

*Family Allowances Act, 1973*

2. In the five years preceding April 1, 1982, were any employees of the Department disciplined by way of suspension, dismissal or otherwise for violations of any rules or regulations governing the conduct or standards of behaviour for departmental employees and, if so, in each case, what was the name of the employee and the date of the disciplinary action?

Return tabled.

[English]

**Mr. Smith:** Madam Speaker, I ask that the remaining questions be allowed to stand.

[Translation]

**Madam Speaker:** Shall the remaining questions be allowed to stand?

**Some Hon. Members:** Agreed.

## GOVERNMENT ORDERS

[English]

### FAMILY ALLOWANCES ACT, 1973

#### MEASURE TO LIMIT INDEXATION

The House resumed from Wednesday, December 1, consideration of the motion of Miss Bégin that Bill C-132, an Act to amend the Family Allowances Act, 1973, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

**Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare):** Mr. Speaker, last evening when talking on this Bill I indicated that in the Budget of June 28, 1982 we announced changes in two programs. In 1983, the federal Family Allowances rate will be increased by only 6 per cent instead of the full increase in the cost of living. This means that starting in January 1983 and continuing through the remainder of the year the Family Allowance will be \$28.52 per month for each child, except in the Provinces of Alberta and Quebec.

This will be in place of the estimated \$29.87 per month which normally would have been paid through indexing. In 1984, the Family Allowance will rise by only 5 per cent to \$29.95 per child. Recognizing the fact that we are committed to helping those in greatest need, and recognizing the fact that this measure could hurt low and middle-income families with children, the Child Tax Credit payable to Family Allowance recipients once a year at tax time has been increased by \$50 for the 1982 taxation year. This means that the maximum credit, which would have been \$261 for this taxation year, will now rise to \$343 per child, payable early in 1983, rather than the \$293 announced earlier.

The result of these changes is that for the 2.5 million mothers receiving the Child Tax Credit, the increased credit will consequently compensate for the limited indexing of the Family Allowance in the next two years. The remaining 1.1 million families receiving Family Allowance, that is those with incomes too high to qualify for the Child Tax Credit, will have

slightly less benefits than they would have received with the full indexing.

The limited indexing of Family Allowances has a much broader purpose than simply to trim expenditures and set an example for fiscal restraint. It is part of the strategy for economic recovery launched in the June Budget.

• (2100)

One point I want to make very strongly this evening is that nothing that we are doing changes the system. Indexation and universality are still intact. This is an extremely important message that we must get across. At the time the June Budget was being drafted, inflation was stubbornly clinging between 11 per cent and 12 per cent. This was despite a deepening world-wide recession. In the face of rising unemployment, it would have been easy to heed the calls coming from all corners of this Chamber to over-stimulate the economy. This would have set inflation rates spiralling even higher. Instead, the Government took a longer term view of the situation. It determined that we needed a comprehensive program of economic recovery. In order to put Canadians back to work, most of us agreed that it was necessary to tackle high interest rates which were obstructing new investment and consumer spending. We could not accomplish this by ourselves. As a relatively small country in the world, first we had to bring our own domestic inflation down significantly.

The first priority in June had to be inflation. Once and for all, we have to crack the inflationary spiral and end the inflationary psychology which fuels it. Only then can we achieve real solutions to the related problems of interest rates and unemployment. That is the basis for the six and five program of which this Bill is a part. It is all part of the package. The real strength of the six and five program is that it seeks to build a broad national consensus and persuade Canadians to impose a kind of self discipline on their wage and price-setting behaviour. I am confident that this approach will prove more successful in the long run than the alternatives which some have suggested.

We would not achieve the same kind of resilient and responsible economic behaviour by simply imposing wage and price controls or wading in with an indiscriminate axe among carefully constructed Government programs. Instead, we are relying on the Canadian people to participate in a common effort to reduce inflationary demands on the economy.

Having explored how the Bill fits into the over-all context of economic policy, I would be amiss if I did not also address its social policy implications. Family Allowances have an old and distinguished place in the broad range of social programs which provide assistance to Canadians. As various Ministers have often repeated, the underlying principle shaping these programs is to provide the most assistance to those who need it most.

This principle is much in evidence in the Program we are now discussing. This means that only the top one-third of