

*Family Allowances Act, 1973*

Church, in a position paper released by its Working Unit on Social Issues and Justice, in reference to the principle of indexation, has stated:

As an attempt to offset rapidly-rising inflation in the 1970's, indexation was introduced in the income tax system, and also applied to most of the assistance programs including CPP, OAS, GIS, Spouses Allowance, Family Allowance and the Child Tax Credit. Without this the effect on low-income persons would indeed have been severe.

The United Church group that made that statement knew what it was talking about because the capping of the increases on Family Allowances and other social programs to increases of just 6 and 5 per cent when the cost of living is rising substantially more than six and five, will have a very serious effect on all those families with children.

What is the purpose of this Bill? Its purpose is to cap the increases in the Family Allowance at 6 per cent for 1983 and 5 per cent for 1984, rather than to permit the Allowance to match the increase in the consumer price index. What will be the effect on families which now receive the Allowance? Family Allowance payments now are \$26.91 a month per child. This guarantees Canadian mothers some cash in hand to deal with the needs involved in raising children. It has given many mothers who do not work the only income, the only money, which they do not obtain from their husbands or for the receipt of which they are not dependent on someone else's decision-making or goodwill. This enables them to deal with some of the needs of their children, to buy clothing and food and to pay some school expenses. This year the Bill will reduce Family Allowances by \$16 in 1983, from \$358 for the year to \$342 for the year, and will reduce it by \$35 in 1984, from \$394 to \$359.

The Government has argued that those most in need will be sheltered from this real decrease in Family Allowance payments by a one-year increase in the Child Tax Credit of \$50. On the face of it, families with children will not lose any money. That is true in an absolute sense, but our national social security system will lose an immeasurable amount because the base of future Family Allowance increases will be lower and, therefore, the reduction will be a permanent one. That, of course, assumes that at the end of two years the Government will go back to full indexation.

I want to suggest to Hon. Members that we have no guarantee that that will happen. After all, if the Government can reduce the rate of indexation to six and five for two years, it can do the same for the years afterwards. Or, even more disastrous, it could eliminate indexation altogether. After all, if the Government has done it once, why will it not do it again? We have no assurances that the economic situation will be any better in 1985 than it is in 1982. It may, indeed, be worse, and the Government, whether it be Liberal or Conservative or any other, could decide that the needs of the country are so great that capping must be continued or that indexation must be eliminated altogether.

Besides that, the amount lost is paid back on a selective basis. What do I mean by that? Presently, 3.6 million Canadian mothers receive Family Allowances, of which 2.5 million also receive the Child Tax Credit. This country has accepted the belief that Family Allowance is a universal right. At least, we have up until now. With the Child Tax Credit, we have divided those needing help into two camps, those with some need and those with more need. With this Bill, we will move closer still to making the two-class system permanent. I suggest that it is a ghetto-type Family Allowance, similar to what I predict we will likely see in relation to hospital and medical care in the next few years.

Some may say that a ghetto-type Family Allowance will do more for the really poor. The problem is different. As soon as one separates the real poor from the rest of the people, one stops doing very much. As soon as one splits the people of Canada into two groups, those who do, in fact, receive Family Allowance, or part of it, and those who do not, those who do not receive it will lose interest in the Program. Those who do not receive the benefits will feel that they have no reason to support the Program, and the almost unanimous support which we have had for this kind of Program will be reduced, if not eliminated.

Therefore, we are opposed to the kind of selectivity which is implicit in the Bill and in the whole Child Tax Credit idea. If some in the upper income brackets do not need the benefit of the assistance they receive from this Program, it would be a very simple matter to use the income tax system as it has supposedly been used but, in fact, has never been used. The income tax system could simply be used to tax back 100 per cent of the benefits which it is believed that people do not need. This would be the most effective, stigma-free way of accomplishing the objective of seeing that those who supposedly do not need the benefits of this kind of Program do not receive them.

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We believe it is illogical and unjust to attack a basic social program such as the Family Allowance Program, which has brought such benefits to the Canadian people, while at the same time we are spending millions of dollars on propaganda kits such as the one that was issued a few days ago extolling the virtues and the benefits which will accrue to the Canadian people as a result of the six and five program. The Government is essentially attacking those who cannot defend themselves.

If I can go back to that study done by the United Church of Canada, they say in this regard:

Poor people are powerless to bargain for more income, they have no access to capital for investment or job creation, they have no control over day-to-day living costs which are imposed upon them, and they have less opportunity to participate in the educational and social structures that might enable them to make it in our highly competitive system.

The poor who receive Family Allowances will never make up the losses in these payments which this Bill will inflict on them