ONTARIO BASIC INCOME NETWORK
RÉSEAU ONTARIEN DE REVENU DE BASE

Coalition Canada
basic income
revenu de base

HEALTH CASE FOR BASIC INCOME

People living at low income experience higher levels of chronic disease, infectious disease, poor mental health and substance use disorders compared to those at higher income. They are also at risk of housing and food insecurity that exacerbates poor health outcomes. COVID-19 has magnified these inequities as the available data from Toronto and Montreal show that those of low socio-economic status are more likely to become ill. These concerns have resulted in a renewed debate concerning a basic income program for Canada. The organizations listed in this brief call on the Federal Government to collaborate with the provinces, territories and Indigenous Peoples' governments to explore the development and implementation of a permanent Basic Income program.

Income as a Social Determinant of Health

Living in poverty and with income insecurity affects a person's physical health, mental health and social wellbeing. Compared to higher income individuals, Canadians living in poverty experience:

- 11.3 fewer healthy years;
- 1.5X the rate of infant mortality;
- 1.6X the rate of unintentional injury mortality;
- 2.7X the rate of suicide;
- 4.1X the rate of self-reported poor mental health;
- 1.4X the rate of asthma;
- 2x the rate of diabetes;
- 1.9X the rate of disability; and
- 1.9X the rate of smoking and 1.7X the rate of lung cancer.[i]

In addition, children living in low-income households are at increased risk of poor functional and mental health, obesity, injury, and are less prepared to perform well at school.[ii-iii] Poverty, income insecurity, and poor health reinforce one another making it harder for those living at low income to escape it.

High rates of poverty and income inequality result in disproportionately higher use of health care resources.[iv]

Poverty in Canada

One in seven Canadians (4.9 million) currently live in poverty.[v] This situation is exacerbated by those living with employment precarity (i.e., working in positions that have some combination of limited opportunity, insecurity, and/or low or insecure income).[vi] In 2018, 25% of workers were precariously employed.[vii] Youth, women, immigrants, Indigenous persons, persons with disabilities and older adults are over-represented among these workers. A recent Parliamentary report discussed these concerns.[viii]

Income supports provided by provinces, territories and municipalities provide a level of support to those of low income but often require that individuals deplete existing assets and savings to become eligible for benefits. Consequently, these individuals are unable to build on efforts and gains

from previous income. This requirement traps recipients in low-income, further exposing them to increased health risks.

Basic Income and Health

Basic income presents an alternative to the current forms of social assistance. It is an unconditional cash transfer from the government to individuals, regardless of their work status[ix] and commonly exists under one of two models: a universal demogrant model (where each person, regardless of income, receives a basic income) and a negative income tax model (NIT) (where access to and the amount of income support is based on need). The NIT model is often favoured as it targets those with the greatest need.[x]

Certain federal social assistance programs act as a form of basic income by providing financial supports to populations that fall below certain income levels. These include:

- Old Age Security (OAS) that provides all people over the age of 65 with a regular income and is based on a NIT model (the payment is provided to all but is reduced as income increases).
- Guaranteed Income Supplement (GIS) is an income supplement provided to seniors with incomes below a specific amount.
- The Canada Child Benefit (CCB) provides an income-tested support to families with children, and is also decreases as income increases.

The OAS and GIS programs have moved Canada from having one of the highest levels of poverty for older adults among OECD countries to one of the lowest,[xi] while the rate of food insecurity among this age group has dropped 50%. Similarly, the CCB has raised over 334,000 Canadian children above the poverty line. UNICEF views it as a model of an effective basic income program.[xii]

Previous Canadian Experiments

Two provinces have conducted basic income pilot projects using the NIT model.

- *Manitoba Basic Annual Income Experiment (1975 – 1978)*: Research found an 8.5% reduction in hospitalizations and significant reductions in doctors' visits among residents of the locations that offered a basic income.[xiii]
- *Ontario Basic Income Pilot project (2017)*: This pilot project was cancelled after one year, but initial research showed positive health effects among participants, including:
  - Over 79% reported improvement in overall health;
  - 82% saw improvements in mental health, including less incidents of anxiety and depression;
  - Over one-third of participants with children noticed improvement in their child's health;
  - Recipients were better able to access necessary medication (82.7%), dental care (74.1%) and psychotherapy (50.4%), and
  - Individuals noted that they utilized health services less.[xiv]

Cost of Basic Income

The Parliamentary Budget Office (PBO) has estimated the net-cost of providing a basic income for Canadians between the ages of 18 and 64 years at the levels of the Ontario experiment during a non-pandemic year as approximately $44 billion annually for the Federal

Government.[xv] These calculations did not include potential downstream savings in healthcare costs, costs associated with the physical health risks of being low income, or other social programs. They also did not take into account consequent reductions in provincial spending on income assistance. A similar analysis for the implementation of a BI program during the pandemic showed significantly higher costs[xvi] because the program would automatically expand to meet the needs of people who lost work, replacing emergency measures such as the CERB.

Inclusion of downstream health care savings into the analysis is important, as a link exists between poverty and healthcare: the poorest neighbourhoods have significantly higher healthcare costs compared to wealthier counterparts.[xvii-xviii] In Ontario alone, estimates show that increasing the incomes of the poorest individuals could result in savings up to $3.9 billion annually.[xix]

Similarly, in 2008, it was estimated that $1 invested in the early years of a child's life can save up to $9 in future spending in the healthcare system.[xx] While these savings could result from the CCB or the recent commitment to develop an early childhood education and care program, a basic income program could further alleviate this concern.

COVID-19 and Basic Income

COVID-19 presents an immediate health threat to those contracting the disease, as well as increased levels of unemployment, and income precarity with their associated potential long-term health implications. The establishment of income relief and employment support programs (i.e., Canadian Emergency Response Benefit (CERB), small business supports, etc.) have limited this threat by providing upwards of 8 million people the ability to meet their basic needs, including proper nourishment and access to necessary medication. These programs can be considered a form of temporary basic income.[xxi]

Summary

Basic income has the potential to enable all Canadians to live healthier lives by reducing the negative health effects associated with living in poverty. It is for this reason that the organizations noted below endorse developing a Basic Income for Canadians.

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[ii] Health Agency of Canada and the Pan Canadian Public Health Network. 2018. Key Health Inequalities in Canada: A National Portrait. Available at: https://www.canada.ca/content/dam/phac-aspc/documents/services/publications/science-research/key-health-inequalities-canada-national-portrait-executive-summary/hir-full-report-eng.pdf.

[iii] Gupta, R. P. S., de Wit, M. L., & McKeown, D. (2007). The impact of poverty on the current and future health status of children. Paediatrics & child health, 12(8), 667-672.

[iv] https://www.researchgate.net/publication/267746657_High-cost_Health_Care_Users_in_Ontario_Canada_Demographic_Socioeconomic_and_Health_Status_Characteristics.

[v] "Before-tax and after-tax low income status (census family LIM) by family type and family composition" (2020), https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110001501.

[vi] Library of Parliament, 2020. Understanding Precarious work in Canada. Available at: https://hillnotes.ca/2020/12/01/understanding-precarious-work-in-canada/.

[vii] Library of Parliament, 2018. Precarious Employment in Canada: an Overview. Available at: https://hillnotes.ca/2018/11/21/precarious-employment-in-canada-an-overview/.

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[x] "Basic Income" (2017), https://ccph21.ca/wp-content/uploads/2017/11/ccph21_big_e.pdf.

[xi] "Federal poverty reduction plan: Working in partnership towards reducing poverty in Canada" (2010), http://www.parl.gc.ca/content/hoc/Committee/403/HUMA/Reports/RP4770921/humarp07/humarp07-e.pdf.

[xii] "The Canada Child Benefit" (2020), https://www.canada.ca/en/employment-social-development/campaigns/canada-child-benefit.html.

[xiii] Forget, E. L. (2011). The town with no poverty: The health effects of a Canadian guaranteed annual income field experiment. Canadian Public Policy, 37(3), 283-305: Chicago.

[xiv] "Southern Ontario's Basic Income Experiment" (2020), https://labourstudies.mcmaster.ca/documents/southern-ontarios-basic-income-experience.pdf.

[xv] "Costing a National Guaranteed Basic Income Using the Ontario Basic Income Model" (2018), https://www.pbo-dpb.gc.ca/en/blog/news/Guaranteed_Basic_Income.

[xvi] Office of the Parliamentary Budget Officer. (2021). Costing a Guaranteed Basic Income During the COVID Pandemic. Retrieved from: https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/RP-2021-014-M/RP-2021-014-M_en.pdf.

[xvii] Glazier, R. H., Badley, E. M., Gilbert, J. E., & Rothman, L. (2000). The nature of increased hospital use in poor neighbourhoods: findings from a Canadian inner city. Canadian Journal of Public Health, 91(4), 268-273.

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