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NEWS RELEASE

Child Tax Benefit Ineffective in Addressing Child Poverty

Poverty alleviation calls for in-kind services for vulnerable children and a Generous Earnings Supplement

Montreal – An exhaustive examination of Canada's family policy concludes that recent federal and provincial government initiatives are misguided and have not efficiently addressed the problems of child poverty. "The Child Tax Benefit is a dead end" assert Pierre Lefebvre and Philip Merrigan in "Assessing Family Policy in Canada: A New Deal for Families and Children," released today by the Institute for Research on Public Policy.

The authors argue that current programs do not meet their intended objectives and, most troubling, they do not achieve their primary goal, which is to reduce child poverty. Further, when these programs are combined with current welfare and unemployment assistance programs, there is no real incentive for families to increase their employment income, they say. They also find that equity has been reduced for two-child, two-parent, working families.

"After years of decreases in social spending, more federal resources are now being devoted to programs that serve poor children and their families, but Ottawa is only playing catch up," say the authors. "In constant dollars the government decreased spending by 36 percent on a per-child basis between 1974 and 1997, and by 14 percent between 1974 and 2000. The outcome would be even worse had families not had fewer children in 1997 than in 1974 (200,000 fewer children under 18). Moreover, fewer families with children received cash benefits in 1997 or 2000 than in 1985 or 1974. Around 17 percent received no benefits at all."

Lefebvre and Merrigan argue that governments should adopt a life-cycle policy framework and focus on investing in the human capital of children with programs targeted at early childhood development. These types of programs are especially important for vulnerable children, because they tend to shield them from the negative impact of living in poor or dysfunctional families. In addition, since children are poor because they live with adults who are poor, the only long-term and efficient means of reducing poverty are those that will encourage adults' entry into and attachment to the job market. Finally, all children are equally worthy of societal support, and the cornerstone of any family policy should be a substantial, universal, non-taxable child benefit.

To complete Canada's human capital strategy, they also propose the following:

Increase paid maternity and parental leave and consider introducing maternity allowances to make it financially feasible for all parents to bond with their children during infancy.

Convert the Child Care Expense Deduction into a refundable tax credit for child-care expenses and reduce the cost of high-quality child care for low-income families.

Introduce full-day kindergarten for five-year olds and gradually introduce full-day junior kindergarten for four-year-olds to eliminate the skill inequalities that hamper the academic success of many children.

Consider redirecting current subsidies for post-secondary education and public training programs into programs for children. Poor motivation at early stages of development and inadequate academic preparation are much greater barriers to post-secondary education than the affordability of post-secondary tuition.

The study is now available on-line in Adobe (.pdf) format on the Institute's Web site (www.irpp.org). For more information or to schedule an interview, please contact the IRPP.

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