

Old Age Security Act Amendment

system of social security allowances, and combines to produce in Canada a very confused social security system.

I believe part of this confusion results from the role the government plays in its minority position. If the government had a huge majority the old age pensioner would probably have received an additional \$10 and would settle for \$85. This has been the history of governments for some time now. I was here when we raised the pension election after election \$10 at a time. A majority government would no doubt have discovered another \$10 which they could make available when another election appeared to be in the offing.

The government, and I think the minister too, are also considering legislation in which we should have been interested a long time ago. As we reach our 100th birthday we are discovering many things we have neglected in Canada for a long time and we are trying to catch up on them. I also presume that the minister has considered the economics of the pension structure which this country will require during the next 25 years or so. We will probably become involved in a program being played with by economists in the United States, commonly called deficit income tax. If this structure is carried to its conclusion it would tie in with a statement made by the minister some time ago and on which he has since been hedging, namely, that everybody in Canada is entitled to a decent standard of living no matter whether or not they work or whether or not they are of value to the nation. People are human beings and therefore we have to provide them with enough money to maintain a decent standard of living.

The day will soon come upon us when we will find that automation and cybernation have created the means of providing for full production in Canada without resort to the resources of most of the Canadian people. In fact, rather than there being an obligation on everybody to work, there will be an obligation on everyone to refrain from working. Work will have to be carefully apportioned between the people who will be called upon to work, and this will be a reward rather than a necessity.

If this is to be our heritage in the next generation I think it is not too early to look at what we want to accomplish now. I might point out that the structure of deficit income tax establishes what the minister calls a needs test. I cannot see this plan being implemented either in Canada or in the United States for

some little time, but the principle of it is to arrive at a minimum level of income, which in the United States is suggested to be \$3,000. Everybody files an income tax return but those who make only \$3,000 are not called upon to pay tax. If they make more than \$3,000 they return to the government a percentage of the money in excess of that figure. If they make less than \$3,000 the government makes up the difference to the \$3,000 level. I think the minister is toying with this idea in an elementary way with the introduction of a needs test.

● (10:50 p.m.)

If you implement such a program with a deficit income tax structure it will work, but if you go only part of the way you will drive the costs of administration to an exorbitantly high level compared with the benefits received. The minister may find this is true if he looks at the problem in Ontario where there was a great problem in the collection of taxes. The 3 per cent sales tax was implemented a few years ago. The government found it had to spend 2 cents to collect 3 cents, winding up with 1 cent net gain. They raised the tax to 5 cents to get 3 cents net. Inspectors were everywhere. They went to small grocery stores, they looked at bottles by the till and asked who had dropped pennies into the bottles and whether the items concerned were taxable and so on. The total cost of administering the tax became fantastically high.

There is no doubt that the old age pensioner in the main needs much more money to get by on than he has been receiving. Everyone who has dealt with war veterans allowances and other pensions realizes that the means test applied to those pensions results in a much greater income to the recipients than will be paid to the old age pensioners. The need to increase the old age pension is recognized by everyone. We should be in a poor position if we could not get the money to pay this subsidy to our aged.

I think the minister's plan is complicated beyond need. There were those, and I am sure they are in the majority in his party, who campaigned on the old age platform during the last election. The hon. member for Brantford (Mr. Brown) and the candidate in my riding campaigned, as we did, for an increase in the old age pension to \$100, with the pension to be under exactly the same structure as the present old age pension. I think the changes the minister has introduced will work a great hardship on many pensioners.