

progressive rates and, depending on the purposes of the guaranteed income program, these could apply from the first dollar of income, or from income above a prescribed base. Because payments under this universal approach will be high, a high rate of tax recovery will need to be applied. Normally, this approach envisages the replacement of all other income security schemes. However, this need not happen as such an approach could guarantee a basic income for all, even though other income security programs continued to function.

The social dividend approach integrates the income security system with the income tax system. An example of the social dividend approach is the old age security pension. This pension is paid to all persons satisfying residence rules who are aged 65 and over. The pension benefit is taxable, and is recovered from pensioners liable to pay income tax not at a special rate of tax but at the normal tax rates that apply on taxable income.

The other approach to the guaranteed minimum income is the negative income tax approach. This approach involves the making of cash payments by government to families and individuals whose incomes fall below a prescribed income level. This level could be the level at which a person would be liable to pay income tax, or it could be another level of income which is either arbitrarily determined or calculated because it bears a relationship to the amount of income needed to purchase a minimum standard of living. And as the hon. member for Portneuf mentioned, the Economic Council of Canada set the poverty line at something like \$1,740 in their 1967 report.

Benefit payments can be calculated in a number of ways. In the pure negative income tax approach, benefits could be calculated on the basis of the unused tax exemptions and deductions to which the person would be entitled in determining his taxable income. Other variations offer a benefit based on the gap which exists between his actual income and the income level which corresponds to the minimum standard of living. The negative income tax approach normally involves a prior determination of eligibility in order that the benefit may be calculated.

Whatever technique is used, the guaranteed minimum income attempts to provide a person or a family with sufficient income to achieve a minimum standard of living. I suppose this is what is intended when the motion refers to "every Canadian citizen, who is without work or other source of income, would receive a guaranteed minimum income as a way of recognizing, in a special fashion, the dignity, the value and the economic rights of the human being, in the context of the economic life of the nation."

Many of the features of the guaranteed minimum income are excellent, and have advantages over the approaches under existing income security programs. Using this technique, benefits can be directed so as to provide large benefits to persons in the low income categories. Payments can be made on the basis of an income test and this would overcome the social stigma normally associated with welfare payments. Beneficiaries

Guaranteed Minimum Income

are not forced to undergo the social degradation of having their incomes and assets scrutinized and their way of life examined.

But while the approach has a number of advantages there are also a number of problems and limitations associated with it which cannot be overlooked. One of these factors is the cost of such a scheme. The motion suggests that the plan be put into effect by financing it "from the national product so as to increase neither the taxes on individuals and companies, nor the cost of living, nor the price of any product or service." This would be possible if certain of the existing schemes of income security were abolished and replaced by a guaranteed minimum income, provided the costs of the new guaranteed income scheme did not exceed the costs of the plans which it replaced, either at the time that the transition occurred or in the foreseeable future.

In this circumstance, we would be faced with the question of what type of guaranteed minimum income could be implemented, and of determining how adequate this scheme would be. Consequently one would need to ascertain which programs could be replaced, how much money would be released, and with this budget constraint decide who should be covered by the guaranteed minimum income plan, and what level of benefits could be provided. If minimum incomes can be provided so as to ensure a minimum standard of living within the constraints just mentioned, then and only then could you say that you had met the requirements as set out in the motion for financing such a proposal. However, if coverage is not complete enough and if benefits are not sufficient to provide a basic minimum, then obviously costs will rise, taxes will increase, and quite possibly prices will rise in the future as well.

I contend that a guaranteed minimum income plan cannot replace all of the guaranteed income plans now existing. Consequently, the amount of funds released will not be sufficient to finance a guaranteed minimum income plan which will provide a minimum standard of living. Costs will increase, taxes will rise, and prices will increase in consequence. This brings me to the final point with which I want to deal, the question of replacing other income security and social security measures with a guaranteed minimum income scheme.

One of the important questions is whether the guaranteed minimum income will replace in whole or in part, or supplement the present social security system. The existing social security system has evolved slowly over time in response to emerging social and economic needs. Programs have been designed to provide solutions to underlying social and economic problems, but the extension and scope of plans for development have often been limited by availability of financial resources, and by more urgent and important priorities for other areas of government spending.

The present system is not perfect, but it is a good system which is continually being improved as social and economic conditions change over time. The proposed changes in the White Paper on Income Security with respect to the guaranteed income supplement, the family incomes security plan, the Canada Pension Plan and the