

Family Allowances

anticipation to a family allowance cheque as her source of income to spend on the needs of the children. People in such circumstances can respond in the affirmative to an increase in family allowances and to the principle of universality which is maintained in this interim change in the family allowance and in the bill as it will be presented to take effect in January, 1974.

There are not just the financial implications—and I think in the debate we missed this point—of increasing the family allowance but in this country thousands of women have decided not to go into the work force but to stay at home and raise a family. Psychologically—I believe this is important—they look upon the family allowance as a source of income to them within the family structure for assistance in the upbringing of children. So at a time when we have seen a rise in the cost of living, not only do the mothers in urban areas of my constituency but the mothers on the family farm see an increase in the family allowance as a fundamental increase in the purchasing power of their families and an increase, in fact, of their responsibility in handling that extra money.

I fully support this increase. Other members have mentioned that they wish to see the complete increase to \$20 which is to be presented in the new legislation; but I think that is something which, if it comes in January, will be better late than never. In our society approximately 3.5 million Canadian families will be affected by this increase to \$12 a month in October, 1973. That, along with the tax concessions in terms of exemptions and so on of February—which I support—is a 12 per cent increase in purchasing power. That is not to be overlooked in terms of the importance of this bill.

I also want to point out that often, and justifiably so, we speak of the individuals in a family living below the poverty line. One in four Canadians is living below the poverty line, which has been described as \$4,500 annually. There are 1,700,000 children involved in families living below the poverty line. However, let us speak in terms of the other families involved. Let us speak of the man, for example, who works for the highways department, is raising two or three young children and is earning \$6,000 or \$7,000 a year. We might also speak of the man who is running a grader for the municipality, is raising a family of two or three children and is earning \$6,000 or \$7,000 a year, or of a man who may be in organized labour but is working in a co-op store or in a Safeway's store and earning around \$7,000 a year. This increase to \$12 in non-taxable family allowance is of extreme benefit to these people in terms of the purchasing power of the family. It is related not merely to food but to clothing and other items. So it is fundamentally important that we support this legislation.

I want to state again that had not the Liberals and Conservatives supported the corporation tax cuts for corporations which are making profits the like of which we have never seen before, there could have been an additional \$500 million to go to such items as family allowance. That would average in the neighbourhood of \$140 a family. It would be a step along the road of a meaningful redistribution of income.

There is another factor I think ought to be considered in respect of redistribution of income. The hon. member for

[Mr. Knight.]

Edmonton-Strathcona, for whom I have considerable respect—I have had an opportunity to converse with him in terms of ideas and ideology concerning airplanes—when speaking last night said he feared we are moving along the road to a guaranteed annual income for Canadians. He said he feared it. I want to say that I welcome it, that I believe it is a fundamental move in the direction of a guaranteed annual income for Canadians which will bring about a basic redistribution of wealth.

● (1550)

While increasing the family allowance at this time and making the increase non-taxable, the minister should give some thought to the increase to \$20 maximum which will become effective on January 1, which will be taxable. My point is this: many people have said—in some ways I agree with them—that by making family allowances taxable, greater equity will be achieved because families that do not need this money will pay it back in income tax. There is some justification for saying that. But I point out that if you have read any of the studies on taxation and on the manner in which it is applied in this country, you will find that equity will in fact not be achieved; that our tax structure, in terms of how it affects families, working people, farmers and small businessmen, has certain inequities built into it.

Therefore, certain people in the high-income brackets, given the proper exemptions and proper kind of tax breaks which they get in terms of corporation dividend tax credits, etc., can in fact collect the family allowance of \$20 maximum and not pay it back in income tax, while wage earners at a certain level can collect the \$20 and will have to pay back a certain amount in tax. If you follow that argument, then you come to the logical conclusion that if you make the family allowance taxable, you have to take into consideration the necessity for a vast revision of the Income Tax Act to make sure that it fits into an equitable and progressive tax system, which is not the case today. I plead with the minister to use his good offices in the cabinet not only to change family allowances in terms of increasing the benefit but also to change the tax system so that it becomes a more progressive system for people in the middle and lower income brackets. In that way it would meet their needs much more adequately.

Several weeks ago the party to which I belong met in caucus. We considered a number of programs that we felt were necessary to bring about in order to meet; in the best possible way, the rise in the cost of living. One of them was immediate implementation of the new family allowances bill. We now have before us an interim measure. I believe we should in the coming months bring forth legislation related to the new change in order to ensure that by January 1 Canadian families receive an increased family allowance in accordance with the criticisms of the NDP in the previous session of parliament, before the general election, when we called for a universal scheme.

In my area many people said they were pleased that we stuck to our guns and would vote against a plan that was selective. We feel that a selective plan would pitch one neighbour against another and would cause the kind of agony that takes place in a small community when one family asks why another is getting so much in family allowance when they are only getting this much, even