



## NEWS LOCAL

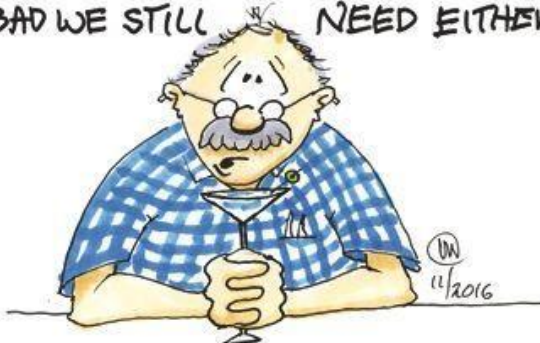
### Basic income touted as solution to poverty



By [Lloyd Mack](#), Kenora Daiy Miner & News

Thursday, November 3, 2016 10:48:06 EDT AM

MINIMUM WAGE, OR BASIC INCOME  
GUARANTEE. AS A WELL TO DO COUNTRY  
IT'S GREAT THAT WE HAVE A CHOICE.  
BUT AS A WELL TO DO COUNTRY IT'S  
TOO BAD WE STILL NEED EITHER.



Somehow the sell-off of a major stake of Hydro One and more recently the government's valuation exercise of Ontario's digital health assets have overshadowed the subject of a single paragraph buried in last spring's 2016 Ontario budget.

The paragraph promised a pilot project to test a guaranteed basic income program — and former Conservative senator Hugh Segal, who agreed to produce a discussion paper for the provincial government on the proposal for

free, is expected to release his recommendations as soon as next week. Segal is a longtime proponent of a guaranteed annual income policy and believes such a program could save Ontario and other provinces millions in social assistance spending on programs like welfare.

The concept of guaranteeing people a minimum income is not a new one. There are several countries testing similar programs — some with a universal amount for everyone; others where income is topped up to a certain level — and Ontario wants to test it out.

Of course, there are already basic-income like programs such as a Guaranteed Income Supplement and Old Age Security for seniors over 65 years of age. There is the Ontario Child Tax Benefit for parents of children under 17. But nothing to address poverty.

It is thought with income security, impoverished residents can get food for their family, their health goes up, and when their health goes up, their attitude towards life improves, they tend to get higher education and they get jobs. Proponents also argue a guaranteed minimum income would be more efficient and less costly than administering existing social programs. It is also pointed out there'd be a reduction in health-care costs if poverty is addressed.

In early October, the Northern Policy Institute, which has an office locally, held a Basic Income Guarantee conference in Sudbury. According to news reports, there was compelling evidence about the benefits of a guaranteed income transfer of some sort when it comes to health care and education.

“What we know from the academic literature — globally, nationally and provincially — is that the best way to permanently eliminate poverty is cash transfers,” says Charles Cirtwill, president and CEO of the Northern Policy Institute. “It means people have income security, they can get food for their family, their health goes up, and when their health goes up, their attitude towards life improves, they tend to get higher education and they get jobs. So we know this works.”

Yet the provincial government is going to conduct a costly experiment, in a yet-to-be-named test site.

Interestingly, this is not the first experiment with a guaranteed minimum income in this country. In the mid-1970s, the Mincome project was conducted in Dauphin, Manitoba with the provincial and federal governments sharing the \$17-million budget 25 per cent and 75 per cent respectively.

For three years, Mincome helped 1,000 Dauphin families who fell below the poverty line earn a livable income — which was determined to be 60 per cent of Statistic Canada's low-income cut-off, which in 1975 was \$3,486 for a single Canadian.

Economist Evelyn Forget, who has studied basic income projects including Mincome, has already offered her recommendations to Ontario policymakers and says the takeaways to note from Mincome were that basic income reduces the stress of poverty, thereby resulting in less domestic violence, fewer workplace injuries, decreased hospital visits, and higher levels of education.

The grumbling about the proposed pilot project will not be the results, but the costs to achieve them. Cirtwill says the cost of meeting a Canadian's basic needs today would require an income of \$12,000 to \$15,000. And you have to ask at what cost?

For some, there is also the struggle to wrap your mind around handing out money that is not earned in the traditional sense.

For example, some view welfare as a deterrent to people working a lower paying or part-time job. The reality is the wall isn't due to the monthly cheque, it is more because people on social assistance also get their prescription drugs and dental bills paid for, as well as help with child care. These factors, if taken into account, could make a basic income guarantee very difficult to deliver.

Mike Moffatt, an economist who spoke at the Northern Policy Institute's Basic Income Guarantee conference and who has worked with the Mowat Centre and the Lawrence National Centre for policy and management, estimates to go beyond current Ontario Works cheques, which average about \$650 for a single person with no dependents, the provincial government would need to spend upwards of \$15 billion. He also said the government would have to start

by returning to the rates paid out in the early 1990s, which with inflation means about \$11,000 per person per year. Even that would still be far below what a family would need to purchase groceries, pay rent and pay for public transport.

David Macdonald, economist with the Canadian Centre on Policy Alternatives, says a federal basic income guarantee could cost upwards of \$177 billion each year to lift every Canadian above the poverty line — currently \$21,810 per person. About nine per cent of Canadians live in poverty, but the numbers are much higher for single mothers and indigenous communities.

You are probably thinking the same thing both economists do — neither the provincial or federal governments have that kind of money without substantial tax increases. But then Canada Without Poverty, a charitable organization dedicated to the elimination of poverty in Canada, shares that poverty costs Canada as a whole between \$72 billion and \$84 billion annually; Ontarians pay between \$2,299 and \$2,895 per year and you have to wonder...

Lloyd Mack