

Deep Dish 11: The Food Retail Industry and a Universal Basic Income

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The restaurant industry is a demanding and expensive profession. Owners must often expend considerable effort before financial success and employees frequently work through high stress customer service interactions. As with many examples across the globe, the pandemic has created barriers on top of pre-existing issues, especially in the food retail industry, which is now facing a financially unstable future. *Restaurants Canada* estimates that 10,000 establishments have closed since March 2020 (Restaurants Canada, n.d.). This statistic on its own is staggering but when you consider the number of jobs lost and the money that is no longer contributing to the economy, it becomes devastating. Many have experienced upheaval in their personal lives as steady sources of income have disappeared.

In response, the government's mandate to this catastrophic job loss and financial insecurity included programs and grants such as [CEWS](#), [CERS](#), [CRB](#), and [CRSB](#) (Government of Canada, 2021). These programs created a much-needed safety net, keeping numerous Canadians within the food retail industry and beyond, fed, housed, and in business. However, the conversation on whether these programs are sufficient in meeting the public's needs is still evolving. Both food retail owners and employees have begun asking the question, if a universal basic income (UBI) has a place in addressing the social inequities that are steadily becoming more evident due to the pandemic. Some individuals in the food retail industry have spoken openly supporting UBI as a key change that is particularly necessary in the food retail industry.

Interview Insight: "CERB has been amazing... it's kept me housed, and able to pay my overhead for the time being... I am praying actually that they keep that in place. The fact is my hope and prayers for the folks like me is that they basically institute a UBI." Food retail owner - Kitchener

Interview Insight: "I support a universal basic income especially for low-waged restaurant workers and other people in the service industry. There are people in this industry getting paid \$12.20 an hour and expecting tips and we know people don't tip well and that's a fact." Food hospitality owner - London

Although there was some hope within the industry that CERB would simply be a steppingstone to UBI, this has still not come to fruition. The desire for a transition to UBI may have been brought about by pandemic related anxiety that numerous workers and employers have experienced. The Ontario UBI pilot conducted before the pandemic indicated that numerous participants had improvements to their mental health, specifically reductions in instances where they felt angry, anxious, or depressed (Ferdosi et al., 2020). This implies that UBI could be a means to combat the poor mental health that people are experiencing due to income insecurity caused by the pandemic.

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Interview Insight: “If I, somehow managed to qualify for some kind of a basic income, it meant that I wouldn't have had to work so hard. And now, I would not be in this kind of health. Stress is definitely where I am now after last year which is basically a health crisis. Oh gosh, I can't do that again. We have to modify yet again because of health reasons. So, I could have slowed down, we could have still made money...but not being quite so desperate because it felt, and it still feels quite desperate. Now it's a matter of, okay so what do we have to plan for this year.” Food retail owner - Ayton

Moreover, UBI is described by some as an investment in the potential of Canadians. Differences in socioeconomic standing means that some people are not in a position where they can take the risk of starting their own economic venture. A basic income could provide people with the financial security to take larger creative risks and allow for more small business start-ups. Supporters of the program, claim that within 5 years of its institution, UBI could create 600,000 new jobs and could generate \$80 billion per year for the Canadian economy (UBI Works, 2020). Any extra starting capital could be advantageous to the food retail industry as it would lower the investment barrier that is currently in place to start new restaurants.

Interview Insight: “It'd be really nice to have universal income. It has been nice being able to— like right now I'm trying to start my own business, so I'm able to use the income I'm getting from the government to fully develop what I'm trying to do for my business, and I don't feel like there's as much pressure on me.” Food retail employee - Toronto

However, there are concerns about whether Canada can currently afford a basic income program given the amount of debt the country has taken on to fund pandemic recovery programs. In the last fiscal year, Canada reported a deficit of \$381 billion and government estimates say that instituting a UBI could cost as much as \$93 billion by 2025-2026 (Tasker, 2021). The other major question is if the money to fulfill this hefty price tag might come from within the Canadian economy.

Additionally, there remains the question of whether people would continue to work if they were provided with a guaranteed income. In many cases, restaurant owners struggled to rehire staff that were collecting CERB since they were making more money and had less risk of exposure to COVID while laid off than when they were working. This poses a barrier for implementing UBI. If the government chooses to put forward a pilot, it would be worthwhile to ensure that individuals are not forced to choose between receiving income through this project and being employed. Therefore, any model that is used as a UBI pilot should take into consideration both the needs of owners and employees to ensure that the program is equitable.

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Interview Insight: “The challenge, funny enough, actually came from the fact that because the CERB payment was so high, none of our servers really wanted to come and do that because they wouldn't have benefited from it. So, I think CERB was a big problem because it incentivized people to not have to work, which was wrong.” Restaurant owner- Elora

In conclusion, the pandemic has been highly destructive to the livelihoods of many people working in the food retail industry. Government programs have been helping to alleviate some of this financial insecurity but proponents for basic income believe that the government can do more to help

Canadians' financial security. UBI could become a system that supports the creativity and wellbeing of Canadians regardless of their economic standing. However, there are some questions that need to be addressed. If the government chooses to go forward with a UBI pilot, the priority must be transparency on the financial feasibility of this project as well as the equitable delivery of funds so that the economy continues to function.

Citations

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