

# Harper reincarnates family allowance with universal child-care benefit <sup>[1]</sup>

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## EXCERPTS

A few decades ago it was the Liberals and the NDP attacking a Conservative government for even thinking about messing with monthly cheques sent to Canadian families.

Economists and policy-makers had argued for decades that the baby bonus or family allowance, as it was called then, was expensive and inefficient, in that it sent cash assistance to rich and poor alike.

How times have changed.

Today, of course, the NDP and Liberals are deriding the family allowance's reincarnation - the universal child care benefit - because, in part, it helps those who don't need it.

Intentionally or not, they are echoing a man whom they have attacked for decades.

"A legitimate question has frequently been raised," bemoaned newly minted Prime Minister Brian Mulroney in 1984, "regarding the fairness of someone who makes \$500,000 a year receiving these kinds of benefits."

### Birth of family allowance

Family allowance was introduced in 1944 by the Liberal government of William Lyon Mackenzie King as a response to worries about a postwar economy and skyrocketing poverty as men returned from war and women left the factories.

Newsreels from the time boasted that "the standard of living in every home across Canada will be raised by the Family Allowances Bill."

Recognizing the obvious good politics of putting cheques in the mailboxes of every family home "across the Dominion," the Conservatives of the day put up half-hearted opposition and the Family Allowance Bill quickly passed with the rare unanimous consent of the House of Commons.

### Tories wanted national daycare

Forty years later, Mulroney proposed canceling the allowance cheques and creating - wait for it - a national daycare program to help Canadian families.

The Tories pledged billions of dollars to create 200,000 subsidized daycare spaces - only to have the plan scuttled by the Liberal-dominated Senate.

Those who opposed national daycare said the money was better off directly in the hands of Canadian parents to spend on their children's needs as they saw fit.

And it's now the Conservative prime minister attacking the NDP national daycare plan because, as Stephen Harper puts it, "I know that the NDP is strongly opposed to anything that gives money to people as opposed to taking it for government or for bureaucracy,"

Give it back or let them keep it?

Any fiscal conservative will tell you a far better choice would be to leave money with people, rather than "taking it for government or for bureaucracy" and then "giving" it back.

"The easiest way and the most efficient way is to simply let them keep more of [their money] in the first place," says Aaron Wudrick, national director of the Canadian Taxpayers Federation. "And if you have to target help at a certain group - do that."

Of course, this is an election year, and Wudrick acknowledges he's speaking from an economics point of view.

"There's clearly a political incentive to [pay out the universal benefit] because governments like to be seen to be giving money to people - we get that," he says. "But obviously we are not politicians trying to get elected; we're concerned about the efficiency of the system as a

whole."

The problems with the family allowance were clearly identified in the 1960s, Mulroney spoke publicly about them in the 1980s, but only pulled the plug on the program in 1992, his last year in office and a time when, he hoped, the ballooning deficit would give him enough political cover to make tough choices.

Entitlements hard to give up

"It takes a long time to, sort of, condition people to back away from something they are entitled to," according to Raymond Blake, professor of history at University of Regina.

He has studied and written about the history of family allowance in Canada.

The attractiveness of family allowance then, and the universal child care benefit now, is the simplicity of receiving a cheque in the mail (or automatically deposited into your account) as opposed to a tax credit that is calculated behind the scenes and added to paycheques directly - even if that is, most economists believe, the better way to do it.

"The government will know this is not going to where it is going to do the most good, but it is going to people who vote," he concludes.

In 1945, with family allowance as part of his platform, Mackenzie King won re-election.

In 1993, after being accused of gutting social programs, Mulroney's former party was reduced to just two seats in the House of Commons.

Harper is seeking re-election this October, and in July, nearly every Canadian family with children under 18 years of age will receive \$420 to help "Johnny Canuck's juniors!"

It really is worth watching that newsreel from 1945...

**Region:** Canada <sup>[3]</sup>

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