

## EXECUTIVE SUMMARY

### CROSSROADS FOR CANADA: A TIME TO INVEST IN CHILDREN AND FAMILIIES

Campaign 2000 Discussion Paper

Canada has the second highest rate of child poverty in the industrialized world. It is a stinging reminder that we have failed to strike a balance between putting our financial affairs in order and caring for families.

The persistence of child poverty in Canada is a symptom of declining earnings, high unemployment, and a weak social security system for working families. Growing number of parents are living through the chronic stress of economic hardship, which takes a heavy toll on the stability of home environments. Other parents are stretched and exhausted, with more hours in the labour market just to make ends meet.

Deep social divisions have emerged in the living standards of families, and the gap is likely to widen. At stake is the well-being of our children, and the social cohesion of our nation.

The federal government and the provinces are projecting balanced budgets by the start of the next century. Some segments of the population are demanding lower taxes as a reward for enduring through the difficult period of fiscal retrenchment. General tax cuts disproportionately benefit those who are better off. The emphasis should be placed on alleviating the burdens of working families and young adults who have borne the brunt of spending cuts.

*The National Partners of Campaign 2000 believe we must now make social investments in children and family the national priority. A country with the national wealth of Canada cannot continue to ignore child poverty by pleading collective poverty. It is not a credible plea.*

We are pessimistic about the prospect of generating needed social investments through increased general government expenditures. A new approach is needed. Canada currently has designated funds from two out of three life-cycle periods – pensions for seniors and unemployment insurance for adults. *This is no designated life cycle fund for children. We propose that, as a nation, we redirect 2-2.5% of GDP to create a social investment fund for children by the next half decade.*

We regard the proposed fund as desirable and achievable – if there is the will to invest in the future of Canada. We are encouraged by the joint initiative of Ottawa and the provinces to reform the child benefit system. We welcome this reform as a downpayment on a comprehensive strategy, but not as a measure sufficient to make major reductions in levels of child poverty and improve the living standards of modest and median income families.

### OBJECTIVES OF THE SOCIAL INVESTMENT FUND

1. Create a floor of decent living standards for modest and low-income families.
2. Endow all young children with the stimulation and care for a health start in life.
3. Provide parents with family-time options during formative periods of their children's lives.
4. Protect the living standards of children when parental separation occurs.
5. Assure every academically qualified child in Canada financial access to post-secondary training and studies, without having to incur massive life debts into adulthood.

## PRINCIPAL FEATURES

- I A COMPREHENSIVE CHILD BENEFIT SYSTEM which would remove 800,000 children from poverty and reduce child poverty levels in Canada by 60%. If we were also able to reduce unemployment levels by 4%, then this would remove another 300,000 children from poverty. With both these measures, we would meet our commitment to honour the 1989 House of Commons Resolution to eliminate child poverty by the year 2000. A comprehensive child benefits system would have three components.
- i) An enhanced Basic Child Benefit – would economic hardship for all poor families and bolster the living standards of modest income families.
  - ii) Family Care Supplement – would remove parents caring full-time for young children and subsistence living on social assistance.
  - iii) An Advanced Maintenance Payment System for Child Support – would recognize that the living standards of children and women who lose the contributions of a separated earner must be actively protected as are the living standards of workers who lose earnings through unemployment.
- II A NATIONAL ENVELOPE FOR PROVINCES TO DEVELOP COMPREHENSIVE EARLY DEVELOPMENT AND CHILD CARE SYSTEMS ACROSS CANADA. We should establish a clear benchmark on what percentage of our national wealth we wish to assign to the healthy development of young children (for example, 0.5% - 1% GDP), and develop a multi-year plan.
- III A NATIONAL YOUTH EDUCATION ENDOWMENT PLAN which would tell every young person, particularly those from working families, that if they succeed in high school and qualify for a recognized post-secondary full-time program, a \$20 000 endowment would be set aside to support their education. Eligibility for the endowment would be related to the family income of students.

## FINANCING THE FUND

1. Government Contributions – preserve current expenditure levels in areas to be supported by the fund.
2. Personal Contributions – a designated progressive assessment on gross income.
3. Corporate Contributions – should rely heavily on special capital taxes with appropriate exemptions for small business.

Canada is once more at a crossroads. We cannot afford to have a generation grow up in poverty, and a country split into haves and have-nots. Sound fiscal management requires us to consolidate where beneficial, and invest where essential. This is the time to invest and rebuild.

**To order a copy of Crossroads for Canada, the 40-page Discussion Paper, please contact Ms. Liyu Guo, Campaign 2000 Publications, c/o Family Service Association of Metropolitan Toronto, 355 Church St., Toronto, Ont., M5B 1Z8, call her at (416) 595-9230 ext. 244 or fax your order at (416) 595-0242.**