

Canada Pension Plan

living to an average age would have got the same total benefit from old age security whether they waited to take it at age 70 or took a smaller pension for a longer time. By the time the Canada pension plan benefits reach their full level of 25 per cent of earnings, ten years from now, the total benefit available at the time of retirement would have represented a substantial standard of pensions for the majority of Canadians.

The government recognized, however, that this solution had one serious disadvantage. Many of the people who have very low incomes are also the people who have the least chance to go on earning beyond age 65, and who have no other resources. These people would have had to take their old age security at the minimum \$51 level even though their supplementation through the earnings related pension might be very small.

The government has therefore decided that it is right to face the considerable cost to the taxpayer involved in making old age security available in its full amount from age 65. This will meet a very great social need for people with relatively low incomes in our country, so much so that I do not think any of us would hesitate to describe what is proposed in this resolution as one of the great social advances with which we are proud to be associated.

If we are frank we will recognize, however, that there is a disadvantage which is implicit in any universal benefit. It involves spending tax money for those who need the benefit but also for those who do not need it. That was the reason for the government's hesitation to pay old age security in the full amount from age 65; some people do go on earning and others have substantial private pensions or investment income.

This resolution is therefore intimately linked, as the Prime Minister announced, with a change in income tax which we will be proposing in the next session of parliament. The additional personal deduction of \$500 a year, now available at age 65, will in future be available from age 70. Thus people between the ages of 65 and 69 who have taxable incomes will in future get \$900 in old age security but will pay tax not only on that extra \$900 but on an additional \$500 as well. For anyone between the ages of 65 and 69 whose taxable income is above the handsome level of \$90,000 a year, this means that the increase in taxation will exceed the value of the new old age security benefit. But all the rest of us will get more in old age security

than we pay in extra taxation and, of course, people with low incomes, not paying taxation at all, will get the full benefit of the \$75 a month from the time they are age 65.

Some members on the other side of the chamber have said this is not enough. I have not been in the house very long, but I have been here from late 1960 and I cannot help remembering that until just before the 1962 election what is now the official opposition was content as a government to pay old age security in the amount of \$55 from age 70 only—

Mr. Lambert: Let us go back to 1957.

Miss LaMarsh: —and even the N.D.P. recently had \$75 at age 65 in its platform. I suppose it is easy to raise the bidding when there is no danger at all of one having to play the hand, but I would point out first that Bill No. C-136 does not leave old age security at \$75 a month. It provides that in the future this pension will increase automatically for all recipients if the cost of living rises.

Apart from that, however, let us look at the pension prospects which are now being made available to the ordinary Canadian. If he is earning \$300 a month he will be able to retire at age 65 with a benefit from the Canada pension plan of \$75 and with old age security that makes a total of \$150 a month. In other words, he will be able to retire at age 65 on half pay, and that is the situation if he is single. If he is married, when the wife is 65 and also drawing old age security the family income will be \$225 a month or 75 per cent of the husband's earnings while at work.

For a man with a low average income, say \$200 a month, pensions will of course be a higher proportion of earnings. For the single man the combined Canada pension plan benefit and old age security will be \$125 or 62 per cent of the earnings he has been able to make over his lifetime, but for a couple the total pension will be \$200 a month. In other words, they will be able to retire at age 65 with the same income they had previously during the husband's working years.

No one has denied that these are good pensions. The criticism is that they are not instant pensions, that they are not immediately provided for everyone. I have to say that I am rather surprised that those who advance this criticism so vigorously are doing so at such a late date. It is now about three years since the Prime Minister proposed in considerable detail a contributory pension

[Miss LaMarsh.]