

*Old Age Security Act Amendment*

test among our older people. I repeat: the norm envisioned under this program is a far, far cry from the means test. I am confident that when the guaranteed income supplement is in operation, a majority, if not all, the eligible older people of Canada will agree with this assessment.

The purpose of this program is to provide maximum assistance to those on modest incomes. I suggest that the contemporary guaranteed income approach is the most effective and most responsible way of achieving this objective.

Lest I be accused of hairsplitting or of indulging in semantics, I will examine for a few minutes what is involved in tests of means and needs. A means test means just that. It involves an examination of the nooks and crannies of a person's financial status; the money he has in the bank, whether he owns a car or a home, the ability of relatives to contribute to his support, his earnings, and so on.

Under a needs test the other side of the ledger is examined. Its purpose is to determine between what a person has and what he needs for an adequate, decent existence, and to base benefits on the difference. Under a needs test, income is also taken into account but the emphasis is on meeting needs on a flexible basis.

The program proposed in this resolution is based on neither of these approaches. The criterion is a universal guaranteed income or floor below which an individual income will not fall. The objective is to provide a flow of income and the definition or determination of an individual's flow of income is identical with that used for income tax purposes. This is a simple, acceptable and effective way of determining eligibility and calculating levels of benefits.

No information will be asked for that is not already required for income tax purposes; there will be no snooping, no prying into financial affairs, no demeaning questions. This program is an innovation, the application of a contemporary technique to what has been a continuing problem in modern, industrialized society—the provision of adequate income to people who, because of age, are not able to earn on their own.

I am sure hon. members are aware of the current public interest in the guaranteed income technique. It has come in for considerable public discussion and there have been suggestions that the approach be applied on a broader basis. Many believe that the guaranteed income mechanism provides the best

hope for adequate income maintenance in an era where more and more jobs involving human labour are being turned over to machines.

The program applies this new technique in a limited and specific area. It is in an area where the chances of success are encouraging because it does not involve some of the difficulties which are associated with guaranteed income applied to all the population.

First, the great majority of people included in this program are, or will be, retired and there will consequently be no material interference with incentives to work. Also, of course, the program is designed for a specific identifiable group, and this should make for relatively easy administration or relatively less difficult administration.

Members will ask, as indeed they have asked, why this approach? Why not a flat rate increase in the universal pension? Opposition parties have suggested \$100 a month. As a short range political project there is no doubt that to be on the side of an across the board \$25 monthly increase is to be on the side of orthodoxy, easy administration and simple amendments to the existing statute. But any analysis based on long term considerations, supports the guaranteed income approach on two important counts. First, it provides more help to those on modest incomes—it guarantees a monthly income of at least \$105, not \$100—and second, it is a more effective and responsible deployment of the federal government's financial resources.

There are those who argue that the flat rate increase will provide an extra \$25 a month to all. That, of course, is not true. Under our income tax set up some older persons are required to pay back a portion of what they receive. The guaranteed income format is steeply progressive and concentrates on added payments for those on modest incomes.

Estimates in the current year are that the guaranteed income supplement will cost between \$260 million and \$280 million in its first year. Let us take the median figure of \$270 million. This is \$100 million less than the cost of a \$25 a month increase in the flat rate pension. The cost of the flat rate pension would, of course increase annually, so that by 1970 it would amount to something in the neighbourhood of \$200 million a year more than the guaranteed income supplement.

In the long run, costs under the income supplement will decline as more and more people become eligible for higher and higher benefits under the Canada and Quebec pension

[Mr. MacEachen.]