Canadian Institute of Actuaries | Institut canadien des actuaires

Research paper

Covid-19: Setting the stage for a basic minimum income plan

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November 2021

Document rp221220

Ce document est disponible en français

This report has been prepared by researchers at the University of Waterloo to provide background on basic income.

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Section 1 – Introduction and Background

Canada has some experience with minimum income experiments; the 1970s Mincome experiment in three Manitoba towns is an example. The costs of the experiment were shared by the federal and provincial governments (Forget 2018). In 2016, Ontario announced a pilot project in three communities to test the feasibility and impact of a guaranteed basic income (Segal 2019), but the experiment was cancelled when the provincial government changed. While grassroots organizations have publicly pushed for some type of basic income program, Covid-19 has increased and broadened the interest in and discussion of the need for and desirability of a basic minimum income (BI).

In 2020, the Canadian Institute of Actuaries (CIA[1]) sponsored a project proposed by researchers from the University of Waterloo – Douglas Andrews and Lori J. Curtis – to examine the arguments regarding a BI, taking into account the programs launched in response to Covid-19.[2] The research product is a well-reasoned and documented academic paper on this subject, referencing Canadian and international experience, that the CIA can use as it contemplates what its public position should be with respect to a BI plan. The CIA appointed a project oversight group (POG) to oversee the work of the researchers. This report is the product of this research. The researchers are solely responsible for this report, but they acknowledge the advice and comments received from the POG members throughout the process of researching and writing it. The POG members were Claude Ferguson, Claire Bilideau, Crispina Caballero, Caterina Lindman, Denis Garand, Gylles Bine, Louis Doiron, Rob Hinrichs, and Robert Brown.

It is important to emphasize that this is a research report undertaken for the CIA with respect to BI. It includes the necessary technical vocabulary and concepts, which should be useful to the CIA should it wish to develop a position paper. This report is not a position paper of the CIA nor any other group, nor does the production of this report commit the CIA to the development of a position paper with respect to BI. Furthermore, this report discusses ideas pertaining to BI but it does not propose or examine any specific BI program.

1.1 What is Basic Minimum Income?

What is BI? It seems like an obvious question to ask, and the question appears meaningful. Yet a recent book by the World Bank Group (Gentilini et al. 2020) does not use the phrase “basic minimum income”, because it considers it ambiguous and confusing. We have chosen to follow the terminology in that book in order to avoid ambiguity to the extent possible.

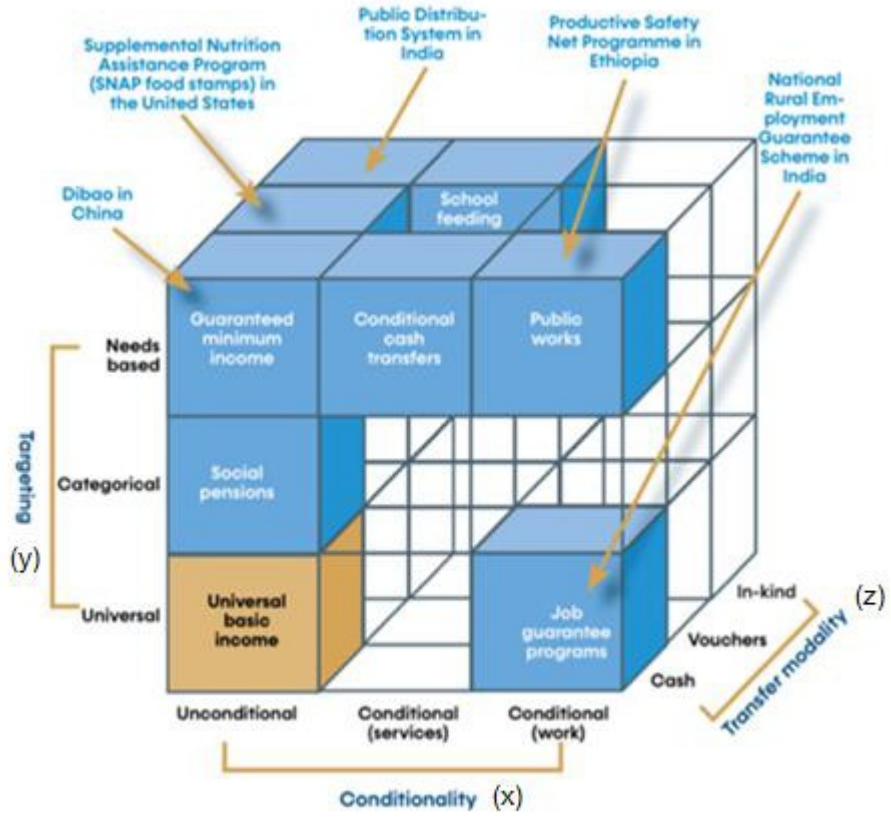
Some context is required to understand the terminology. Gentilini et al. (2020) propose a three-dimensional social assistance cube, with the axes being Conditionality (x), Targeting (y), and

[1] Our approach is to define an acronym the first time it is used in the text and thereafter to use the acronym. A list of these defined acronyms appears after the end of Section 4.

[2] Researchers Andrews and Curtis wish to thank the CIA and the University of Waterloo for providing funding for this project. We also thank the CIA for appointing the POG members, and acknowledge the advice received from the POG, which has helped to improve this report. We are grateful for the valuable research support provided by University of Waterloo cooperative education students Kavishka Abeywickrama (funded by the University of Waterloo and the Canada Works program), Asha Abraham, and Ruihan Cheng.

Transfer Modality (z).[3] Then Universal Basic Income (UBI), a program that is Unconditional (x), Universal (y), and Cash (z), falls in the lower left corner. Guaranteed Minimum Income (GMI), a program that is Unconditional (x), Needs-based (y), and Cash (z), lies above it in the upper left corner. In common parlance, "basic minimum income" might refer to either of those types of program.

Hereafter in this report, when we refer to Universal Basic Income we use "UBI", and when we refer to Guaranteed Minimum Income we use "GMI". But if we wish to refer to a plan that might be either UBI or GMI we will describe it as Basic Minimum Income (BI).[4] Lying on the same x and z axes but on the y-plane between UBI and GMI are unconditional cash transfers that are categorical; i.e., directed to a category of individuals. We will refer to those programs as Targeted rather than as BI.



Social Assistance Cube

Source: (Gentilini et al. 2020)

[3] See the diagram below from Gentilini et al. (2020) that has been used with permission.

[4] Occasionally in discussing programs designed by other authors we will use their acronym, but with explanation.

would be considered a GMI since it is a needs-based payment for those receiving OAS. If one argues a universe cannot be defined on the basis of age, then there is not an example of a UBI in Canada, and OAS would be considered an Unconditional Categorical Cash transfer to the age-65-and-older category; i.e., Targeted. In this report we discuss considerations regarding BI if we were to define the universe to include all Canadians, noting specifically if an age qualification to the universe is intended.

In Canada there are a wide range of income support programs, established by various levels of government. Programs differ across the provinces and territories. Descriptions of these programs are available on the respective government websites.

The social assistance cube refers only to programs that are considered social assistance, and excludes social insurance. Notable programs in Canada excluded because they are social insurance are the Canada Pension Plan (CPP), the Québec Pension Plan (QPP), and Employment Insurance (EI).

1.2 BI and Covid-19

A 2018 cross-national survey by the Organisation for Economic Co-operation and Development (OECD), which describes it as concerning risks that matter, applies the principle of listening to people

> in order to better understand people's worries and concerns, to capture their views on current social policies, and to learn what they expect from social policy in the future. The survey asked over 22 000 people in 21 OECD countries in 2018 about their social and economic risks and how well they think their government tackles these risks. (OECD 2019)

When respondents were asked where governments should do more, improved public health care and better pensions were found to be the top priorities. Almost 40% of respondents would be willing to pay an additional 2% of their income in taxes or social contributions for improvements in these areas. More than 25% of respondents would be prepared to pay more taxes or social contributions for improved long-term care (LTC) for the elderly. Not surprisingly, older respondents (55 to 70) are more likely to want improvements to pensions and health care than younger respondents.

Very interestingly, over 30% of respondents in each age group (18 to 29, 30 to 54, 55 to 70) rank a guaranteed transfer sufficient to cover basic needs as one of the top three supports to make them and their families feel economically secure. The level of response here was almost equivalent by age group, the only social spending option to exhibit this characteristic. Thus, there is widespread and general interest in BI.

We identified 13 countries that had considered or were considering a BI plan or trial. These plans are outlined in Appendix A.

In 2020, in response to the forced closure of some businesses and widespread loss of income by workers once a pandemic was declared, a number of temporary income support programs were introduced. In Appendix B, we list those programs introduced initially by the federal

government.[5]

Some of these programs contain features resembling a BI. Importantly, EI, with its many eligibility restrictions and benefit levels tied to earnings history, was deemed insufficiently responsive to address the general population's need for income assistance in a pandemic.

For the researchers, this presented at least two pieces of evidence against arguments often raised by opponents of BI, as follows:

1. Too costly – A traditional objection to BI is that it costs too much and so is not affordable. During the pandemic, the federal government committed to spend vast amounts on special income support programs, driving the projected deficit to unprecedented levels. These actions signalled that affordability involves decisions and choices on how money is to be spent and resources directed, which are value judgements.
2. Targeted programs can meet desired outcomes – The wide range of people requiring income assistance during the pandemic has piqued interest in programs that are universally accessible, because targeted programs with advance assessment of eligibility did not appear to be able to produce the desired outcomes quickly enough.

Consequently, there has been an increased interest in BI. This backdrop led the researchers to anticipate that the CIA might wish to develop a position paper on BI, and to propose this project to the CIA. Since the project began, there have been many opinion pieces and letters-to-the-editor written on the subject, the British Columbia Expert Panel on Basic Income released its report (see Green et al. 2020), and the Parliamentary Budget Officer (PBO) published several reports regarding the cost and impact of introducing a BI (see PBO 2020a, 2020b, 2021).

The foregoing arguments regarding BI are outlined above merely to show the context leading to this report. The report provides a balanced presentation of the ongoing discussions on BI. In Section 2 we review briefly the recent English-language literature with respect to BI and present arguments both pro and con in more detail. In Section 3 we discuss challenges of implementing BI in Canada, should it be decided to do so. These challenges are not unique to Canada but are ones that need special attention because of Canada's legal, political, and historical context. In Section 4 we summarize this research and discuss areas for future research where actuaries might make useful contributions. In Appendix D, we provide some illustrations of the cash expenditures and impacts on poverty of five different BI programs using data from the 2017 Canadian Income Survey (Statistics Canada 2019), which were developed purely for illustrative purposes. Although we are not making a recommendation regarding any specific program design, the numerical illustrations may add perspective to written discussions in this report.

[5] Some modifications were made to programs initially introduced, but we do not reflect this in Appendix B.

Section 2 – A Brief Review of Arguments Pro and Con

A vast number of programs and plans with characteristics of BI are in existence globally, and the analysis of the design and outcome of such plans has produced a significant body of literature, providing a wide range of views. In this section we provide a brief review of some key papers on selected topics and highlight the diversity in the literature. In Section 1 we provided an overview of terminology and how we use it in this paper. We follow this with short subsections regarding the recent English-language literature pertaining to: work incentives, welfare indicators, impacts on low-income and marginalized workers and women, attributed but unquantified benefits, inter-cohort poverty and intergenerational equity, methods to introduce a BI, and cost/affordability. For a further guide to the literature and other topics, consult the Stanford Basic Income Lab (2020).[6]

In considering the literature it is important to remember that there are few BI plans globally that have been operating on a consistent basis for any length of time; hence, while there may be support for the observations drawn, there may be insufficient data to draw statistically significant conclusions. Despite the limitations of empirical evidence regarding BI, findings from the implementation of cash transfers, conditional cash transfers (CCTs), and negative income tax (NIT) schemes with characteristics similar to BI help in understanding the potential outcomes from implementing BI. We present what we have found to be credible evidence from the literature, and offer the conclusions drawn by the authors of the studies we cite. For readability, we refrain from referring to measures of statistical significance such as standard errors or p-values.

2.1 Literature Regarding Work Incentives

Work outcomes observed from schemes such as CCTs bring to light evidence that could provide answers to two questions: Could a BI reduce the number of individuals participating in paid work? Would a BI improve or worsen conditions in the labour market? To address the first question, the participation rates in paid work and the effect of transfers conditional on work outcomes will be examined. The effects of a BI on the conditions of paid labour and the incentives to informal and formal work will be explored briefly to address the second question.

2.1.1 Scope of Review

Much of the literature reviewed saw no significant reductions in labour supply in the paid work sector (de Paz-Banez et al. 2020, Gentilini et al. 2020, Gilbert et al. 2018, Skoufias and Di Maro 2008). The literature cited provides a comparison between a UBI and CCTs to emphasize how universality and targeting impact the work outcomes of individuals and households.

2.1.2 Participation Rates in Paid Work

Would the unconditionality of a UBI weaken the incentive to participate in paid work? Conditionality determines eligibility for benefits based on requirements such as income levels (de Paz-Banez et al. 2020, Gentilini et al. 2020, Gilbert et al. 2018). The literature found no evidence of a substantive reduction in the paid workforce when a BI was introduced (de Paz-

[6] https://basicincome.stanford.edu/research/ubi-visualization/

Banez et al. 2020, Gentilini et al. 2020, Gilbert et al. 2018, Skoufias and Di Maro 2008). Much of the literature found that work hours of the household's main income-earner (who generally was male) increased (Kabeer and Waddington, 2015, Marinescu and Jones 2018, Skoufias and Di Maro 2008). A UBI-type scheme in Iran reported a reduction in work hours among Iranian youth; but this reduction was attributed to a reallocation of time towards education, entrepreneurship, and other positive activities (Gentilini et al. 2020, Salehi-Isfahani and Mostafavi-Dehzooeic 2018).

However, there is debate in the literature regarding the effect of transfers on work incentives for women (Banerjee 2017,, Gentilini et al. 2020, Oliveira 2009, Skoufias and Di Maro 2008). Studies of CCTs paid to women (e.g., Germany's Kindergeld, Brazil's Bolsa Família, Mexico's Oportunidades and Colombia's Familias en Acción) reported reductions in the hours worked by married women and increased hours of unpaid domestic work (Banerjee et al. 2017, Gentilini et al. 2020, Oliveira 2009, Skoufias and Di Maro 2008). Time spent away from formal work was redirected towards unpaid domestic work, in some cases to be able to meet conditions of eligibility related to the amount of time worked (Kabeer and Waddington 2015). Evidence from the UK Working Families Tax Credit scheme showed a substantial increase in paid labour among lone mothers, as paid childcare became a more affordable option (Gentilini et al. 2020).

Multiple empirical studies found that a BI could increase labour participation by weakening the disincentive effect arising when participants are subject to rigorous eligibility testing (de Paz-Banez et al. 2020, Gentilini et al. 2020, Gilbert et al. 2018, Kabeer and Waddington 2015).

Both de Paz-Banez et al. (2020) and Gentilini et al. (2020) raise concerns regarding the disincentivizing of formal employment as a result of cash transfers that target people in informal work or unemployment, providing a motive to remain below a certain income threshold to maintain eligibility; they cite evidence from Argentina's Universal Child Allowance and non-contributory schemes in Mexico and Colombia. Policies that result in a reduction of secure jobs in formal employment potentially run the risk of weakening incentives to formal work.

2.1.3 Effect on Conditions of the Paid Labour Market

A common finding in the literature is that irrespective of the conditionality of the scheme, a secure income floor helps workers fight exploitative, low-paid, and precarious conditions of work and demand better terms of work and increased wages (de Paz-Banez 2020, Gentilini et al. 2020, Gilbert et al. 2018, Marais 2020, Skoufias and Di Maro 2008). Findings of decreases in occasional work and increases in salaried work in Lesotho's Child Grant Programme, the US Earned Income Tax Credit (EITC), and the UK Working Families Tax Credit are noted by Gentilini et al. (2020), Gilbert et al. (2018), and Marais (2020). However, Gentilini et al. (2020) also highlight that a guaranteed income must be high enough for workers to refuse precarious work, and caution that its use as a top-up to low wages might normalize low pay.

2.2 Literature Regarding Welfare Indicators

2.2.1 Scope of Review

Empirical studies regarding the impact of BI programs on a series of outcomes – health, both physical and mental; educational attainment; and poverty reduction – showed positive effects on all three outcomes (see, for example, Banerjee et al. 2019, Berman 2018, Hsieh 2003, Kilburn et al. 2016, McDowell and Ferdosi 2020). Findings also indicate that the group whose welfare state improved the most included those in low-wage employment before and during the program (Forget 2020, McDowell and Ferdosi 2020).

2.2.2 Health Outcomes: Physical and Mental Health

Data from the Mincome program of Manitoba, the Ontario Basic Income Pilot (OBIP), and the US EITC show improvements in physical health among program beneficiaries (see, for example, Forget 2020, Johnson et al. 2019, McDowell and Ferdosi 2020). A review of billing claims and hospitalization records found that people used fewer health services when receiving the income support; specifically, there was an 8.5% decline in hospitalization rates for residents of one site and a drop in visits to family physicians (Forget 2020). Self-reported data from the OBIP showed similar improvements in physical health, as 79.4% of the respondents of the Hamilton–Brantford area indicated they made fewer visits to the emergency room (McDowell and Ferdosi 2020).

In addition to physical health improvements, studies on income programs showed a positive impact on the mental health of its beneficiaries (see, for example, Forget 2020, Johnson et al. 2019, Kilburn et al. 2016, McDowell and Ferdosi 2020). Interview and hospitalization records of Mincome recipients showed decreases in hospitalizations attributed to poor mental health, which included car and workplace accidents, self-harm, and accidental poisoning (Forget 2020). McDowell and Ferdosi (2020) made similar observations in the OBIP and reported a decrease in stress and anxiety among participants while the program was active. Kilburn et al. (2016) found that Kenya's Cash Transfer Program for Orphans and Vulnerable Children was linked to a decline in the odds of developing depressive symptoms among male youth aged 15 to 24; however, no changes were recorded among female youth in that age range. Improvements in mental health were also evident in a randomized controlled trial by Haushofer and Shapiro (2016) which found that recipients of a Kenyan unconditional transfer experienced an increase in psychological well-being; however, no overall changes in levels of the stress hormone cortisol were found. Haushofer and Shapiro (2016) hypothesized that the unconditional nature of the transfer may have contributed to the increase in psychological well-being of recipients.

A number of studies showed that cash transfers improved nutrition among children (see, for example, Adato and Bassett 2009, Alatinga et al. 2020, Kilburn et al. 2018, Marinescu 2018, McDowell and Ferdosi 2020). Results from the Moderate Acute Malnutrition Out (MAM'Out) randomized controlled trial in Burkina Faso showed that an unconditional seasonal cash transfer targeted towards children aged 14 to 27 months increased their intake of high-nutritional-value food (Tonguet-Papucci et al. 2017).

However, results from the same MAM'Out trial found that the transfer did not lead to a decrease in the incidence of acute malnutrition among children aged less than 12 months

(Houngbe et al. 2017). Studies of programs such as the EITC, Uruguay's Plan de Atención Nacional a la Emergencia Social, and CCTs from Pakistan showed that additional income both improved maternal health and decreased the number of low-birthweight newborns (see, for example, Afzal et al. 2019, Amarante et al. 2016, Hamad and Rehkopf 2015, Hoynes et al. 2015, Strully et al. 2010).

2.2.3 Educational Attainment

Empirical studies on the EITC, New Jersey Experiment in Income Maintenance, Alaska Permanent Fund Dividend (APFD), the Casino Profits to the Eastern Band of Cherokee Peoples, and Columbia's Familias en Acción, showed that educational attainment increased among program beneficiaries (see, for example, Akee et al. 2010, Bastian and Michelmore 2018, Villa 2018). A review of the Casino Profits to the Eastern Band of Cherokee Peoples found that the additional income was linked to an increase in educational attainment by one year at the age of 21 (Akee et al. 2010). These results were similar to that of a study on the long-run impact of cash transfers to lone mothers in the US after World War II (Aizer et al. 2016), which found that male children of recipients obtained one-third of one year of additional schooling compared to children of non-recipients. Bastian and Michelmore (2018) found that receiving an additional $1 000 from the EITC when a child was 13 to 18 years of age increased the chances of completing high school by 1.3% and college by 4.2%. The EITC boosted the rate of being employed as young adults by 1.0% and increased earnings by 2.2%. Behrman et al. (2011) also found that Mexico's Oportunidades led to a long-term increase in primary school completion.

2.2.4 Poverty Reduction

Studies on the impact of both conditional and unconditional income programs showed a reduction in poverty rates (see, for example, Athreya et al. 2010, Berman 2018, Forget 2020, Hoynes and Patel 2015, Jones and Michelmore 2018, Simpson et al. 2010). Berman (2018) found that in 2000 the APFD significantly reduced poverty among rural Alaskan Native seniors by more than 40%, and Alaskan Native child poverty by more than 50%. The APFD effects were not as substantial between 2011 and 2015, but still reduced child poverty by 25% (Berman 2018). Jones and Michelmore (2018) found that a US$1 000 policy-induced increase of the average household EITC increased the likelihood of saving an additional $700 by 3% points. A limitation of the EITC was noted by Simpson et al. (2010). They found that the EITC provided the maximum credit to families with incomes close to the poverty threshold,[7] while its impact on the poorer households – for example, $12 000 for a family of four or $7 600 for singles – was negligible. The gap in targeting is a concern also highlighted by Hoynes and Patel (2015) and Athreya et al. (2010), who stated that this gap could hinder the economic mobility of poorer households.

The challenges that arose at the beginning of the Covid-19 pandemic increased economic insecurity for many Canadian households. Following a two-month work stoppage, about one in four families would not have had enough savings to avoid falling into poverty, had government

[7] The authors state at page 844 "These tax credits are nontrivial; for households with two or more children earning between $11,000 and $14,370 in tax year 2005, the maximum federal credit was $4,400 and the maximum New York state credit was $1,320."

support programs not been in place (Statistics Canada 2020b). Data indicate that work stoppages exacerbated financial instability among working families, where one in three financially vulnerable Canadians did not have enough savings to endure an additional month of work loss (Statistics Canada 2020b). Even prior to Covid-19, racial minority groups experienced high poverty rates[8] and were therefore disproportionately impacted by work stoppages during the pandemic (Statistics Canada 2020a).

2.3 Literature Regarding Impact on Low-income and Marginalized Workers and Women

2.3.1 Scope of Review

Empirical studies on the impact of income programs on specific subgroups in society – individuals living in low-income circumstances, marginalized families, and women – found positive effects, regardless of the design of the program (see, for example, Berman 2018, Gregg et al. 2009, Mandell 2008, Molyneux 2006). Among families living in low-income circumstances, the reduction in poverty was substantial in many cases, and was even more pronounced among families in visible minority groups (Mandell 2008). Several studies showed that participation in income programs had a positive effect on female autonomy and led to improvements in women's overall health (see, for example, Gregg et al. 2009, Molyneux 2006, Sugiyama and Hunter 2020).

2.3.2 Impact on Workers Living in Low-income Circumstances

Empirical studies on income programs such as Mincome, the APFD, the US EITC and India's Mamata Scheme found that families living in low-income circumstances were impacted in a positive manner (see, for example, Alegria et al. 2003, Berman 2018, Forget 2020, Mandell, 2008, Neumark and Wascher 2001). Authors studying the APFD found that debt balances in households that received the benefit decreased over time while savings balances increased (Berman 2018, Hsieh 2003, Pawłowski 2020). Forget (2020), Hjelm et al. (2017), and Raghunathan et al. (2017) reported that additional income received by low-paid workers led to reduced food insecurity and increased standards of living. Muennig et al. (2020) found that over a 10-year follow-up, the EITC increased the life expectancy of its beneficiaries by roughly two weeks for every US$100 received.

2.3.3 Impact on Marginalized Workers

Reported impacts of income programs on various marginalized groups such as Indigenous peoples and racial minority groups varied. Berman (2018) found that among rural Alaskan Indigenous peoples the APFD reduced "deep poverty" (i.e., family income that is less than half of the poverty threshold) from 13.1% to 8.1% and resulted in a 46% reduction in the number of Alaskan Indigenous peoples who were in poverty. Berman (2018) also found that the APFD has played a substantial role in mitigating poverty disparities between the Indigenous Alaskan population and the non-Indigenous Alaskan population.

Studies showed that income programs had a disproportionately positive effect on the welfare and economic outcomes of racial minority groups living in low-income circumstances in

[8] www12.statcan.gc.ca/census-recensement/2016/dp-pd/index-eng.cfm

comparison to non-minority groups (Hamad and Rehkopf 2016). Alegria et al. (2003) found that the EITC lifted African Americans and Latin Americans out of poverty, by 8.1% and 14.8% respectively. The EITC reduced rates of low-birthweight infants among Black women (Alegria et al. 2003, Dench and Joyce 2020, Markowitz et al. 2017). Komro et al. (2019) assessed the effects of income programs on prenatal health and found that increased use of maternal health services led to fewer Black and Hispanic low-birthweight infants, compared to the average number of low-birthweight infants born to Black and Hispanic mothers in states without the EITC. However, Komro et al. (2019) highlight that the effect on the birth outcomes of Hispanic mothers was quite small relative to Black mothers, although Hoynes et al. (2015) attributed this finding to Hispanic mothers having a lower baseline rate of risk than Black mothers.

2.3.4 Impact on Women

Income programs were found to have substantial positive effects on women over a number of outcomes, including mental health and prenatal care (see, for example, Evans and Garthwaite 2014, Gregg et al. 2009, Harkness 2016, Molyneux 2006, Sugiyama and Hunter 2020). Christian et al. (2019 found that a cash transfer program in Indonesia led to a decrease in yearly female suicide rates by approximately 0.36 per 100 000 people, which translated to a decrease of 18%. The finding was echoed by Alves et al. (2019), who found that suicide incidence decreased among women who received Brazil's Bolsa Família; a 4% reduction in suicide incidence was recorded between the years of 2004 and 2012. Alves et al. attributes the reduction to the relief of having a secure income flow. Evans and Garthwaite (2014) also reported that increased household income from EITC expansions led to improvements in the psychological well-being of women.

Differences were noted in the ways in which lone mothers were impacted by income programs when compared to partnered women with children (see, for example, Campbell et al. 2016, Gregg et al. 2009, Harkness 2016). Lone mothers were disproportionately affected by unemployment and financial instability and suffered from higher levels of psychological distress than partnered comparators (see, for example, Campbell et al. 2016, Harkness 2016, Higgins et al. 2006, Isola et al. 2020, Rousou et al. 2019, Targosz et al. 2003, Weitoft et al. 2000). For example, according to McIntyre et al. (2002), in Atlantic Canada lone mothers experienced a poverty rate of 66.4%, the highest in the country, with an average annual income that is only 63% of the Low-Income Cut-Off for the region. Data from the UK Working Families Tax Credit show substantial improvement in the mental health of working lone mothers compared to partnered women with children (Boyd-Swan et al. 2016, Campbell et al. 2016, Gregg et al. 2009, Harkness 2016). Although Boyd-Swan et al. (2016) and Harkness (2016) attribute improvements in the mental health of lone mothers to increased rates of employment and not merely to receiving additional income, there is insufficient evidence to support a direct link between employment and improved mental health among lone mothers according to Campbell et al. (2016). For example, in Sweden, despite high employment rates, lone mothers have poorer self-reported mental health than partnered mothers (see, for example, Gregg et al. 2009, Whitehead et al. 2000).

Improvements in maternal health among women who participated in income programs were reported in multiple studies (see, for example, Alegria et al. 2003, Hoynes et al. 2015,

Markowitz et al. 2017, Wicks-Lim and Arno 2017, Zhou et al. 2020). In Brazil, over 42% of 4 700 women who received the Bolsa Família increased their use of health services during pregnancy and gained greater access to prenatal care, and this finding has been linked to decreased infant mortality rates (Hoynes et al. 2015, Sugiyama and Hunter 2020). Hoynes et al. (2015) found that in a CCT pilot project in Western Rural China, 56.6% of women who were partially eligible for the transfer attended visits for postpartum care, as opposed to only 39.2% of women who attended them in untreated, non-CCT villages.

2.4 Literature Regarding Attributed but Unquantified Benefits

2.4.1 Scope of Review

Income programs have both direct and indirect consequences on beneficiaries. Evidence previously presented showed effects that were directly associated with income programs, whereas this section will discuss unquantified benefits. First, the benefits of a steady flow of income on security will be discussed, then the implications of universality as opposed to conditionality for stigma and dignity, and lastly the impact of income programs on the general improvement of the human condition, which encompasses outcomes such as social solidarity.

2.4.2 Security

Studies reviewed emphasized that a regular, reliable income could provide individuals living in low-income circumstances with a sense of security, through knowing that they have access to a steady income flow (see, for example, Adjei et al. 2020, Burchi et al. 2018, Ferdosi and McDowell 2020, Sykes et al. 2015). Interviews conducted by Sykes et al. (2015) showed that the secure income provided by the EITC gave financial relief from outstanding bills and debt, a finding echoed by Romich et al. (2000). Studies showed that income programs could significantly improve the living situations of individuals in low-income circumstances by providing them with the ability to pay household expenses, buy essential clothing, and even purchase living accommodation (see, for example, Burchi et al. 2018, Ferdosi and McDowell 2020, Sykes et al. 2015).

In addition, findings from Ghana's Livelihood Empowerment Against Poverty, Manitoba's Mincome experiment, and Malawi's Social Cash Transfer Program (Adjei et al. 2020, Brugh et al. 2018, Forget 2020, Wright et al. 2015) indicate reduced food insecurity among beneficiaries and improved access to good-quality, nutritious food. Similar results were evident in interviews conducted with OBIP participants, where over two-thirds of the interviewees reported better nutrition while receiving the income and added that this improved their mental state (Ferdosi and McDowell 2020).

Atuoye and Luginaah (2017) found that food insecurity was a social determinant of mental health in Ghana, and stated that reductions in food insecurity led to a decrease in perceived mental stress. In Zambia, however, evidence from two unconditional cash transfer programs showed that although additional income reduced food insecurity and improved income security, there were no significant effects on perceived stress levels of families with low incomes (Hjelm et al. 2017). The finding is similar to that reported by Paxson and Schady (2010), which showed that an unconditional transfer in Ecuador had no significant effects on perceived stress. Granlund and Hochfeld (2020) found that access to cash transfers in South Africa

improved beneficiaries' ability to plan ahead and save for the future, and additionally reduced the stress and worry of being underprepared financially for unforeseen circumstances or emergencies.

Self-reported data from income programs indicate that additional income provided beneficiaries with a greater sense of freedom and increased autonomy, allowing them to allocate money based on how they saw fit (see, for example, Alatinga et al. 2020, Bastagli et al. 2019, Granlund and Hochfeld 2020). Women who participated in income programs such as the EITC and South African Child Grant reported improvements in dignity, self-confidence, and self esteem, and reductions in feelings of hopelessness, shame, and insecurity (Alatinga et al. 2020, Wright et al. 2015). Bastagli et al. (2019) and Granlund and Hochfeld (2020) found that cash transfers reduced physical abuse by a male partner by providing women with the freedom to negotiate within and leave unhealthy relationships. A similar result was reported by Molyneux and Thomson (2011), in an assessment of cash transfers in Peru, Bolivia, and Ecuador; they report that the transfers were found to increase gender equality between men and women in a household, and empower women.

2.4.3 Universality, Stigma, and Dignity

CCTs proved to be an effective tool in mitigating poverty among individuals living in low-income circumstances. Jacques and Noël (2018) analyze data for 20 OECD countries and find greater redistributive success in welfare states that relied more on universal rather than targeted programs.

Some authors highlight the dangers conditionalities pose on recipients (see, for example, Forget 2020, Freeland 2007, Jacob and Boyd 2020, Ladhani and Sitter 2020, Layton 2020, Oorschot 2000); they state that universality in income programs has the ability to remove the stigma that stems from the collection of welfare benefits and social assistance, which could promote social solidarity and encourage social inclusion. Studies on the inclusivity of targeted income programs found evidence that targeting does not always reach the poorest and can often lead to exclusion, which can have detrimental effects on households that require the most support (Ladhani and Sitter 2018). Forget (2020) states that participants in provincial income assistance programs reported increased feelings of stigmatization and discrimination when a caseworker and regular surveillance were involved. Layton (2020) found that when collecting the Bolsa Família transfer, more Afro-Brazilians fell victim to negative stereotypes and implicit racial attitudes, which could lead to social exclusion. A qualitative study of UK lone mothers found that they were subjected to high levels of stigmatization when claiming social assistance, and this damaged their social relationships (Jun 2019). Jun attributed the stigma experienced by lone mothers in the UK to the rigorous means-testing that comes with receiving social assistance there. As Alatinga et al. (2020) highlight, the preservation of the dignity of recipients of income programs must be considered to ensure social solidarity and inclusion, and care must be taken to avoid deepening divisions.

The complexity of programs that are not universal or more specifically means-tested could result in incomplete take-up among intended participants (Kleven and Kopczuk 2011). Over the years, many countries have seen reduced take-up of social benefits, despite individuals being eligible for these programs and meeting conditions (Alba 2018, Bhargava and Manoli 2015,

Currie 2004, Fuchs et al. 2020, Hernanz et al. 2004, Kleven and Kopczuk 2011). Kleven and Kopczuk (2011) found there were intangible costs because of complex application processes, lack of education about programs and claiming processes, and program confusion, which created significant barriers to complete enrolment in the US programs. According to Zantomio et al. (2010), social stigma associated with relying on social benefits is also an intangible cost associated with take-up. The increased likelihood of auditing along with perceived stigma because of claiming benefits may be another factor that has led to participants reacting negatively towards social programs (Bhargava and Manoli 2015).

2.4.4 Improvement of the Human Condition

Additional income for households resulting from income programs has been shown to substantially increase school attendance and enrolment and reduce child labour (see, for example, Bourguignon et al. 2003, Cardoso and Souza 2004, De Brauw and Hoddinott 2011, Glewwe and Kassouf 2012, Sebastian et al. 2019, Skoufias et al. 2001). Increases in school grades and overall performance were also noted (see, for example, Granlund and Hochfeld 2020, Glewwe and Kassouf 2012).

According to Granlund and Hochfeld (2020), the South African Child Grant led to increased social solidarity within villages and increased mutual assistance between villages.

2.5 Literature Regarding Inter-Cohort Poverty and Intergenerational Equity

2.5.1 Scope of Review

It is well appreciated that knowing the incidence of poverty in various cohorts of the population is important for policy makers. Intergenerational transmission of that poverty is also an important aspect as both poverty and its transmission across generations threaten to exacerbate inequalities in a society (Corak 2020). Investment in individuals and their human capital is an important way of reducing poverty. Investment in children's human capital is vital in eliminating the intergenerational transmission of poverty (Enríquez 2016).

2.5.2 Inter-Cohort Poverty

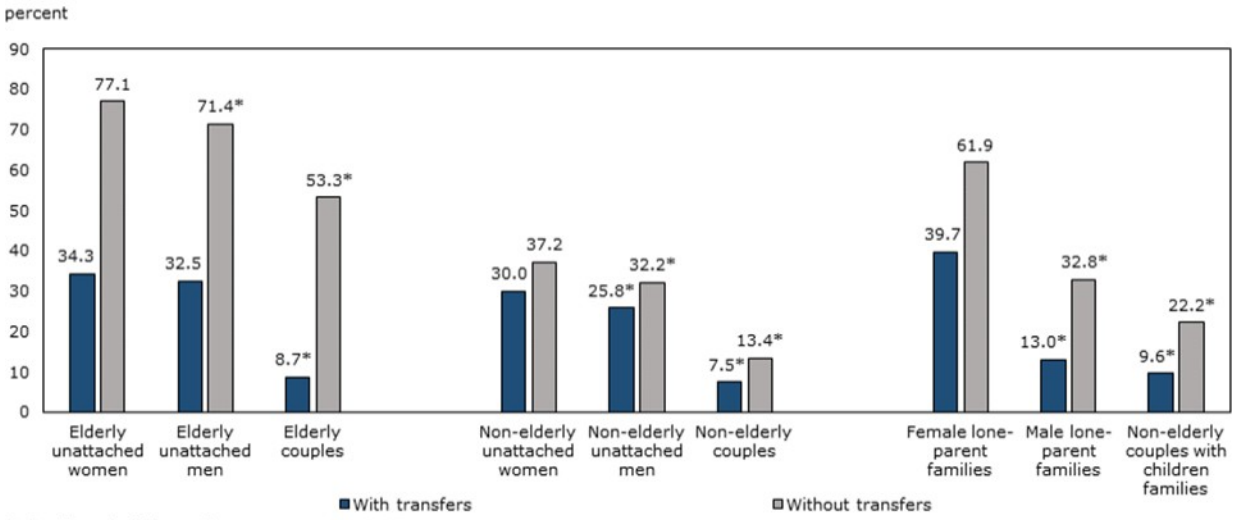
Canadian data indicate that poverty rates have declined significantly over time for seniors and families with children. Most readers will have seen graphs showing the steep fall in senior poverty rates, from over 35% in the mid-1970s to single digits over the next 20 years. The rates rise again slightly to around 10% in the next decade and then back to around 5% in 2016 (Conference Board of Canada 2021). The reason for the massive reduction in seniors' poverty rates has been well documented: the introduction of the CPP, OAS, and GIS. While the CPP depends on labour market attachment, OAS and the GIS are more attuned to a BI scheme. Reports documenting seniors' poverty usually point out that the decline has not been as positive for seniors living alone (see Curtis and Andrews 2020).

The Canada Child Benefit (CCB), the second largest government cash transfer in Canada (Kesselman 2019), has accounted for a fall in child poverty rates since its introduction in 1993. However, the decrease in child poverty rates is not nearly as impressive as those of seniors. Crossley and Curtis (2006) find robustness in Canadian child poverty rates between 1986 and 2000, with approximately one child in five living in poverty (female lone-parent families were

substantially worse off). According to Statistics Canada, Canadian child poverty rates were approximately 12% in 2012 and fell about 3% points between 2012 and 2017 to 9% as measured by the Market Basket Measure (MBM). The Canadian government points to the National Child Benefit (NCB), including the CCB, as being responsible for the reduction (Department of Finance Canada 2018). The CCB is a form of guaranteed income provided to each family depending on the number of children in the household and household income.

While there has been some success in reducing poverty rates for seniors and households with children using government transfers, working-age adults continue to experience high rates and great depths of poverty. Harding (2018) presents poverty rates before and after government transfers for subgroups of the Canadian population (see Chart 2 below, reproduced from Harding 2018). The figure shows clearly that poverty rates for seniors and households with children fall substantially after government transfers are considered (among them the OAS/GIS for seniors and the CCB for households with children, as previously discussed).

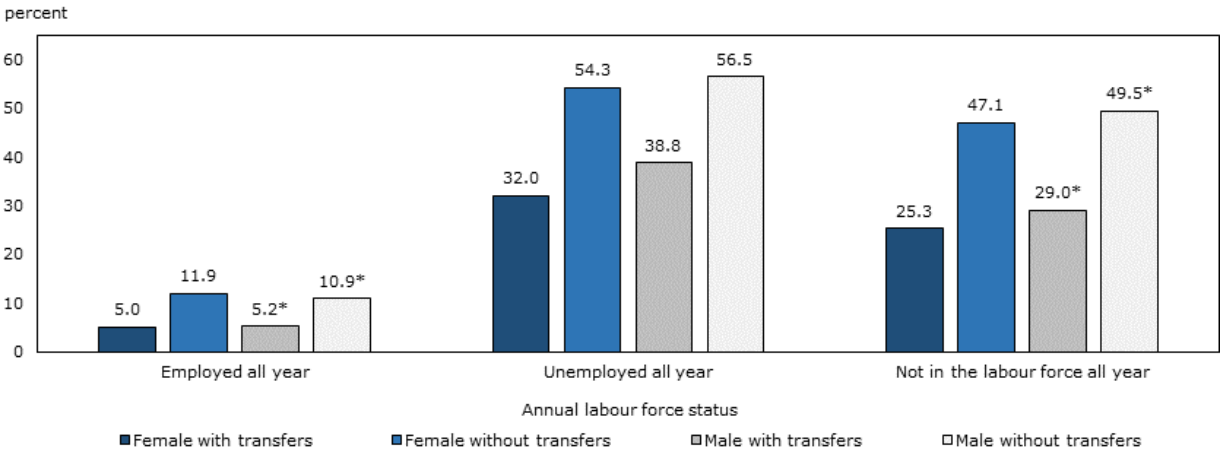
Low-income rates of individuals by economic family type, all ages, with and without transfers, 2016



* significantly different from women, at p<0.05
Note: Additional categories of other economic family types are not shown. Female lone-parent families, male lone-parent families, and non-elderly couple with children families may include other relatives. Children are defined as under 18.
Source: Statistics Canada, Canadian Income Survey, 2016.

Transfers to the childless non-elderly do little to combat poverty for this group or for those with low or no attachment to the labour market (see Chart 3 in Harding, 2018, reproduced below).

Low-income rates of individuals by sex and selected annual labour force status, aged 16 and older, with and without transfers, 2016

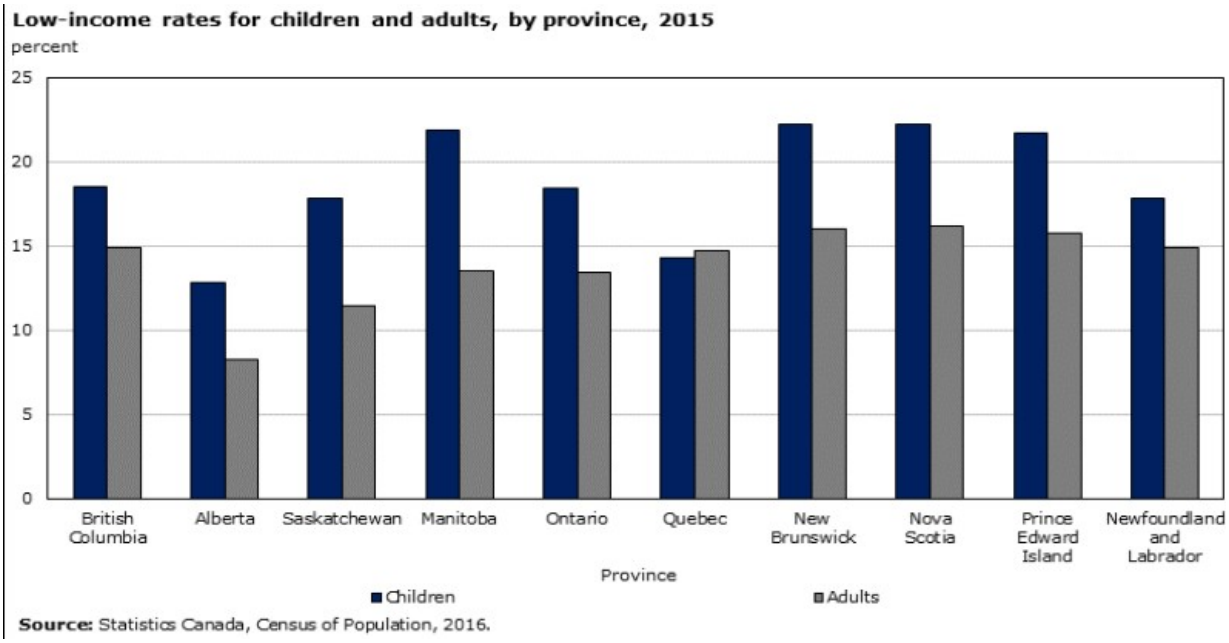


* significantly different from women, at p<0.05
Note: Only women and men aged 16 to 69 years old and working women and men aged 70 and older are included.
Source: Statistics Canada, Canadian Income Survey, 2016.

The data also show income inequalities between racial minority groups and non-minority groups, indicating a greater concentration of lower-wage jobs being occupied by immigrant and racial minority groups (Statistics Canada 2019).

The figure reproduced below from Statistics Canada (2017) shows that there is substantial variation in low-income rates across provinces for both children and adults. Adult poverty rates tend to be higher in the east, fall as one moves west, and then increase substantially in British Columbia. Child poverty rates are substantially higher than adult rates, except in Québec. The east-to-west pattern is not as evident, with the highest rates in the east and Manitoba, and the lowest in Alberta and Québec. One might also note that the rates shown here are not consistent with the evidence presented by the Department of Finance (2018), as these data include measures of low income taken prior to Canada's adoption of an official MBM poverty measure.[9]

[9] As a comparison, the figure herein presents Manitoba's child low-income rate as 21.9 percent, while the child poverty rate using the MBM was reported as 16.4 percent in 2015 for Manitoba, as found in this online document: https://mbmeasuringprogress.ca/quality-of-life/market-basket-measure-canadas-poverty-line-child-poverty-rate/



Source: Statistics Canada (2017).

2.5.3 Intergenerational Equity

The "Great Gatsby Curve"[10] has been used as a tool to show intergenerational inequity since its inception in 2012. Canada has been moving up the Great Gatsby Curve, indicating a decrease in intergenerational mobility and increasing inequality. Corak and Piraino (2011) suppose that an intergenerational transmission of employment from fathers to sons may be driving some of these results.

Canada sits below the Great Gatsby Curve in comparison to other OECD countries (Connolly et al. 2021). While Corak (2016) reports Canadians as generally being upwardly mobile, Connolly et al. (2021) report that intergenerational mobility is steadily diminishing across time and parental inequality is increasing.

There is also evidence that welfare participation by parents is correlated with subsequent welfare participation by their children. Beaulieu et al. (2005) use Québec data that suggest there may be a causal, not just a correlational, effect. Smith-Carrier et al. (2019) also note intergenerational welfare dependency using Ontario data but are unable to conclude if the effect is causal and not correlational. Other international studies reach similar conclusions (see, for example, Cobb-Clark et al. 2017, Hartley et al. 2017).

[10] Alan Krueger introduced "The Great Gatsby Curve" in a presentation, "The Rise and Consequences of Inequality in the United States", to the Council of Economic Advisers in 2012. It shows the relationship between income mobility across generations (also referred to as intergenerational mobility or intergenerational transmission of poverty) on the Y-axis and inequality on the X-axis (often measured by the Gini coefficient). Higher values along the X-axis reflect greater inequality in family resources when children are younger; higher values on the Y-axis indicate a lower degree of economic mobility across generations. Kreuger called this the "Great Gatsby Curve." The Great Gatsby Curve for Canada was documented by Corak (2013). Also see Connolly et al. (2021).

Intergenerational equity and mobility outcomes also differ across income, race, and citizenship status. The disproportionate prevalence of poverty among ethnic minority groups highlights a space where inequality could grow and slow down efforts to boost intergenerational mobility of income and social status.[11]

The Covid-19 pandemic has had differing economic effects on the population, as indicated by data collected by Statistics Canada (2019). While some groups have continued to work at home and even increased their savings (i.e., the aggregate savings rate increased by 8% points), others have not fared so well. The unemployment rate for young Canadians doubled between February and August 2020 to just over 23%. Visible minority groups experienced unemployment rates between approximately 1.5 and two times those of non-visible minority groups (13 to 18% compared to 9.4%). Over one-third of Indigenous participants, compared to one-quarter of non-Indigenous respondents, reported that the pandemic had impacted their ability to meet financial obligations or essential needs. These preliminary data are indicators that Covid-19 is exacerbating inequalities in Canadian society, as groups with some attachment to the labour market are provided with substantial cash transfers and those without are not.

2.6 Literature Regarding Methods to Introduce BI

2.6.1 Scope of Review

This section uses a four-way categorization of income programs to illustrate differences in approach. Table 1.1 classifies income programs' typology based on two main features, resulting in four categories: demographic-based and work-based lie on the horizontal axis, while benefit-based and tax-based lie on the vertical axis.

	Demographic-based	Work-based
Benefit-based	Universal Basic Income Social pensions and child allowances (for example, Canada Child Tax Benefit, Old Age Security) Guaranteed Minimum Income Other poverty-based cash transfers (for example, unconditional and conditional transfers)	Job guarantee programs (JGPs) Temporary public works Wage subsidies
Tax-based	Negative Income Tax	Earned Income Tax Credit

[11] www12.statcan.gc.ca/census-recensement/2016/dp-pd/index-eng.cfm

2.6.2 Demographic and Benefit-based Programs

Demographic and benefit-based programs can be delivered without reference to the tax system and regardless of whether the recipients are engaged in work. UBI is an example. Social pensions are another example of a "limited universe"; for example, OAS in Canada. Often these programs are age-based, targeted towards groups of society who require coverage due to specific life-cycle risks, and designed for people who are not expected to work (Gentilini et al. 2020, Smith-Carrier and Green 2017, Zheng et al. 2020).

GMI is also in this classification, as it provides a minimum payment to any family that falls below a certain income threshold, to ensure that their income meets the threshold (see, for example, Gurgand and Margolis 2008, Lalioti 2016). Excess benefits are clawed back at the marginal effective tax rate (METR[12]) if incomes combined with benefits exceed the threshold (Gentilini et al. 2020). In some cases, there is a 100% METR on any income earned in excess of the threshold; i.e., a dollar-for-dollar benefit reduction.

High METRs are a disincentive to work (see, for example, Gentilini et al. 2020, Gurgand and Margolis 2008, Romich 2006). Since income tests must be conducted to establish eligibility, GMI programs can be administratively demanding and costly (Gurgand and Margolis 2008). If the eligibility threshold for a GMI is set at the poverty line, then poverty would be eliminated at the lowest benefit expenditure, if an absolute rather than a relative measure of poverty is used (Gentilini et al. 2020). When the GMI threshold is low, there is incentive to work (Gentilini et al. 2020). In order to reduce barriers to work, GMI programs often require registration with the public employment service, or participation in active job search, training or volunteer programs (Stanescu 2015).

Another set of programs in this category are poverty-based cash transfers. In countries where the capacity to do income testing is limited or absent, other methods may be used to determine eligibility – assets, family structure, geography, etc. (Gentilini et al. 2020). Most poverty-based cash transfers focus the delivery of benefits on those at the very bottom end of the income distribution (Ellis 2012). For example, Gentilini et al. (2020) found that programs generally target those living with incomes in the bottom 5 to 10% of the income distribution. Programs that are more inclusive may aim for those living in the bottom 20 to 30% of the distribution. Some programs determine eligibility by bands according to need (Gentilini et al. 2020). There may be additional requirements within these bands, such as children in school, having a disability, or age. In lower-income countries, a design concern with poverty-targeted cash transfers is needs that may exceed program resources, resulting in incomplete coverage or "gaps" that could jeopardize coverage of the poorest quintile (Rawlings 2005).

[12] The METR measures the proportion of an extra dollar of income earnings that is lost to increased taxes and reduced benefits. It has also been defined as a sum of all tax rates on earnings. In the case of a BI, the METR would be the sum of the tax-back rate for receiving benefits and pre-existing tax-back rates on earnings.

2.6.3 Demographic and Tax-based Programs

NIT is an example of a demographic and tax-based program. Operating through the tax system, when a filer's income falls below a threshold, a subsidy – i.e., a "negative income tax" – is provided. A US family assistance plan proposed by Milton Friedman in the 1970s (for a fuller description see, for example, Honkanen 2014, Moffitt 2003) is a classic example of such a program. Although NIT has its advocates (see, for example, Segal 2019), according to Gentilini et al. (2020) no countries have an NIT in effect.

As with GMI, NIT is not based on work requirements, and it could be designed to feature outcomes and equivalent to those of GMI. Proponents of NIT typically advocate using an METR of less than 100% when the subsidy threshold is exceeded (Gentilini et al. 2020, Honkanen 2014, Moffitt 2003). However, proponents of NIT do recommend an METR of 100% above some threshold, as a method of controlling the cost of the program design (Gentilini et al. 2020, Tondani 2009). According to Tondani (2009), a key difference between NIT and UBI is that NIT is focused on taxing and transferring less money, while UBI does the opposite. A robust system of tax compliance is key for the effective operation of NIT, as the tax system is used extensively (Honkanen 2014).

2.6.4 Work-and-Benefit-Based Programs

In a work-and-benefit-based program, work is a requirement in order to receive benefits. However, the work may be "contrived" to enable participants to meet the eligibility requirements for the program. JGPs and Temporary Public Works Programs (TPWPs) are ways in which governments may intervene when individuals are not able to receive adequate income from work in the private sector.

JGPs provide work to individuals whose labour market earnings fall below a defined threshold (see, for example, Gentilini et al. 2020, Tymoigne 2014). The programs are available to anyone who is willing to work at the defined low wage, and the only requirement is willingness to work (Gentilini et al. 2020). In JGPs, there is little consideration of the quality or value of work and, as such, the programs could be compared to social assistance or welfare (Gentilini et al. 2020). A disadvantage is that although JGPs try to create meaningful jobs, there is often uncertainty about the number and calibre of the available jobs (Noguchi 2012). Typical jobs in JGPs would include construction on public sector projects, child and elder care, assistance to persons with disabilities, community health work, etc. Although they may be able to provide support for those in low-income circumstances, and society might benefit from their labour, it may be more expensive to subsidize a job than to make a direct social assistance payment because of the additional requirements, such as training and raw materials (Gentilini et al. 2020, Noguchi 2012).

TPWPs are a popular social assistance intervention used worldwide, and they come in many forms (Gentilini et al. 2020). Sun et al. (2016) describe the Safety Net Approach, which offers short-term income support in response to sudden, temporary crises; for example, economic shocks. TPWPs typically provide wages set below the market wage for unskilled labour, in an attempt to avoid market disruption. Yet payment of some wages may remove the disincentive for some living in impoverished circumstances to participate in the labour market, as evidence

from Latvia's Workplace with Stipend shows (Brence and Kantane 2012, Gentilini et al. 2020). TPWPs could be designed to provide assets and services rather than income transfer (Gentilini et al. 2020). TPWPs have been deemed less effective in addressing poverty than poverty-targeted cash transfer programs, because they often miss beneficiaries in the poorest quintile (Gentilini et al. 2020).

Wage subsidy programs (WSPs) are transfers delivered directly to employers or individual workers to cover wages either partially or fully (see, for example, Kaiser and Kuhn 2016, Neubäumer 2012). WSPs are part of Canada's response to Covid-19 measures that resulted in forced closures of businesses and the possibility of job loss. WSPs could promote skill formation through on-the-job training and learning and could lead to increased productivity in the long run (Neubäumer 2012). However, they could result in the substitution of workers not eligible for the subsidy by those who are, resulting in no rise in employment but rather a simple reshuffling of workers and resource expenditures (Gentilini et al. 2020).

2.6.5 Work-and-Tax-Based Programs

In a work-and-tax-based program, those in specified circumstances or who exhibit defined characteristics qualify for tax credits that may be applied against earned income.[13] In Canada, the Canada Workers Benefit (CWB) is an example of this program type. The CWB provides a refundable tax credit to help qualifying individuals and families who are earning a low income. The amount varies by the level of income and province or territory of residence.

The US EITC is widely discussed in the literature. At introduction, it was a pioneer program to encourage work among lower-income individuals (Gentilini et al. 2020). In the US EITC, workers receive a tax credit equal to a flat percentage of their earnings up to a maximum credit amount; the rate is dependent on family size (Gentilini et al. 2020). The credit remains at a maximum value until incomes reach a plateau, where it phases out at a rate about half of the phase-in rate (Chetty and Saez 2013). Although it is a tax program from an administrative standpoint, the EITC is largely a program to assist those with lower incomes (Pac et al. 2020). It resembles the NIT; however, unlike the NIT and UBI, the EITC binds benefits to labour force participation and earnings (Grogger 2004). The EITC is politically attractive as it rewards work and encourages labour force participation; by working through the tax system, it could make administration duties easier and may be less stigmatizing for recipients (Lim 2008). According to Gentilini et al. (2020), an EITC-type program would require efficient tax administration, tax tribunals, and a dispute-resolution system.

2.7 Literature Regarding Cost/Affordability

2.7.1 Scope of Review

The design of any income program has cost implications. There are four main ways in which design features affect cost. The first is that when the guarantee or benefit increases, so do the program's costs. This cost effect may be mitigated if the design eliminates other programs, and those expenditures are redirected to or counted in assessing the cost of the program. Second, as the number of recipients covered under the program increases, so does the cost. Third, the

[13] Such programs are referred to generically as Earned Income Tax Credit (EITC).

number of recipients may be affected by the incentives to participate in the program and the behavioural responses of workers to such programs. In estimating program costs, behavioural responses may be modelled, but the actual behavioural response may differ, resulting in costs different from those estimated. Finally, the steepness of benefit reduction as income increases – referred to as the benefit reduction rate, claw-back rate, or METR – affects the cost of the program (see, for example, Forget 2020, Harvey 2006, Kesselman 2018, Smith-Carrier and Green 2017, Stevens and Simpson 2017). In addition to direct program expenditures, the cost to administer programs needs to be considered. Whether a program is affordable requires a value judgement, which falls outside the scope of a literature review. However, there are authors who argue that BI schemes are not affordable or not the best use of the funds required. In this subsection we discuss some Canadian BI proposals or experiments and the related costs. The economic shock of the Covid-19 pandemic and how it may affect the cost of a BI is also discussed.

2.7.2 Discussion of Two "Revenue Neutral" Proposals

Despite differences in how programs are named, the general parameters of a BI scheme vary based on whether it is categorical or non-categorical, conditional or unconditional, and universal or income-tested. Stevens and Simpson (2017) state that the benefit amount received through a NIT-based[14] model would consist of two parameters: a family guarantee level of "G" and a benefit reduction rate or income tax of "r".[15]

Both Stevens and Simpson (2017) and Boadway et al. (2016) propose similar BI schemes, which the authors claim would be "revenue neutral". These schemes would be financed through the elimination of a range of non-refundable tax credits (NRTCs) and the Goods and Services Tax Credit (GSTC); however, EI and the QPP would remain intact.

The Universal Basic Guaranteed Income proposed by Stevens and Simpson (2017), which they refer to as UBGI, would provide Canadian adults aged 18 and over with an income guarantee of $6 700 per year that would be adjusted upward based on family size and family income, with an additional top-up of $1 500 for individuals with disabilities. This UBGI would be accompanied by an METR of 15% and is estimated to cost approximately $51 billion in 2015 dollars (Stevens and Simpson 2017), which would be compensated through elimination of a comparable amount of expenditures on NRTCs and GSTC.

The Basic Income Guarantee (BIG) proposed by Boadway et al. (2016)[16] would distribute $20 000 per single adult, and $6 000 for children, at a constant tax-back rate of 30%. Although it is estimated to cost approximately $162 billion, Boadway et al. (2016) argue that it would be revenue-neutral if the federal and provincial transfers they list were eliminated.

[14] Under the NIT system, families with no income would receive the maximum support, which is reduced as income from other sources increases. The NIT consists of a set level of support (typically at the poverty line). It would top up income below this level, and income beyond would be taxable.

[15] These variables (r and G) in terms of an NIT model would result in the following: the benefit would equal the guarantee level (G) minus the benefit reduction rate of (r) multiplied by its income.

[16] Discussed in more detail in subsection 3.1.7.

Kesselman (2018), in his disagreement with the schemes proposed by both Boadway et al. (2016) and Stevens and Simpson (2017), states that even though the government may not have to take on new financial burdens to finance these BI programs, middle-income earners may be subject to the "largest relative net burden".[17] That concern is shared by Pereira (2017), who states that additional income tax would need to be quite high for middle-income earners, to close the financing gap of a BI program. However, Koebel and Pohler (2019) state that elimination of fewer NRTCs[18] when financing a BI could relieve the burden on middle-income earners, and they suggest there are other sources of revenue, outside the personal tax system, which might be preferable and maintain income neutrality.

2.7.3 The Marginal Effective Tax Rate, Cost, and Work Disincentives

Although cost estimates can be made for the economy in aggregate, one of the limitations in assessing designs of BI programs is the uncertainty associated with factoring in the behavioural response of people. This factor alone could change the predicted cost of programs (Forget 2020). The METR is yet another important design feature that could determine both the cost of the program and the behavioural implications for workers. The METR is defined by Kesselman (2018) as being a "policy-created" disincentive to earn any additional income that would be reported to authorities. There is a consensus among authors that METR is strongly linked to two behavioural responses of workers to income programs: labour force participation rates and number of hours worked (see, for example, Boadway et al. 2016, Gentilini et al. 2020, Koebel and Pohler 2019, Martinelli 2020, Widerquist 2017). A high METR, which imposes greater taxes on income received, may lead to circumstances where workers face a disincentive to take on paid work, or may cause them to work fewer hours (Gentilini et al. 2020). Kesselman (2018), in analyzing the proposal of Stevens and Simpson (2017), found that a single individual who earned less than the taxable threshold and received the BI would face an increase in the METR of more than 50% points, due to the added BI tax-back rate. Kesselman (2018) considers this to be a strong disincentive to those both entering and returning to the workforce. A study (PBO 2018) on the impact of a GMI program on worked hours states that if people work fewer hours in response to a BI, earned income would fall, yet some would receive a higher benefit amount. According to the PBO (2018) this could cost the government both indirectly through lost income tax revenue and directly via the cost of the guaranteed BI expenditure.

Martinelli (2020) suggests that to truly provide incentives to those at the bottom end of the income distribution, effort must be made to reduce the METR for workers who earn a low income.

[17] The increased tax burden would be a result of the removal of NRTCs, which are primarily provided to middle-income earners.

[18] Leaving "charitable and political donations and retirement and education savings" that incent behaviour intact could mitigate the financial burden on middle-income earners.

Koebel and Pohler (2019) suggest that if additional sources of revenue could be found to finance a reduction in the benefit reduction rate, a "dual effect" could occur, where the METR would be reduced and the break-even (BE) income[19] could be higher up the income distribution.

2.7.4 Guaranteed Basic Income and Covid-19

An estimation of the cost for a federal GBI by the PBO, modelled on the OBIP[20] parameters, showed that a GBI of $16 989 per single individual aged 18 to 64 and $24 027 for couples would result in a total annual gross estimated cost between $76.0 billion and $79.5 billion, for the period 2018 to 2023. This includes the annual gross cost for the GBI for persons with a disability of $3.2 billion to $3.5 billion over the same period (PBO 2018). However, when the value of federal tax expenditures and programs for low-income people is considered, the net cost of the GBI was estimated to be $44 billion in 2018.

However, these estimates dramatically changed when the economic losses due to the Covid-19 pandemic were considered.

New estimates were released by the PBO for the six-month period of October 2020 to March 2021 which used the OBIP[21] parameters, based on three scenarios that phased out the benefit by $0.50, $0.25, and $0.15 for every dollar of earned income (PBO 2020a). The total estimated gross cost of the new GBI would range from $47.5 billion to $98.1 billion for the six-month period, where a lower phase-out rate would increase the number of individuals covered by the GBI, but also increase overall costs. The report estimates that there could be federal and provincial fiscal offsets of $15 billion during the same six-month period.

Updated estimates, which encompassed a five-year cost estimate for a GBI, showed that the basic gross costs are expected to grow each year to reach amounts between $84.2 billion and $197.2 billion per year from 2024 to 2025, plus an additional $3.8 billion in respect of a supplemental disability benefit (PBO 2020b). These new estimates consider the loss of income reflected through job losses and layoffs as a result of business closures. They are gross costs, and no estimate of any potential offsets is provided.

[19] The BE income level of an income program reflects the point at which incomes are not subjected to a tax-back rate. A higher BE rate would mean that benefits would be paid further up the income scale and increase the overall cost of the program.

[20] Both the OBIP and the GBI estimate follow an NIT system.

[21] For the updated estimate because of the pandemic, it was ensured that all Canadians aged 18 to 64 would have an income of 75 percent of the Low-Income Measure (LIM). The LIM is calculated as half of the median of disposable household income: $24 439 for an individual and $34 562 for a couple. The new timeline also accounts for job losses and forced closures during Covid-19. See www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/RP-2021-014-M/RP-2021-014-M_en.pdf

The latest update to these estimates in April 2021 (PBO 2021) examined the impact of a GBI across various income quintiles, family types, and genders. Although the same parameters in the OBIP were used once again, unlike in previous estimates, the new GBI is clawed back at a fixed rate of $0.50 for every dollar earned and the cost impact of behavioural responses of recipients is calculated.

The analysis showed that the gross cost of a GBI would rise from $85 billion in 2021–22 to $93 billion in 2025–26, which includes top-ups for disability benefits and behavioural effects amounting to approximately $7 billion per year. The pre-behaviour adjusted costs could be fully offset by the elimination of federal and provincial tax credits and the cancellation of provincial social assistance programs. The elimination of these credits would respectively increase net federal and provincial personal income tax revenues by 25% and 23% annually.

This recent report (PBO 2021) also discusses distributional effects. The effect on poverty, measured by the MBM, varies by province but resulted in a 49% reduction for Canada as a whole. Although the report notes that there are two and one-half individuals losing by this change for each one individual benefiting, the percentage net impact on disposable income is broadly positive, except for individuals with higher earnings. The impact is progressive, with the greatest benefit for those in the lowest income quintile. Families with two working-age adults in the first and second quintiles show the biggest gain in disposable income, with the gain being larger for families without children than those with children. Households with seniors show little impact regardless of quintile because seniors do not qualify for GBI and continue to benefit from existing transfers. The results by gender show there is a net gain among 1.9% more women than men;[22] however, men see a slightly greater increase in dollars, receiving $175 more than women.

With respect to the fiscal impact of a GBI, this recent report (PBO 2021) shows that effective tax rates, which include both METRs and participation tax rates,[23] rise by more than 53%[24] for those at the bottom of the income spectrum, while a smaller rise of less than 11% was seen at the top of the income spectrum. With respect to the behavioural cost of a GBI, impacts on labour supply were small. The greatest reduction in hours worked of 1.5% was observed among households in Nova Scotia, while the lowest was observed in Alberta (0.7%). Estimates also show that the effect in hours worked was greater than the effect on payroll. Overall, the PBO estimates that the labour supply effect will incur fiscal costs that would range from $3.0 billion to $3.3 billion annually.

Forget (2020) argues that such cost estimates may be misleading; she states that if a BI were in

[22] The net gain being greater among women may be due to women being more likely than men to be living with a low income in Canada.

[23] The participation tax rate measures the total impact of additional taxes and reduced benefits for a person moving from unemployment or unpaid work to a given level of income by having at least some hours of paid work (PBO 2021, p. 12).

[24] "In a pre-GBI scenario, many families at the low end of the income scale receive more government benefits than they pay in income taxes (Laurin and Poschmann 2013). However, by replacing a good portion of these benefits with the GBI, their marginal tax rate becomes very high" (PBO 2021, p. 13).

effect, it would have eased the economic insecurity caused by the pandemic and acted as an "economic stabilizer for the economy". Automatic stabilizers limit the economic damage caused by recessions, by delivering more money to those who need the most support, and then less support when the economy recovers.

2.7.5 Cost–Benefit Analysis

The foregoing discussion raises the issue of how costs should be measured. The "revenue neutral" proposals consider substituting one type of expenditure for other expenditures. The estimated gross costs cited by the PBO are additional expenditures. The response cited in the previous paragraph by Forget (2020) raises the larger issue of the context in which the measurement should take place; i.e., if a BI were in place, then the estimated gross costs of adjusting to the pandemic would not be as great. One might also expand the discussion beyond expenditures to consider costs and benefits (both positive and negative) that might arise if a BI were implemented, such as improved health outcomes, greater productivity, greater equality, etc. (as cited by such authors as Barchiesi 2007, Grey 2019, Johnson and Johnson 2019, Lewis 2012, Mulvale 2019, Widerquist 2017). Also, any analysis of cost must consider the administrative and intangible costs and benefits associated with operating the programs.

A full economic assessment of any BI proposal requires a cost–benefit analysis over an appropriate long-term horizon.

Inevitably such an estimate will require value judgements regarding the measurement of the value of factors such as reducing poverty, improving human life expectancy, enhancing Canada's competitiveness for business, raising taxes, and wealth redistribution. Such assessments are beyond the scope of this paper.

Section 3 – Special Implementation Challenges in Canada

It is not the purpose of this report to recommend that a BI be implemented or not be implemented. However, should it be decided that it would be desirable to implement a BI in Canada, then it is important to recognize the special implementation challenges that the Canadian context presents.

Canada has an evolving history, based on a colonial approach to the Indigenous peoples living in these lands before Canada's formation, of gradually recognizing these peoples' rights to self-governance and that programs being imposed by federal and provincial governments without consultation with the Indigenous peoples leads to unintended consequences, many of which are negative. Before proceeding with the implementation of a BI, it would be important to consult the Indigenous peoples on how it might be best implemented for them. This process can be challenging as it may not be clear who is authorized to make decisions on behalf of Indigenous peoples. Green et al. (2020) advise:

> It is critical that this work be done in a way that is respectful and inclusive of the people and communities who will be affected by any recommendations and resulting changes. This means taking the time necessary to include the input and perspectives of those impacted.

The balance of the discussion regarding special implementation considerations presumes that this advice regarding Indigenous peoples will be respected.

Social assistance is a responsibility of the provinces. Any province could enact a BI with respect to its residents, its taxpayers, or some other defined provincial group. However, most proponents of BI envision a program that is national or at least applies to many provinces, and most contemplate one to which federal participation and funding would apply. The subsequent discussion assumes that the implementation of BI is being considered by each province that so wishes, paying the cost of the program fully from provincial revenues.

3.1 Overview of the Canadian Context

For a program that falls within the responsibility of the provinces to be implemented collaboratively by many or all provinces would require an agreement among the provinces wishing to implement the program. Canada's history offers examples of such implementation that are described in this subsection. The common thread that runs through all these implementations is an initiative taken by the federal government. A brief description of the method of implementation of the following programs on an almost nationwide basis follows: EI, previously called Unemployment Insurance; OAS and the GIS; the QPP; the Canada Health Act (CHA); and the NCB.

3.1.1 Employment Insurance

Briefly, unemployment insurance did not become much of a concern in Canada until after World War I.[25] There was uncertainty regarding whether it was a joint federal and provincial responsibility or solely in the domain of the provinces. After the Supreme Court of Canada (SCC)

[25] Other sources provide more details; see, for example, www.mapleleafweb.com/features/employment-insurance-canada-history-structure-and-issues.html

established it as a provincial responsibility, the federal government with the consent of the provinces sought an amendment to the British North America Act (BNAA) by the British parliament. Once the BNAA was amended, the federal government passed the Unemployment Insurance Act in 1940.

EI is financed by contributions[26] from employees and employers and the federal government in respect of certain benefits.

3.1.2 Old Age Security and the Guaranteed Income Supplement

Briefly, in 1952 the Old Age Security Act came into force,[27] establishing a federally funded pension and replacing earlier legislation that required the federal and provincial governments to share the cost of the needs-tested pension benefits. In 1967 the GIS was established within the OAS program.

OAS and the GIS are paid by the federal government and financed from general revenues.

3.1.3 Canada/Québec Pension Plan

Briefly, the Québec government announced in 1964 that it would establish the QPP.[28] After a period of negotiation between the federal government and Québec, the CPP was proposed for adoption by the provinces who wished to participate. Québec established its QPP, including very similar terms, with contributions beginning in 1966 and benefits in 1967.

The QPP is financed by contributions of employees, employers, the self-employed, and investment earnings.

The CPP contains an amending formula permitting amendments with the consent of at least seven of the 10 provinces that represent at least two-thirds of the population.[29]

3.1.4 Canada Health Act

Briefly, health care is the responsibility of the provinces. In 1984 the federal government passed the CHA,[30] providing transfer payments to provinces[31] that established and administered provincial health programs in accordance with the principles established in the CHA.

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[26] Also referred to as premiums or taxes.

[27] Other sources provide more details; see, for example, www.historymuseum.ca/cmc/exhibitions/hist/pensions/cpp-timeline_e.html

[28] Other sources provide more details; see, for example, www.morneaushepell.com/permafiles/83782/canada-pension-plan-part-1-past-and-present.pdf, which attributes the design of the proposed QPP to actuary Claude Castonguay.

[29] Given the current population of Canada, Ontario, and Québec, this means that both Ontario and Québec must agree to the amendment.

[30] Other sources provide more details; see, for example, https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/201954E

[31] The amount of transfer payments remains contentious.

3.1.5 National Child Benefit

Briefly, the federal government has offered some support for families with children since the early twentieth century,[32] although child welfare rests with the provinces. The NCB program was a joint federal–provincial initiative to provide support for low-income families with children, which included the National Child Benefit Supplement (NCBS) targeting low-income families. The higher income-tested benefits made available through the NCBS enabled provinces to substitute NCBS dollars for part of the provincial social assistance payments being made to families with children, conditional on reinvesting the social assistance funds saved into other programs to benefit children. Provincial responses varied widely, with some provinces allowing families to maintain both social assistance and the NCBS. For the provinces that substituted federal dollars for social assistance payments, the child reinvestments included, for example, provincial child benefits, subsidized daycare, and/or subsidized health care programs.

3.1.6 Where There Is a Will There Is a Way

The foregoing examples illustrate that the federal government can take action with the consent of the provinces to establish a context in which a common program for services within provincial responsibility can be delivered across the country in consenting provinces, and has done so. In the case of EI, an amendment to the BNAA was required. In the case of OAS, the federal government passed an Act in which it assumed responsibility for the cost of benefits. The QPP was established by provincial consent and includes an amending formula but is designed so that costs will be financed by participating employees, employers, and investment earnings. In the case of the CHA, a sizable federal transfer provides an incentive for provinces to establish and administer their plans according to certain principles. In the development of the NCB, supplements provided by the federal government enabled provinces to make corresponding adjustments to other social assistance transfers.

Accordingly, there is precedent and various available approaches, should there be a will, to establish a BI on relatively common terms in most or all provinces. Policy makers may wish to look to the design of the NCB as an example of how to implement a BI involving federal and provincial programs. The NCB amalgamated several available smaller transfers into the CCB (making take-up easier), paid it monthly (better for needed expenditures like rent and food), and increased its value over time depending on household income and number of children (reducing poverty). A working income supplement was included, and some provinces deducted the payments from welfare receipts (to incentivize work). The strength of the provincial will would likely increase in line with the increasing magnitude of the amounts that the federal government is willing to spend or transfer.

Savoie (2019) makes strong arguments that power in Canada has continued to become more concentrated with the Prime Minister, that the Prime Minister and his courtiers are more inclined to pay attention to the vote-rich provinces of Ontario and Québec, and that the other regions have a weaker voice to influence matters. If this view is correct, then the implementation of a BI across most of the country would depend on either the Prime Minister

[32] See Burton and Phipps (2017) for an excellent primer on the evolution of the NCB right up to the introduction of the CCB in 2016.

taking action to drive it or a belief that it was in the interest of voters in Ontario and Québec who would also support the Prime Minister's party in a federal election. To date, there is little evidence that this state exists.[33] Savoie (2019) observes that under Canada's and the provinces' first-past-the-post electoral system, majority parties have almost unlimited capability to pass legislation of their choice. But Savoie (2019) notes that frequently the majority party in the provinces is ideologically different from the dominant party in the federal parliament.[34] This makes it more difficult to implement policies and programs that require federal and regional agreement. However, within most political parties at some time BI has had advocates. This suggests that the concept of BI is not grounded in any one political ideology but might enjoy cross-party support, which may help to overcome some of the implementation tensions. Appendix C provides a brief outline of instances of support across political parties in Canada.

Savoie (2019) also makes the point that, since the introduction of the Canadian Charter of Rights and Freedoms, the role of the SCC within democracy has increased. Hypothetically, if the SCC were to rule that all Canadians had a right to a BI, then there would be an initiative, likely involving the federal government, to address this issue.

3.1.7 Implementation Example

Boadway et al. (2016) provide an example to illustrate the feasibility of implementing a proposed GMI, which hereinafter in this subsection we refer to as a Basic Income Guarantee (BIG). Note that the feasibility is dependent on the assumption that the federal and provincial governments show willingness to implement such a BI. They discuss a two-stage proposal – stage one a federal BIG and stage two a provincial harmonization. After stage-one implementation, the provinces would be invited to join, and those choosing to join would negotiate a bilateral national BIG agreement. The federal component would be the same, but provinces would have discretion over the size of their component.

Stage one involves eliminating all federal NRTCs and refundable tax credits (RTCs). Those credits that are contributory and not redistributive in nature, such as the CPP, are kept, but OAS and the GIS are removed. The federal BIG is calculated as $20 000 times the share of federal transfers relative to provincial ones, in their illustration $14 322, which applies to non-senior adults in all provinces who are in one-adult families and do not receive social assistance or disability benefits.

[33] We were unable to find any reference to BI in the literature of the federal Bloc Québécois party or in Québec provincial political parties.

[34] This may be attributable to increasing regional-federal tensions and a growth in appeal of parties other than the two traditional ones, which are the liberals and conservatives under various names.

For those non-senior adults in one-adult families receiving social assistance or disability benefits, the federal BIG is reduced by the average value of those benefits for the various categories of persons. For families with two adults, the federal BIG is $20 251[35]. For families with three adults, the federal BIG is $24 806[36]. For seniors, it is $20 000 adjusted by adult equivalence scales.

Boadway et al. (2016) state that the federal transfers eliminated are more than sufficient to ensure that the federal BIG is self-financing at a 30% tax-back rate.[37] They also state that, if the provinces substitute a provincial BIG for provincial RTCs, NRTCs, and social assistance, then the combined scheme amounts to pure income redistribution, in the absence of behavioural responses.

3.2 Other Programs

If a BI is introduced, regardless of its design, decisions must be made about what to do with other programs. For example, in subsection 3.1.7 we describe an approach wherein all federal RTCs and NRTCs and OAS and the GIS are eliminated, and many provincial credits and programs would be eliminated at the discretion of the province. Although Boadway et al. (2016) state that in their example the elimination of the credits and programs could be cost-neutral, they also acknowledge the redistributive nature of such a change. They show that families in the first three income deciles are significant beneficiaries and those in the sixth through ninth deciles are most adversely affected, with a lesser adverse effect on the middle and top deciles, but they provide little other indication of the categories of "winners and losers" or the magnitude of each group. Undoubtedly different provinces would be affected differently because of their demographics and income distribution. It would be a massive communication exercise to deliver such a program without alienating some voters. From a political perspective focused on self-preservation, this would be highly risky for both federal and provincial governments that faced an election shortly after the change occurred.

But it is likely that some programs would need to be eliminated or modified. Otherwise, the cost of the BI will be viewed as a significant consideration. But which programs to eliminate or modify remains a challenge. Green et al. (2020) provide sunburst visualizations of the federal and BC government programs, which by one journalist's count show 177 different programs.[38] Other provinces may have other programs, or variations to the BC programs. Hence the task of simplifying the system when introducing a BI is gargantuan.

Moreover, one of the rationales behind having so many different plans is that by careful consideration social assistance dollars can be directed to those most needy (however defined), whereas broadly applicable programs are more likely to be inefficient. This same rationale will

[35] $14 322 multiplied by the square root of 2 (Boadway et al. 2016).

[36] $14 322 multiplied by the square root of 3 (Boadway et al. 2016).

[37] That is, each dollar of income above the applicable BIG level would be taxed at 30 percent. So a recipient could receive 3.33 (100 percent/30 percent) of income above the BIG level before the BIG is fully taxed away.

[38] www.msn.com/en-ca/money/topstories/william-watson-basic-income-report-one-size-fits-no-one/ar-BB1doele?ocid=entnewsntp

likely be raised with any attempt to simplify the current programs and introduce a BI (no matter the design).

3.2.1 Revising EI

EI is a federal program that is financed from employer and employee payments and by the federal government in certain conditions and for certain benefits. It is a social insurance scheme, not a social assistance scheme. Its target is individuals who have been employed in covered employment for a specified period who become unemployed through no action of their own.[39] The program is designed for working-age adults.

Covid-19 has exposed some of the weaknesses in EI. First, there are many workers who are not covered. The self-employed[40] is one such group. But there are also significant numbers of individuals who do not qualify because they have not contributed for the requisite period, which varies by unemployment areas, or their cessation of work is not considered a qualifying event. Green et al. (2020) discuss how EI coverage has changed since its introduction, and conclude that the plan is not operating much differently from how it did in the 1990s, despite acknowledging that many unemployed are not eligible for EI benefits. They state that the share of unemployed EI beneficiaries dropped from 84% in 1990 to 44% in 1997 and has stayed at about that level ever since. This suggests that the plan has been in need of revision since at least 1997.

Green et al. (2020) do not discuss the benefit levels paid to those who do qualify for EI, possibly because this is an insurance scheme wherein benefits are related to earnings. The presumption is that if EI is paying the earnings-related benefits it was designed to pay, there is nothing to criticize. But Covid-19 revealed that some of those receiving EI did not qualify for what was considered sufficient income to live on and manage in a pandemic. Various temporary changes were made to EI to relax the qualification rules so that more people would qualify, and to increase the minimum benefit from EI to a more adequate level.

If the concept of BI is accepted in principle, and if for whatever reasons it is decided that a common BI for all Canadians is not feasible, then a partial solution to improving the situation of unemployed Canadians of working age may be to revise eligibility rules for EI so that more of the unemployed qualify, and to raise the minimum benefit[41] to an adequate level.

Revising EI has the advantage of being able to make changes that are more affordable for the federal and provincial governments that do not create a vast number of “winners and losers”. It is a federal social insurance scheme that may also reduce some provincial social assistance costs. It is largely financed by covered employees and employers, and the contribution[42] rates can be increased over time to reduce the expense to the federal government.

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[39] EI does provide maternity and paternity benefits, so the above wording is not quite precise.

[40] Although the self-employed are covered for special benefits, such as maternity, paternity, and compassionate leave, they are not covered for general loss of employment.

[41] It is recognized that as designed EI is earnings-related and does not include a concept of a minimum benefit.

[42] Or premium or tax rates.

3.3 Thinking beyond Covid-19

Given that we are still in the midst of a global pandemic and that Canada is still at an early stage in making vaccines available to all Canadians, it may seem premature to begin thinking about what the state of Canada will be when we finally declare that we have overcome the virus, a stage at which planning Canada's future may resume without being dominated by virus considerations. It is also premature to have statistics to quantify the extent of the damage wreaked by the pandemic. But it seems safe to predict that there will be evidence of all of the following characteristics:

- Much higher levels of government debt at both the federal and provincial levels
- Some businesses will be changed dramatically, due to loss of customers, lack of employees, or bankruptcy
- Greater inequality of circumstance among the population, especially women (see Desjardins and Freestone 2021)
- Increased and continuing calls for support and change in multiple areas

Despite these factors there will be concern regarding issues on which economists traditionally focus, such as the likelihood of increasing inflation,[43] or how to manage the increased debt burden.[44] Both Cross (2020) and Savoie (2020) warn that the magnitude of government spending and the ballooning federal government spending will require some harsh action to restore control. Coates (2020b) argues that the federal government needs to revive the energy sector and also adjust its climate change priorities (Coates 2020a). Mintz (2020) calls for the federal government to focus on getting people back to work, not on sweeping, costly new programs like guaranteed income.

Unsurprisingly, not all economists are in agreement with these essayists. A recent report published by the Royal Society of Canada (RSC) authored by many economists at Canadian institutions (McCabe et al. 2020) makes recommendations to the federal and provincial governments under four headings: renewing the social contract, reinvigorating the economy, enabling innovation, and improving crisis policy responses. Given the nature of this report, it is only the analysis and recommendations under the first heading that are described here.

In their view, rebuilding the economy provides an opportunity to renew the social contract by strengthening the social protection system and restoring the fairness of the tax-transfer system.

Whereas Green et al. (2020) focus on precarious work, which is defined as work that is not standard, full-time, permanent employment and is often associated with the "gig" economy, McCabe et al. (2020) focus on the conditions of people, and especially the "precariat".

[43] See, for example, www.economist.com/leaders/2021/02/10/how-rising-inflation-could-disrupt-the-worlds-economic-policies

[44] See, for example, www.theglobeandmail.com/opinion/article-its-never-been-cheaper-for-governments-to-borrow-what-could-possibly/

McCabe et al. (2020) define the precariat as those individuals and households who live with combinations of insecure income, little or no savings to rely on, a lack of secure stable employment, and uncertainty regarding housing and residency, which make for a profoundly and relentlessly insecure life.

This change in focus leads McCabe et al. (2020) to include in their recommendations the establishment of a BI for working-age adults, combined with reform to federal and provincial labour codes to ensure paid sick leave, and the establishment of universal access to childcare.

As this report concerns BI, a brief description of the plan outlined by McCabe et al. (2020) follows. They recommend a BIG that varies by income but is otherwise unconditional. It would be available to working-age residents and administered through the tax system by the Canada Revenue Agency (CRA). The guarantee could incorporate personal characteristics such as disability or family size. It could be financed by redirecting provincial social assistance transfers as well as many of the existing RTCs and NRTCs. It would require federal and provincial collaboration. It would not replace existing social insurance plans such as EI or the QPP.

In the post-Covid economy, there will likely be competing calls to manage the large debt incurred and to spend on programs needed to ease the damage done by the pandemic. Some form of BI is likely to be advocated by some groups and there will be spending implications accompanying such proposals. Whether there will be a collective will among governments to bring about such a plan is impossible to predict.

3.3.1 Implementation Challenges with McCabe et al.'s Proposed BIG

Since this section concerns challenges of implementation in Canada, this subsection offers some that the BIG proposed by McCabe et al. (2020), described briefly in the previous subsection, would need to address. First, any income program administered by the CRA faces a number of issues. As noted by McCabe et al. (2020), some Canadians, especially Indigenous peoples, do not file tax returns, so using the CRA requires some type of registration or enrolment procedure. Also, some Canadians are reluctant to deal with the CRA because of a perception that it is bureaucratic and lacks a customer orientation. If the BIG is to be reduced or clawed back above some income threshold, such perceptions of the CRA will be reinforced.

Second, while arithmetically it may be true that the expenditures of redirected social assistance programs could finance a BIG of comparable expenditure, such a process must necessarily benefit some at the expense of others, or why would one go to all the trouble to implement such a sweeping change? While these winners and losers may be classified by income, political parties may classify them by votes gained or lost. The impact on elections within each province may be different depending on whether the election is federal or provincial.

Third, collaboration on joint federal–provincial programs is challenging at the best of times. Provinces are more likely to participate the greater the funding provided by the federal government and the more autonomy the provinces have in implementation. In some ways it is desirable that the provinces be able to customize the BIG to meet the particular needs of their population; however, to the extent that programs and funding requirements vary by provinces, there is an increased possibility of provinces complaining about inequitable treatment.

Fourth, even if there is collaboration among provinces, there remains a major challenge in communicating the program to Canadians in a way that it will be accepted. Some will view a BIG as a radical social reform. Questions will be asked about why it is necessary now but was not necessary previously. To the extent that it delivers income to individuals beyond what some perceive as need, questions will be raised about whether a different design or perhaps an amendment to existing programs might not be preferable. Among some, there may be a belief that Canada provides sufficient opportunities to working-age residents to remedy their economic situation through their own efforts, with occasional support for those who become unemployed (through EI, for example) or who cannot work due to disability. The plethora of existing social assistance programs of varying designs is testimony to the attempt by policymakers to address each area of need as economically as possible. One author, Lindsay M. Tedds, was a co-author of the report by the BC expert panel (Green et al. 2020) and also a co-author of the RSC report (McCabe et al. 2020). These reports were published in the same month (December 2020) and reached different conclusions regarding the desirability of a BIG for working-age residents, which indicates that this is not a clear issue with a single solution. Hence, a decision to implement a BI will require effective communication.

Finally, Mintz (2020) raises the following objections to guaranteed income that could be directed against the proposed BIG of McCabe et al. (2020): it will result in increases to tax rates that many income earners will find objectionable, and income-earners' dismay may lead to election outcomes that political parties find unacceptable. Mintz (2020) states that a program of enhanced wage subsidies is preferable to guaranteed income because it provides greater encouragement to work. He cites anecdotal evidence that guaranteed income will provide disincentives to work.

Section 4 – Recommendations and Areas for Future Research

As noted in subsection 2.5, poverty rates are uneven within demographic and ethnic groups and across Canada. In a country in which the vast majority live above the poverty measure (i.e., the MBM), there is room for fiscal action to be taken to improve the situation of those living below the MBM. Canada's implementation of universal programs targeted at specific age groups, such as children and seniors, is considered to be successful in reducing poverty among those groups. However, there still is an opportunity to reduce poverty among working-age adults through a program or programs focused on them. This is not a new finding (see, for example, Green et al. 2020, Harding 2018, McCabe et al. 2020).

We recommend that attention be given to addressing the causes and conditions of poverty among the Canadian population, and especially among working-age adults. Jacques and Noël (2018) find in a study of 20 OECD countries that greater redistributive success was achieved in welfare states that relied more on universal than on targeted programs. Consideration should be given to introducing some type of BI for this group. But relying solely on universal programs to lift all groups to a certain standard can be costly. In many circumstances, adding another program to the universal program is an effective method of meeting a poverty objective at a more affordable cost, as the GIS does by supplementing OAS.

There are many existing programs to which working-age adults might apply. Reform or elimination of some programs should be considered if a new program is introduced. As noted by Green et al. (2020) and McCabe et al. (2020), for a variety of reasons, since the 1990s EI has failed to provide coverage for over 50% of working Canadians. This is an example of a program that might be reformed.

In determining what programs to modify or eliminate, at least a partial cost–benefit analysis[45] would be helpful. As data from the Canadian Income Survey, 2017 – listed in Appendix D – show, the federal and provincial governments already spend extensively on social assistance: over $284 billion in 2017, or almost 15% of GDP (Statistics Canada 2019). It is important to ask if we are delivering assistance efficiently, whether the focus of programs remains appropriate, and how we might accomplish our objectives more effectively.

Although the welfare of working-age adults might be considered to be solely the responsibility of provincial or territorial governments, it is noteworthy that, where universal programs have been most successful at meeting goals around poverty reduction – for example, the CCB or OAS – federal initiative and federal funding were present. We suggest that to effectively address poverty among working-age adults, both federal initiative and federal funding are required. Section 3 discusses different methods in which federal initiative and federal funding have occurred, despite the area of attention resting within provincial or territorial responsibility.

[45] We use the expression "partial cost–benefit analysis" because the type of full cost–benefit analysis discussed in subsection 2.7.5 would likely prove too difficult and too time-consuming.

4.1 Position Paper on BI

This report was prepared to provide research for the CIA in case it wishes to develop a position paper with respect to BI. In taking this decision, the CIA might seek guidance from its membership regarding whether the members wish to have a position paper developed on this topic. Moreover, if there is a desire to develop a position paper then some discussion needs to be held regarding the nature of the BI to propose,[46] and some work should be conducted to quantify, at least approximately, the cost of the proposed BI. In preparing a position paper, attention should be given to the purposes of a BI, which might include: poverty reduction or elimination; improving social equity; replacing social protection programs to increase effectiveness, reduce overlap, or enhance administration; and addressing the needs of a particular group such as working-age adults.

Covid-19 has revealed some critical vulnerabilities within Canada's system of social protection. BI is a possible approach to address some of these vulnerabilities, although, as many have observed, it is not a panacea (see, for example, Green et al. 2020).

Actuaries have played an important role in the development of Canada's system of social protection. As such, there are many areas in which actuarial advice could be provided as we try to improve the social protection system in the post-Covid era. The following subsections list areas where actuaries could provide meaningful input and where additional research might enhance their advice.

4.2 EI

As reported by Green et al. (2020) and McCabe et al. (2020) and outlined in subsection 3.2.1, since the 1990s EI has failed to provide coverage to more than 50% of the workforce. It excludes the self-employed for other than special benefits, and many with partial employment attachments do not meet the eligibility requirements for benefits. Since the benefit level is earnings-related, benefit payments may be inadequate to support qualifying workers who are without employment for an extended period. Moreover, as the "gig" economy continues to disrupt the traditional view of employment, there are increasing numbers of workers subject to precarious work arrangements. A redesign of EI is urgently needed.

EI is primarily funded by contributions from employers and workers, so a redesign of this program can be done with little expenditure required by governments. Because EI is a federal program, a redesign could move ahead more quickly than a program that required close federal–provincial collaboration.

[46] For example, as well as types of BI such as UBI, GMI, and NIT, one might consider frequency of payment. A pilot project in BC finds evidence that a one-time cash payment provides advantages in addressing homelessness (Foundations for Social Change 2020). Andrew Coyne states that governments should stick to what they are good at – giving people money – and extricate themselves from handling complex issues and planning (see www.theglobeandmail.com/opinion/article-the-era-of-big-government-is-back-or-is-it).

4.3 Long-term Care

The majority of deaths due to Covid-19 in Canada have occurred in LTC facilities. There are many reasons for this, including:

- Chronic underfunding of this sector by both government and private operators, which undermines quality of care
- An inability to separate residents to prevent community spread of disease
- A lack of trained carers
- An employment model of carers involving low-pay, part-time employment without adequate sick-leave benefits, which meant that carers who had been exposed to the disease continued to work
- Many staff were working at more than one long-term home, leading to greater spread of the virus between homes
- Insufficient monitoring of care standards, with modest or no sanctions for inappropriate or inadequate care delivery

Although the number of deaths attributed to Covid-19 in LTC facilities is shocking,[47] the foregoing list of reasons has long been known. Spending on services and care for the elderly is a classic example of the trade-off between cost and the affordability value judgement. Canada has an aging population, and if LTC is to be an important component of caring for our elderly, it needs reform. Given that LTC is likely to continue to have both public and private operators, it is an area where actuaries could advise on the preferred methods of public and private provision and help to develop products and policies that would lead to better outcomes for residents of LTC facilities and their families.

4.4 Addressing the Situation of the Precariat

As noted in subsection 3.3, McCabe et al. (2020) shift the focus from precarious work to those people whose life and work conditions contribute to an insecure environment, which they refer to as the precariat. Areas in which the precariat's situation could be improved include having sick-leave benefits associated with employment and having access to universal childcare.

Government initiative may be required to bring about dramatic changes in these areas. But in all likelihood, there will be opportunities for private insurers to design sick-leave plans for employers or individual insurance for individuals whose employer-provided plans leave gaps. Perhaps there are also opportunities for insurance associated with childcare. Many of the precariat will have inadequate employment-relayed retirement savings or benefits. These are all areas in which actuaries have qualifications to advise and/or design products.

[47] And it is likely there is undercounting.

List of Acronyms

APFD	Alaska Permanent Fund Dividend
BC	British Columbia
BE	Break-even
BI	Basic income; refers to any type of basic income plan
BIG	Basic Income Guarantee
BNAA	British North America Act
CCB	Canada Child Benefit
CCT	Conditional Cash Transfers
CCTB	Canada Child Tax Benefit
CHA	Canada Health Act
CIA	Canadian Institute of Actuaries
CIS	Canada Income Survey
CPP	Canada Pension Plan
C/QPP	Canada/Québec Pension Plan
CRA	Canada Revenue Agency
CTB	Child Tax Benefit
CWB	Canada Workers Benefit
EI	Employment Insurance
EITC	Earned Income Tax Credit
FGT	Foster–Greer–Thorbecke
GBI	Guaranteed Basic Income
GIS	Guaranteed Income Supplement
GMI	Guaranteed Minimum Income
GSTC	Goods and Services Tax Credit
JGP	Job Guarantee Programs
LIM	Low-Income Measure
LTC	Long-Term Care
MBM	Market Basket Measure
METR	Marginal Effective Tax Rate
NCB	National Child Benefit
NCBS	National Child Benefit Supplement
NIT	Negative Income Tax
NRTCs	Non-Refundable Tax Credits
OAS	Old Age Security

OBIP	Ontario Basic Income Pilot
OECD	Organization for Economic Co-operation and Development
PBO	Parliamentary Budget Officer or the Office of the Parliamentary Budget Officer
POG	Project Oversight Group
QPP	Québec Pension Plan
RSC	Royal Society of Canada
RTCs	Refundable Tax Credits
SCC	Supreme Court of Canada
TPWP	Temporary Public Works Programs
UBI	Universal Basic Income
UBGI	Universal Basic Guaranteed Income
UCCB	Universal Child Care Benefit
WSP	Wage Subsidy Programs

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Appendix A – Outline of Pilots and Experiments by Country

Disclaimer: At the time of writing, the authors thought that the Appendices A, B, and C would be useful to readers to illustrate the range of programs or initiatives being contemplated. However, with the passage of time some of the references are now out of date or unrepresentative. Nevertheless, they remain in the copy for context. Readers are advised to check the implementation details before citing the content in these appendices.

Extracted from Curtis and Andrews (2020) and updated.

1. Canada

1.1 Ontario

www.ontario.ca/page/ontario-basic-income-pilot

The OBIP was announced by Premier Kathleen Wynne in Hamilton in April 2017 and the first phase to enrol participants was completed in April 2018. By March 2019, the pilot program was shut down.

How participants were chosen:

- 18 to 64 years old for the duration of the pilot
- Living in one of the selected regions for at least the past 12 months or longer (and still living there):
    - Hamilton, Brantford, Brant County
    - Thunder Bay, along with the Municipality of Oliver Paipoonge, Township of Shuniah, Municipality of Neebing
    - Township of Conmee, Township of O'Connor, Township of Gillies
    - Lindsay
- Living on a low income (under $34 000 per year if the person was single or under $48 000 per year if they were a couple)

Payment amount:

- Payments based on 75% of the Low-Income Measure (LIM) plus other tax credits and benefits would provide an income that met household costs and average health-related spending
- Following a tax credit model, the OBIP gave participants:
    - $16 989 per year for a single person, less 50% of any earned income
    - $24 027 per year for a couple, less 50% of any earned income
- People with a disability would also receive up to $500 per month

How the pilot worked:

- Two groups were asked to participate: a BI group receiving monthly payments for up to three years and a comparison group not receiving monthly payments but participating in the research
- People in both groups were asked about health, employment, and housing through surveys
- Participants from Lindsay were not assigned to a comparison group – instead, community-level outcomes of a BI would be measured (e.g., hospital usage)

The province enrolled over 4 000 participants in the pilot, and over 2 000 people would participate in the comparison group.

A mid-size community was chosen as well as urban, rural and urban/rural mixed areas so the pilot would be representative of Ontario's population.

What would be measured:

- Government tests of how a BI might help those living on low incomes meet their basic needs while improving outcomes in:
    - Food security
    - Stress and anxiety
    - Mental health
    - Health and healthcare usage
    - Housing stability
    - Education and training
    - Employment and labour market participation

Working and going to school during the pilot:

- People could still go to school or work while receiving a BI
- The BI amount would decrease by $0.50 for every dollar a person earned

Impact on seniors:

- Seniors were not included in the pilot, because most receive more money through the seniors' benefits, including
    - OAS
    - GIS
    - Ontario Guaranteed Annual Income System

Impact on other benefits:

- Child benefits: people receiving child benefits like the CCB and Ontario Child Benefit would be eligible to receive them during the pilot
- CPP and EI benefits: people receiving EI or CPP would have their monthly BI payment

reduced dollar for dollar

- Drug and dental benefits: people receiving social assistance had to withdraw from Ontario Works or the Ontario Disability Support Program (ODSP) to participate in the pilot
    - People who left Ontario Works received Ontario Drug Benefit
    - People who left the ODSP received Ontario Drug Benefit and dental benefits

1.2 Mincome – Manitoba

Forget, Evelyn L., 2020. *Basic Income for Canadians: From the Covid-19 Emergency to Financial Security for All*. James Lorimer & Company, Toronto, ON

Hum, Derek, and Wayne Simpson. 1991. *Income Maintenance, Work Effort, and the Canadian Mincome Experiment: A Study Prepared for the Economic Council of Canada*. Canadian Communications Group, Ottawa, ON

https://umanitoba.ca/media/Simpson_Mason_Godwin_2017.pdf

www.lse.ac.uk/LSEE-Research-on-South-Eastern-Europe/Assets/Documents/Events/Conferences-Symposia-Programmes-and-Agendas/2018/FORGET-MINCOME-and-Ontario-short.pdf

Mincome was a Canadian BI experiment conducted in Manitoba during the 1970s. This project was funded jointly by the provincial (25%) and the federal (75%) governments. It was launched in 1974 and ended in 1979.

Design:

- Three sites in Manitoba were chosen:
    - Winnipeg (population = 450 000); standard randomized controlled trial
        - Families with head < 58 years old
    - Dauphin (population = 10 000): saturation site
        - Everyone over 18 years could apply and received money if income was low enough
    - Dispersed rural sites: primarily designed as control for Dauphin
- Overall sample size was 1 300 individuals or families
- Payment design: NIT (refundable tax credit)
    - Families received money for three years from 1975 to 1978
        - Amount received depended on family size and how much income they received from other sources
        - For family of four with no other income, the BI would be $3 800 (just over $22 000 in today's dollars)
        - A family of four earning $7 600 or more would receive nothing

- Base rate was slightly above “Mother’s Allowance”
- Benefit was taxed back by 50 cents for every dollar earned in Dauphin
- Seven different payout and tax-back rates were designed in Winnipeg

What happened to the project?

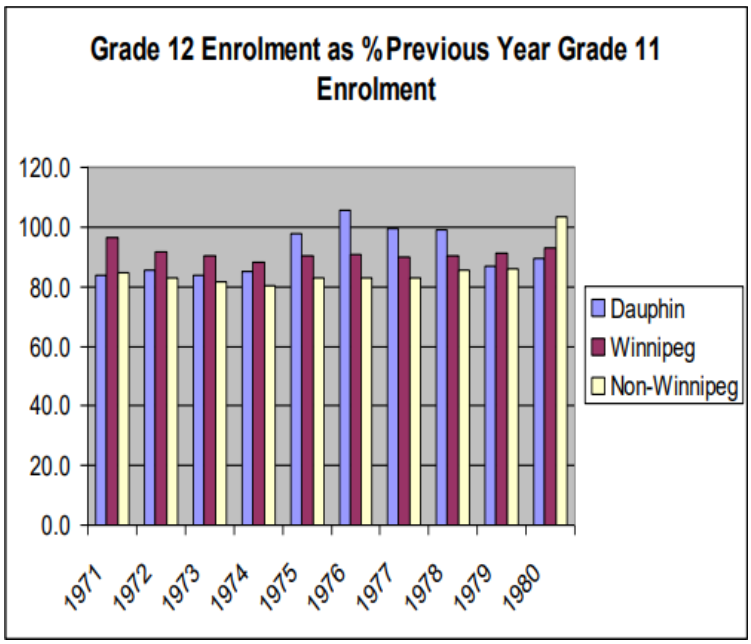
- Families were paid the money and data was collected, but in 1976 the provincial government changed and Mincome lost provincial support
- Other economic priorities took precedence for the federal government
- The experiment ended as planned but the researchers demanded more funding for analysis
- There were 1 800 boxes of paper files but no database had been constructed

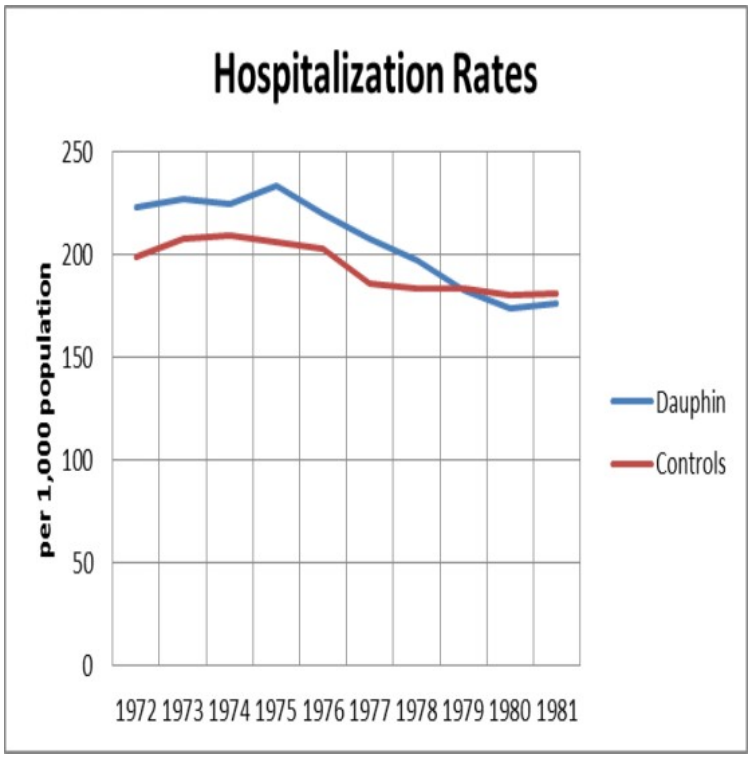
Fifteen years later, Derek Hum, second research director of Mincome, and Wayne Simpson, a labour economist at the University of Manitoba, found (Hum and Simpson 1991):

- Men worked 1% fewer hours
- Women worked 3% fewer hours
- Married women stayed out of the workforce longer when they gave birth
    - They were entitled to only four unpaid weeks of maternity leave at the time and chose to use the money to buy longer maternity leaves
- Young unattached males significantly reduced their work effort

Twenty years later, Evelyn Forget (2020) found:

- In Dauphin, high school completion increased





- Hospitalization rates fell 8.5% relative to controls in the experiment:
    - Fewer accident and injury hospitalizations
    - Fewer hospitalizations due to mental health issues
- There was a slight decline in overall physician visits among Dauphin residents during the experiment relative to controls
- Mental health issues accounted for most of the decline in visits to family doctors

2. Finland

www.kela.fi/web/en/basic-income-objectives-and-implementation

Background:

- Finland conducted an experiment testing BI in 2017–2018
    - It was implemented by Kela, the Social Insurance Institution of Finland
- The BI was social security, where all citizens received a regular, unconditional sum of money for their expenses

Implementation:

- The study population comprised 2 000 people selected at random in December 2016
- Included in the sample were individuals between ages of 25 and 58 who were paid a

labour market subsidy or basic unemployment allowance in November 2016 for some other reason than a temporary layoff

BI – amount and payment:

- People in the experiment got a BI from January 1, 2017 to December 31, 2018
- The BI was paid at a rate of €560 per month (everyone was paid the same amount)
    - The amount remained the same throughout the experiment

How BI affected other social security benefits:

- Those receiving a BI could claim any benefits to which they were normally entitled
- An amount equal to the BI was deducted from certain social security benefits, and the remainder was paid to those receiving a BI

Taxation of the BI:

- The BI was exempt from tax

www.kela.fi/web/en/studying-the-basic-income-experiment

Studying the impact of the experiment:

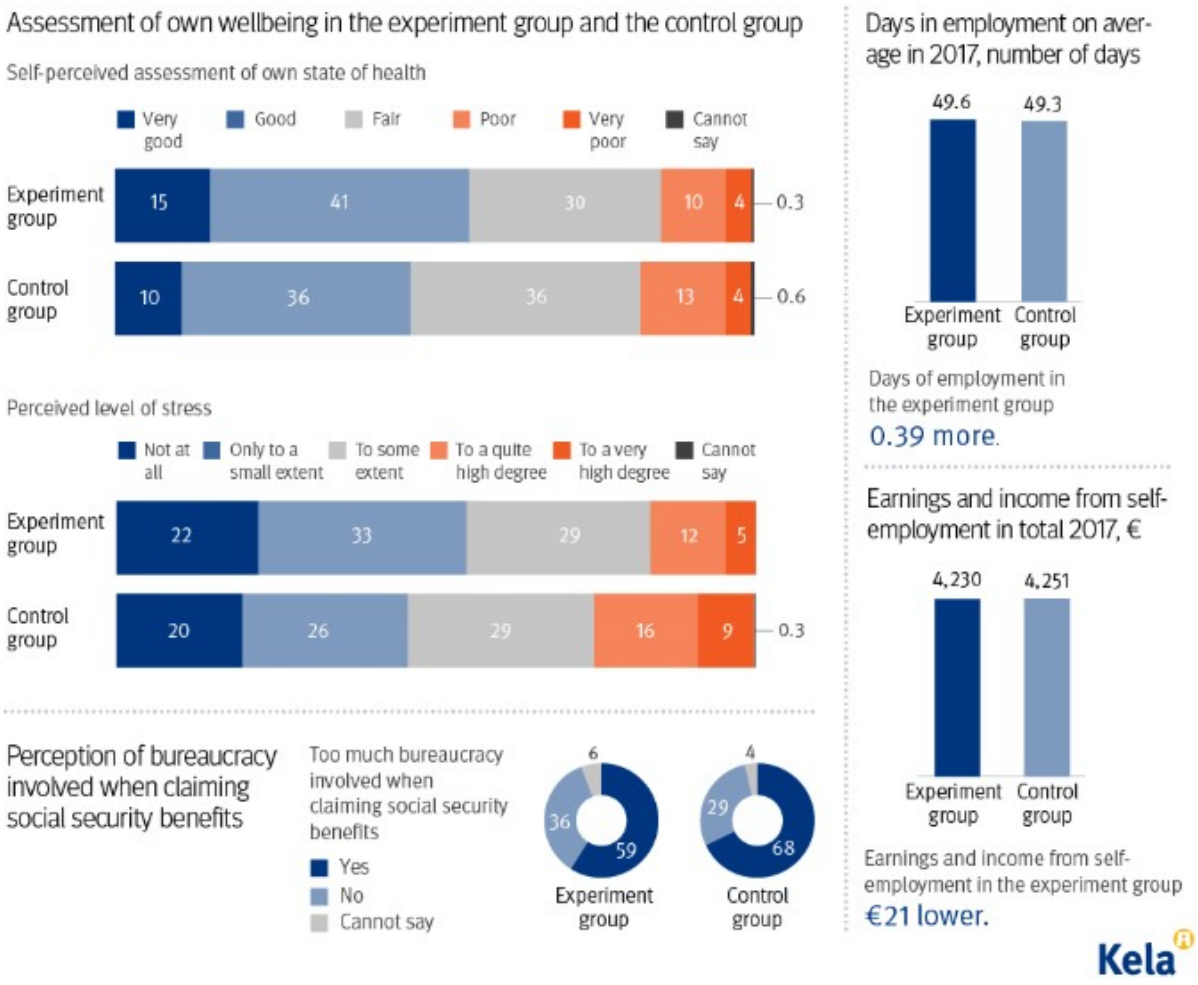
- An experimental group would be compared to a control group consisting of people who were not selected for the experimental group
- Results of the first year of the experiment would be available in spring 2019, followed a year later by a report that would cover the entire two years
- Analysis would include both register-based study and a phone survey among members of the experimental and control groups

www.kela.fi/web/en/news-archive/-/asset_publisher/lN08GY2nIrZo/content/preliminary-results-of-the-basic-income-experiment-self-perceived-wellbeing-improved-during-the-first-year-no-effects-on-employment

Preliminary results of the BI experiment:

- Self-perceived well-being improved; during the first year there were no effects on employment
- The BI experiment did not increase the employment level of the participants in the first year of the experiment
- Recipients of the income perceived their well-being as being better than those in the control group:
    - 55% of the recipients of a BI and 46% of the control group perceived their state of health as good or very good
    - 17% of the recipients of a BI and 25% of the control group experienced quite a high degree or a very high degree of stress

- The final results from the entire scheme were released in 2020, and the Guardian (www.theguardian.com/society/2020/may/07/finnish-basic-income-pilot-improved-wellbeing-study-finds-coronavirus) reported:
    - Through in-depth interviews, researchers found that generally participants were more satisfied with their lives and experienced less mental stress, depression, sadness, and loneliness than the control group
    - A mild positive effect on employment, especially in certain categories, such as families with children, was noted
    - Participants also scored higher on other measures of well-being such as greater autonomy, financial security, and optimism about the future
    - For some people, "basic income had zero effect on their productivity, as there were still no jobs in the area they were trained for"; however, others said that "with the basic income they were prepared to take on low-paying jobs they would otherwise have avoided"
    - It is believed that basic income allowed people to go back to the life they lived before they became unemployed, and for some it gave them the power to say no to low-paid insecure jobs, increasing a sense of autonomy.
    - The scheme also found that the security of a BI increased the possibility for them to do things like providing informal care for their family or their neighbours, giving them the opportunity to be involved in their communities
    - The security of a BI allowed them to do more meaningful things, and they felt their care work was legitimatized
    - Many of the people who performed unpaid care during the two-year period referred to such care as "work"



3. France

*Please note that much of this section comes directly from the European Commission website.

Revenu de Solidarité active (RSA) is a guaranteed minimum level of income for unemployed people or workers with very low income:

- Variable income according to the number of people in the household
- Income support concerns those who are at least 25 years old and those aged between 18 and 24 if they are parents or if they can prove they spend a certain length of time in work

Recipients need to:

- Be at least 25 years old, or be pregnant, or have one or more dependent children, or be able to prove a minimum duration of professional activity

- Live in France
- Be French or a national from the European economic area, or Swiss, and provide evidence of a right to stay, or be a national from another country and have stayed in France regularly for at least five years (except in special cases)
- Have an average monthly household income that does not exceed a certain level over three months
- Ensure that their rights to all other social security allowances (unemployment benefit, pensions, etc.) to which they are entitled have been established
- Understand that they will not be able to receive income support (unless they are a single parent) if they are on parental or sabbatical leave, on unpaid leave or seasonal layoff, or a student

The amount of income support depends on:

- Who is present in the household
- The person's income and that of each member of the household

If the household has no professional income, the minimum guaranteed income is a flat sum (dependent on the composition of the family). If the person is a single parent with dependent children, or they are pregnant, the minimum amount is increased.

Number of children	Single person	Single parent: Increase for single parents	Couple
None	€545.48	€700.46	€818.22
1	€818.22	€933.94	€981.86
2	€981.86	€1 167.43	€1 145.50
Per additional child	€218.19	€233.48	€218.19

If the person has income other than employment (unemployment benefit, daily allowances, housing benefit, etc.), the amount of income support paid is equal to the difference between BI support and the person's income.

If the household receives income from employment, the RSA is additional income when the income from employment is below a certain amount. The amount of RSA is equal to the difference between the guaranteed minimum amount and the household's income from employment (plus housing benefit).

4. Germany

4.1 HartzPlus

https://basicincome.org/news/2018/12/germany-the-first-basic-income-experiment-in-germany-will-start-in-2019/

This three-year initiative, started in May 2019, is conducted by the Sanktionsfrei organization, a non-profit managed by volunteers from the administration, information technology,

communications, and law sectors.

An unconditional cash transfer was due to be made to 250 randomly selected individuals, and another 250 people would act as the control.

HartzPlus will be conducted as a scientific experiment and will check for variations in mental health, life control, self-efficiency, sociopolitical values and more.

Organizers are relying on private donors for financing of the experiment.

4.2 Basic Income Experiment

www.vox.com/future-perfect/2020/8/25/21399408/germany-basic-income-ubi-covid-19-pandemic

- Study design:
    - During the study 120 people will receive €1 200 or about US$1 430S each month for about three years
    - The study will also compare results of the experiment to a control group consisting of 1 380 people who are not receiving the BI
    - 140 000 private donations have allowed the German Institute for Economic Research to conduct this experiment along with Mein Grundeinkommen (My Basic Income), a non-profit group
- What will be studied?
    - Beneficiaries are required to fill out questionnaires asking how the cash transfer has impacted their emotional well-being, home life, and work life.

4.3 Kindergeld

www.simplegermany.com/kindergeld-germany/

Kindergeld is a universal child benefit that every parent or adult caring for and living with a child in Germany is entitled to. It is not means-tested and is paid out to every care-taking adult regardless of income level.

Its purpose is to guarantee that every child's basic needs are met, and it is a fixed amount paid monthly by the Families Benefits Office under the Federal Employment Agency in Germany: €219 for the first two children, €225 for the third, €250 for each additional child.

5. India

5.1 BI Pilot in State of Madhya Pradesh

http://socialprotection-humanrights.org/wp-content/uploads/2016/04/Indias-Basic-Income-Experiment-PP21.pdf

The pilot ran from June 2011 to November 2012, and 6,000 men, women and children in nine villages received money each month.

The project took the form of two schemes:

- The first included eight villages, with 12 similar villages included as controls
- The second started later than the first and included one tribal village, with another tribal village as a control

The benefit level was initially set at the equivalent of US$4.40 for each adult and US$2.20 per child per month between June 2011 and May 2012. After May, the value was raised by 50% to adjust for inflation and provide a more generous benefit.

At the end of the project, there were significant improvements in living conditions, nutrition, health, and education.

5.2 BI Experiment

www.sciencealert.com/india-is-about-to-launch-the-largest-basic-income-experiment-in-history

Sikkim is one of the smallest states in India and in 2019 its ruling party announced the implementation of a UBI for every one of its 610 577 residents.

6. Italy

https://euobserver.com/tickers/144086

A €780 BI scheme was launched in March 2019. The first of three million cards to obtain a BI was unveiled on Monday, February 4, 2019. The card looked similar to a credit card but did not carry the owner's name, and provided unemployed as well as impoverished people with a monthly income of up to 780 euros.

www.bloomberg.com/opinion/articles/2019-01-28/italy-s-populists-hand-out-some-free-money

Italy's Five Star Movement proposed a "citizen's income" for households earning less than €9 360 ($10 612) a year.

It would be made up of an income support scheme and a housing allowance, adding up to €780 a month for a single person with no income, and would be aimed at pensioners and people of working age.

7. Kenya

www.givedirectly.org/basic-income

https://basicincome.org/news/2017/05/basic-income-experiments-and-those-so-called-early-2017-updates/

GiveDirectly, a US-based charitable organization, is working with economists to organize an experiment that will test the impact of different models of BI over 12 years.

At the launch of the experiment, the organizers set out how it would work:

- A randomized controlled trial will be conducted comparing four groups of villages:
    - Long-term BI: 40 villages with recipients receiving around US $0.75 per adult per day, delivered monthly for 12 years

- Short-term BI: 80 villages with recipients receiving the same monthly amount, but only for 2 years
- Lump sum: 70 villages with recipients receiving the same amount as the short-term BI group, but all up front as a “lump sum”
- Control group: 100 villages not receiving cash transfers

More than 21 000 people will receive some type of cash transfer, with more than 5 000 receiving a long-term BI. An independent contractor will be used for research surveying, and will publicly register the study to mitigate publication bias and publish a pre-analysis plan on how the analysis will be conducted.

Payments for the long-term group will continue for 12 years but the results on how long-term cash transfers influence short-term decisions and welfare was released within the first 1–2 years.

What will be learned:

- Comparing the first and second groups of villages will tell the organizers how important the guarantee of future transfers is for today (e.g. taking a risk, like starting a business)
- Comparisons between the second and third groups will reveal how breaking up a given amount of money affects its impact

The organizers will be able to assess the impact of a BI against a broad set of metrics, including:

- Economic status (income, assets, standard of living)
- Time use (work, education, leisure, community involvement)
- Risk-taking (migrating, starting businesses)
- Gender relations (especially female empowerment)
- Aspirations and outlook on life

8. Scotland

www.heraldscotland.com/news/16437958.universal-basic-income-is-attempt-to-euthanise-the-working-class-as-a-concept/

A suggestion has been made for every adult to be paid £162 a week, which would be funded by hiking income tax to at least 45%.

Glasgow, Edinburgh, Fife, and North Ayrshire councils have all been considering BI pilots, and were planning to begin trials in 2020, subject to whether proposals were feasible or not.

A total of £250 000 has been set aside for two years for the local authorities, who seek to understand the impact of a BI.

9. Spain

9.1 Barcelona's B-MINCOME

http://ajuntament.barcelona.cat/bmincome/en/social-aids-barcelona

http://ajuntament.barcelona.cat/bmincome/en/budget-aids-barcelona

https://basicincome.org/news/2017/10/overview-of-current-basic-income-related-experiments-october-2017/

Launched in October 2017 and conducted in the Besos area (the city's poorest region, containing low-income individuals and households), the experiment was to run from September 2017 to December 2019.

From October 2017 to September 2019, all participants were to receive various kinds of income, with a results-evaluation period following from September to December 2019.

A random sample of 2 000 households were selected, with 1 000 assigned to a control group and the others assigned to one of ten treatment groups.

All treatment groups would receive income supplements called Municipal Inclusion Support (SMI), but would differ according to whether SMI was accompanied by a social program and whether it was means-tested.

The amount depended on households' composition and financial status, and was expected to range from €100 to €1 676 per month per household:

- A group of 550 households would be assigned to participate in one of four social programs: an occupation and education program, a social and cooperative economy program, a guaranteed housing program, and a community participation program
- The remaining 450 households would receive SMI without any associated programs

Researchers would examine the outcome variables, including labour market participation, food security, housing security, energy access, economic situation, education participation and attainment, community networks and participation, and health, happiness, and well-being.

They would also investigate whether SMI reduced administrative and bureaucratic responsibilities of social workers.

9.2 National Basic Minimum Income Scheme

www.optimistdaily.com/2020/06/spain-is-implementing-a-universal-minimum-income-what-is-that/

www.aljazeera.com/economy/2020/5/30/spain-introduces-basic-income-scheme-to-tackle-poverty

www.independent.co.uk/news/world/europe/spain-national-minimum-income-universal-basic-coronavirus-ubi-economy-a9538606.html

A previously proposed program was rapidly implemented due to the Covid-19 pandemic, and is to be implemented indefinitely.

What is the target or level of income?

- Individual claimants must be at least 23 years old and under 65, with assets of less than €16 614 (excluding housing and discounted loans)
- The program will target 850 000 low-income households or 2.5 million people
- It is means-tested and families must be deemed "vulnerable" (have a monthly income that is €10 or more below the minimum income) to receive the income
- It includes incentives for finding a "formal job"

How much money will be given out?

- Eligible recipients will receive a minimum income of €462 per month up to a maximum amount of €1 015 per month
- The minimum income will increase with the number of family members, with an additional €139 provided per family member, regardless of whether they are a child or an adult
- In addition to the monthly stipend, the government will top-up existing revenue for people earning less, so that they are able to receive at least the minimum amount of €462

What is the cost?

- It will cost the Spanish government €3 billion per year

10. Sweden

www.justlanded.com/english/Sweden/Sweden-Guide/Jobs/Old-age-pensions-in-Sweden

Sweden's pension system is based on a three-pillar system:

1. A guaranteed pension
2. An income-related pension
3. A premium fund

During their working life, 18.5% of a person's income will go into the pension system: 16% will be given to current pensioners and 2.5% will go into a premium fund.

The guaranteed pension:

- Offers a minimum pension for people with low pension entitlements or no income; they must have lived in Sweden for a minimum of three years to receive it
- Requires a person to have at least 40 years of residence to qualify for the full guaranteed pension
- Is payable from the age of 65

The income-related pension is:

- Drawn from all earnings starting from the age of 16

- Available from the age of 61, but the more a person contributes, the higher the pension will be

The premium fund:

- During their working life, 2.5% of a person's contributions go into a premium fund of their choice
- There are 500 different funds with different returns
- If a premium fund is not chosen, the money will go into the Premium Savings Fund within the National Swedish Fund
- Married couples can transfer their entitlements to each other

Supplementary insurance schemes:

- Many high earners receive less, as public pensions and contributions have a cap – so they can take a supplementary occupational pension
- In some companies, the employer contributes 3.5% of everyone's earnings towards the pension

11. Uganda

www.eight.world/

https://basicincome.org/news/2017/05/basic-income-experiments-and-those-so-called-early-2017-updates/

In January 2017, Eight, a charitable organization, began providing unconditional cash payments in the Ugandan village of Busibi:

- 56 adults and 88 children received monthly cash payments – each adult received the equivalent of US$18.25 per month (approximately 30% of the average income of lower-income families) and each child received the equivalent of US$9.13 per month
- Payment continued till the end of 2018

The main outcomes were studied: girls' educational achievement, access to health care, entrepreneurship and economic development and participation in democratic institutions.

Data collected during and after the pilot were to be compared to data that were gathered before its launch. However, no additional village has been studied as a control, thereby limiting the usefulness of this experiment.

12. Ukraine

https://basicincome.org/news/2018/12/ukraine-basic-income-experiment-has-started-being-prepared-in-ukraine/

The City of Pavlograd decided to perform a BI experiment, with a plan to provide the equivalent of €100 per month to each of 2 000 randomly selected citizens for a 24-month period. (The average monthly salary in Ukraine is around 9 000 UAH, or €286.)

At the outset, the City was not capable of contributing to the financing of the experiment, but it could cover the immediate costs of communications, announcements, physical workspaces, and human resources to start the project. Other money was being sought in a fundraising initiative among public and private charitable organizations.

13. United States

13.1 Long-term Study on BI

www.wired.com/story/y-combinator-learns-basic-income-is-not-so-basic-after-all/

https://basicincome.org/news/2017/10/overview-of-current-basic-income-related-experiments-october-2017/

In January 2016 technology incubator Y Combinator announced plans to fund a long-term study on BI. Unconditional cash transfers would be provided to 3 000 participants in two states, with an expected start in early to mid 2019:

- 1 000 people were to receive US$1 000 per month, while a control group of 2 000 people would get US$50 per month
- Some would receive payments for three years, and some for five years

13.2 Baby's First Years

In 2019 a BI project called Baby's First Years at University of California Irvine, was recruiting 1 000 low-income new mothers in four cities. Half of them would receive an unconditional $333 per month while the control group received $20 per month.

The target population for the experiment was adults aged 21 to 40, and the research group was interested in mental and physical health, subjective well-being, financial health, decision making and attitudes towards risk, and political and social attitudes.

13.3 Stockton BI Experiment

www.businessinsider.com/basic-income-experiment-stockton-details-about-trial-2018-8-

https://sanfrancisco.cbslocal.com/2021/03/04/study-shows-stockton-universal-basic-income-experiment-increased-employment/

Stockton, California started a major BI pilot (for an 18-month trial period) in February 2019. The Stockton Economic Empowerment Demonstration (SEED) provided 125 residents with US$500 per month.

They qualified for the trial if they were 18 years old or over and had a median income of less than US$46 033 according to the census. Those who earned more than the specified amount could still be eligible if their neighbourhood fit the criteria.

The project was funded entirely by a private non-profit organization, which randomly chose 1 000 initial residences. Out of those who completed a form of demographic questions, 125 people were randomly selected to receive the BI.

Recipients were regularly checked to determined how the BI affected health, financial security, and civic engagement; a control group was to be also monitored.

What were the results?

- From February 2019 to February 2020, incomes of the 125 recipients were much smoother from one month to the other in comparison to the control group, which received no money
- When the program started in February 2019, 28% of the participants who got the money had full-time jobs. One year later (before the pandemic), 40% of those people had full-time jobs
- A control group of people who did not get the money saw an increase in full-time employment over that same time period by 5% points

Researchers suggest that the additional money helped people quit or reduce their hours at part-time, gig work and by so doing they were able to complete training and internships that led to full-time work.

The researchers also found that the people who received the money reported lower incidences of anxiety and depressive symptoms when compared to another group of people who did not get it.

People received the money once a month on a debit card, which let researchers track how most of them spent it. Less than 1% of the money went to tobacco and alcohol.

Appendix B – Outline of Temporary Federal Income Support Programs in Initial Response to Covid-19 (announced in Spring 2020)

Persons with Disabilities

Special one-time, tax-free, non-reportable payment

The federal government is providing a one-time, tax-free, non-reportable payment of $600 to help Canadians with disabilities who are recipients of any of the following programs or benefits:

- Holders of a valid Disability Tax Credit (DTC) certificate, and DTC – The person must meet one of the following criteria:
    - Be blind
    - Be markedly restricted in at least one of the basic activities of daily living
    - Be significantly restricted in two or more or the basic activities of daily living (can include a vision impairment)
    - Need life-sustaining therapy
- In addition, the person's impairment must meet all of the following criteria:
    - Be prolonged, which means the impairment has lasted or is expected to last for a continuous period of at least 12 months
    - Be present all or substantially all the time (at least 90% of the time)
- Beneficiaries as at July 1, 2020 of:
    - CPP Disability
    - QPP Disability Pension
    - Disability supports provided by Veterans Affairs Canada (VAC):
        - Disability Pension
        - Disability Award
        - Pain and Suffering Compensation
        - Critical Injury Benefit
        - Rehabilitation Services and Vocational Assistance Program
        - Income Replacement Benefit
        - Canadian Forces Income Support
- Cash, categorical, unconditional

www.canada.ca/en/services/benefits/covid19-emergency-benefits/one-time-payment-persons-disabilities.html

Post-Secondary Students and Recent Graduates

Canada Emergency Student Benefit (CESB)

The CESB will provide a taxable benefit of $1 250 every four weeks to eligible students, or $2 000 to eligible students with dependents or with a disability who are not eligible for the Canada Emergency Response Benefit or EI or unable to work due to Covid-19. To be eligible, applicants must meet the following criteria:

- They did not apply for, receive, nor qualify for, the CERB or EI benefits for the same eligibility period
- They are one of the following:
    - Canadian citizen
    - Registered Indian
    - Permanent resident
    - Protected person
- They are studying in Canada or abroad
- One of the following:
    - The applicants are or were enrolled in a post-secondary educational program (at least 12 weeks in duration) that leads to a degree, diploma, or certificate at one of the recognized post-secondary educational institutions
    - The applicants completed or ended their post-secondary studies in December 2019 or later
    - The applicants completed high school or its equivalent in 2020 and started post-secondary educational program that starts before February 1, 2021
- One of the following:
    - The applicants are unable to work due to Covid-19
    - The applicants are actively looking for, but cannot find, work due to Covid-19
    - The applicants are currently working during the Covid-19 pandemic, but expect their income from employment and self-employment to be $1 000 or less (before taxes) during a four-week period
    - Cash, conditional (work), categorical

www.canada.ca/en/revenue-agency/services/benefits/recovery-sickness-benefit/crsb-who-apply.html

Changes to the Canada Student Loans Program

This program allows more students to qualify for support and be eligible for greater amounts.

The changes included:

- Doubling the Canada Student Grants for all eligible full-time students to up to $6 000, and up to $3 600 for part-time students, in 2020–21. The Canada Student Grants for Students with Permanent Disabilities and Students with Dependents would also be doubled
- Broadening eligibility for student financial assistance by removing the expected student's and spouse's contributions in 2020–21
- Raising the maximum weekly amount that could be provided to a student in 2020–21 from $210 to $350
- Cash, conditional (service), needs-based

www.canada.ca/en/services/benefits/education/student-aid.html

Supporting student researchers and post-doctoral fellows

The federal government provided additional support to student researchers and post-doctoral fellows through the federal granting councils.

Funding would support a one-semester extension for eligible students whose research scholarships or fellowships ended between March and August 2020 and who intended to continue their studies. It would also provide a three-month extension in funding for holders of federal research grants to support eligible trainees and staff paid out of these awards.

- Cash, conditional (service), categorical

Indigenous Peoples

Indigenous Community Support Fund

The government has provided $685 million for a new distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit, and Métis Nation communities.

These funds could be used for measures such as:

- Support for Elders and vulnerable community members
- Measures to address food insecurity
- Educational and other support for children
- Mental health assistance and emergency response services
- Preparedness measures to prevent the spread of Covid-19

Who does this support?

- First Nations communities (including self-governing and modern treaty nations)
- Inuit communities in Inuit Nunangat
- Métis governing members in BC, Alberta, Saskatchewan, Manitoba, and Ontario
- Urban and off-reserve Indigenous organizations
- Cash, categorical, unconditional

www.sac-isc.gc.ca/eng/1585189335380/1585189357198

Additional public health support for First Nations and Inuit communities

The government has provided $100 million to support a range of federal health measures, including support for preparedness in First Nation and Inuit communities.

The service includes supplies and storage (personal protective equipment, or PPE, for essential workers in communities that require non-medical masks or surgical masks, gloves, hand sanitizer), and food security to support physical isolation.

It helps First Nations communities and organizations that deliver community-based services in response to Covid-19 public health needs.

In case of outbreaks, this funding can be accessed for surge capacity and additional support for similar services in First Nations, Inuit and Métis communities.

- In-kind, categorical, unconditional

www.sac-isc.gc.ca/eng/1584819394157/1584819418553#b

Making personal hygiene products and nutritious food more affordable

The government has provided an additional $25 million to Nutrition North Canada (NNC) to increase subsidies so families can afford much-needed personal hygiene products and nutritious food. NNC is a Government of Canada program that helps make nutritious food and some essential items more affordable and more accessible. NNC helps eligible northern communities in three ways: the NNC subsidy, the Harvesters Support Grant, and nutrition education initiatives.

When the applicants shop at a registered NNC retailer, the price of eligible food reflects the NNC subsidy. At larger stores, the savings will be displayed on their receipt.

- Vouchers, unconditional, categorical

www.nutritionnorthcanada.gc.ca/eng/1415385762263/1415385790537

Providing support to Indigenous post-secondary students

The government has provided $75.2 million to offer additional distinctions-based support to First Nations, Inuit, and Métis Nation post-secondary students. It funds:

- Transcript and application fees, tuition and other students' fees, initial professional certification and examination fees, books, and supplies
- Academic readiness and support, cultural education, and life-skills development

Who can apply?

- Status First Nations post-secondary students who maintain satisfactory academic standing within an eligible post-secondary institution

Funding is limited and not all students may be funded. Partial funding may be provided. Applications are valid for one school year only.

- Cash and in-kind (provides some supports and skill development), conditional (services), categorical

www.sac-isc.gc.ca/eng/1100100033682/1531933580211

Boosting the On-Reserve Income Assistance Program

The government has provided $270 million to supplement the On-Reserve Income Assistance Program to address increased demand for the program, which will help individuals and families meet their essential living expenses.

Income assistance includes funds for:

- Basic needs (such as food, clothing, and rent and utilities allowance)
- Special needs (such as essential household items, personal incidentals, and doctor-recommended diets)
- Pre-employment and employment support to move individuals towards self-sufficiency (such as life skills and job training)

Individuals who believe they may be eligible will need to meet all of the following criteria: they are ordinarily resident on-reserve or Status Indians in the Yukon, they are eligible for basic or special financial assistance, and they can demonstrate that they have no other source of funding to meet their basic needs.

- Cash, unconditional, needs-based

www.sac-isc.gc.ca/eng/1100100035256/1533307528663

Avoiding Layoffs, Rehiring Employees and Creating New Jobs

Canada Emergency Wage Subsidy (CEWS)

Eligible employers who had any drop in revenue can now qualify for the wage subsidy, starting with the claim periods that began July 5, 2020. The government will cover a portion of an employee's wages for eligible employers. The CEWS will allow applicants to re-hire their employees and avoid layoffs as the economy continues to safely reopen.

Employers must have had a CRA payroll account on March 15, 2020 and:

- Be one of the following types of employers:
    - Individuals
    - Corporations (or trusts) that are not exempt from income tax (Part I of the Income Tax Act)
    - The following persons that are exempt from income tax (Part I of the Income Tax Act):
        - Non-profit organizations
        - Agricultural organizations
        - Boards of trade

        - Chambers of commerce
        - Non-profit corporations for scientific research and experimental development
        - Labour organizations or societies
        - Benevolent or fraternal benefit societies or orders
    - Registered charities
    - Partnerships consisting of eligible employers
    - The following prescribed organizations:
        - Certain Indigenous government-owned corporations that carry on a business
        - Partnerships consisting of eligible employers and certain Indigenous governments
        - Registered Canadian amateur athletic associations
        - Registered journalism organizations
        - Private schools or private colleges
        - Partnerships consisting of eligible employers (including partnerships where at least 50% of the interests in the partnership are held by eligible employers)
    - Public institutions are not eligible for the subsidy – this includes municipalities and local governments, Crown corporations, public universities, colleges and schools, and hospitals
- Have experienced a drop in revenue
- Cash, categorical, conditional (work)

www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html

Temporary 10% Wage Subsidy (TWS)

The TWS is a three-month measure that allows eligible employers to reduce the amount of payroll deductions required to be remitted to the CRA. It is equal to 10% of the remuneration paid by applicants from March 18 to June 19, 2020 – up to $1 375 for each eligible employee. The maximum total is $25 000 for each eligible employer.

The applicants must have had a CRA payroll program account as of March 18, 2020 and:

- Have paid salary, wages, bonuses, or other remuneration (including tax-exempt remuneration) to an eligible employee from March 18 to June 19, 2020
- Be one of the following:
    - Individual or sole proprietor (excluding trusts)

    - Partnership
    - Non-profit organization
    - Registered charity
    - Canadian-controlled private corporation (including a cooperative corporation)
- Cash, conditional (work), categorical

www.canada.ca/en/revenue-agency/services/subsidy/temporary-wage-subsidy.html

Taxes and Tariffs

Waiving tariffs on certain medical goods

The government waives tariffs on certain medical goods, including PPE such as masks and gloves. This will reduce the cost of imported PPE for Canadians, help protect workers, and ensure supply chains can keep functioning well.

- Vouchers, universal, unconditional

www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-19-eng.html

Financial Support, Loans, and Access to Credit

Canada Emergency Business Account (CEBA) interest-free loans

*Please note that applications are now closed.

The CEBA provides interest-free loans of up to $40 000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced. This program has been implemented by banks and credit unions in collaboration with Export Development Canada.

To be eligible, the borrower must:

- Be a Canadian operating business in operation as of March 1, 2020
- Have a federal tax registration
- Have a total employment income in the 2019 calendar year of between CAD $20 000 and CAD $1 500 000. For applicants with CAD $20 000 or less in total employment income, paid in the 2019 calendar year, the borrower must have:
    - A CRA business number and have filed a 2018 or 2019 tax return
    - Eligible non-deferrable expenses between CAD $40 000 and CAD $1 500 000. Such expenses could include costs such as rent, property taxes, utilities, and insurance. They will be subject to verification and audit by the Government of Canada
- Have had an active business chequing/operating account with the lender, which is its primary financial institution, that was opened on or prior to March 1, 2020 and was not in arrears on existing borrowing facilities, if applicable, with the lender by 90 days or more as at March 1, 2020.

- Have not previously used the program, and will not apply for support under it at any other financial institution
- Acknowledge its intention to continue to operate its business or to resume operations
- Agree to participate in post-funding surveys conducted by the Government of Canada or any of its agents
- Cash, categorical, conditional (work)

https://ceba-cuec.ca/

Loan Guarantee for Small and Medium-Sized Enterprises

Through the Business Credit Availability Program (BCAP), Export Development Canada (EDC) is working with financial institutions to guarantee 80% of new operating credit and cash flow term loans of up to $6.25 million to small and medium-sized enterprises (SMEs). This financing support is to be used for operational expenses and is available to both exporting and non-exporting companies.

If the applicant's business needs access to working capital to cover operational costs as a result of the Covid-19 pandemic, it may be eligible for the EDC BCAP Guarantee. This is for new operating lines of credit or new term loans to support applicants' cash flow needs.

- Cash, needs-based, conditional (work)

www.edc.ca/en/solutions/working-capital/bcap-guarantee.html

Co-Lending Program for Small and Medium-Sized Enterprises

Through the BCAP, Business Development Canada is working with financial institutions to co-lend term loans of up to $6.25 million to SMEs for their operational cash flow requirements.

To be eligible, an applicant's business has to have been:

- Directly or indirectly impacted by COVID-19
- Financially stable and viable prior to the current economic situation

The financing will be used solely to support operational cashflow requirements, and is subject to the applicant's primary financial institution's credit criteria.

- Cash, categorical, conditional (work)

www.bdc.ca/en/special-support/special-support-co-lending-program

Regional Relief and Recovery Fund (RRRF)

This program is closed now. It provided nearly $962 million to help more businesses and organizations in sectors such as manufacturing, technology, and tourism that are key to the regions and to local economies. The RRRF was specifically targeted at those that might have required additional help to recover from the Covid-19 pandemic but were unable to access other support measures.

It was designed to help mitigate the financial pressure experienced by businesses and

organizations to allow them to continue their operations, including paying their employees; and support projects by businesses, organizations, and communities to prepare for a successful recovery.

- Cash, conditional (work), needs-based

www.ic.gc.ca/eic/site/icgc.nsf/eng/h_07682.html

Canada Emergency Commercial Rent Assistance (CECRA)

This program is closed now. It provided relief for small businesses experiencing financial hardship due to Covid-19. Over the course of the program, property owners would reduce rent by at least 75% from April–September 2020 for their small business tenants. CECRA would cover 50% of the rent, with the tenant paying up to 25% and the property owner forgiving at least 25%.

To qualify for CECRA for small businesses, the commercial property owner had to:

- Own a commercial property which was occupied by one or more impacted small business tenants
- Enter (or have already entered) into a legally binding rent-reduction agreement for the period of April–June 2020
- Reduce an impacted small business tenant's rent by at least 75%
- Ensure that there was a rent-reduction agreement for each impacted tenant and sub-tenant and that it included:
    - A moratorium on eviction for the period during which the property owner applied the loan proceeds
    - An acknowledgement that the forgiven rent would never be recoverable

The commercial property owner could not hold federal or provincial political office or be controlled by an individual holding federal or provincial political office.

- Vouchers, conditional (work), categorical

www.cmhc-schl.gc.ca/en/finance-and-investing/covid19-cecra-small-business

Mid-market financing program

This program will provide commercial loans ranging between $12.5 million and $60 million to medium-sized businesses whose credit needs exceed what is already available through the BCAP and other measures.

To be eligible, an applicant's business must have been financially stable and viable prior to the current economic environment, must have been directly or indirectly impacted by Covid-19 and/or the recent decline in oil and gas prices, and have credit needs that exceed what is already available through the co-lending program and other measures.

- Cash, conditional (work), needs-based

www.bdc.ca/en/special-support/special-support-mid-market-financing-program

Large Employer Emergency Financing Facility (LEEFF)

The LEEFF provides bridge financing to Canada's largest employers whose needs during the pandemic are not being met through conventional financing, in order to keep their operations going.

The LEEFF will be open to Canadian employers who: have a significant impact on Canada's economy, as demonstrated by having significant operations in Canada or supporting a significant workforce in Canada; can generally demonstrate approximately $300 million or more in annual revenues; and require a minimum loan size of about $60 million.

- Cash, conditional (work), needs-based

www.cdev.gc.ca/home-ceefc/

Aquaculture and Fisheries

Fish Harvester Benefit

This program is now closed. The Fish Harvester Benefit offers income support to self-employed fish harvesters and sharepersons. The benefit covers up to 75% of income losses beyond a 25% threshold for the 2020 tax year when compared to 2018 or 2019. The maximum benefit is $10 164.

The following are eligible:

- Self-employed commercial fish harvesters (e.g. "owner-operators", enterprise heads, inshore licence holders, or those holding limited-entry commercial licence eligibility (Pacific))
- Self-employed freshwater fish harvesters
- Indigenous harvesters who are designated by their community under a communal commercial fishing licence
- Sharepersons' crew
- Cash, conditional (work), categorical

www.dfo-mpo.gc.ca/fisheries-peches/initiatives/fhgbp-ppsp/index-eng.html

Fish Harvester Grant

This program is now closed. It involves a non-repayable grant to self-employed fish harvesters with a valid commercial fishing licence in 2020 (issued by Fisheries and Oceans Canada or their province or territory for freshwater commercial harvesters).

The grant provides non-repayable support of up to $10 000, dependent on the level of the fish harvesters' historic fishing revenue in 2018 or 2019.

The following are eligible:

- Self-employed commercial fish harvesters (e.g. "owner-operators", enterprise heads, inshore licence holders, or those holding limited-entry commercial licence eligibility (Pacific))

- Freshwater fish harvesters (subject to provincial agreement to provide licensing information)
- Indigenous harvesters who are designated as Vessel Masters by their community under a communal commercial fishing licence
- Cash, conditional (work), categorical

www.dfo-mpo.gc.ca/fisheries-peches/initiatives/fhgbp-ppsp/index-eng.html

Appendix C – Overview of Multiparty Support for Basic Income Concept

1. Progressive Conservative (PC) Party

https://lindsayadvocate.ca/benns-belief-conservatives-and-basic-income/

Three Mulroney-era Tories open to moving basic income forward – basicincomecanada.org

www.saltwire.com/prince-edward-island/news/local/federal-ndp-leader-supports-pei-basic-income-pilot-533593/

www.orilliamatters.com/coronavirus-covid-19-local-news/orillia-senator-joins-growing-chorus-calling-for-minimum-basic-income-2288711

- Segal (2019) identifies the following incidences where support was shown for a BI by prominent members of conservative parties:
    - The federal PC Party research office brought out a paper on guaranteed annual income (GAI) prepared by Keith Banting, prior to its conference in 1969. Party leader Robert Stanfield was reserved in his support for GAI, even though David MacDonald, an elected member, presented a paper in defence of it. The conference decided to meld the GAI proposal into a softer commitment to welfare reform
    - In 1975 the minority PC government in Ontario had passed into law the GAI supplement for seniors
- Retired PC senator Michael Meighen campaigned for a GBI
- Former PC Minister Perrin Beatty, current CEO of the Canadian Chamber of Commerce, is a supporter of BI, believes it could greatly help "small rural economies", and points out the potential benefits of a BI in being able to "boost low-wage salaries" and that "a basic income might be an answer to the challenge of automation in the workplace"
- Simcoe North MP Bruce Stanton of the PC Party supported independent senator Gwen Boniface's letter to the Prime Minister calling on the government to begin talks about developing and implementing a minimum BI
- Dennis King, the Premier of PEI and a member of the PC Party of PEI, has pledged to advocate for a BI pilot project at the federal level

2. Liberal Party

- Forget (2020) states that the Liberal Government led by Kathleen Wynne introduced the OBIP, but when the PC government came to power in 2018 it was cancelled, despite a campaign promise to continue the experiment
- According to Segal (2019), Senator David Croll, a former Liberal elected representative both federally and provincially, authored a report, *Poverty in Canada: Report of the Special Senate Committee on Poverty*, that called for a GAI
- Prime Minister Justin Trudeau said "It's not something that we see a path to moving

forward with right now" at a virtual townhall meeting in December of 2020

- Bill C-273 – February 22, 2021

  www.ubiworks.ca/basicincomebill

  www.huffingtonpost.ca/entry/basic-income-members-bill-strategy-canada_ca_6037f768c5b6371109dac382

  - Tabled by Liberal MP Julie Dzerowicz, Bill C-273 is Canada's first BI bill. It aims to establish a national strategy for a GBI through a private member's bill
  - The bill includes support for dedicated BI research and will study how it would affect the efficiency of government and job creation, and how it could support entrepreneurship and civic action in a new economy
  - Other effects studied among recipients should include their quality of life, physical and mental health, use of health services, housing stability, savings, education, social relations, and labour market participation
  - Research must inspect both indirect and direct benefits for the recipients
  - The bill states that the strategy must involve a pilot project in one or more provinces to test models of implementation
  - The framework must have national standards
  - It has been seconded by Liberal MP Annie Koutrakis and Wayne Easter, Liberal Chair of the House of Commons Finance Committee, who referred to Bill C-273 as "a step towards collecting concrete evidence" and welcomed the pilot project in his home province of PEI. It has passed the first reading and the second reading will be held in early spring of 2021

- The Liberal National Convention 2021

  https://2021.liberal.ca/wp-content/uploads/sites/365/2021/04/2021-Liberal-National-Convention-Policies-1.pdf

  - Policy priority number 2 is a resolution that through a process of intersectional consultation with stakeholders and political parties, the Government of Canada will introduce a UBI for all Canadians
  - The resolution was put forward by the Young Liberals of Canada and the Liberal Party of Canada (Ontario)
  - It passed at the convention

3. New Democratic Party (NDP)

www.saltwire.com/prince-edward-island/news/local/federal-ndp-leader-supports-pei-basic-income-pilot-533593/

www.ourcommons.ca/Members/en/leah-gazan(87121)/motions/10852236

www.leahgazan.ca/basicincome

- Segal (2019) states that Mincome was established in Manitoba through the joint efforts of the federal Liberal Party and the provincial NDP
- November 2020 – Labrador West MHA Jordan Brown, of the NDP, tabled a private member's motion that called for the province to study what a BI might look like for Newfoundland and Labrador. The motion was a success and all parties agreed to weigh the benefits and costs of a BI pilot
- December 2020 – Federal NDP leader Jagmeet Singh is the first federal leader to pledge federal support for the PEI BI pilot project. In the 2019 election race, the NDP campaigned on implementation of a national BI
- Motion 46 – Guaranteed Livable Basic Income – August 2020
    - NDP MP Leah Gazan from Winnipeg Centre put forward a motion that would allow the CERB to be turned into a permanent livable income, stating that this be made available "in addition to current and future government public services and income supports". It has been developed in collaboration with Basic Income Manitoba and the Basic Income Canada Network

4. Green Party

https://gpo.ca/2018/10/24/schreiner-and-may-ask-trudeau-to-rescue-basic-income-pilot/

www.greenparty.ca/en/adopt-gli

www.greenparty.ca/en/media-release/2021-02-09/statement-green-party-leader-annamie-paul-guaranteed-livable-income-bc

- Since 2014, the Green Party of Canada has strongly advocated for a Guaranteed Livable Income, essentially proposing an annual NIT
- Mark Schreiner and former Green Party Leader Elizabeth May wrote an open letter to Prime Minister Justin Trudeau to reinstate the OBIP, which was cancelled by Premier Ford
- Green et al. (2020) state that their panel's report was a result of an agreement between the provincial parties in British Columbia. The Green Party of BC made the investigation of a BI part of the conditions for its support of the minority NDP
- February 2021 – Green Party leader Annamie Paul, along with Senator Kim Pate, is currently calling on the government to engage in talks about the implementation of a national guaranteed livable income, and believes that a BI "could act as a safety net beyond the pandemic"

Appendix D – Illustrative Calculations

UBI for All Canadians

In the following table we show the effect of reallocating social assistance expenditures (see Notes below) equally among all Canadians – first using only federal social assistance and then using both federal and provincial social assistance expenditures. No changes in behaviour are considered, nor are any changes in tax collection. This is referred to as a budget-neutral approach.

We also show several indicators of poverty, referred to as the Foster–Greer–Thorbecke (FGT) indices. The first measures poverty by headcount ratio [1], the second the average normalized poverty gap [2], and the third the average squared normalized poverty gap [3]. The poverty gap takes the shortfall from the poverty line and normalizes it by dividing by the poverty line. The squared poverty gap ratio gives greater weight to larger shortfalls – so larger numbers indicate greater absolute poverty. This provides a measure of poverty and income inequality. *For ease of presentation, all indices calculated have been multiplied by 100*.

Prior to reallocation the estimated FGT indices were 9.5, 3.4, and 2.0.

The second column shows the level of UBI that could be provided per week to all Canadians by reallocating social assistance expenditures. The subsequent three columns show the estimated FGT indices associated with this approach.

The sixth column shows the additional expenditure (without regard to behavioural changes and tax effects) to provide a weekly BI of $500 per person after reallocating social assistance expenditures. The $500 per week is an arbitrary figure, but one used in a number of the emergency responses for income support during Covid-19. The final three columns show the estimated FGT indices associated with this approach.

Table 1 – UBI for All Canadians

	Budget-Neutral Reallocation				UBI of $500/Week			
		Estimated FGT indices			Estimated FGT indices			
Expenditures Reallocated	UBI Level	[1]	[2]	[3]	Added Expenditure ($B)	[1]	[2]	[3]
Federal	122	6.7	2.0	1.0	705	0.1	0.1	0.1
Federal and Provincial	153	7.3	2.3	1.1	648	0.1	0.1	0.1

UBI for Canadians In Households Not Receiving OAS

In the following table we show the effect of reallocating social assistance expenditures excluding the GIS and OAS (see Notes below) equally among all Canadians living in households in which no one receives OAS (a proxy for Canadians under 65) – first using only federal social assistance and then using both federal and provincial social assistance expenditures. No changes in behaviour are considered, nor are any changes in tax collection. This is referred to as a budget-neutral approach.

We also show several indicators of poverty, the FGT indices. The first measures poverty by headcount ratio [1], the second the average normalized poverty gap [2], and the third the average squared normalized poverty gap [3]. The poverty gap takes the shortfall from the poverty line and normalizes it by dividing by the poverty line. The squared poverty gap ratio gives greater weight to larger shortfalls – so larger numbers indicate greater absolute poverty. This provides a measure of poverty and income inequality. *For ease of presentation, all indices calculated have been multiplied by 100*.

Prior to reallocation the estimated FGT indices were 11.2, 4.2, and 2.4.

The second column shows the level of UBI that could be provided per week to all Canadians living in a household in which no one receives OAS, by reallocating social assistance expenditures other than GIS and OAS. The subsequent three columns show the estimated FGT indices associated with this approach.

The sixth column shows the additional expenditure (without regard to behavioural changes and tax effects) to provide a weekly BI of $500 per person to those living in a household in which no one receives OAS, after reallocating social assistance expenditures other than GIS and OAS. The $500 per week is an arbitrary figure, but one used in a number of the emergency responses for income support during Covid-19. The final three columns show the estimated FGT indices associated with this approach.

Table 2 – UBI for Canadians in Households Not Receiving OAS

	Budget-Neutral Reallocation				UBI of $500/Week			
		Estimated FGT indices			Estimated FGT indices			
Expenditures Reallocated	UBI Level	[1]	[2]	[3]	Added Expenditure ($B)	[1]	[2]	[3]
Federal	91	6.7	2.1	1.1	594	1.1	0.3	0.1
Federal and Provincial	131	7.4	2.5	1.3	537	1.4	0.4	0.1

UBI for All Households (maximum three UBI payments per household)

In the following table we show the effect of reallocating social assistance expenditures (see Notes below) equally among households (singles and economic families) on the following basis: one UBI payment per single household, two UBI payments for an economic family of two, and three UBI payments for an economic family with more than two members – first using only federal social assistance and then using both federal and provincial social assistance expenditures. No changes in behaviour are considered, nor are any changes in tax collection. This is referred to as a budget-neutral approach.

As in the subsections above, we also show the FGT indices. As above, for ease of presentation, all indices calculated have been multiplied by 100. Prior to reallocation the estimated FGT indices were 9.5, 3.4, and 2.0.

The second column shows the level of UBI that could be provided per week to each person in a household to a maximum number of payments of three per household, by reallocating social assistance expenditures. The subsequent three columns show the estimated FGT indices associated with this approach.

The sixth column shows the additional expenditure (without regard to behavioural changes and tax effects) to provide a weekly BI of $500 to each person in a household to a maximum number of payments of three per household, after reallocating social assistance expenditures. The $500 per week is an arbitrary figure, but one used in a number of the emergency responses for income support during Covid-19. The final three columns show the estimated FGT indices associated with this approach.

Table 3 – UBI for All Households (maximum three UBI payments per household)

	Budget-Neutral Reallocation				UBI of $500/Week			
		Estimated FGT indices			Estimated FGT indices			
Expenditures Reallocated	UBI Level	[1]	[2]	[3]	Added Expenditure ($B)	[1]	[2]	[3]
Federal	143	6.6	1.8	0.9	565	0.1	0.1	0.1
Federal and Provincial	180	7.7	2.2	0.9	507	0.2	0.1	0.1

UBI for All Persons in Households of $15,600 Annually (maximum three UBI payments per household)

This table extends Table 3, in which we show the effect of reallocating social assistance expenditures (see Notes below) equally among households (singles and economic families) on the following basis: one UBI payment per single household, two UBI payments for an economic family of two, and three UBI payments for an economic family with more than two members – first using only federal social assistance and then using both federal and provincial social assistance expenditures. In this table we illustrate the effect of providing a UBI of $300 per week (or $15 600 annually), with a maximum of three UBI per household.

As in the subsections above, we also show the FGT indices. As above, for ease of presentation, all indices calculated have been multiplied by 100. Prior to reallocation the estimated FGT indices were 9.5, 3.4, and 2.0.

The second column shows the additional amount of UBI per week to increase the budget-neutral reallocation to $300 per week, with a maximum of three UBI per household, after reallocating social assistance expenditures. The third column shows the additional expenditure (without regard to behavioural changes and tax effects) to provide a weekly BI of $300 to each person in a household to a maximum number of payments of three per household, after reallocating social assistance expenditures. The subsequent three columns show the estimated FGT indices associated with this approach.

The figure of $300 per week was selected to provide an intermediate comparison to the figures shown in Table 3 and to provide a comparison of the effect of a UBI and a GMI of the same nominal amount, shown in Table 5.

Table 4 – UBI for All Persons in Households of $15 600 Annually (maximum three UBI payments)

			Estimated FGT indices		
Expenditures reallocated	Additional UBI/Wk (to Table 3)	Added Expenditure($B)	[1]	[2]	[3]
Federal	157	248	1.3	0.3	0.2
Federal and Provincial	120	191	2.4	0.4	0.2

Guaranteed Minimum Income for All Persons in Households of $15 600 Annually (maximum three GMIs per household)

This table is comparable to Table 4 but illustrates a GMI rather than a UBI approach. In the GMI approach, income is increased to a minimum level specified. It shows a GMI (minimum level) of $15 600 annually for each person in a household to a maximum of three GMIs (i.e., $31 200 for a household of two and $46 800 for a household of three or more). In Row 1 of the table we assume that all other federal social assistance expenditures would be removed when the GMI was introduced. In Row 2 we assume both federal and provincial social assistance expenditures would be removed when the GMI was introduced. In Row 3 we assume that the GMI would be overlaid on the existing social assistance expenditures. No changes in behaviour are considered, nor are any changes in tax collection.

As in the subsections above, we also show the FGT indices. As above, for ease of presentation, all indices calculated have been multiplied by 100. Prior to the introduction of the GMI the estimated FGT indices were 9.5, 3.4, and 2.0.

The second column shows the current expenditure on social assistance, the third column shows the additional expenditure to replace social assistance with the GMI of $15 600 annually for all persons in the household to a maximum of three per household (without regard to behavioural changes and tax effects), and the final three columns show the estimated FGT indices associated with this approach.

The figure of $15 600 annually (with a maximum of three) was selected because it is sufficiently high to lift most households of sizes two to five out of poverty and to provide a comparison of the effect of a UBI of the same nominal amount, shown in Table 4.

Table 5 – Guaranteed Minimum Income for All Persons in Households of $15 600 Annually (maximum three GMI adjustments)

			Estimated FGT indices		
Expenditures Replaced	Current Expenditure ($B)	Additional Expenditure ($B)	[1]	[2]	[3]
Federal	227	112	7.4	1.0	0.2
Federal & Provincial	284	145	7.7	1.0	0.2
None	284	47	4.1	0.6	0.1

Notes

Calculations are based on the Canadian Income Survey, 2017 (Statistics Canada 2019), using the following information regarding expenditures relating to economic families:

Selected data from the CIS

Program (F=Federal, P=Provincial)	Income ($B)	% of GDP
GST/HST Credit (F)	11.85	0.57
Lifelong Learning Plan (F)	22.90	1.10
Canada Child Benefit (F)	98.38	4.74
Guaranteed Income Supplement (F)	23.78	1.15
OAS (F)	70.18	3.38
Social Assistance (P)	41.79	2.01
Child Benefit (P)	15.61	0.75
Total federal excluding GIS and OAS	133.13	6.41
Total federal	227.09	10.94
Total provincial	57.40	2.76

Canadian Population

Under age 16	6 083 472
Age 16 to 64	23 738 687
Age 65 and older	6 028 640
Total	35 850 799

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