

Intelligence MEMOS



From: Peter Hicks

To: The Honourable Jean-Yves Duclos, Minister of Families, Children and Social Development,
Government of Canada
The Honourable Dr. Helena Jaczek, Minister of Community and Social Services,
Government of Ontario
The Honourable Chris Ballard, Minister Responsible for the Poverty Reduction Strategy,
Government of Ontario

Date: April 19, 2017

Re: **THE FEDERAL AND ONTARIO APPROACHES TO FIGHTING POVERTY:
TOO MUCH EMPHASIS ON INCOME?**

The Government of Ontario has recently announced plans to move ahead with a basic income pilot project within selected municipalities in the province. I am writing this memo because I worry that the anti-poverty exercises that you are now leading could result in putting too much attention on measures that provide income alone, at the expense of the integrated approaches that will have greater payoffs down the road.

In a recent [C.D. Howe Institute Commentary](#), I argued that the current interest in policies to fight poverty was welcome but solutions that involve creating a universal basic income were misguided. Aside from being unrealistically costly, there are substantive reasons related to values and effectiveness for avoiding one-size-fits-all universal income transfers to address what is, in reality, a diverse set of multi-faceted problems. In particular, their focus on “average needs” ignores individual and family diversity.

I think a strong case exists for using newly available tools of big data and predictive analytics to introduce evidence-driven, bottom-up approaches. This would gradually evolve into integrated, tailor-made mixes of income and services, particularly among people who are the most disadvantaged and who are excluded for reasons of disability, lack of skills, homelessness, addiction, or the sickness of a family member. For example, skill-enhancing programs can help address the needs of the persistently poor; support for people who save for periods of low income could include more flexible access to income supports over the course of one's life.

In Ontario, the concern is obvious. While the background material makes it clear that the basic income pilot is only one aspect of the province's 'Poverty Reduction Strategy', the size and prominence of the pilot may create a momentum that may make it difficult to shift to other ideas that have much greater likelihood of success.

At the federal level, the concern relates to the emphasis in the background material to the 'Canadian Poverty Reduction Strategy' on target-setting and measurement based on income alone.

Beware of blunt approaches to addressing poverty: If policy targets are all related to low incomes, there could be an overwhelming tendency to also see policy solutions in terms of the provision of income. In discussions of measurement, I would have hoped to see at least as much attention given to the development of the micro-data analytics that can show the extent to which small interventions, including service provision, are actually successful in meeting their particular goals.

I am not suggesting that improvements to income transfers in isolation are unimportant. It is important to explore improvements to existing basic income arrangements, such as income transfers to people with disabilities or increasing the size of the working income tax credit. But my point is that this is a relatively well-developed policy area in Canada, as witnessed by the successful measures that minimize poverty among seniors and children, and that payoffs from further expenditure here might be low relative to investments in developing integrated services.

However, the incomes of people who are single and without family should be a priority: the rise of the two earner family has created a very large group of people who are poor simply because they live alone, or in families with no other earners. The incidence of persistent poverty is much higher among single *and solitary individuals than for any other group, yet the problem* is often not discussed.

Peter Hicks is a policy adviser and a former Assistant Deputy Minister with Social Development Canada