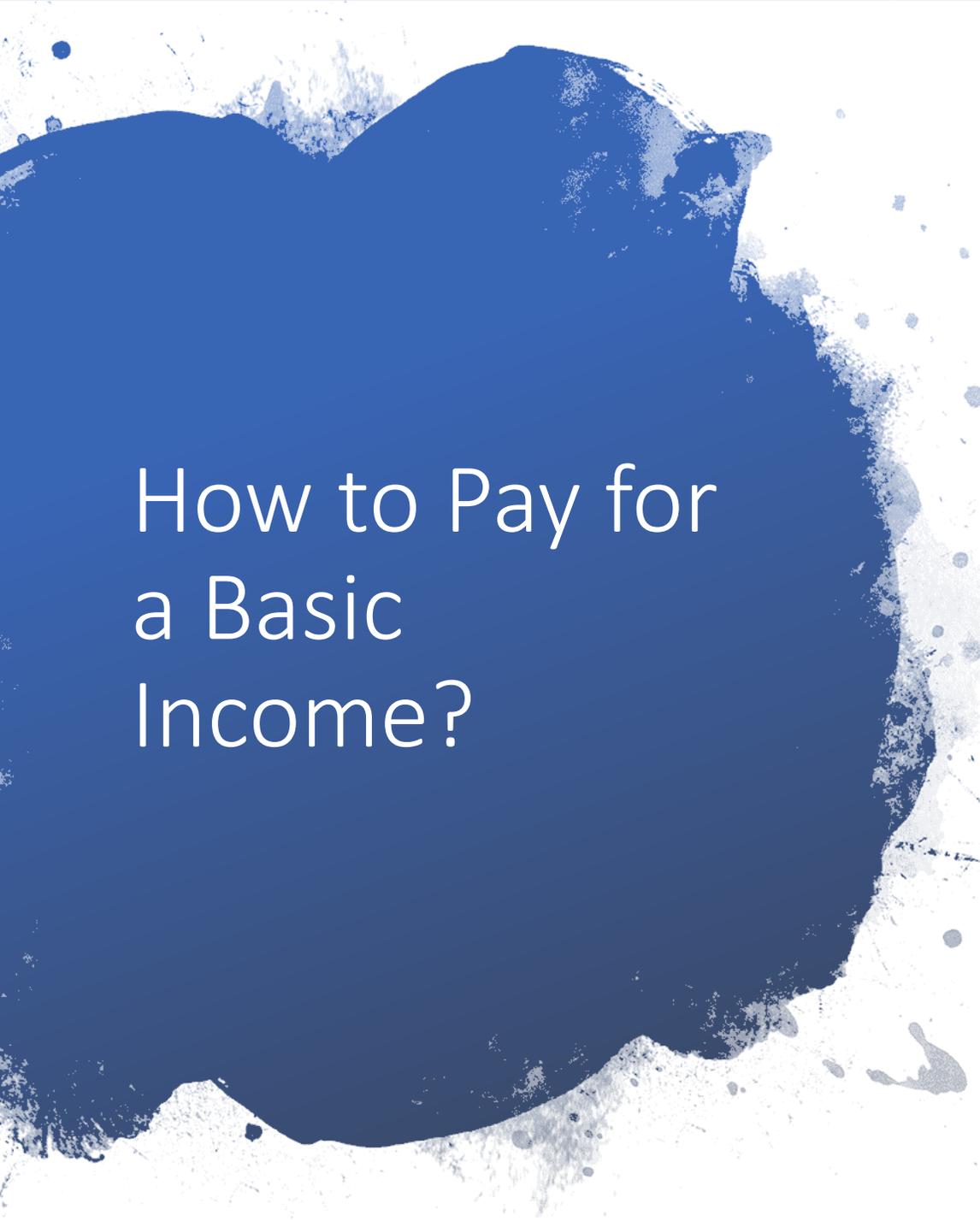
Boutique Payments:

GST-HST rebate

Low Income Tax Reduction

Affordable living Tax Rebate

Heating Assistance Rebate Program, etc.



How to Pay for a Basic Income?

- You are already paying for it.
- But you are doing a poor job of it:

Nova Scotia:

Immediate

Future

Boutique Payments

Federal:

Canada Child Benefit

Guaranteed Income Supplement

Old Age Security

Boutique Payments:

Refundable and Non-Refundable Tax Credits

How to Pay for a Basic Income?

- **You are already paying for it.**
- **But you are doing a poor job of it.**
- **13% of Canadians keep living in poverty**



How to Pay for a Basic Income?

- **You are already paying for it!!!!**
- Per person \$ X per year in income tax. This creates \$ Y per year in Revenue for the Federal government to be budgeted for Income Redistribution and poverty related costs.
- **Can we do a better job with the same \$Y amount of money?**



Studies:

- [Designing a Basic Income Guarantee for Canada](#) (2017) Economists Robin Boadway, Katherine Cuff and Kourtney Koebel show how a sizable basic income for adults could be funded largely if not solely on the basis of converting a number of existing non-refundable and refundable tax credits into a basic income.

Why converting existing tax credits?

- Not achieving intended goal
- Not redistributing income
- Increasing Income Inequality

Studies:

- [Designing a Basic Income Guarantee for Canada](#) (2017)
- Robin Boadway, Katherine Cuff and Kourtney Koebel

- [Guaranteed Basic Income](#) (2017): In this paper, Wayne Simpson and Harvey Stevens of the University of Manitoba explain how a **\$51 billion federal basic income program** or a **\$82 billion federal-provincial basic income program** could be funded by converting select Non-Refundable Tax Credits (NRTC)s and the Federal Sales Tax Credit (GST) into the revenue base for a partial basic income, with significant positive impact on the incidence and depth of poverty and on income inequality in Canada, and essentially negligible impact on labour supply.



Studies:

- [Designing a Basic Income Guarantee for Canada](#) (2017)

Robin Boadway, Katherine Cuff and Kourtney Koebel

- [Guaranteed Basic Income](#) (2017):

Wayne Simpson and Harvey Stevens (we can fund an **\$82 billion** BI program)

- [Office of The Parliamentary Budget Officer:](#)

Costing a National Guaranteed Basic Income Using the Ontario Basic Income Model. (April 17, 2018):



Studies:

Office of The Parliamentary Budget Officer:
**Costing a National Guaranteed Basic Income
Using the Ontario Basic Income Model.
(April 17, 2018)**

- Based on our previous report on the federal support for low-income individuals and groups, PBO identified \$32.9 billion as federal support for the category of people defined by our benchmark model.
- If this amount were deducted from the total estimated GBI cost of \$76.0 billion in 2018-2019, the net cost of a federally implemented GBI would be **\$43.1 billion.**

Studies:

- [Designing a Basic Income Guarantee for Canada](#) (2017)

Robin Boadway, Katherine Cuff and Kourtney Koebel

- [Guaranteed Basic Income](#) (2017):

Wayne Simpson and Harvey Stevens

- [Office of The Parliamentary Budget Officer:](#)

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All studies are static and do not include behavioral studies, economic stimuli effects, etc.

How to Pay for a Basic Income?

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WE CAN DO BETTER!!!!!!

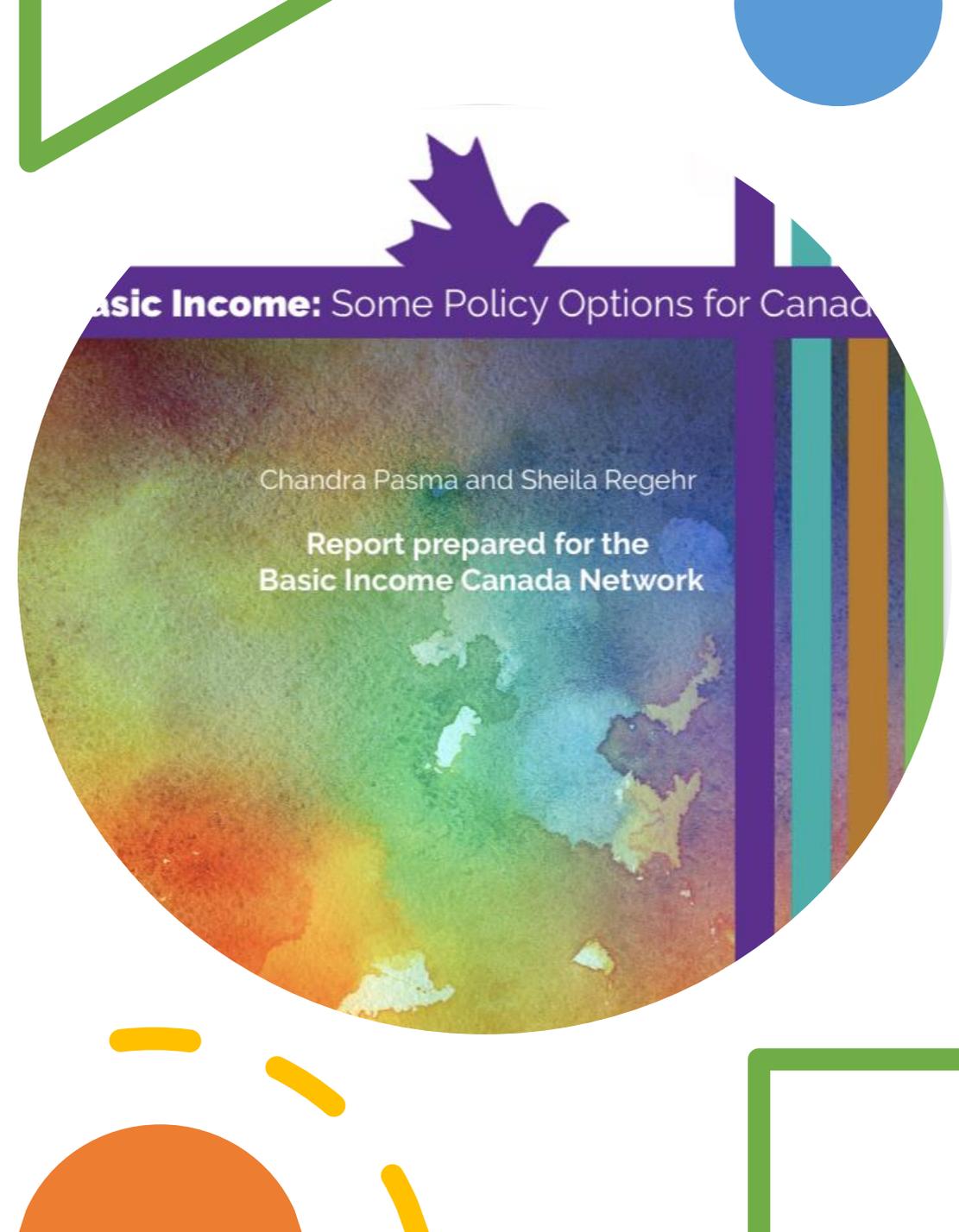


Basic Income Policy Options

developed by

Basic Income Canada Network
(BICN):

<https://www.basicincomecanada.org>



Basic Income Policy options

- **Statistics Canada's Social Policy Simulation Database and Model (SPSD/M) was used to model the funding of the options, combining existing resources with changes to the tax/transfer system, including tax fairness measures.**
- All options are based on BICN's principles and goals—
- to reduce inequality,
- including inequality between women and men;
- prevent poverty;
- provide everyone with greater income security, including middle-income earners;
- and ensure the wealthiest individuals and corporations contribute their fair share.

Each option in the report, *Basic Income: Some Policy Options for Canada*, meets these overall goals.

Basic Income Policy options

- **The Options:**
- **Option 1** is for 18-64 year olds based on household income, operating much like child benefits, with the \$22,000/year (\$31,113 for a couple) benefit amount gradually reducing as other income increases; seniors benefits remain in place.
- **Option 2** is similarly income-tested and is for all adults, including seniors.
- **Option 3** is a universal model, sometimes called a demogrant, that provides the same benefit amount to every individual adult.

[Read the full report here.](#)

For more information or inquiries about this report contact BICN at info@basicincomecanada.org.

Basic Income Policy Options

Funding Resources

All options are **fully funded**, from similar sources, making them all affordable. The resources used follow BICN principles:

- Funding is rolled in from existing refundable tax credits and programs that provide direct income support, like the Goods and Services Tax/Harmonized Sales Tax (GST/HST) credit, as well as social assistance (we only take half of administrative funds, so the remainder can be used for social services);
- Resources are shifted from non-refundable tax credits into the basic income, including the basic personal amount and credits (federal and provincial) that go mostly to the wealthy;
- Tax fairness measures are adopted, such as more tax brackets and higher tax rates on high incomes;
- All income is treated the same whether it comes from employment or capital gains;
- Changes to corporate taxation are included so that corporations pay a fair share—they will gain from more people being able to participate in the economy;
- In Options Two and Three, which include seniors, funding is included from Old Age Security (OAS) and the Guaranteed Income Supplement (GIS);
- In Option Three, a significant increase to the basic individual tax rate given that every adult will receive \$22,000 of untaxed income.

Basic Income Policy Options

- Our results suggest that *net* affordability of the options is fairly similar.
- **Option One appears to have the lowest cost at \$134 billion—it also has the fewest adults. Our proposed tax/transfer resources generate \$136 billion in revenue.**
- Option Two include seniors but also comes with the money that goes to seniors benefits now, so this option at \$187 billion (resources of \$189 billion) isn't necessarily much more expensive than Option One.
- Option Three includes more people still because benefits are provided to every adult based on individual income, instead of family income. It may be somewhat more expensive but not nearly as much as it might appear from its upfront \$637 billion calculation because the money to pay for it is recouped at tax time (resources of \$639 billion). This option requires more extensive change to the way income is taxed. Because we will all have received \$22,000 of non-taxable income, we will all pay higher taxes on the first dollar of other income.
- Greater tax fairness, simplicity, transparency, and accountability are benefits of all options.

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NOT ONLY CAN WE DO BETTER

BUT THERE IS A BONUS

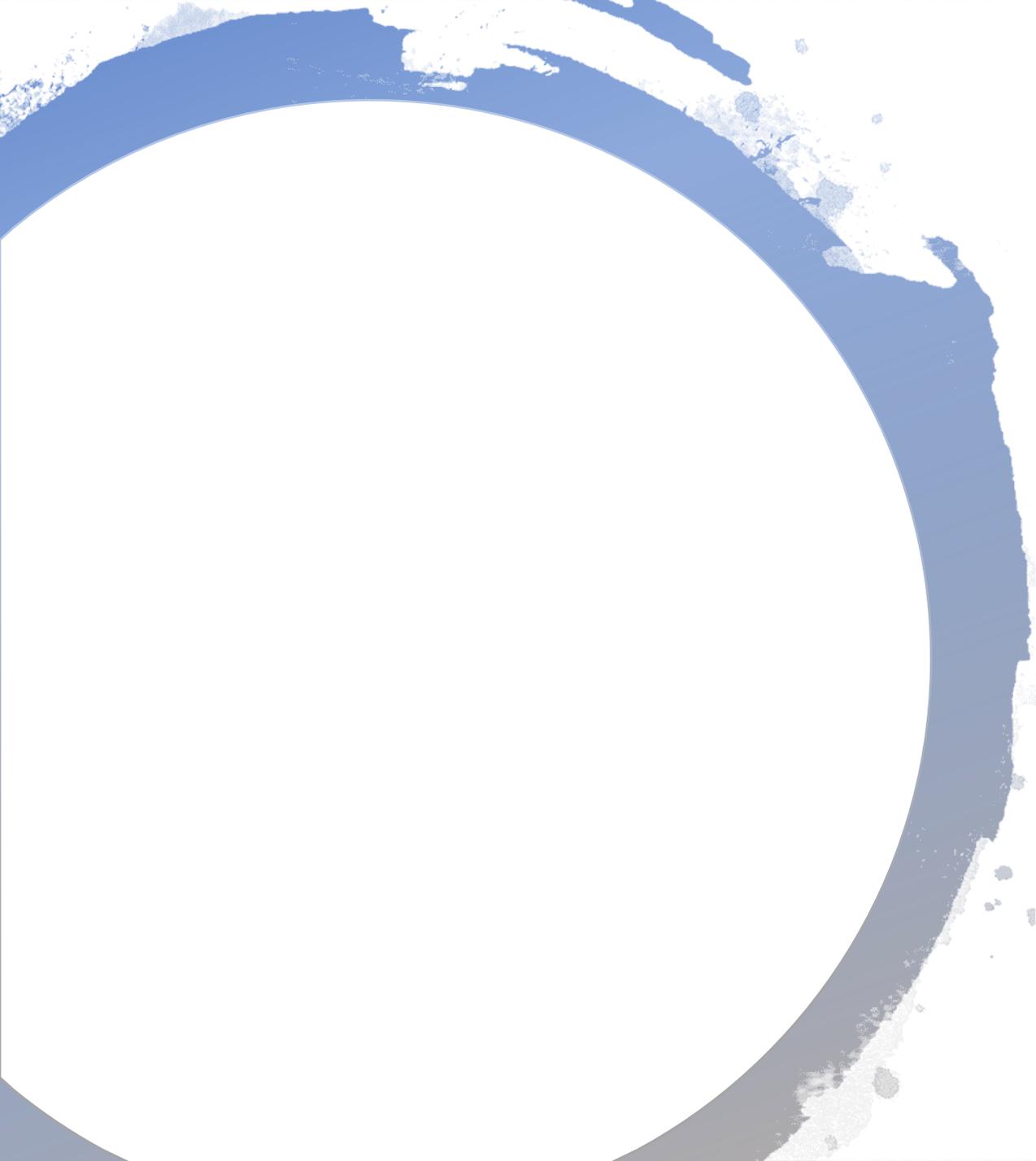
Example: Canada Child Benefit

It's Good For The Economy

- **CCB COSTS \$23 BILLION PER YEAR.**
- CCB contributes \$46B annually to the Canadian economy – exceeding the economy of Nova Scotia
- CCB related spending drives \$85B / year in revenues & 18B in gross profits to businesses
- 453,000 full time equivalent jobs are contributed by the CCB, 2.5% of the Canadian labor force
- Every dollar invested drives \$2 of GDP and more than 55 cents of is recouped in taxes from economic activity
- Drives \$4 of GDP for every dollar it costs
- Has caused \$27B in private capital investment and and \$77B in wage growth since inception

See UBIWorks at: <https://youtu.be/vZk-8kf7ATY>





Therefore, as we come out of
Covid-19, we should transition
CERB to Basic Income.

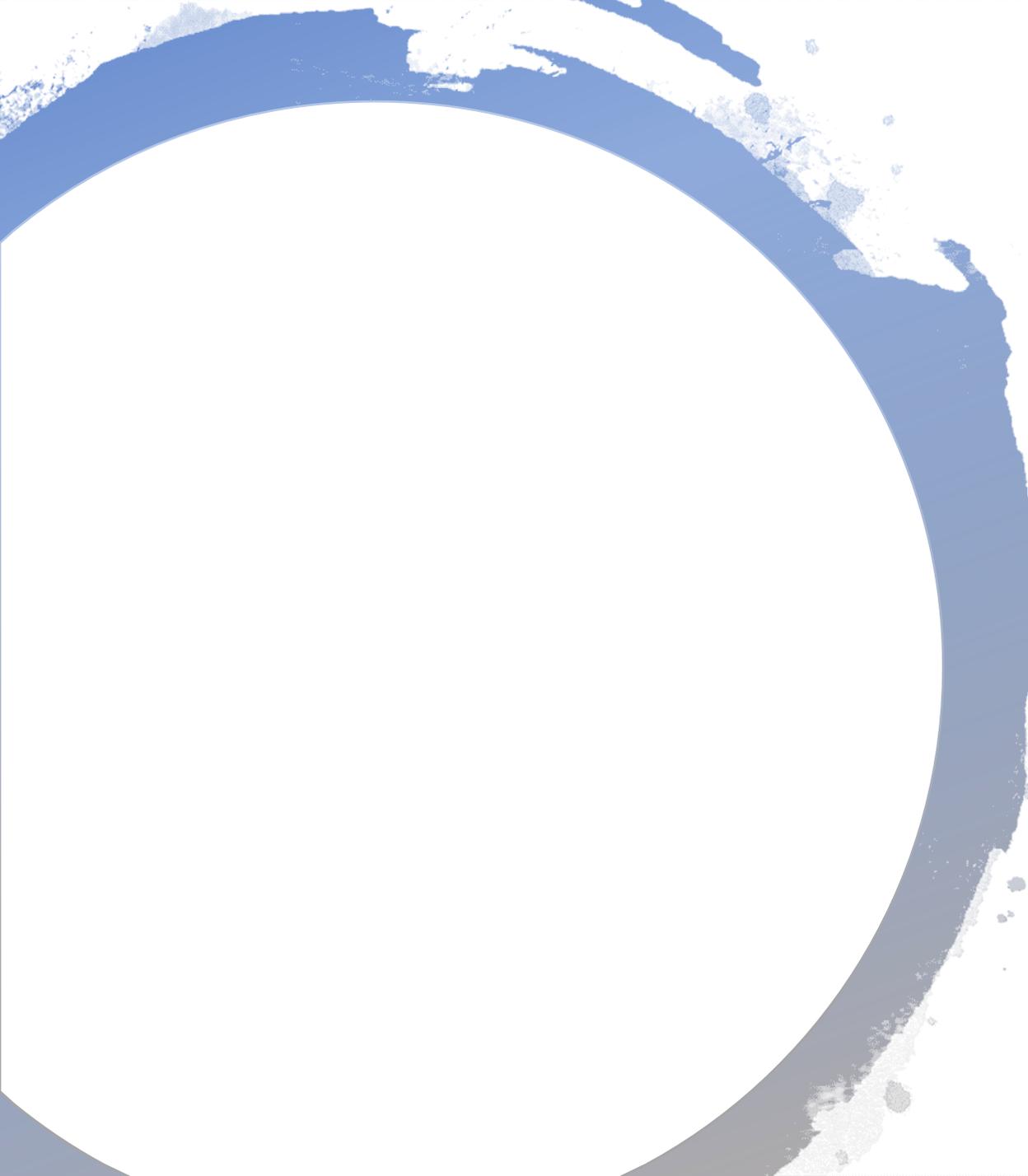




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It could well be the goose that lays the golden eggs for the Canadian Economic Recovery.





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Thank You