

families were eligible for all the available federal benefits for families with children -- Family Allowance, the Child Tax Credit, the Child Tax Exemption, the Child Care Expense Deduction, and the Equivalent to Married Exemption -- as well as provincial benefits, many community groups have informed us that the money would not be sufficient to provide needy children with an adequate standard of living.

The cost of raising children has been calculated by researchers in several countries; it varies by the number of children and the standard of living expected by the family. Despite these variations, a reliable rule of thumb seems to be that families with one child typically spend about 30% of total family expenditures on that child, families with two children spend 40-50% of family income on the children, and families with three children spend nearly 50%.<sup>(4)</sup> Over the first 18 years of a child's life, a Canadian family can expect to pay an average of \$3,694 per year in today's dollars without daycare costs or as much as \$5,888 with daycare costs, according to the Social Planning Council of Metropolitan Toronto.

Changes have also taken place in the value of employment income relative to investment income and government transfer payments in determining total family income. Increasing unemployment rates, tight money, insofar as it has caused high interest rates, and stagnant economic growth have not had a serious adverse impact on economic equality because government transfer payments have risen considerably since the late 1960s, the elderly have increased their investment income and families are now more likely to have two earners.<sup>(5)</sup> Without indexed transfer payments, however, the discrepancy between the rich and the poor would have been much larger.

Although the incidence of poverty was cut by one-third between 1969 and 1983, the recession of the early 1980s reversed the long-term reduction in poverty. Real family income, adjusted to inflation, declined from 1980 to 1984.<sup>(6)</sup> Young families headed by women now comprise a large segment of poor families, and four in ten families headed by women are poor compared to only one in ten led by men.<sup>(7)</sup> The dramatic rise in the rates of separation and divorce and in the rates of unmarried mothers keeping their children have led to more female-led families over the last 15 years, and many of these families are poor. This has prompted some social analysts to talk of the

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(4) T.J.Espenshade, "Value and Cost of Children", *Population Bulletin* 32: 2-47, April 1977.

(5) Michael C. Wolfson, "Stasis Amid Change - Income Inequality in Canada 1965-1983", *Canadian Statistical Review*, February 1986.

(6) National Council of Welfare, *Poverty on the Increase*, Ottawa, March 1985, p. 2; Colin Lindsay, "The Decline of Real Family Income, 1980 to 1984", *Canadian Social Trends*, Winter 1986, p. 15-17.

(7) *Ibid.*, p. 7.