

CW UPDATE

THE MONTH IN REVIEW

by David Johnson

FAMILY ALLOWANCE SYSTEM REFORMED

On September 16, legislation designed to restructure the nature of family income support programs was approved by the House of Commons by a vote of 99 to 62. The new legislation will eliminate those programs previously associated with the monthly family allowance, the annual child tax credit, and the child credit income tax deduction. In their stead the government will establish a child tax benefit program designed to direct income support payments more rigorously to those in need.

The government has asserted that the reform will not reduce the \$4.5 billion currently expended through the old programs but will simply rationalize the system. The new system is designed to offer support to the "working poor"—families with annual earned income between \$3,750 and \$25,921. The government predicts that most families will receive about the same amount of support they would have received under the old programs. Winners will be "working poor" families with incomes of between \$10,000 and \$21,000, which will be entitled to a maximum \$500 annual earned income supplement in addition to the basic payment of \$1,020 annually per child. Families on welfare or unemployment will not be entitled to the supplement. Losers will be families with annual incomes in the \$50,000 to \$60,000 range, which will observe significant declines in benefits received.

GETTY ANNOUNCES RESIGNATION

Alberta's Premier Don Getty announced on September 9 that he intends to resign as premier and leader of the Alberta Progressive Conservative party. Mr. Getty contended that after 25 years in public life, 21 of which were spent as a cabinet minister or premier, he and his family had decided that it was time "to begin a new chapter in our lives." Mr. Getty asserted, however, that he will campaign vigorously for the Yes side in the current referendum.

The Conservative party has set two dates for the election of a new party leader and premier through a direct-member balloting system. A first vote will occur on November 28 in which every party member may cast a ballot for a preferred candidate. Should no candidate receive a majority of the ballots cast, the top three finishers will enter a run-off election to be held on December 5.

AIRLINE MERGER ON HORIZON

PWA Corp. announced on September 9 that it had reached an agreement with Air Canada to merge the two airlines into one company. Both Air Canada and Canadian Airlines have been experiencing severe financial problems in recent years. In 1991, Canadian Airlines posted a loss of \$162 million on revenue of \$2.87 billion, and Air Canada lost \$218 million on revenue of \$3.56 billion. Under the agreement, the airlines would create a new holding company to oversee the operations of the two companies. The new entity, as yet to be named, would be subject to 60 percent control by Air Canada shareholders. Each airline would, however, have equal representation on the new board of directors.

The merger will result in significant job losses. Mr. Hollis Harris, the CEO of Air Canada, has asserted

that up to 6,000 positions will be eliminated. Liberal and New Democratic critics of the deal have speculated that upward of 10,000 jobs may be lost. Both companies combined have a current workforce of 36,350 employees. Opposition critics have also insisted that the merger will result in diminished air transport services in the country and higher airfares. These commentators have already called upon the federal government to re-regulate the airline industry to ensure that public interest concerns are not ignored by an unregulated, privately owned monopoly. The federal government has announced that the proposed merger must be approved by the federal Competition Bureau and the National Transportation Agency. A final decision by these authorities on the merger is not expected until the new year.

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Canada Watch welcomes submissions on issues of current national interest. Submissions should be a maximum of 1,000 words. The deadline for consideration in our November/December issue is Friday, October 30. Write or fax us at:

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