

For the purpose of my illustration I give the case of a single person, because then we will not become too involved in different sets of figures. If a single person over 65 years of age has other income from any source—pension, investments or what have you—of \$110 a month, that person cannot get any portion of the guaranteed income supplement. This \$110 is calculated on the two-for-one basis and is regarded as \$55, so he has had the full amount to which he is entitled and thus gets no guaranteed income supplement.

The minister will tell me that this person has a total income of \$190 per month. That is right. He gets his old age pension of \$80 a month, and he has this other private income of \$110, for a total of \$190. But consider the person whose other income amounts to \$109 a month. A single person with an income of \$109 a month will get a guaranteed income supplement of \$1. He gets this because, according to the formula, for each full \$2 you take \$1 off: \$109 is, for purposes of the formula, \$108. In other words, the pensioner has \$54, and he will get \$1. He ends up with \$80 basic old age pension and \$1 supplement, and will receive a cheque for \$81 from the old age pension people. He has his own income of \$109, and his total income is precisely the same as the single person I talked about a moment ago, namely \$190.

Now, the person whose \$190 consists of \$80 pension and \$110 private income gets no escalation. But the person whose private income is \$109 and who receives \$81 basic pension and supplement has his \$81 escalated. Hon. members can see that for the first year, 1971, these two persons will each have a total income of \$190 a month. In 1972 the person who has a private income of \$109, and hence a pension and supplement of \$81, will have his \$81 escalated by 2 per cent, and will receive an increase of about \$162. As a result, in 1972 his total income would increase from \$190 to \$191.62. The other person's income stays put at \$190.

Do you call that equity, Mr. Speaker? Not by any stretch of the imagination or any manipulation of the figures. I could take other cases but I shall not do so because more figures will just confuse the situation. What it all comes to is that if a pensioner has other income of a little less than \$110, he gets a supplement. Initially he gets less than the person with the \$110, but with a few years' escalation he will have more than the person who gets no supplementation at all. In this situation the people who have saved a little, who have picked up a little something else, are penalized, whereas those who did not quite make the grade get the benefit.

I have stood on my feet in this House and said a great many times during the last number of years that the finest piece of social legislation that this Parliament ever passed was the universal old age pension. It is the envy of social security officials in all western countries of the world. One of the reasons it is so good is that it created this feeling of togetherness or oneness among people who were retired. It did away with the stigma of having two groups of people. We are now bringing that stigma back. It was brought back by the guaranteed income supplement in 1966, and we are again bringing it back, and

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bringing it back with a vengeance, by making this distinction in regard to escalating the basic pension. I plead as strongly as I can that that escalation be allowed to continue for everyone who receives the pension, right across the board.

May I make one other point with regard to equity. I have cited the case of two people, one receiving \$80 basic old age pension and who has enough not to receive the supplement, the other getting the supplement. In the course of ten years the cost of living will have gone up at a rate of 2 per cent a year, probably more. During that time the person with the supplement will receive more money as a result of the cost of living bonuses every year; on the other hand, the person who receives only the basic pension will find during the course of that same ten years that the value of his pension has gone down by at least 20 per cent. Twenty per cent of \$80 is \$16, which brings the value of his pension down to \$64. I suggest that I am being conservative in that calculation, but there is no reason why I should not be "conservative" since I have a Conservative as the seconder of my amendment, but it is still spelled with a small "c".

• (3:50 p.m.)

Equity has been thrown out the window. I think it is a sorry day for Parliament when it is doing this kind of thing. The minister says that the cost is a factor, but he admits that it would cost only \$15 million in 1971 to pay the supplement to all who receive only the basic pension. I think his figures are a bit high, but I will not argue that this is not what it would cost. In terms of the federal budget, this is really nothing by contrast with what we are doing to the disappointment and disillusionment of the people and the destroying of equity.

When we argue about this increase the minister says that ten years from now this \$15 million would increase to \$150 million because the cost of living will continue to increase in the next ten years and that the escalation in ten years will make it ten times as high. At times he tries to tell us that the cost of living is under control. If he tells us that it is going to cost \$150 million ten years from now this means the cost of living is increasing, and in turn means that a person on the basic pension only will have a pension worth not more than \$64.

**Mr. MacInnis:** Ten years from now they will not be here to worry.

**Mr. Knowles (Winnipeg North Centre):** Ten years from now they will not be here to worry; I quite agree with my hon. friend the hon. member for Cape Breton-East Richmond (Mr. MacInnis), but in the meantime it is a worry, a heartache and a disappointment to many of our senior citizens.

The fourth point I want to make, Mr. Speaker, is that by doing away with this escalation we are breaking a contract and a commitment. I have used this phrase several times and I should like to indicate when it was uttered first in this House. It was uttered on November 9, 1964, as recorded in *Hansard* at page 9899 when the Hon.