

● (5:00 p.m.)

[English]

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in rising to speak in support of the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles), it seems to me that freezing the old age pension at \$80 for those who do not qualify for the guaranteed income supplement brings forward many contradictions in the government's own white paper. It really shows that the approach to welfare in the White Paper is a mish-mash that will create as many injustices as it is intended to correct.

First of all, the freezing of the old age pension at \$80 is evidence of what the government has decided on in the matter of selectivity. It is true that the belief that the principle of selectivity for all welfare payments should be adhered to is gaining credence with some people. But certainly in this instance the problem of selectivity runs slam-bang up against the fact that old age security is aimed at those people in society who, by and large, cannot earn enough money in the market to keep themselves. Therefore, the state is required to provide them with a basic income, regardless of their station during their working years. This point was accentuated by one of the illustrious Prime Ministers of the party opposite. Mr. St. Laurent, as Prime Minister at the inception of the universal old age pension, emphasized that every Canadian was entitled as of right to old age security regardless of income.

In looking at old age security as a welfare program we have to remember that it is a program for a group of citizens who have finished their working careers. No matter how much they might wish to earn their living by working, they are usually prevented by infirmity from doing so. This is not true to the same degree of family allowance recipients. The parents who are recipients are usually in the earning age group. Grants to individuals for education are again given during the recipients working years.

In other words, selectivity in the case of the old age pensioner falls down because the recipients are at an age where they have not nearly the options open to them that are open to a people who are receiving assistance from the government in many other forms. Old age security has been contributed to, indeed paid for, by citizens throughout their working careers. As taxpayers, they have been paying 4 per cent on their income tax, assisting the corporations to pay 3 per cent on their taxes, and they have paid a 3 per cent sales tax on goods. The old age security fund is quite solvent, carrying a balance of over \$700 million.

Approximately 52 per cent of the people whose old age security is being frozen do not receive the guaranteed income supplement. These are people who managed to set aside some money in their active years and are now finding they are being penalized for their effort. Some of them may have a double grievance: if they were pensioners in January 1966 they were automatically excluded from the Canada Pension Plan. They were, of course, entitled to old age security, as stated by Mr. St. Laurent at the inception of the universal old age pension plan.

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But what has happened since 1966? They have suffered greatly from the effect of inflation, even taking the cost of living index, so dear to the hearts of the bureaucrats, as a reliable indicator. In view of the great wage-price increase over the last few years it seems a pension of at least \$90 would bring them into line with what the 1966 pension rate would have brought them.

Up until now, they have been inadequately compensated by cost of living increments limited to 2 per cent. But what happens now that their pensions are being frozen at \$80 and the government anticipates continuing inflation? They are to lose this slight concession of 2 per cent to which they were entitled. The minister stated that inflation was lower in the month of November but he will find, as reported in news items, that the cost of living was less because of a drastic decrease in meat prices, mainly pork. Anyone who is at all familiar with farming will realize that this is very temporary and no doubt an increase in farm prices must come about or farmers will be worse off in a short while than anyone else in the economy.

● (5:10 p.m.)

It would be a mistake to conclude from a reading of the consumer price index that the worst is finally over; it is not. A resumption of significant price increases must be expected next year. Wage level settlements are in excess of 9 per cent for the first year and increases in productivity could not make up for that.

The November price index indicated a 2.3 per cent increase for 1970 and the flattening of the increase in November can be directly related to the discount war on food prices; prices which are likely to rise again. Food is given a weighted index of 27 in preparing the index. Furthermore, the government's policy of restraint comes to an end at the end of this year. Organized labour is committed to obtaining as high an increase in wages as it can. Steel and aluminum price increases were announced a few weeks ago and they will finally reach the consumer.

The relief experienced by the rise of the consumer index cannot be counted on to be maintained in the coming year. Industry has to retain some assurance of profitability if the economy is to grow, and that in all likelihood will mean higher prices. Those whose incomes are low enough to receive guaranteed income supplement payments still continue to receive price related adjustments both for the flat rate payment and the supplement. By this means, which seems manifestly unfair, the government will make unassisted pensioners subsidize others by \$15 million, increasing to \$100 million in 1975-76.

Here again, the principle of selectivity in dealing with old age security runs completely contrary to the principle of universality, which the government intends to invoke in respect of the unemployment insurance fund. On the one hand, we have a defenceless group of citizens, old age pensioners, who cannot go into the market and increase their incomes, with rare exceptions. They are being singled out as the whipping boys for the government's idea of selectivity. The government intends to sweep in over a million people under unemployment insurance coverage,