

# The Case for a Guaranteed Income

## Lifting People from Poverty: Fairly, Efficiently, & Effectively

### The Canadian Welfare System vs Guaranteed Livable Income (GLI)

Canada's current welfare system is complex, intrusive, and inefficient. And inadequate benefit levels trap people in poverty.

A Guaranteed Livable Income (also known as a basic income) would automatically top up the incomes of people living in poverty using direct, automatic payments via the existing tax system.

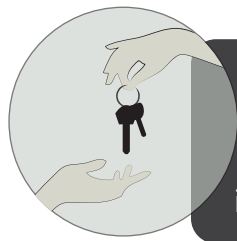
Mary's only option is to apply for welfare.



Mary is a single mother of a young boy. She lost her job last year, has been unable to find work, and has used up all of her Employment Insurance.

A GLI would provide her with a far better option than welfare.

### Onerous Criteria vs Minimal Criteria



Before qualifying for welfare, Mary must be completely destitute. She has to liquidate most of her assets, including her vehicle and savings.

If Mary falls on hard times, a GLI would help her temporarily weather the storm with an automatic income top-up while keeping the productive assets needed to leave – and stay off – social assistance.



assets a GLI recipient would be able to keep while still qualifying for assistance



house



RRSPs & other savings



vehicle

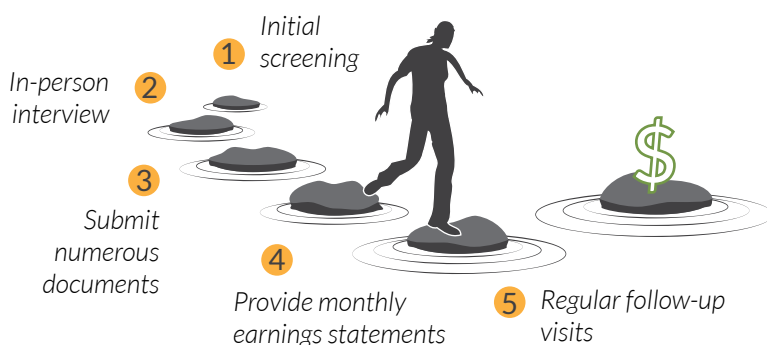
### Burdensome Administration vs Administered through Tax System



To keep her benefits, Mary has to report regularly in person to a caseworker. She's required to continuously justify her need for social assistance while proving she's looking for work.

Because a GLI would be administered through the tax system, there would be no need for the bureaucracy that oversees the current welfare system. No application, no ongoing monitoring: Mary simply has to fill out a tax return.

Steps required to get and continue receiving welfare:

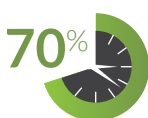


Steps required to receive GLI assistance:



Because no one would know they received a GLI, recipients wouldn't suffer the shame or stigma that comes with welfare.

With the complex criteria for qualifying and ongoing monitoring, the system to administer **welfare saps an incredible amount of time and resources.**

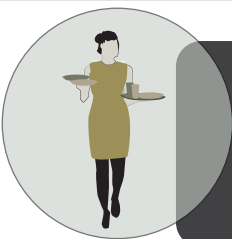


per cent of a caseworker's time spent just administering the rules

savings per year in administrative costs were a GLI to replace the welfare system



## Disincentives to Work vs Incentives to Work



Mary found a part-time job. But because she's earning extra income, her benefits get clawed back significantly.

**\$ 1.00**

additional earned income



**\$0.50 - 1.00**

average reduction in welfare benefits

Getting off of welfare can be extremely difficult. Extra income can mean cuts to:

- social assistance benefits
- subsidized housing
- prescription drugs

And it leads to work-related costs like:

- payroll taxes
- transportation costs
- childcare



**80-100%**

effective tax rate (income up to \$30K)

All of these costs amount to what's essentially a tax at a rate much higher than that for Canada's most wealthy.

Compared to not working at all, people are often **worse off accepting low-paying employment.**

A GLI encourages Mary to work by giving her the security of an income guarantee – without fear of being worse off by working. She would pay regular tax rates for all income above the poverty line.

In nearly half of poor households in Canada, at least one person has a job.



**44%**

per cent of poor households in which at least one person works.

A GLI would allow people to look for better jobs or upgrade their education and training.



Caring for a child



Caring for a loved one



Keeping a home



Volunteer work

A GLI would recognize the significant contributions of those not in the labour force, but whose work still brings economic and social value.

**\$50**

billion

Economic value of volunteer work in Canada (estimate)

**\$297**

billion

Economic value of all non-paid work in Canada (estimate)

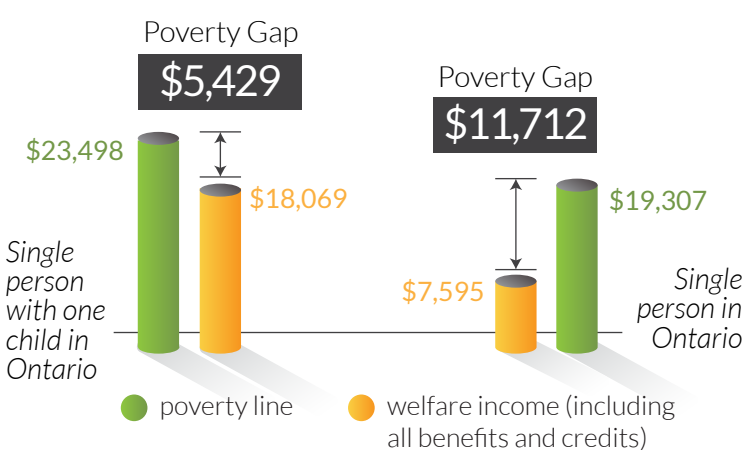
And for those unable to work or to find work, a GLI would **provide a more dignified life.**

## Inadequate Rates vs Enough to Live



Mary's social assistance isn't enough to provide for her and her son. She's forced to choose between basic necessities.

No matter how poverty is measured, there's no denying that welfare **rates don't come close to meeting basic needs.**



**\$1,858**

per month

Amount per month needed for a single person and child to live at the poverty line (\$23,498/yr.)

**\$1,050.00**

rent + utilities (2 bdrm.)

**\$400.00**

food

**\$120.00**

public transport

**\$50.00**

clothing/personal care

**\$238.00**

remaining for other basic necessities

\$1,858 per month is still not much, especially in a larger urban centre, but it's at least enough to ensure an adult and child can get by.

## Ineffective vs Effective

Welfare traps millions of people in poverty and takes a significant social and economic toll on society as a whole.



**3**

million

Canadians living in poverty

**1.7**

million

Canadians on welfare



**\$16**

billion

cost for the entire welfare system per year (administration & benefits)

**\$72-86**

billion

total cost of poverty in Canada per year (estimate)

A Guaranteed Livable Income would effectively eliminate poverty, while significantly reducing its many health and social costs.



**\$1-2**

billion

annual savings due to reduced crime/judicial costs (estimate)



**\$8-17**

billion

annual savings due to reduced health care costs (estimate)

And putting more income in the pockets of low income earners, who spend their money on necessities, **will boost local economies.**