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## ▶▶ Targeted Basic Income: An Equitable Policy Response to COVID-19

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The COVID-19 pandemic has shown the world how interconnected we all are, and how much we need (and depend) on each other. In Canada, it has been heart-warming to see the responses of people who face very little personal risk from the virus nevertheless work together to protect the elderly and other vulnerable members of our communities. The situation has also highlighted that Canadians still place a lot of faith in our government and institutions, and that we are willing to act quickly and collectively to ensure that our health care system does not become overwhelmed.

However, as the borders shut down, as provinces declare states of emergency, and as organizational closures continue into the foreseeable future, attention has rightly turned to the impact on the economy. Focusing on the economy is important, as the broad social consensus previously outlined is at risk of fracturing if the government does not develop a comprehensive plan to address the real and growing concerns of Canadians worried about putting food on the table and paying their bills because they no longer have access to daycare or schools for their children, public transit, jobs, and/or income.

Policy options abound, such as low- or zero-interest business loans, payroll tax holidays, speedy access to employment insurance, and plans to ensure bank liquidity, along with various stimulus spending proposals. Country leaders from Prime Minister Trudeau to President Trump have recently announced plans to implement several of these options.

We propose that these solutions, while individually necessary, are unlikely to ensure continued social solidarity, compliance with government mandates and public health measures, or help arrest a looming cascade of debt defaults and resulting stress on the financial system that will only make things worse.

On their own, none of these economic policies (perhaps with the exception of possible expansions to EI) directly deal with the obvious issue of lost of wages and other forms of income that are affecting individual Canadians. Because existing and proposed policies by and large do not target the people who need the help most, they fail to act as a necessary economic stabilizer or build trust and legitimacy among the broader public. They will not work as a means of maintaining economic activity, and perhaps more crucially, they will

not secure the ongoing cooperation necessary to achieve public health goals. Workers who are left behind as government bails out banks and businesses are not likely to quietly suffer and comply. And even if they are forced to do so now, they may not do so in the future.

On both an individual and collective level, Canadians are acting quickly to protect the most vulnerable in the pandemic. They are also increasingly supportive of economic proposals focused on helping the most vulnerable, rather than widespread stimulus packages that provide opportunities for the less needy to capture most of the benefits.

As Koebel and Pohler have argued elsewhere, a targeted income maintenance approach that is conditional on income—what we refer to as a ‘Targeted Basic Income’—is a proposal that meets the urgency of the current crisis and what is needed going forward. And, because seniors and children already have a guaranteed annual income via OAS/GIS and the CCB, respectively, the current major remaining gap in social policy is for working-age people, and in particular, those without children.

It is precisely working-age people who rely on employment self-employment as their primary source of income, and who will be most affected by widespread business closures. And, in particular, those working-age people who fall in the lower end of the income distribution will be the most severely impacted, as they will qualify for lower EI benefits, and are more likely to turn to social assistance in the near future due to lower savings. With many low-income Canadians stretched by big debt loads, neither EI nor social assistance benefits are likely to be enough.

For this reason, we propose that the federal government immediately implement the provision of a monthly income of \$1,000 to all working-age Canadians (ages 18-64) who had employment or self-employment income in 2019 between \$1 and \$50,000. The proposed amount of \$1,000/month is slightly higher

than the average monthly social assistance provided to single working-age people in each province across the country.

We costed this option using Statistics Canada’s SPSPD/M (version 28.0.1). The gross cost of this policy option is approximately \$11.6 billion/month. We assume that provincial social assistance programs remain unchanged. If students are excluded, the cost decreases by about \$1.4 billion.

A related policy option that addresses many of the same concerns as the targeted basic income is the universal basic income (UBI). Because people are desperately searching for creative and effective policy solutions, the idea of an emergency (short term) UBI has attracted support from all sides of the ideological spectrum. In both Canada and the United States, the idea has received bipartisan support. President Trump also recently announced a direct income-transfer to Americans.

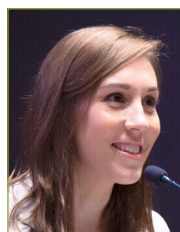
When everyone gets the same amount of money from the government, it is clearly equal. However, just as not every Canadian is equally vulnerable to the virus, not every Canadian is equally vulnerable to the impact of the economic slowdown. A universal basic income is therefore a less equitable policy, even in the best of times. It is also much less efficient at helping the most vulnerable than a targeted income maintenance approach that is conditional on income.

A targeted basic income is a feasible, efficient, and equitable option for addressing income precarity during the ongoing health pandemic. It would provide a direct economic stimulus by putting money into the hands of the people most likely to spend it, and more importantly, into the hands of those most likely to need it.

And once the pandemic is over, we can discuss how to make the policy permanent. As Canadians will increasingly come to understand, people can fall into poverty through no fault of their own.



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*People who are passionate about public policy know that the Province of Saskatchewan has pioneered some of Canada’s major policy innovations. The two distinguished public servants after whom the school is named, Albert W. Johnson and Thomas K. Shoyama, used their practical and theoretical knowledge to challenge existing policies and practices, as well as to explore new policies and organizational forms. Earning the label, “the Greatest Generation,” they and their colleagues became part of a group of modernizers who saw government as a positive catalyst of change in post-war Canada. They created a legacy of achievement in public administration and professionalism in public service that remains a continuing inspiration for public servants in Saskatchewan and across the country. The Johnson Shoyama Graduate School of Public Policy is proud to carry on the tradition by educating students interested in and devoted to advancing public value.*