What is important to consider is, what will that money buy and what standard of living will it provide. Have we ever sat down to define what is the minimum standard of living that ought to be acceptable or desirable for all our citizens? For instance, how many square feet should a man have to live in; how much food should he have per day; what should he be allowed to spend on recreation, and so on? Quite obviously, a given number of pension dollars will buy different services in varying parts of the country. Nor has it been appreciated that when we increase pensions on a national scale we transfer goods and services out of one area into another. If this transfer of goods and services is too great, our country's productive capacity may be hampered and our economy and people will suffer, including those we intend to help. So, when we decide to increase various social services and transfer goods and services from one segment of our economy to another we must weigh carefully the effect of that on the whole economy. Unless the productive apparatus of our economy is healthy and producing the goods and services that we hoped to give to our senior citizens as well as the various other people who, by reason of disability or for any other cause, the state is assisting, there is not much to gain.

• (9:10 p.m.)

As one who, personally, over the years has had to rule on whether the disability of a particular individual entitled him to receive assistance in the form of some pension or benefit that the state had provided for him, I find it very difficult to establish a mean standard of care for every citizen by means of a flat sum. From personal experience, I have always found the needs of those who the state would help to be of such a wide variety that no single formula would seem to me to come anywhere close to solving the problem for these people. Indeed, a single all inclusive formula would, I am sure, create more injustices than it would cure.

I feel the old age pension must be set at some basic level which will attempt to give some reasonable livelihood to our senior citizens, but I feel this level has to be in line with the productive capacity of the economy at the time it is set. There has been enormous and rapid increase in inflation in Canada and in the whole of the western world. Canada is very sensitive to the economic health of our great neighbour to the south and that country has been involved in fighting a war of attrition. Even taking this into consideration, the United States has had some better success in controlling inflation than we who have reduced our military commitments to a very low point. I believe some of this inflation in Canada is due to our great welfare programs. When I say "welfare" I mean in the very broadest sense of welfare, including health, education and so on.

In the matter of old age security pensions, I would not favour the automatic escalation clause. I feel that the government of the day will have to take responsibility for whether the economy can stand the increase in pensions and the related attempt to give reasonable justice to those people for whom the pensions are designed. I believe automatic escalation of pensions would result in a rigid and inflexible economy. In the long run, it could well do more harm than good.

The lowering of the eligible age for old age pension, while desirable, has increased the financial liability of the nation and in the past 20 years has tended to reduce the productive capacity of our economy. A glance at the productivity of our country shows an increased efficiency in producing goods, but little increase in the service efficiency of our economy. On the other hand, the labour force is such that the percentage increase in the service end of our economy is greater than the goods producing end. This means that the real productivity of our nation is not growing as fast as it might. Anything that reduces the productivity of our country is detrimental to all our citizens. The government, in my opinion, must increase old age security pensions in line with the needs of these people and the ability of the economy to provide a real increase in goods and service. There is little point giving them more money in their pockets if their standard of living is to remain the same.

The guaranteed annual income is a great goal for which to strive. It was first proposed in a very realistic way. It was felt by having an individual pay for hospital, health, welfare, schools and many personal services now provided by the state, a guaranteed minimum income could be substituted. I believe that this objective is far in the future and depends on a much higher productive state, and perhaps much more rigid economy than we now have. The welfare programs of Canada were instituted in good faith by intelligent people. We should not lightly dismantle them for fear that we may be worse off than we were before. We, as a nation, have attempted to assist those in need. There have been many