

BASIC INCOME in Canada: Systemic Defects and Current Fundamentals Affecting Economic Equity

With the COVID-19 pandemic, we are experiencing unusual times; in addition to the virus, the crisis has exposed other important human perils that have been camouflaged, for some Canadians, by prosperity and increasing wealth.

For several decades, much of the world has experienced growing wealth, and this has lifted many people from terrible conditions. But, in fact, economic resources have been slipping away from too many, and ending up in the hands of fewer and fewer people. Recent Parliamentary Budget Office statistics indicate that about 20% of Canada's wealth is controlled by the richest .5 % of the population.

The top 1% of Canada's families hold about 25.6% of the wealth – roughly \$3 trillion – in Canada, up from previously estimated 13.7%. More pointedly, the Parliamentary Budget Office Report states that about 40% of Canadian families - approximately 6.37 million - have under \$10,000 in net assets. These current statistics serve as an extension of the findings from an earlier study of wealth distribution from 1999 to 2012, which states "Average wealth increased by 80% among families in the top income quintile ... and by 38% among families in the bottom quintile...". (Uppal & LaRochelle-Cote, 2015, p.1).

Further, those without adequate incomes also suffer poorer health: witness a recent editorial in the K-W Record entitled "COVID-19 has laid bare region's inequalities." It states that "residents of five, poorer Kitchener, Ontario neighbourhoods, with a combined population of 85,000, have been hit far harder by the coronavirus than people living in more affluent parts of this region" (August 11, 2020). And many studies have shown that poverty is one of the strongest predictors of poor health. (e.g. Poverty is Making Us Sick, 2008)

Some might say this is just the way it is, that there have always been poor people, and nothing really can be done. However, the harm and injustice of this inequality is the result of the actions/inactions of those managing our economy, not some inescapable laws of science. In other words, something CAN be done to right this increasingly harmful development.

A recent book by two 2019 Noble Prize-winning Economists, Abhijit V. Banerjee and Esther Duflo, entitled "**Good Economics for Hard Times**", carefully reviews researched-based approaches to addressing the hardships inflicted on the victims of these growing inequalities. These MIT-based economists view the following as the fundamental question (p. 166): "***The most important question we can usefully answer in rich countries is not how to make them grow even richer, but how to improve the quality of life of their average citizen.***" They demonstrate how, without impairing our enterprise economy, helping those living in poverty helps all society, and helps to make our economy - and environment - work better, for all. They also cite empirical experiments establishing that "nothing terrible happens when one gives cash to the poor," and, that the poor "don't drink it all and they don't stop working." Further, they maintain that ***addressing poverty and wealth redistribution "may be one of the greatest challenges of our time. Much greater than space travel, perhaps even than curing cancer. We have the resources."***

Canada can eliminate poverty. We can do this with a Basic Income program that is affordable. The June 2020 Parliamentary Budget Office study indicates that it can be achieved with what-should-be tolerable tax increases for those with high household incomes, without disrupting our existing economic or tax systems. (There are several alternative approaches being discussed). With the provision of a Basic Income Program in Canada, the lives of those who are well off will continue without significant adverse impact; but the lives of those facing or living in poverty – many who are single parents, many who are committed to the arts, many struggling with racial injustices, many experiencing job interruptions, many encountering physical and/or emotional challenges, or endeavouring to acquire additional skills or education, etc. – can be improved permanently. Canada's economy has growing systemic flaws which can - and should - be addressed, starting now.

What a legacy for our times!