

Canada Pension Plan

all know that if the government were to take this proposal seriously and were to be fiscally responsible, it would mean, in effect, that the 4-3-3 formula which we presently have would become an 8-6-6 formula. That is, we would have to add 4 per cent to personal income tax up to an amount of an additional \$120 provided we kept that base.

Mr. Knowles: Would the minister permit another question?

Mr. Benson: Just let me finish. We would also have to add 3 per cent to the 50 per cent corporation income tax and 3 per cent to federal sales tax if we were to finance this out of O.A.S. revenue.

Mr. Knowles: Would the minister now permit a question. Does he realize that this seems a bit odd: When the government does something it wants to do it does not have to raise taxes, but when it does something the opposition wishes, it seems to have to raise taxes.

Mr. Benson: I think the fact that we will be able to do this without raising any taxes indicates that this government is very farsighted in its views. There has been a great deal of criticism from the other side of this house of the imposition of sales tax on building materials. If this sales tax on building materials had not been instituted we would not be able to finance the program we are proposing without an increase in old age security taxes.

In a highly complex modern society most people want some means of protecting themselves against the hazards that threaten income. The old age security program for more than a decade afforded some measure of protection against the loss of income due to old age. The resolution under discussion will extend this protection to more than half a million Canadians. It will be supplemented by the earnings related old age insurance program designed to raise as quickly as seems reasonable the level of retirement pensions in Canada. And this new system of old age income security which combines flat rate and graduated pensions will be complemented by a range of benefits designed to assist widows, orphans and the disabled. Bill No. C-136, with the proposed amendments to part IV, will represent the most comprehensive social security program ever considered by this parliament. It represents the outcome of almost two years of continuous work and study ranging from federal-provincial nego-

tiations to the detailed examination by a joint committee of the Senate and the House of Commons.

As each year goes by the scope of income security for the retired, for widows and orphans and for the disabled will be steadily augmented. With these provisions a new dimension will be added to social security in Canada.

Mr. Prittie: Mr. Chairman, I should like to make one brief reference to a previous part of the debate on this matter. I was very sorry that the government did not see fit to accept the recommendation of the committee concerning the dropout period. We received direct representations from the firefighters association and the Canadian teachers association to extend the dropout provision, and the committee recommended 20 per cent. The government has come in with 15 per cent and I think it is unfortunate that they have done so in face of the recommendation of the committee.

To deal with the particular matter now under discussion, let me say first of all that I am pleased with the change which has been made concerning the amount to be paid by way of old age security at age 65. The Canada pension plan is the result of a great deal of study, the result of the work of many expert people over a long period of time. In particular, I refer to the actuaries and the staff of the department. It is the result of negotiation with the provinces, which was not achieved overnight. I would suggest that the change which has been made in the amount which is to be paid to persons who retire at 65 is one of those fast political decisions which can be made quickly if necessary.

To illustrate this point, during the committee proceedings the hon. member for Winnipeg North Centre pointed out a number of times that the government would not be able to live with this \$51 figure for very long. That is to say, those persons choosing to retire and to take old age security at age 65 will receive \$51.

As reported at page 2102 of the committee's proceedings, the hon. member said:

The other point is that this proposal would wipe out the suggestion in the bill that we can have an actuarially reduced pension between ages 65 and 69.

He was referring to a proposal advanced by the hon. member for Parry Sound-Muskoka.

To continue the quotation:

I want to see something done in this area and I would like to see it done on a no means test basis, but I am convinced this idea of having