



# Bulletin

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## WHITE PAPER ON INCOME SECURITY

A White Paper entitled "Income Security for Canadians", proposing to shift the weight of Federal Government direct payments more in favour of people in need, was tabled in the House of Commons on November 30 by Mr. John Munro, Minister of National Health and Welfare.

The proposals are seen as a major rationalization of income security programs to contribute substantially to the prevention and alleviation of poverty in Canada by redistributing to the best effect the money already in the system. Results forecast are improvement in the condition of millions of low-income people, the saving of hundreds of thousands more from falling into poverty and the improvement of the basic income protection of most people.

Four distinct income-security techniques are involved: *guaranteed income*, *demogrants (universal programs)*, *social insurance* and *social assistance*.

The resulting package of proposed improvements has the effect of not only re-ordering priorities and concentrating available resources upon the people in greatest need, but changing the relative emphasis to be placed in future upon these four techniques.

Social insurance, which prevents people from falling into poverty, and guaranteed income, which directly alleviates poverty, are to be strengthened substantially.

The universal technique will become less central to income security generally.

Changes in these three techniques are designed to reduce the dependence of people on social assistance and to assist low-income families with children.

### POLICY PROPOSALS

The proposed changes relate directly to four major programs:

#### (1) Family Income Security Plan

A major anti-poverty initiative to assist low-income families with children is made possible by shifting to the selective principle the present Family Allowance program. This program would be dismantled and replaced by the Family Income Security Plan (FISP), which permits the greatest possible concentration of national resources upon families in greatest need through a new extension of the guaranteed-income conception, based on income levels.

The proposed FISP will cost about \$660 million in the first year, \$100 million more than at present. Higher benefits will be financed from about \$270 million in benefits withdrawn from higher income families and in tax recoveries from beneficiaries. On March 31, 1970, 7,377,000 children in 3,473,000 families received Family Allowances, Youth Allowances or Family Assistance payments.

Under this plan:

- (a) Effective September 1971, a payment of \$16 a month for each child under 16 will be made to mothers of families in which the combined income (husband and wife) does not exceed \$4,500 a year.
- (b) Benefits will be taxable.
- (c) Monthly benefits will decline gradually as the level of family income increases until payment ceases for families with a combined income of more than \$10,000 a year.

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