require potential beneficiaries to undergo the degradation of having their incomes and assets, as well as their way of life scrutinized to determine eligibility, as is required by the provincial social assistance programs partially supported under the Canada Assistance Plan. While these advantages are important, the approach also has a number of disadvantages and limitations which cannot be overlooked. It may be helpful to discuss several of the problems associated with the use of the guaranteed annual income as an income maintenance measure.

One important question is whether the guaranteed annual income would replace in whole or in part or supplement the present social security system. The existing social security system has evolved slowly over time in response to emerging social and economic needs and indeed the emerging social conscience on the part of society generally.

• (5:30 p.m.)

Programs have been designated and indeed designed to provide solutions to underlying social and economic problems, but the design has often been limited by the availability of financial resources and more urgent and important priorities for other areas of government spending. The present system is indeed not perfect. I do not think anyone would suggest that our social system of welfare legislation is perfect in Canada, but it is continually being improved as social and economic conditions change with time.

It seems to me that it will be necessary to adapt any new method of providing income support to Canada's existing social security system. It was done, as we all know, in the case of the guaranteed income supplement for old age pensioners. At the same time, some of the existing programs will no doubt be modified, and others may be abandoned in the future. With respect to the possible replacement of existing income maintenance programs, it is important to keep in mind the objectives of existing programs.

A program such as unemployment insurance is designated and designed to provide income for the short-term unemployment of all covered members of the labour force regardless of annual income. It replaces temporary wage loss due to unemployment without requiring recipients to have less than some subsistence level of income in order to qualify. On the other hand, the Canada Pension Plan and the old age security pension program have as one of their objectives the provision of income support to aged, disabled and widowed beneficiaries regardless of their other income.

Workmen's compensation is designed to provide for income support and health services arising from work-connected accidents or industrial disease. The maximum levels of support are more generous than those that would apply under a guaranteed minimum income concept.

Consequently, the effect of introducing a guaranteed annual inome program on existing programs needs to be examined closely in relation to the social and economic objectives being served by many of the existing social security programs. The existing system provides health and welfare services as well as income support, and it is well to keep in mind that a guaranteed annual income is not an answer to social needs where social services over and above maintenance payments are required. The guaranteed annual income can only relate to cash benefit payments.

Another question is that of financial cost. There is not only the question of the ability of the nation to finance such a scheme, but the problem of the effects of total cost on the adequacy of benefits. If a guaranteed annual income program is to provide some minimum level of adequacy, a necessary first step is to establish minimum living standards which would vary as to family size and composition, geographic location and rural or urban residence, and to translate these living standards into terms of income so that they can be used as standards for payment as well as standards for eligibility. The determination of minimum living standards is not an easy task but it is absolutely necessary if equity is to be maintained among the many different family units which might receive a guaranteed annual income.

A further problem is the relationship of the benefit payment to those income levels corresponding to the minimum living standards. The benefit could be equal to the gap between a person's actual income and his appropriate minimum standard of income, or it could be some percentage of this gap or it could overlap the standard to extend income support beyond the minimum standards in order to prevent inequities arising as between families at the margin.

I think you can see that the choice of the standards and the choice of the benefit level in relation to these standards have important effects on the cost of the scheme. The higher the standards, the greater will be the cost;