

show that the poorer regions, where incomes are lowest, tend also to be those where the proportion of children is highest. Thus, in effect, money is gathered in the form of tax from the richer regions and redistributed in the poorer regions in the form of family allowances – an effect which will surely be intensified under the new system which makes the allowances taxable.

Alongside the economic considerations there were, of course, strong social motives for introducing family allowances in 1945.

Burden sharing

First, the government of the day wanted to give recognition to the fact that families with children had problems that families without children did not have. During the debate in the House of Commons, the Prime Minister quoted statistics to show that 84 per cent of Canadian children under the age of 16 were dependent on only 19 per cent of the gainfully employed. In other words, the major burden of raising the next generation of Canadians was falling on less than one-fifth of the working population. The Prime Minister argued that it was only fair that at least a portion of the burden should be shared by all. In this connection, reference was made to the Beveridge Report in Britain which had shown a major cause of poverty to be that workers had families which were too large to support on their wages.

The second social objective was equality of opportunity for children. There had already been efforts in this direction in the form of public education and income tax exemption (which of course did nothing for the poorest families whose incomes were too low to be taxable). Family allowances helped all parents, regardless of income.

Thirdly, the programme was designed to insure an adequate income for families on social insurance and social assistance while avoiding the dangers of encouraging workers to malingering and weakening work incentives – something which might happen when payments on behalf of dependants are paid through unemployment and assistance programmes.

When family allowances started in Canada, the amount of the allowance varied according to the age of the child, from \$5 a month for children under six going up in stages to \$8 for children aged 13–15. At first the rates were subject to reduction for the fifth child and others thereafter, but this discrimination against large families was removed in 1949. Youth allowances were added to the programme in 1964, for those in the 15–17 age group still attending school. Now the condition of school attendance has been dropped and allowances are paid on behalf of all young people under 18.

The basic \$20 allowed for every child and young person by the federal government is still subject to a degree of variation by provincial governments when they come

to distribute the allowances. They can vary the amount according to the age of children or size of family or both, but not in relation to family income. Thus some children may get more than \$20 and some may get less, but the law insists that all get a minimum of \$12 a month and that payments within each province must average out at \$20 a month for each child.

Even with taxation to recover a proportion of it, the cost to the government is going to be considerable: it is reckoned at about \$1,365m. as compared with \$640m. a year ago. The decision to tax them means that the greater part of the allowances will remain in the hands of those who need them most – the families with low incomes. It has been worked out that, assuming the national norm of \$20 is paid, a non-taxpayer would keep it all; the average Canadian taxpayer would get \$15 net for each child; and the taxpayer in the highest bracket would get \$8. Even after taxes, most Canadian families are better off.

Children of immigrants become eligible for these allowances as soon as they are legally landed. They are also paid to Canadian families temporarily living abroad, so long as they are still paying Canadian income tax.

There was some energetic criticism of the new legislation when it was on its way through Parliament last year. Inevitably there were those who saw in it a threat to their own standard of living, believing it would bring increased taxation: the government have, however, given assurances that the new allowances will be paid for out of existing revenue.

Others attacked the programme on the grounds that higher family allowances would encourage people to have more children and thus aggravate the 'population problem'.

Fertility unaffected

Marc Lalonde, the Minister of National Health and Welfare, gave a detailed reply to this criticism in the House of Commons last autumn, stating categorically that 'All available evidence suggests that this claim is unfounded.'

He explained: 'There are a number of factors which can affect fertility. These include, for example, the level of family income, the economic outlook, trends towards urbanization, higher living standards, increased employment of women outside the home, spread of knowledge of family planning and development of effective contraception devices as well as changing social and cultural attitudes towards family size.'

'There appears also to be a high correlation between higher incomes and lower fertility. Taking account of long-term trends, young married couples today are relatively better off than their counterparts a generation ago and are limiting the number of children they have to maintain the

standard of living they have achieved. Moreover, it is estimated that it costs between \$500 and \$700 annually to maintain a child. Consequently, a family allowance of \$240 can hardly be said to provide an incentive to procreate.'

'If one examines the statistics of population trends both in Canada and in other countries, there appears to be no evidence that family allowance programmes have stimulated the birth rate. This holds true even for those countries that have deliberately set about to use family allowances or other forms of income support to stimulate the birth rate.'

France and Czechoslovakia had both tried to stimulate population growth by means of family allowances, yet in both countries the fertility rate had gone down.

Fertility levels in Canada and the United States had fallen at about the same rate between 1960 and 1971, in spite of the fact that Canada had family allowances and the United States did not.

A United Nations study had shown, in a report published in 1965, that there was a high correlation between high levels of economic growth and economic development and low birth rates, while high birth rates predominated in less developed countries: indeed, the level of fertility divided the less developed countries from the more developed countries more consistently than any other factor.

The same year, the World Population Conference had reported that an advanced economy with a high per capita product imposed a demographic pattern on the country under which the birth rates could not be as high as those found in less developed countries.

Mr. Lalonde concluded: 'On the evidence I have seen, I am convinced that in an economically advanced country such as Canada, family allowances at the levels proposed would not affect the underlying factors that are encouraging and stimulating the trend toward still lower birth rates.'

Finally, he spoke up strongly for the children who need extra support and deserve to have it regardless of other considerations. 'Some critics have suggested that we should eliminate family allowances completely or, alternatively, limit allowances to one or two children per family. . . . I reject this proposition out of hand. In all humanity, one cannot argue that because parents ought, perhaps, not to have had children, we should allow those children to suffer from poverty and malnutrition.'

'Other measures should be and are being adopted to encourage family planning. . . . It is through improved programmes of public information and education that we are trying to come to grips with the issue of family planning. It is through family allowances programmes that we are hoping to improve the living standards of the present generation of Canadian children who, through no fault of their own, find themselves living in conditions of poverty.'