

The CHAIRMAN: May I call your attention to paragraph 18 which could be subdivided into two chief parts, old age security fund, which should be read along with paragraph 26, and family allowances, which will be discussed later.

Hon. Mr. MARTIN (*Essex East*): What is your proposal? Is it to read all these together?

The CHAIRMAN: Yes. I suggest we start first with the old age security fund deficit, reading with it paragraph 26.

Hon. Mr. MARTIN (*Essex East*): Yes. Well, Mr. Sellar, there seems to me to be a wrong impression about the old age security fund deficit, and this might be a convenient place to discuss it. How much actual deficit is reported this year?

Mr. SELLAR: The amount is \$104 million.

Hon. Mr. MARTIN (*Essex East*): Yes, \$104 million. That is in 1958? You are now only dealing with the figure as of 1958?

Mr. SELLAR: March 31, 1958.

Hon. Mr. MARTIN (*Essex East*): Yes; the end of the fiscal year?

Mr. SELLAR: Yes.

Hon. Mr. MARTIN (*Essex East*): It is now, of course, considerably higher. Can you tell us the expenditure on old age pensions by the government of Canada prior to the adoption of the universal system—or perhaps that is not a fair question?

Mr. SELLAR: You are referring to the Old Age Pension Act that dates from 1928, and subsequent legislation? I have not those figures.

Hon. Mr. MARTIN (*Essex East*): What I am seeking to convey to the committee, Mr. Chairman, through Mr. Sellar, is that when we talk of the old age security deficit we fail to take into account that the government of Canada was spending over \$100 million on old age pensions prior to 1951, and that this deficit, great as it is, must be considered in the light of the fact that it includes expenditures that would have been made by the government of Canada at least in the amount of \$106 million but for the new act. I think that we must also take into consideration—and I ask Mr. Sellar if this is not correct—that when the old age security universal system was established, as a result of an all-party committee, it was assumed that there would be continuing obligations by the government of Canada in addition to the contributions made by individuals to this partially contributory scheme.

Mr. SMITH (*Simcoe North*): Which witness should we examine?

Hon. Mr. MARTIN (*Essex East*): Well, does my hon. friend object to this information?

Mr. SMITH (*Simcoe North*): Not at all.

Hon. Mr. MARTIN (*Essex East*): Then why does he interrupt? I am trying to establish this fact. The impression is continually given, both under this administration and under the previous one, that the deficit represents something that indicates the inadequacy and the economic weakness of the whole system. I am seeking to establish that is not the case, that when the all-party committee established the old age security scheme it was assumed that there would be a continuing obligation by the government of Canada. Part of the cost of the scheme would be borne by contributions made by employers, by employees and others, but there would be a continuing contribution, as there had been under the old scheme, by the government of Canada. The result is that the deficit—in present terms, some \$190 million;