

Family Allowances

its budget on food, it is obvious that the increase of 20 per cent in the price of food over the past 18 months will have a much greater impact on the low-income family as compared with the higher income family.

Important as these figures are, they should however be put into perspective. For example, in 1971, the latest year for which international figures are available, we find that Canadians spent as an average 19.3 per cent of their budget on food. The only country with a lower percentage at that time was the United States, at 18.3 per cent, whereas in other industrialized countries we find the following figures applied: United Kingdom, 23.7 per cent; West Germany, 24.2 per cent; Sweden, 25 per cent; Japan, 26.6 per cent; France, 27.5 per cent.

When one compares the figure of 19.3 per cent in 1971 with the figure of 38 per cent for Canada some 15 years ago, one can see that the Canadian consumer has seen his lot substantially improved over the years, and that even in spite of the recent increases in the cost of food the Canadian consumer is still in a more favourable position than is the consumer of probably any other country in the world in so far as the allocation of his budget to food is concerned.

I would also draw to the attention of hon. members the fact that the average real income of Canadians has continued to increase substantially in 1973 as compared with 1972, and I would refer hon. members to the statement the Prime Minister (Mr. Trudeau) made in the House on September 4 as reported at page 6182 of *Hansard*. The Prime Minister stated:

[*Translation*]

Workers income and corporation benefits have by far exceeded the global rate of inflation in Canada. During the first quarter this year, the real income of individuals, after income tax, went up by an average 6.2 per cent compared with the same period in 1972. If Canadians have a net increase in income, it is due to a large extent to the fact that the financial budgetary reductions of last February have borne fruit.

● (1540)

[*English*]

Therefore, in spite of the substantial increases that we have known in the cost of food we have also to look at the situation in its broader aspects to see the total situation of the economic conditions of Canadians at the present time. The fact is that the present worldwide situation has caught all of us in its grip, and given the present rate of inflation it therefore appears to us that even a few months wait would prove a hardship to many Canadians.

[*Translation*]

The bill before us constitutes one aspect of the strategy adopted by the government to fight inflation. This bill, Mr. Speaker, is the second which I have had the privilege of introducing this week to my distinguished colleagues in the House; it is also the second project to be proposed within the program designed essentially to protect the purchasing power of the Canadian consumer. Through this legislation, 3.5 million Canadian families will benefit next month from a monthly allowance of \$12 per child.

It is known that it is not for the government itself to relate salaries to the variations in the cost of living. That comes under collective agreements, and both employers

[Mr. Lalonde.]

and employees are at liberty to discuss that matter between themselves. On the other hand, we have the power to increase family allowances in order to supplement the salaries of Canadians with dependent children and for whom the increase in the cost of living means still greater financial commitments. As I said before, we have already introduced in the House a bill to that effect when we were proposing to increase the current family allowances up to an average of \$20 per month per child starting January next; today, when presenting a bill, we recommend fixing forthwith monthly family allowances to \$12 per child and per adolescent under 18.

This legislation thus makes it possible for us to prevent families living on a small employment income from finding it more advantageous to quit working and live entirely on public assistance by becoming recipients of social assistance.

Unlike social welfare benefits, wages do not take into account the size of the family and the resulting financial charges. In most provinces, couples with two or more children receive higher social allowances than the provincial minimum wages.

The working paper on social security which I submitted last spring suggests that an income supplement system be implemented for these people. The development of such a system however requires a detailed study of the political and administrative issues involved and close co-operation with the provinces.

We hope that the work undertaken will be successful and we expect that it will be. The family allowance program is useful in avoiding that the small wage earner be swept over by family charges that he no longer can bear because of the rising cost of living and be forced to live on the fringe of society. This bill brings a temporary solution to the problems of such people.

Therefore it proposes that family allowances be brought up to the minimum level set by the federal government for the general review of the family allowances act and the youth allowances act, namely \$12 per child per month. This provision will result in a direct increase in the benefits paid to three million and a half Canadian families, and the amendments contained in this bill to the present provisions will make any person under 18 eligible to family allowances under the existing act.

That increase alone means an average increase of 66 per cent in the family allowances that are now paid to Canadians.

When we attempted to develop an ideal formula to effect the first adjustment of family allowances, we came up against the problem of having to increase them according to the present rates, that is \$6 and \$8, and in the case of youth allowances, \$10 per month.

Now, since the main purpose of that increase was to provide allowances to consumers as soon as possible, we decided on an across-the-board increase, regardless of the child's age.

As a matter of fact, an average Canadian family will receive \$30 more from October to December 1973, when the new program will be implemented.