



The Family: an Economic Unit

Pre-budget Consultations

for the 2019 Budget:

House of Commons Standing Committee on Finance

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Recommendations:

- 1. Economic benefits of the natural family**

- 2. Reduction of the financial burden transferred to the next generation enables competitiveness**

- 3. Recognition of the family unit is consistent policy**

- 4. Tax discrimination against single-income families requires modernization.**

- 5. The CCED requires expansion to enhance the basic, staple unit of human society and the economy**

- 6. Special interest funding can be converted into tax relief for all**

Introduction

REAL Women of Canada is a national organization of women from all walks of life and from differing economic, social and cultural backgrounds. We are united by our concern for the family, the basic unit of society that impacts the economy.

Since incorporating in 1983, REAL Women of Canada has promoted the equality, advancement and well-being of women, recognizing them as interdependent, contributing members of society, whether in the family, workplace or community.

Canada now reports some family indicators which are linked with poor economic outcomes. Canada's failure to replace its population threatens our social services (health and education) as well as our economy (Institute of Marriage and Family Canada, IMFC, *Forty Years Below Replacement*, February 2013). IMFC recommends an increased birth rate to alleviate this pressure on economic growth.

Canada's fertility rate of 1.6 children per woman, below the replacement rate of 2.1, indicates that parenting requires more support.

Marriage has been shown to be the environment that produces the best outcomes for children, yet Statistics Canada reports that Canada's crude marriage rate has fallen to 4.4 per 1,000 population in 2008, not an indicator of well-being. Even in 1930, during the Great Depression, Canada's marriage rate was 6 per 1,000.

<https://www150.statcan.gc.ca/n1/pub/91-209-x/2013001/article/11788-eng.htm>

Recommendations for economic growth and competitiveness:

1. Economic benefits of the natural family

There are many economic benefits associated with the natural family model. The division of labour in the natural family helps reduce health care costs as it more easily provides privately, for the care of the elderly, those recovering from illness, the physically and mentally challenged, and growing children. When young children and infants are cared for in the family home, there results a reduction in government day care costs which are now close to \$15,000 per child annually.

The single-income family model frees one partner to volunteer in many sectors such as education, health care, libraries, social service entities, thus lowering costs at all levels of government.

That Canadians do not prefer expensive institutional care is indicated by the classic study from the Vanier Institute for the Family which found that 90% of Canadians believed that, in two-parent families, one parent should ideally stay at home and raise the children. Today's family policies do not reflect this reality.

It has been noted that marriage is the best education, health and social welfare system ever devised <http://www.realwomenofcanada.ca/janice-crouse-opening-remarks-re-marriage/>

Using data from a major research project, Listening to Women, commissioned by the British Cabinet Office's Women's Unit in the late 1990's, researcher Catherine Hakim devised a classification of women's preferences with regard to market and work. Roughly 20% of women were home-centred and preferred not to be employed, 20% (including most childless women) were employment-centred, and 60% were adaptive – women who were prepared to take any employment that fitted in with their family and childcare commitments and women who were not totally committed to employment.

There is evidence that matrimonial well-being is favorable to economic prosperity. Studies at the University of Virginia (Wilcox, Lerman and Price, 2015) indicate that states with more marriages are richer states. <https://www.washingtonpost.com/news/wonk/wp/2015/10/20/why-states-with-more-marriages-are-richer-states/>

According to the personal finance website, WalletHub, 80% of American mothers consider staying at home or working part-time as ideal.

2. Reduction of the financial burden transferred to the next generation enables competitiveness

We recommend more consideration be given to balanced budgets and reducing the national debt, to avoid leaving a legacy of debt to the next generation and placing an

indebted Canada at fiscal disadvantage in relation to other countries.

3. Recognition of the family unit is consistent policy

Realistic family taxation would recognize the family unit rather than the individual for tax purposes. This is not a new concept but a natural one, as the government already engages the family unit with the GST credit, pension splitting for seniors, pension plans (CPP, QPP), deductions for medical expenses, Old Age Security and Statistics Canada studies.

4. Tax discrimination against single-income families required modernization

Multi-billion-dollar universal day care could be detrimental to Canada's economy as there is no evidence that it enhances the social capital necessary for competitiveness, according to a recent Fraser Institute study:

"...for children who have a positive home environment, there is no consistent evidence that daycare has a positive, lasting impact on cognitive development"; study results ***"cannot be used to support the case for universal, publicly funded programs."***

Billion-dollar investments in institutional care has not proven to be a boost to the economy since increase in market participation of mothers is limited. The Fraser Institute observes ***"the most recent evaluation of the Quebec subsidized daycare program, that by Haeck et. al (2015), suggests that while the plan has led to increased labour force participation by mothers, it was 'mainly driven by highly educated mothers.' As well, the policy 'did not improve school readiness and may even have had negative impacts on children from low income families.'"***

<https://www.fraserinstitute.org/sites/default/files/child-care-in-canada-examining-the-status-quo-in-2015.pdf>

The day care model is not a cultural preference for Canadians. 76% of parents hold that it is best for children under six to be at home with a parent, with 80% in Alberta and 70% in Quebec. <http://www.imfcanada.org/archive/905/Quebec>

Several experts warn that universal day care has negative impacts on children: <http://www.imfcanada.org/archive/1112/new-research-shows-quebec-daycare-harms-children>

When compared to other countries Canada is less innovative in making best use of social capital. For example, Finland is regarded as having Europe's best education system, with that country's students regularly achieving top marks in literacy and science in the Program for International Student Assessment (PISA). Parents in Finland have a choice to raise their children themselves in the home with payments by the state of \$500 per month per child, or to place them in state operated day care. As in Canada, most parents in Finland prefer to remain in the home to raise their own children until they enter school at age seven.

Where provinces such as Quebec subsidize day care, close to \$15,000 a year is given to day care facilities for each child, whereas the child provided with care and early learning at home by a parent receives no equivalent support. The single income family therefore subsidizes the dual income family and receives no equivalent benefit to support its chosen form of child care and early learning. The single income family's real early learning expenses are ignored.

5. The CCED requires expansion to enhance the basic, staple unit of human society and the economy

The family which does not place its children in substitute care is disadvantaged in the Child Care Expense Deduction program. The CCED provides \$8,000 per year for children under 7 and \$5,000 for children 7-16 years of age in tax deductions to the double income family and makes no similar provision available to parents living on the salary of one parent who also have child care and learning expenses.

Arts and fitness tax breaks can now be incorporated into the CCED by employed parents, a manoeuvre which is not available to the family which depends on one income. Deductions for nannies are available to high double income families.

The popular Canada Child Benefit recognizes all parental choices in child care, a forward looking approach which directly funds parents, the primary caregivers. Indexing the CCB to inflation benefits all families and does not discriminate against parents who choose full time care and learning for their own children in the home environment.

6. Special interest funding can be converted into tax relief and economic growth

The Fraser Institute reports *that “all taxes imposed on the average Canadian family consumes more than 41% of its annual income. ...The average family's tax bill has grown more rapidly than any other expenditure item over the past 50 years. ...the tax bill for a family with average income has increased by 1,686% since 1961.”*

Tax relief can increase consumer activity which positively impacts the economy. The feminist perception that women are victims is contradicted by Forbes magazine which refers to women's “economic power” in a January 15, 2015 article: “**Because women serve as primary caregivers for children and the elderly in virtually every society in the world, women buy on behalf of the people who live in their households, as well as for extended family.**” Forbes also claims that women are “**the world's most powerful consumers**” and that “**Even if a woman does not earn a paycheck, she is likely the gatekeeper of her household's expenditures.**”

Lower personal taxes could enable Canadian families to help reverse demographic shifts and an aging population, important long-term goals for a functioning economy. This can be achieved by re-directing special interest funding, which does not produce wealth, to lower taxes for increased disposable income for families.

Status of Women has received over \$1 Billion (inflation adjusted) from government departments since 1973. A 2005 professional evaluation of Status of Women found mismanagement and little accountability for use of taxpayer dollars. Status of Women staff admitted that they were not measuring outcomes for their projects and claimed that it was impossible to measure complicated social indicators. The agency was merely spending tax dollars with no evidence that their stated goals of women's equality and ending violence against women were being accomplished.

<http://www.realwomenofcanada.ca/wp-content/uploads/2013/02/REALity-March-April-2010.pdf>

PHAC, Public Health Agency of Canada, like Status of Women, admits that the results of their Family Violence Initiative (\$7 million a year) are difficult to measure.

Canada also provides foreign aid to spread of the outdated feminist ideology which devalues the contribution to society made by women who care for their family full time while being primary consumers. Canadian International Development Agency (CIDA), now part of Global Affairs, handed out close to \$800 million dollars from fiscal years 1998-1999 to 2005-2006, to establish culturally intrusive "gender equality" as part of foreign aid. The funding of this ideology has not abated with the most recent being Canada's \$600 million transfer resulting from the G7 meeting (Charlevoix.) Such funding is not inclusive of women who do not conform to the feminist world view of women as not fully participating in the economic, social and democratic life of their country. Women do not require a feminist bias to be equal.

Feminist funding assumes that women are not equal to men and subtly sends this message. Status of Women excludes the contribution and participation of women who hold a different hierarchy of values on motherhood, childcare, community and economic involvement.

Equality is not conformity. Women extremely different in our needs and interests. No single government agency or ideology can represent the views of all Canadian women, just as no single agency or ideology can represent all Canadian men. Forty-five years of government funding of exclusively feminist women's groups has been unproductive and unpopular except for a few who benefit from Status of Women. To provide a level playing field for all groups and decrease unnecessary government spending, we recommend that the federal government end special interest funding.

Conclusion

The family, which is the staple unit of all human society, deserves to be central to the formation of all public policy. Government decisions, especially tax and social policy, must be beneficial to all Canadians. Awakened by the recent general awareness of a demographic deficit combined with an aging population, it is even more important that the government give prime consideration to the family unit and its invaluable contribution to the well being of all segments of society.