child), and to escalation of benefits to allow for rises in the consumer price index.

EFFECT ON ONE-CHILD FAMILY

An example of a plan that would embody all the Council's recommendations for a family with one child would work as follows:

Everyone would be paid an average flat-rate allowance of $25 a month, depending on the age-group of the child (three groups are suggested). The Council proposes $25 a month as a realistic proportion of the actual cost of child-rearing and as compensation for the loss of the exemption in the lower income group. Thus, a family with an income of $2,000 a year would receive $300 a year in allowances for each child; under FISP it would receive $192; and, under the present plan, $84. A family earning $5,000 a year would have its allowance taxed under the special tax-schedule and, with the loss of the exemption, it would receive $299 a year; at $10,000 income, a family would receive $85 a year, and at $12,000, $12. The 100 percent recovery of the allowance by the Government would occur between $12,000 and $13,000 income, rather than at $10,000, as in FISP. Thereafter, there would be an increasing annual net *loss* for each child compared to FISP, reaching $155 at $30,000 income. The cut-off point at which the allowance ceased to benefit the family would be raised when there was more than one child – for example, by $1,000 a child.

COSTS

In the Council's $25-a-month scheme, the gross annual cost to the country would be $2 billion. An amount of $706 million would be recovered in tax on the allowances, plus $450 million from removal of the tax exemption for children under 18 – a much larger total amount than under FISP – for a net cost that is $386 million more than FISP. The net cost of the present family-allowances program is $560 million and that of the FISP program is $534 million.

RECOMMENDATIONS

To sum up – for a reformed family allowances program the Council recommends:

(a) A level of net benefits that, pending the introduction of a comprehensive income-security program, would give as much assistance as possible to lower-income families while making a reasonable contribution to the child-rearing costs of other families.

(b) Universal flat-rate benefits ("demogrants") on behalf of dependent children under 18, which take account of the age of children, e.g., age-groups 0-5, 6-11 and 12-17, the last to include youth allowances, which should be integrated with family allowances.

(c) Taxation of benefits on a special tax-schedule that would provide most help to lower-income groups and permit 100 percent retrieval of the allowances at some given point.

(d) Elimination of the tax exemption for dependent children under 18. Removal of the exemption might be "staggered" over a period of years.

(e) Variation in the special tax-schedule to give help in relation to the number of children in families with the same income.

(f) A built-in escalation clause to take full account of any annual rises in the consumer price index.

MOTOR-VEHICLE SALES

In March, 83,080 new motor vehicles were sold in Canada. This was 15.9 percent more than a year earlier, but fewer than the 86,696 sold in March 1969. The retail value, $316.4 million, was 19.6 percent higher than last year, and almost equal to the corresponding value in 1969.

Passenger-car sales (69,354 units) were up 18.2 per cent from March 1970, and commercial-vehicle sales rose a modest 5.3 per cent. Sales of North American cars increased 16.9 per cent, to 55,454 units (80.0 per cent of the market), while those of overseas cars rose 23.8 per cent, to 13,900. The only declines reported were in sales of commercial vehicles in Alberta and of imports from overseas in Quebec.

In the first quarter, total vehicle sales rose to 179,574 units (4.2 percent more than a year earlier) valued at $675.1 million (up 6.0 per cent). Cars made in North America accounted for 80.6 per cent of the Canadian passenger-car market, against 83.1 per cent in the first quarter of 1970.

ACADEMICS MEET DIPLOMATS

Representatives of some 26 universities and institutions dealing with international affairs met in Ottawa on May 13 and 14 with officers of the Department of External Affairs. Subjects discussed included the recently-published policy statement *Foreign Policy for Canadians*, EEC enlargement, Canada-United States relations and the exchange of diplomats with the People's Republic of China.

Considerable attention was given to the search for more effective means of consultation between the academic community and External Affairs. These contacts have been increasing during the last few years. Officers of the Department of External Affairs are now assigned as foreign service visitors to universities. It is intended that academics shall spend similar periods working with the Department. The session chairmen included Mr. A. Davidson Dunton, President of Carleton University, Mr. Gilles Lalande of the Department of Political Science, University of Montreal, and Mr. Paul Tremblay, Associate Under-Secretary of State for External Affairs.