

The origins of family allowance go back to 1918, when the government amended the *Income War Tax Act* and introduced a child tax exemption of \$200 for each child under 16, at a time when a quart of milk cost 5 cents. With this new measure, the government recognized the importance of having an income supplement for dependent children. In 1927, the tax exemption was raised to \$500 and extended to all children under 21.

The family allowance concept became more widely known and, in 1929, the Striking Committee of the House of Commons started to examine this subject matter. Unfortunately, these developments were interrupted by the Depression and the Second World War and the subject was not resumed until the early forties.

At that time, the House of Commons Reconstruction Committee decided to consider the concept again. Inspired by a study prepared by Sir William Beveridge for the British Parliament, entitled "Social Insurance and Allied Services", the federal government became more sensitive to the need for a social security program in Canada.

According to Beveridge, family allowance was necessary to pick up the slack in a pay system that did not consider family size.

In March 1943, the federal government tabled in the House of Commons a document prepared by Mr. Leonard Marsh: "Report on Social Security in Canada".

According to the Marsh report, the inadequate incomes of employed workers with a number of children was one of the main causes of poverty. The report concluded that the State had an obligation to correct income on the basis of family size. Subsequent to the Marsh report, Prime Minister Mackenzie King's Liberal government announced in the Speech from the Throne, in January 1944, its intention of paying a family allowance, and I quote:

"The family and the home are the foundation of national life. To aid in ensuring a minimum of well-being to the children of the nation and to help gain for them a closer approach to equality of opportunity in the battle of life, you will be asked to approve a measure making provision for family allowance."

With this statement, the government laid one of the cornerstones of Canada's social income security system. It also recognized that family allowance was an investment in the children and future of this country.

In his speech on July 25, 1944, when he introduced the family allowance bill, Prime Minister Mackenzie King demonstrated beyond a doubt that he was a great Liberal and was able to lay the foundations of a just and more compassionate society. He said, and I quote:

"... there is an obligation upon the state to assist in the upbringing of children ... But, up to the present time, that obligation has been recognized only with respect to the more fortunate in our country, those who already

[Senator Hébert.]

have an income large enough to be taxable and to entitle them to exemptions according to the number of children in the family. In other words, where the need has been least it has already been recognized. The purpose of this bill is to recognize a similar obligation where the need is obviously greater than it is in the other cases."

The historic speech by the Prime Minister of that time signaled the advent of the Canadian family allowance program. This necessary measure would help spread the cost of raising children more fairly among the whole population. The allowance program would from that time on apply universally to all Canadian children, without exception.

Let us not forget that this happened at the end of the Second World War, when a government that had no money had to face countless priorities. In his memoirs, our late illustrious colleague, the Right Hon. Paul Martin, reveals that not all members of the Cabinet agreed. Even among Liberals, conservatives sometimes manage to creep in! Let me quote you a paragraph from this thrilling work:

The cost of these changes disturbed some in the cabinet, including C.D. Howe and the conscientious keeper of the public purse, Jim Ilsley. Ilsley's objection was that the report, having been released prematurely, did not carry the official sanction of government and therefore could not be accepted as the basis for legislation. While Ilsley might have based his official objections to the proposals on these grounds, I knew that philosophically he did not favour spending the government's money in this manner. One night he and I talked long into the wee hours arguing the pros and cons of state measures for social security. He honestly felt that the government could not afford these measures and that some of them should be undertaken by the family, the church or the provinces. Ilsley kept asking me: "Why do you want to saddle us with these things?" My answer was: "Because of my liberalism".

[English]

Moreover, during his July 25 speech, Prime Minister Mackenzie King illustrated the importance and need for this program, underlining the fundamental values which prompted the proposal. Again, his words spoke so eloquently and so passionately, ringing as true and sounding as relevant today as they did then, that I feel I must quote them, and quote them to remind the Conservative Government that its actions portend a dark future for all Canadians if it continues tearing the fabric of nationhood.

Senator Cools: Hear, hear!

Senator Hébert: He said:

This measure ... is in the general interest rather than in the interest of any particular class. What most of us forget is that, more and more, we are all coming to be dependent on each other, that no man liveth to himself, that no community liveth to itself, that no nation liveth to