

Two child care plans — one for the rich, one for the rest^[1]

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EXCERPTS:

All of a sudden, it looks like the battle lines in the coming federal election may be less over whether to send our warplanes to Iraq and more over whether to send our children to day care.

With their announcement this week of plans for a national child care program, the NDP has not only proposed the beginnings of a solution to a gaping social need in Canada, it also has carved out territory where its contrast with the Harper Conservatives could not be starker.

Like the NDP, the Conservatives are planning to take a chunk of money from the surplus accumulating in Ottawa and spend it on a big initiative related to children. But that's where the similarities end.

The NDP plan, which would provide subsidized child care at a cost to parents of \$15 a day, is national in scope, based on a strong role for government, funded by taxes, and egalitarian - all things from which the Conservatives, as if by genetic disposition, recoil.

By contrast, Stephen Harper's Conservatives want no national plan. They oppose a strong role for government - or any role - in meeting the needs of working parents with kids. Their answer is to give parents money in the form of tax cuts to spend as they want. But for the vast majority of Canadian parents, the Conservatives' promised centerpiece - a tax break allowing income-splitting for parents with children under 18 - will offer virtually nothing, and that may be overstating its generosity.

But before we get to the latest Conservative plan, let's recall what the Conservatives did in 2006, when Paul Martin's Liberal government proposed a national child care plan but was toppled shortly after by the Conservatives and NDP. After winning the election, Harper scrapped the plan and instead announced that Ottawa would pay \$100 a month per child to families with children under age six.

Not content to just discard a national child care plan, Harper, after winning a majority in 2011, became bolder in advancing two key prongs of his arch-conservative agenda: enriching the rich and encouraging women to stay home. Promising to introduce income-splitting offered him a splendid opportunity to do both, since the benefits of the costly \$3 billion tax cut would go almost exclusively to rich families with stay-at-home mothers.

Tax breaks typically offer bigger benefits the higher you go up the income scale, but the imbalance in the case of income-splitting is so profound that the Canadian Centre for Policy Alternatives (CCPA) calls it "inequality by design."

Neil Brooks, tax professor emeritus at Osgoode Hall Law School, calls it "immoral."

As the CCPA notes, fully 86 per cent of Canadian families would receive no benefit whatsoever. Meanwhile, one per cent of all families (not hard to guess which one per cent) would get an average tax saving exceeding \$6,500.

Imagine a cartload of federal surplus cash bypassing virtually every home in the country - before making a beeline for a few well-to-do enclaves and dropping thousands of dollars on doorsteps.

(The Harper government also announced last week that it was enriching the child fitness tax credit from \$500 to \$1,000 - another measure where the benefits are highly skewed to the rich, who are far more likely to have a spare \$1,000 to spend on their children's sailing or riding lessons.)

But back to income-splitting. Among the losers are working women. This is revealing, since governments typically use tax incentives to encourage certain kinds of behaviour. Harper's message to women: marry rich and stay home. No longer barefoot, pregnant and in the kitchen, today's woman should be ... in the kitchen, pregnant and wearing Guccis.

A national child care program, on the other hand, would make it easier for women to work. Quebec's child care program has significantly increased female workforce participation. With more women working and paying taxes, the program has done "much better than pay for itself," according to a study led by prominent Montreal economist Pierre Fortin.

The Conservatives' income-tax splitting plan is so inequitable that even the late Conservative finance minister Jim Flaherty - perhaps suffering a twinge of conscience after a political career spent rewarding the rich - was moved to question its fairness.

That - and the fact that Conservatives continue to lag in the polls - may yet cause the government to retreat from their income-splitting

promise.

But if they felt they could get away with it, this is what they'd really want to do with \$3 billion of our hard-earned surplus: Hand \$6,500 each to some of our richest, most 'traditional' families, and give most other Canadians precisely nothing.

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