

three countries. The expenditures in Canada represent 12 per cent of our national income, in the United Kingdom the comparable figure is 12.5 per cent, and in the United States it is 7.6 per cent. Honourable senators, that is so despite the fact that our income is one-third less than that of the United States; in other words, a real comparison would be more like 12 per cent for us and perhaps 6 per cent for the United States, considering the higher standard of living they have.

The Speech from the Throne says:

A measure will be placed before you to establish a comprehensive system of contributory pensions.

These may be called contributory pensions or anything else, but the fact remains that the money for this plan must come from the people in the form of taxes or an equivalent of taxes. These moneys will come right out of the pockets of the people, and the proceeds of such collections are essentially in the form of transfer payments.

Later, the Prime Minister is reported to have said that perhaps the most important of all items in the legislation which the Government will submit this session is a contributory pension scheme. I want to say at the outset that the way the scheme is being foisted on the Canadian people is a complete break in procedure and the methods employed in the past. In the past—referring particularly to the social security system, that is, the flat rate old age pension system—this was determined after long months of study by a joint parliamentary committee of the House of Commons and the Senate, a study which was made before any bill was presented to Parliament. After that the necessary constitutional amendment was sought and obtained, also before a bill was presented to Parliament.

May I review what has been the procedure in the past in regard to the development of our system of social security? It was essentially a careful system where real study was given to these problems. For the purposes of the record, let me review briefly the foundations of the system that we have in regard to pensions. I will read from the report prepared by Professor Robert M. Clark, entitled "Economic Security for the Aged in the United States and Canada". He summarizes the historical background of old age security, stating first that in 1908 the Annuities Act was passed. That was the first act dealing with old age security, and which enabled people to buy Dominion Government Annuities for their old age.

The next step was the passage of the Old Age Pensions Act in 1927, after very careful consideration by the Parliament of that day.

You will recall that that was an old age system which was paid for, one-half by the

federal Government, and the other half by the provinces. Only those provinces which desired to go into the scheme did so. That system lasted until 1952, when it was replaced by the flat rate system we have today. I wish to stress that very careful consideration was given to the whole subject matter of old age security before a bill was brought into Parliament.

The next step occurred in 1950 when a joint committee of the Senate and the House of Commons was appointed to review old age security in Canada, and to study—I will quote directly from Dr. Clark's report:

...alternatives to the means test program then in effect.

In its unanimous report, the committee recommended the adoption of the universal flat rate system of old age security that we have today. The necessary steps were then taken to secure a constitutional amendment, and that was done.

I would like to put on record, honourable senators, the text of section 94A, which was the amendment to the act that was made at that time:

It is hereby declared that the Parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the Parliament of Canada in relation to old age pensions shall affect the operation of any law, present or future, of a provincial legislature in relation to old age pensions.

I merely wish to cite this section to indicate that under the section there is joint jurisdiction between the federal authority and the provinces in regard to old age pensions, but only in regard to the type of old age pension system that we have now, namely, the flat rate system where a pension is paid to all persons of 70 years of age and over. The present constitutional impasse consists of the fact that in order to include widows and dependent children and disabled persons in any social security system that is financed by the Government of Canada, it is necessary to get a new amendment to the B.N.A. Act to cover that point.

Hon. Mr. Connolly (Ottawa West): Would the honourable senator permit me to ask a question, for the purposes of clarification only? Is he saying in effect that there can be no Canada contributory pension plan without a further amendment to the British North America Act?

Hon. Mr. Thorvaldson: No. I say, if you want to have the complete plan, which I am sure is envisaged by both parties in the House of Commons, namely, if there is ever to be a truly contributory plan—