

Old Age Security Act

received from these people on a sliding scale from the time they began paying income tax. If a person had been fortunate enough to have a job, he was paying income tax on a sliding scale up to \$240 per year. Those earning were paying more. I say that this is not right. How many people would like to make insurance payments on that basis? This is a tax which has been paid year after year so that the people would receive the old age pension as a matter of right, and not in the form of charity.

Surely, it is a principle of any business that when one makes a contribution toward a fund in order to provide for his old age this should not be taken away from him. I believe the old age pension, since people are taxed in order to pay for it, should be paid as a maximum at the level of \$3,060 per year to married couples and \$1,620 per year for single people and should be tied to a cost of living increase. This I support, and I congratulate the minister for doing this even though it is done on the means test, but even at this level these people are being left in the land of poverty according to the Economic Council. Since everyone who pays income tax contributes to his own old age pension fund, and pays according to his income up to \$240 per year, it is my belief that everyone has the right to receive it.

• (5:40 p.m.)

If a person does not need the pension because his income is above the poverty line, taxes will look after that excess income. According to this principle, regardless of whether or not it is a Liberal principle, the money is raised by taxing those who have bigger incomes. That was the principle. Hon. members can go back and look at the debates recorded in *Hansard* of those days. The minister's bill also has the demeaning feature of separating people into two classes. If a person has a taxable income—and here is another point that bothers me—whether or not the old age supplement has made his income taxable, he has to look after his own hospitalization. I do not know how many hon. members have had this point brought to their attention but I run into this very feature over and over again. Even if a person receives the old age supplement and his income is taxable, he has to pay for his hospitalization and for his OHSIP as well as his drugs. As I have stated before, this principle applies to the single or married couples receiving the income supplement if they have taxable income.

I think that sometimes this is very unfair because, after paying income tax and hospitalization, these people end up below the income level which they would have had before getting the supplement. The government committed itself to this principle when it made those persons who are on a guaranteed income supplement pay for their hospitalization and medical insurance if their income is taxable. In other words, they are taking some of the supplement away from them when they make them pay taxes and hospitalization. Furthermore, the government sticks to this principle when it taxes by 50 per cent all the old age pensioner receives above the supplement. Surely, in this way the government taxes the supplement away from these people. Therefore, the government cannot keep riding two horses all the time. Perhaps they realize that there must be work

incentives. The *Globe and Mail* had a small article on this which I think is apropos. It reads in part:

So why not experiment with the old folk? Not all, despite the white paper, wish to be removed permanently from the work force. Why not allow a pensioner \$3 or \$4 of earned income for each dollar deduction of supplement? The cost to the government would not be great, the able old would not be trapped in a workless world, and useful information could be amassed on the effectiveness of such an incentive to work.

The article goes on to read:

Just in passing, it might be noted that when members of Parliament revised their own pension scheme, they did not feel it necessary to insert a clause deducting \$1 of pension for each \$2 of other income.

The principle of dividing old people into two classes bothers me. This principle was given up in 1951 after careful consideration. The principle was brought out over and over again in the debates of those days. If hon. members would go back to the debates of 1951 they would see this. It is abundantly clear it was ruled out by the St. Laurent government because it encouraged too many people to get rid of estates. It cost too much to police. With the situation as it is now, with estate taxes and confiscations, this process may be accelerated. This will encourage people to give their money away so as to qualify for a guaranteed income supplement, and it will not be long before the 900,000 people who qualify today will become 1,700,000 tomorrow. The problem is that to qualify on a means test for 60 per cent or more is very demeaning. This is pointed out in an article in the *Star* which reads in part as follows:

Another of the neediest groups, people over 65 with little or no income of their own, will be substantially helped if the white paper proposals take effect. The increases of \$22 a month for single supplemented pensioners and of \$28 for married couples are more than welcome, and they too are overdue, for these pensioners' real incomes have steadily fallen as the cost of living rose. To their new pensions should be added an escalator which will fully cover future price increases.

This government proposes the removal of the escalation clause and that presents another problem. When people apply for this guaranteed income supplement, if the application forms are not filled out correctly and an overpayment is made, the poor old recipient can starve as he pays it back bit by bit in the months ahead. This occurs over and over again. I have had people coming to see me, as I think most other hon. members have, telling me that through an error on their part, which perhaps was not intentional, they received for a time more than they were entitled to and then have had to pay it back leaving them with not enough to live on. This is not a nice thing to happen to old people. Actually, it is very cruel in a good many cases. Just the other day a case was drawn to my attention of a poor old lady whose husband had died. The government suddenly found out that he owed them some money. It was only \$6. They threatened action. The widow was living in poverty trying to pay the funeral expenses out of her small pension.

This is why I believe in the principle of universal pensions. As it is there is far too much demeaning of the individual. I have some figures here that would indicate the average earnings of a person at the age of 65. Of

[Mr. Rynard].