

improving the structure of social security in Canada. I will come back to this matter in a few minutes.

There are those people who have suggested that not only spouses of pensioners, but all persons aged 60 to 64 should be entitled to a guaranteed income of \$150 a month. It is estimated that this would cost at least \$330 million if the whole benefit were income tested, or about \$800 million if only \$70 a month covered by GIS were income tested. If this benefit were brought into line with the new OAS/GIS rates, the ones we are proposing for adoption under this bill, the additional cost would be over \$1 billion. Such a benefit would recognize the needs of the prematurely aged and the chronically unemployed who are a charge on provincial social assistance between the ages of 60 and 65.

• (1540)

It is maintained by some proponents of this approach that it would help solve the high unemployment levels we now face by freeing jobs for younger people. Several experts argue that there would be only a negligible effect on employment levels. Those with adequate incomes would probably not quit their jobs to collect the full OAS/GIS of \$170 a month. Those with smaller incomes would not need to quit their jobs but could count on a partial OAS/GIS payment to supplement their earnings. There may be a few low-paid workers in difficult or unsatisfying jobs who might be glad to retire early; it is not so obvious that these jobs would be readily filled from the ranks of the unemployed. However, it is reasonable to expect that those in this age group now without work might stop looking for work and thus somewhat reduce the overall rate of unemployment.

[Translation]

Some hon. members have suggested that the age of eligibility for the OAS pension should be lowered to 60, and that the pension should automatically be granted to both spouses when one has reached 60.

Mr. Speaker, there are 830,000 people in the age group 60 to 64. In addition there are 320,000 spouses under 60 of people who are over 60. The implementation of such a measure would add 1,150,000 persons to the OAS rolls. At \$100 a month each, it would cost \$1.38 billion to pay them the OAS pension. If in addition they were to be granted the GI supplement, the costs of this proposal would rise to \$1.48 billion.

[English]

There was also a proposal that escalation of old age pensions be speeded up, supposedly because annual escalation entails too long a delay before price increases are reflected in pension payments. From an administrative point of view, monthly escalation of benefits would be a nightmare, and I was amazed to hear the Leader of the Opposition (Mr. Stanfield) entertain such a thought during the last election campaign. The OAS/GIS system is not sufficiently flexible to produce an adjustment each month. A battery of clerks would be needed to establish entitlement every month based on a new set of eligibility tables each month. The time interval between the completion of the printing of cheques in one month and the start of the printing in the following month would be too short to permit the necessary adjustments to be made. The

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process would be slowed down, and overpayments or underpayments would become much more likely. A monthly escalation provision would mean that the processing of one million applications for annual renewal be condensed into a one-month period. The extra administrative costs entailed in such a program would be substantial.

Similar problems would be encountered with the proposal of quarterly escalation. It is surprising to say the least to hear those people who criticized the FISP proposal because of its potentially high costs of administration, ready to support the high administrative costs of such an OAS/GIS plan.

**Some hon. Members:** Hear, hear!

**Mr. Lalonde:** Again the question of social priorities must be raised. In view of the needs of poor families, disabled persons and others, it is doubtful that such a move is the most effective way to spend the additional sums of money that would be required.

[Translation]

On February 2, I called a meeting of welfare ministers to discuss these various proposals and to seek the provinces' views on the most appropriate course of action from their point of view. There was a very clear consensus that this was not the time to be changing the structure of the old age pension program. The provincial ministers did not favour at this time extending benefits to spouses, or bringing in the age group 60 to 64, or changing the \$1 for \$2 reduction formula, or trying to speed up the escalation process. All such changes they regarded as stop-gap measures that would be typical of the piece-meal approach that has been taken for so many years in revising the income security system. Without exception, they called for an integrated approach that would look at the whole system at once and determine where the greatest priorities should lie. They agreed that the needs of pensioners' spouses and of low-income people aged 60 to 65 be reviewed, but at the same time that the needs of low-income families, disabled persons, and other needy groups in the population were being considered. Referring to their own social assistance programs, the provinces are convinced that several groups of needy people in the population have needs at least equal to those of aged persons, and yet their levels of assistance are much below the benefits available to aged couples. In these matters, Mr. Speaker, I am in full agreement with my provincial colleagues.

During their conference in Victoria in November 1972, the provincial ministers had agreed that "the compensation of family expenses related to children, the rehabilitation of the poor through personal development and the provision of effective work incentives are matters of the greatest urgency". They therefore asked for a federal-provincial conference "to discuss social policy on a comprehensive basis".

At the February 2 conference the Quebec Minister of Social Affairs discussed this point in some detail. He said:

In our opinion the matter has much more scope than the mere consideration of the group of old age people and those between 60 and 65 years of age.