

the federal authority for those mentioned in the 65 to 70 age group. Now, could we not have managed for another year or two, until our finances are in better shape, instead of putting this out at the present time? When the old age security committee sat in 1950, which was a joint committee of the Senate and the House of Commons, there was an implied intention in their report that the contributory system should be considered in introducing the pension, then \$40 a month. It was never intended that the pension granted would be the sole means of support of the person who receives it. It was to be a supplementary aid to him in difficult circumstances.

When Mr. Harris, the Minister of Finance in 1957, in the face of an election, raised the pension \$6 a month to \$46—and he was greatly criticized for doing so little—he was within a fine fraction of a point in matching the increase in the cost of living that had taken place from 1950 to 1957. And yet, so alluring was the prospect of getting votes, this was all thrown to the winds. The promise of \$55 a month, by a further increase of \$9 in the pension, rightly or wrongly—and I never thought it had such an impact as did others—was given as the reason why the Conservative party was so successful at the polls.

I put it to this house, to honourable gentlemen opposite: Is that the honourable way to try to win elections?

Hon. Mr. Hnatyshyn: What about the promise of \$75 a month?

Hon. Mr. Crerar: My honourable friend's political thinking is running away with his judgment at the present moment. I have no more sympathy with the \$75 pension, and I will not be found supporting it unless it is on a fully contributory principle. If it is on a contributory principle, yes. I do not care how large a pension is paid provided it is based on a contributory principle. The weakness in our whole pension scheme today is that the contributory principle was never considered when it was established.

Life insurance companies have proof that if a young person contributes regularly month by month during his earning years, he could provide for himself a pension substantially greater than that which can be reached under the law we are now considering. I will venture this further assertion, and I may find very few supporters in the house, that if a way can be found—and I believe it could be found—to take this whole business of pensions out of the hands of Government altogether, so far as direct administration is concerned, I think we would be immensely further ahead. It is possible.

The life insurance companies have in many cases developed pension plans which they are operating for corporations. They have also developed annuities plans that are very attractive. It is possible to find some way whereby looking forward 25 or 30 years, we could ultimately get our whole business of pensions in Canada on a sound actuarial basis, a sound administrative system, but only on the basis that the individual who is to get the pension would make his contribution to it. For those who are unfortunate and who could not make the contributions some way could be found to accommodate them without anything like the high cost that is incurred today.

Old age pension payments this year will run well over \$600 million.

When the joint committee recommended pensions they did not envisage that by 1962 we would be paying out perhaps \$625 million in old age pensions. As a matter of fact, it was found necessary a few years ago, as honourable senators will recall, to supplement the income of the pension fund, which was then financed on what was known as the 2-2-2 formula—that is, 2 per cent of corporation tax, 2 per cent of personal income tax, and 2 per cent of the sales tax. When the fund was running behind, and Treasury had to advance money to keep the pension payments flowing, those percentages were raised 50 per cent, to 3 per cent in each case. As a result the fund built up a surplus, though not very large considering the amount involved; but in the month of November last, with the 3-3-3 formula, the fund ran behind by \$1 million. Probably from this time on the pension payments out of the fund each month will be more than the amount paid in. It does not require much imagination to foresee where we shall be before very long, under those circumstances. That, let me repeat, is in face of a deficit which this fiscal year promises from all indications to exceed the deficit of \$650 million estimated by the Minister of Finance in his last budget. At the end of the first eight months, that is up to the end of November, the deficit had reached \$304 million; and the last four months of the year are, of course, by far the most expensive ones. Last year the deficit was \$45 million over the same period. So, for the last fiscal year, as compared to the previous fiscal year, the deficit for the first eight months was more than six times that of a year ago. I submit that is not a very healthy state of affairs.

At the moment, that is all I wish to say on this matter of social security. I am not opposed to social security: I am in favour of it, but I say now, and always have said, that I have a grave doubt as to the soundness of the practice of making handouts to people. The