



FORESIGHT BRIEF

Future lives: Basic needs at risk

What if many people in Canada cannot meet their basic needs?

This foresight brief explores how in the coming years many people in Canada may struggle to meet their basic needs.

Access to basic necessities like water, food, energy, shelter, and financial security and employment might become out of reach for many. These pressures may occur simultaneously, worsening the sense of insecurity over the life course.

Such a future would have implications in multiple policy areas. By reflecting on what might happen in the future, Policy Horizons Canada aims to strengthen decision making within the Government of Canada.

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Executive summary

In the 1940s, psychologist Abraham Maslow proposed a hierarchy of human needs. Only when our most basic needs are met can we attend to higher-order needs, such as a sense of belonging, self-esteem, and self-actualization.

Today, many societies function on the assumption that most people can meet their basic needs. These are physiological needs, such as food and shelter; and safety needs, such as employment and financial security.

It is difficult to know whether the recent spike in the cost of basic needs will be short-lived, or whether inflation and high prices will endure and worsen. Forces such as climate change and technological innovation may complicate recovery if Canada is in an economic downturn. **Could Canada see a future in which many people cannot meet their basic physiological and safety needs?**

Although this may seem unthinkable, **in the coming years, a significant proportion of people in Canada may struggle to access basic necessities** like:

- **Water:** Although Canada has a relative abundance of freshwater, infrastructure to affordably deliver clean water to communities is not always adequate. Around the world, rising temperatures and population growth are increasing the demand for freshwater for various uses. It is becoming a strategically important resource, which may contribute to geopolitical tensions. Growing demands on freshwater resources could put further strain on the affordability of clean water in many parts of Canada.
- **Food:** Crop yields are increasingly unpredictable due to climate change. The price and availability of food imports are also volatile. Population growth may increase food insecurity in Canada in the coming years, affecting a much greater segment of the population. Agricultural tech innovations could strengthen the market dominance of large firms, giving a few large actors the ability to drive prices higher.
- **Energy:** The cost of energy recently reached record highs around the world. Russia's invasion of Ukraine increased the upward pressure on prices that has been exerted for decades by fossil fuel oligopolies. The ongoing transition from fossil fuels to renewable sources may further destabilize prices and

supply. As energy is a major factor in food and transportation costs, future disruptions in the energy market could drive up costs and limit access to a range of necessities.

- **Shelter:** Housing demand continues to outpace supply in Canadian cities. Home ownership is out of reach for many, the cost of renting is rising quickly, and new construction may not address affordability. Access to shelter could become even more challenging in the future if climate change destroys some existing houses, while making other homes impossible to insure and finance.
- **Financial security and employment:** The vast majority of people in Canada have experienced a pay decrease in real terms as wages fail to keep pace with high inflation. The continuing trends of automation and globalization make it harder to find jobs with predictable hours or wages, or to anticipate the return on investment of upskilling and training. Decreasing purchasing power could make it harder for people in Canada to afford basic needs today, as well as save for their needs in the future.

These pressures do not happen in isolation. **They may occur simultaneously, worsening the sense of insecurity over the life course.** This could make people more vulnerable to extreme, populist, and anti-establishment leaders and groups. Alternatively, they may look for collective solutions, such as labour organization and other social movements.

This future is not guaranteed to transpire. For example, persistent labour shortages may drive wages up, technological advances could reduce the costs of some goods and services, and the assumption that most people's basic needs are generally satisfied may well continue to hold. However, this future is plausible and the consequences could be dire if many people struggle to meet their basic needs. Overlooking such a scenario might be a risk in a number of policy areas.

Introduction

In the 1940s, psychologist Abraham Maslow proposed a hierarchy of human needs. This concept remains influential today and reminds us that individuals tend to prioritize some needs over others. Only when our most basic needs are met can we attend to higher-order needs, such as a sense of belonging, self-esteem, and self-actualization.

Today, many societies function on the assumption that most people can meet their basic needs. These include physiological needs, such as food and shelter; and safety needs, such as employment and financial security. But what if this assumption no longer holds true?

It is difficult to know whether the recent spike in the cost of basic needs will be short-lived, or whether inflation and high prices will endure and worsen. Forces such as climate change and technological innovation may make it difficult to recover if Canada is in an economic downturn. Traditional economic levers such as interest rates may not work the way they used to in an increasingly turbulent and uncertain context.

Could Canada see a future in which many people cannot meet their basic physiological and safety needs?

This may seem unthinkable, but in the coming years, a significant proportion of people in Canada may struggle to access basic necessities like water, food, energy, shelter, and a sense of financial security and employment.

Water

Canada has a [significant amount of freshwater](#). In fact, Canada exports water in the form of goods that require water to produce, like oil, beef, processed bitumen, and manufactured goods. For example, in Alberta's oil sands, producing one single barrel of oil requires between [2.5 and 4](#) barrels of water.

Parts of the country may have a false sense of security regarding their water supplies. Although Canada's freshwater serves ecological needs, there is [surprisingly little capacity](#) to divert more water to human use. Much of Canada's water flows [north](#), while the population is concentrated in the south.

Even where water supplies are abundant, infrastructure to affordably deliver clean water to communities is not always adequate. Over [30 First Nations communities](#) have been under drinking water advisories for many years.

Around the world, rising temperatures and population growth are increasing freshwater demand for a variety of uses. It is becoming a strategically important resource, which may contribute to geopolitical tensions. A study of historical conflicts over water access estimates that rising temperatures and population growth could increase the chance of cross-border conflicts by [75% to 95% in the next 50 to 100 years](#).

Growing demands on freshwater resources could put further strain on the affordability of clean water in many parts of Canada.

Food

Crop yields are becoming increasingly unpredictable due to climate change's impacts on the weather, wildlife, and ecosystems. Northern and Indigenous communities have been hardest hit so far in terms of domestic food production, as rising temperatures threaten traditional ways of hunting and harvesting.

Canada remains highly dependent on food imports. Climate change-related crop failures in other countries are destabilizing local food prices and availability. For instance, Canada spends about [half a billion dollars](#) on American lettuce imports each year; in 2022, a virus related to high temperatures affected romaine lettuce output in California, increasing the [average retail price](#) of a head of lettuce by 40%.

Population growth may increase food insecurity in Canada in the coming years, affecting a much greater segment of the population.

Agricultural tech innovations such as drones, precision technologies, genetically modified organisms (GMOs), and "[smart farming](#)" and vertical farming technologies could allow Canada to grow more fruits and vegetables domestically. Alternatively, they could result in higher barriers to entry for small-scale food producers, strengthening the market dominance of large firms.

For instance, canola production currently [depends](#) on two GMO seed providers; four companies perform [66%](#) of dairy processing; four retailers control [69%](#) of the food

retail market; and four companies account for more than 40% of the grain, oilseed, sugar, meat, and fruit and vegetable preserves markets.

A small number of firms dominate the market. If this trend continues to grow, we may see increasing prices.

Energy

Energy costs around the world recently reached record-high levels. Russia's invasion of Ukraine increased the upward pressure on prices that has been exerted for decades by the few large actors who controlled the fossil fuel sector. This has also affected the cost of food and transportation.

For example, natural gas is a key input in the production of nitrogen fertilizer. As the price of natural gas goes up, so does the price of fertilizer, which in turn is a key input to agricultural production both in Canada and globally.

While some factors in the current price surge may be short-lived, others may not be. The ongoing transition from fossil fuels to renewable sources may further destabilize prices and supply.

As energy is a major factor in food and transportation costs, future disruptions in the energy market could drive up costs and limit access to a range of necessities, including food and utilities.

Shelter

Housing demand continues to outpace supply in Canadian cities. Population growth, migration patterns within Canada, shortages of skilled construction workers, and changes in household composition are all contributing factors.

Home ownership is out of reach for many, as the average home now costs more than [seven times](#) the average annual household income. Raising interest rates to tackle inflation puts home ownership further out of reach for more people. The cost of renting is rising quickly: Across Canada, rent grew by an average of [10.9% in 2022](#). New construction may not address affordability: According to the Canada Mortgage and Housing Corporation (CMHC), [3.5 million](#) more homes would need to be built by 2030 to make housing costs affordable.

The Insurance Bureau of Canada is pressing for the creation of “[climate risk scores](#).” Not only might [more expensive insurance](#) add to home ownership costs, but insurers could increasingly refuse to insure many properties as well. This could make it impossible to secure a mortgage on properties in some areas, and [harder](#) for communities to rebuild after disasters.

Access to shelter could become even more challenging in the future if climate change destroys existing houses, while making other homes impossible to insure and finance.

Financial security and employment

The vast majority of people in Canada have experienced a pay decrease in real terms, as wages fail to keep pace with high inflation. Although unemployment is at a record low, rising costs are negatively affecting many people’s access to basic needs. For example, use of [food banks](#) is at a record high, with a 35% increase from March 2020 to March 2022, especially among seniors and students.

The continuing trends of automation and globalization make it harder to find jobs with [predictable](#) hours or wages, or to anticipate the return on investment of upskilling and training. An increasing number of people in Canada face low or uncertain pay with the rise of less-structured and non-traditional work arrangements such as gig work. Even before the pandemic, [1 in 10 Canadians](#) participated in these types of work arrangements.

Decreasing purchasing power could make it harder for people in Canada to afford basic needs today, as well as save for their needs in the future.

The pressures exerted on basic necessities like water, food, energy, shelter, and financial security and employment do not happen in isolation. **They may occur simultaneously, worsening the sense of insecurity over the life course.**

Conclusion

What could a future look like in which many people in Canada cannot meet their basic physiological and safety needs? Individual needs are in fact society’s needs. When a critical mass of people is unable to meet its basic needs, the social fabric can come apart.

Individuals could choose to focus on their own survival, potentially undermining democracy and the social contract. If more people lose trust in decision makers such as governments and central banks to restore the widespread ability to meet basic needs, they could become more vulnerable to extreme, populist, and anti-establishment leaders and groups. Alternatively, they may look for collective solutions, such as labour organization and other social movements.

This future is not guaranteed to transpire. For example, persistent labour shortages may drive wages up, technological advances could reduce the costs of some goods and services, and the assumption that most people's basic needs are generally satisfied may well continue to hold. However, this future is plausible and the consequences could be dire if many people struggle to meet their basic needs. Overlooking such a scenario might be a risk in a number of policy areas.

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