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FAMILY ALLOWANCE PROPOSALS

The Canadian Council on Social Development has produced a set of proposals for a new family allowances program that it considers an improvement over the Family Income Security Plan (FISP) announced last November in the federal White Paper entitled *Income Security for Canadians*. The Council, in its initial comment on the White Paper on December 1, and in response to the Government's invitation for comment from citizens' groups, said it would examine the family allowance proposals as part of its general review of social security policies in Canada. The Government had announced that a revised family allowances plan was scheduled to go into effect in September 1971.

The Council's policy statement was worked out by a committee under the chairmanship of J. Harvey Perry of Toronto, executive director of the Canadian Bankers Association. The Council will be presenting its proposals formally to Mr. John Munro, Minister of National Health and Welfare.

The Council is in agreement with the White Paper that one aim of family allowances is to give financial recognition to the fact that people who have children have additional claims on their income. Also endorsed by the Council is the other major aim of the White Paper – "a greater measure of opportunity for all children", and, because wage-rates cannot take account of the number of children a worker has, special emphasis on the needs of low-income families.

The Council's disagreement, however, with the FISP proposal concerns the method of achievement through grading the allowances by income levels. "This points the finger at low-income people, introduces stigma, damages community solidarity," argues Reuben C. Baetz, executive director of the Council.

INDIRECT GRADING METHOD

The Council's proposal for the payment of family allowances is to grade them *indirectly* to income by applying to them a special tax-schedule, through income-tax machinery, based on family income. FISP grades the allowances *directly* to income($16 a month a child to families earning $4,500 and less; $15 for incomes at $4,501; no payment at all at $10,001). The Council's proposal would leave more money with those who need it most and would also recapture more revenue than through FISP.

In addition to taxation of the family allowance benefits, the Council would remove present income-tax exemptions for dependent children under 18, as the Carter Commission on Taxation recommended. These exemptions involve a fundamental inequity since their value increases with the income of the taxpayer (Quebec has already eliminated this exemption for its share of income tax). Low-income families would be better assisted by net increased payments, the Councils says.

The Council would also give consideration in its revised family-allowance program to the age of children, size of families (the level of income at which the family ceases to benefit from the allowance could be raised by a fixed amount for each additional

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