

# Summary

*Assessing Family Policy in Canada:  
A New Deal for Families and Children  
by Pierre Lefebvre and Philip Merrigan*

Over the past few years children and families have come to be a key focus of public policy and to occupy a prominent place in social policy deliberations. Ottawa and the provinces have actively sought to improve the circumstances of vulnerable children. Numerous programs have been established at both levels of government, while existing ones have been reformed. Despite this major overhaul, there has been no attempt by researchers to look globally at the newly emerging family policy and assess whether the picture is brighter for the Canadian children, who are meant to be its main beneficiaries.

This study is a first attempt at such an assessment. It describes, analyzes and evaluates family policy across Canada and proposes an alternative strategy for public support to families with young children. Pierre Lefebvre and Philip Merrigan pose several questions regarding the changes to family policy since 1996. What proportion of families benefit from the changes? How are the gains distributed? What are the gains for each income group? In responding to these questions, they find that the changes have not efficiently addressed the problems of child poverty, particularly extreme poverty, and the consequences for the children themselves and society at large.

The authors show that recent federal and provincial initiatives, which can be classified as human capital initiatives, do not meet the usual criteria for efficiency (the largest possible benefit for each dollar spent), sound social investment (the largest social return), providing incentives (encouraging desirable behaviours), equity (equal treatment of families) or fairness (equal opportunities for children). They argue that family policy should have two complementary bases: a life-cycle perspective, and a human capital investment strategy. Thus the problems associated with poverty and welfare dependence are human resource issues. A life-cycle perspective means that policies must address not only the child's current status, but also his or her long-term outcomes.

Although Lefebvre and Merrigan propose several avenues of reform, they particularly emphasize the following: The federal government should take the lead in setting policies that substantially reward the employment efforts of low-skilled parents while decreasing the costs of working; the Canada Child Tax Benefit policy is

a dead end and should be replaced by a generous universal allowance for each child in the family; and finally, high-quality, in-kind services are the best way to provide immediate assistance to young children for the purpose of preparing them for school.

After a brief introduction of the general family policy issues analyzed in this essay, part 2 describes the mechanisms of human capital formation and explains why families and societies should invest in children. Part 3 describes the recent policy choices and compares them with policies developed and implemented in 1974 and 1985, periods representative of a different approach to family policy. The authors show how the federal government progressively disengaged itself from family support in historical terms and is now trying to make the pendulum swing in a more generous direction.

In part 4, the financial impact of federal and provincial initiatives on 1996 families is assessed using Statistics Canada's Social Policy Simulation Database and Model. In part 5 these results are used to illustrate the limitations of the Canada Child Tax Benefit in terms of the objectives set in 1997: to prevent and reduce child poverty, to promote greater incentives for labour-market participation and to reduce overlap and duplication of programs.

In part 6 the major weaknesses of Ottawa's global human capital policy are pinpointed and the foundations of a profitable human capital strategy for Canada are laid out. These are inspired in part by a review of international policy choices and recent empirical work on programs that have been effective in providing work incentives as part of an anti-poverty strategy, that treat all families equitably, and that address the needs of children.

In the last part, an alternative strategy, for both federal and provincial governments, is presented in detail. Central to this strategy is the importance of matching children's needs with their abilities, taking into consideration each child's circumstances and stage of development – whether infant, toddler, preschooler or schoolchild; offering parents more opportunities to balance workplace and family responsibilities at all income levels; and addressing the issue of poverty. The analysis provides reasonable estimates of the costs for all proposals, as well as the financial implications for both levels of government.