

### *Old Age Security*

fund, I think this 2 per cent automatic escalation clause should have been retained. Indeed, it would have been much better to have retained the automatic escalation clause in the Old Age Security Act and have retained for Parliament the right to make changes in the guaranteed income supplement.

While I would recognize the great need of the guaranteed income supplement, this is still the chief vehicle by which the government is attempting to preserve a level standard of living among the elderly. It might well be that each year Parliament should debate what the level of this standard should be. In any case, with inflation rising at the rate of 5 per cent per year for the past several years, a 2 per cent limit on the rise in the guaranteed income supplement is well below what the cost of living increases are likely to be.

In Canada we are devoting much of our energies to the social services of our citizens. We have been able to do so in part because, sheltered by our mighty neighbour to the south, we have not had to expend our national energies in defence as have some other nations. We have been blessed with abundant natural resources, and with the development of modern technology in our cold climate we have reaped great benefits. In short, much of our good fortune in many ways has been the accident of living in our area of the world. Even so, a great deal of poverty or at least what we chose to define as poverty, exists in our country.

I should like to turn to the matter of the variation between the federal government and provincial programs, who is responsible for poverty and so on. I wish to read from an editorial which appeared in the *Montreal Gazette* for December 3 entitled "Not the final answer". One paragraph in this article reads as follows:

As a beginning, the question ought to be settled of whether a general social philosophy is going to prevail throughout the nation or whether the provinces will be free to set their own social objectives and shape their programs accordingly. The constitution gives the provinces jurisdiction in the health and welfare fields, but the federal government has long been taking the initiative because of its spending power and its determination to ensure minimum national standards of social security.

To those who are poor, it does not matter a bit whether help comes from the federal or the provincial government. It is, nevertheless, a real issue. Federal-provincial conflicts can impede effective reforms in the system.

At this point, Mr. Speaker, I should like to present an idea in respect of our viewpoint on the guaranteed income supplement. When the British North America Act was formulated over 100 years ago, the provinces were entrusted with health, welfare and education. Even now a joint constitution committee is studying ways and means of rewriting the constitution to alleviate the strains on our unity.

It is my contention, Mr. Speaker, that one of the great strains on our confederation is the strain on our provinces by the overwhelming demands of health, welfare and education. Many programs have been forced on the provinces before they were ready or had the financial means to carry them. Even in my province, the Minister of Education last week warned that education costs must

be contained. Similarly, health and welfare are escalating at a rate that cannot continue for long without serious dislocation and disaster to our economy. We have had plenty of warning from responsible authorities. The most recent is the Economic Council of Canada warning that some slowdown in this expansion must occur.

So long as a program such as old age security, with a set amount of money for every receiving individual in any part of Canada, was functioning there was little economic strain on the provinces. Similarly the family allowances, with the set amount of dollars to each recipient whatever the residence of that individual, did not put so much strain on Dominion-Provincial relations.

● (12:50 p.m.)

But with the advent of shared-cost programs whereby the federal government, on the basis of need, attempted to set a standard of care, and whereby the provinces had to foot half of the bills, then difficulties arose. The provinces, under the stimulus to give an adequate service which was paid for in part by federal funds, were unable to set up adequate spending safeguards. These programs have not and are not likely to change in the immediate future, and there is no doubt more prudent programs would have been developed had the provinces been under more responsibility to do their own financing.

It seems to me that under our system of financing the provincial governments will have to allocate a system of priorities, especially in personal care services, for their citizens. I would think that the guaranteed income supplement could well be administered by the provinces, although I would admit that it is not as important for this to be administered by the provinces as it is for many of the other shared-cost programs.

I would think that the provinces could well be given unconditional grants, based on a federal formula, to take care of regional disparities. Such formulae are already in existence, and then the provinces could set their own priorities as to the needs of their citizens. There is no evidence that each provincial government would be any more unaware of the needs of its citizens than the federal government. As Canadians, we would have to trust in the good sense of the provincial governments.

Our slavish adherence to a dollar value of social benefit creates some injustice. There is some variation in the cost of living across the land, and even more in the variation from individual to individual within the same community.

The newer concept of welfare moving toward a so-called guaranteed income for all poses considerable problems, and will not in itself cure all our social ills or remove the considerable inequalities that will remain even if this could be set at a high level. The setting of a guaranteed income is only one other poverty base line from which we measure poverty.

The settling of a guaranteed income is beloved by administrators whose simple solution to all problems is the mere setting of an arbitrary figure of dollars. But this is of little value unless the dollar value of this guaran-

[Mr. Ritchie.]