

### III. GOVERNMENT-OPERATED EARNINGS-RELATED PENSIONS

*Would a government-run earnings-related program meet the economic needs of the aged?*

51. The federal and Quebec governments have proposed the establishment of an additional government program to provide earnings related pension on top of the Old Age Security program. The Association feels this proposal falls short of meeting several principles of particular interest to your Committee:

- (i) Any expansion of government welfare should be directed toward those groups in the population most requiring it regardless of their age.
- (ii) A government welfare program should not provide the less generous treatment for persons with the lowest income.

52. The proposed Plan has other serious shortcomings and is in fact inconsistent with several important objectives of national policy. One of the stronger statements in this regard was made by The Royal Commission on Banking and Finance which referred, among other things, to the significant extension of government influence over capital and resource allocation, government domination of a large part of the financial system, increased difficulties of combating inflation and greater reliance on investment by non-residents (pages 262-4 of its Report). These aspects of the Plan are not discussed here because they do not go directly to the question of the economic needs and resources of the aged. However, while apparently indirect, they are perhaps of even greater consequence. As Mr. Graham Towers said recently:

It would seem to me that one of the basic criteria should be simply; what is best for the individual and for the country. The two are inseparable and we must avoid the trap of trying to do something for the individual and failing because it did not work out satisfactorily for the country as a whole.

*Principle:*

*Any expansion of government welfare should be directed toward those groups in the population most requiring it regardless of their age.*

53. As your Committee has found, it is extremely difficult to determine from the sparse information currently available who are the groups in the population most in need of help and what their needs are.

54. It was observed in section I of this submission, that currently available studies of spending power appear to show that, on the average, the aged may be at least as well off as the whole population if not better off. Moreover, the differences between rich and poor may not be as great amongst the aged as among younger families. Study is therefore required as to who are the most deserving of help in the population so that new or revised welfare programs can be designed to help them.

55. While the proposed plan would be as broad as compulsory measures could make an earnings-related plan, many of those not covered would be the ones most in need of retirement assistance. In contrast, an increase in or extension of Old Age Security (suggested for study in paragraph 33) would be universal.

56. The proposed earnings-related plan would operate to widen differences in spending power among the aged. The wide disparity of government retirement provision amongst the aged would be fully apparent in ten years and would likely lead to pressures for revision.