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.
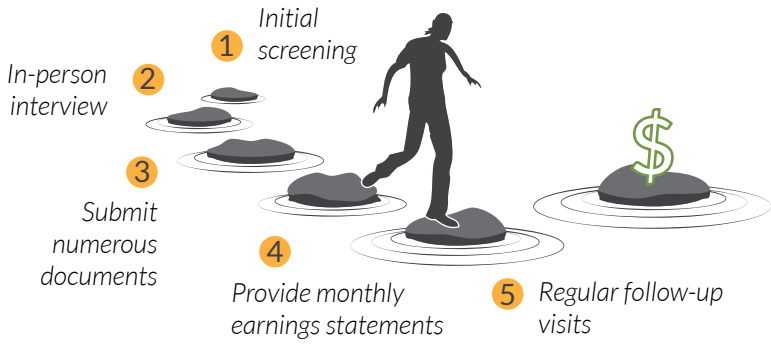
liquid asset limits

$2,000 NS
$1,657 ON
$1,232 QC
$1,062 AB

Select provinces, lone parent w/one child

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

🏠 house
$ RRSPs & other savings
⚙ vehicle

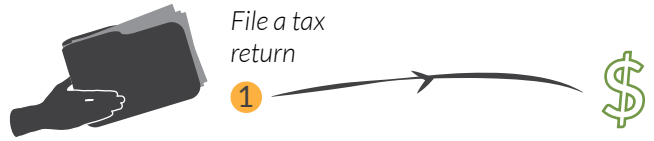## Burdensome Administration vs Administered through Tax System

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:

1 Initial screening
2 In-person interview
3 Submit numerous documents
4 Provide monthly earnings statements
5 Regular follow-up visits

Steps required to receive GLI assistance:

1 File a tax return

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 adminster **welfare saps an incredible amount of time and resources.**

70% per cent of a caseworker's time spent just administering the rules

$1.5 billion savings per year in adminstrative 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.

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.

$1.00 additional earned income

$0.50 - 1.00 average reduction in welfare benefits

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.

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

The Welfare Wall

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.

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.

$50 billion Economic value of volunteer work in Canada (estimate)

$297 billion Economic value of all non-paid work in Canada (estimate)

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

And for those unable to work or to find work, a GLI would **provide a more dignified life.**
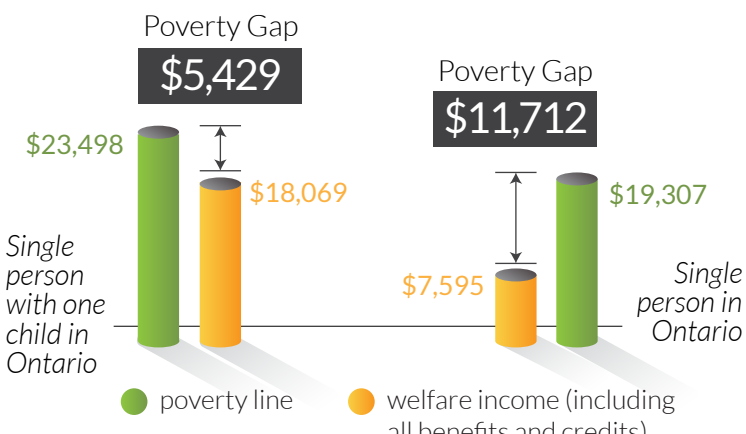
Inadequate Rates vs Enough to Live

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

With a GLI, Mary's income would be enough to ensure she and her son don't have to live below the poverty line. She'd be able to meet her basic needs and those of her son.

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

Poverty Gap $5,429
$23,498
$18,069
Single person with one child in Ontario

Poverty Gap $11,712
$19,307
$7,595
Single person in Ontario

● poverty line ● welfare income (including all benefits and credits)

$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.
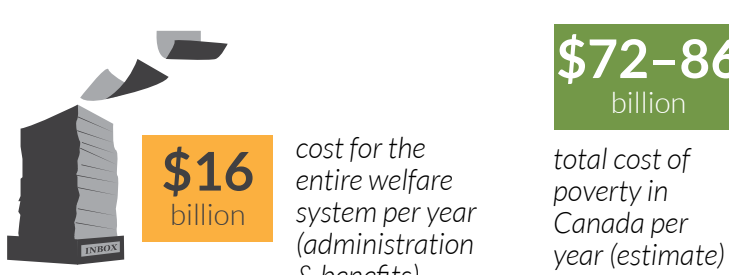
Ineffective vs Effective

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

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

3 million Canadians living in poverty
1.7 million Canadians on welfare

$1–2 billion annual savings due to reduced crime/judicial costs (estimate)

$16 billion cost for the entire welfare system per year (administration & benefits)
$72–86 billion total cost of poverty in Canada per year (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.**