

63. On the basis of these estimates, the total cost of the federal share of the combined program of universal pensions and old age assistance would be as follows:

(a) Universal pensions at age 70.....	\$324,000,000
(b) Federal share of old age assistance at age 65.	32,000,000
	\$356,000,000

At the present time the federal share of the old age assistance program for those 70 and over is about \$100 million. In addition, certain other costs, such as war veterans allowances for those 70 and over and assistance to aged Indians, amounting to about \$6 million, would be absorbed into the total program as envisaged. The net additional funds required to finance the federal share of the program would therefore be of the order of \$250 million.

METHODS OF FINANCING

64. The Committee is in favour of the contributory principle, not only because of the importance of this in raising total moneys required, but also because of the importance of establishing a close association in the mind of the individual between his contribution to the cost and the ultimate benefit he is to receive.

65. In considering how the cost could best be distributed fairly over the whole population, the Committee paid particular attention to the estimates given in Chapter VI of the theoretical yields of various tax and contribution rates. In reviewing the methods of raising the necessary revenues, the Committee sought to find some system of contributions which was at once practical and which achieved the objective of requiring a direct and conscious payment by the largest possible number of those who will benefit from the program.

66. A three-way basis of sharing the cost, involving contributions from individuals, from employers and from the general revenues of the country, was considered as a possible method of raising the revenue necessary to meet the federal share of the program. This is, of course, only one possibility among many; it is put forward as an idea worthy of consideration rather than as the final view of the Committee.

(1) Under such a tripartite arrangement, each individual would be required so far as possible to make a direct contribution out of his individual income or earnings. If the ideal of universal contributions is to be approached, if not fully attained, it would be necessary to require contributions from individuals who are now exempt from the payment of income tax. There would, of course, inevitably be some individuals with incomes so low in relation to their personal and family responsibilities that they could not be expected to bear their share. Such individuals would clearly have to be excluded from the requirement to make contributions.

(2) A tripartite arrangement such as the Committee considered would also provide for the direct participation of employers in sharing the cost of pensions for their own employees. No new principle would be involved here, since a precedent has already been set for employer participation in existing unemployment insurance legislation.

(3) Finally, since expenditures which are now being made out of the Consolidated Revenue Fund would be absorbed into the program here set forth, the federal government would be expected to become a partner in such a tripartite scheme to the extent of contributing to the total cost of the program an amount not less than that which is now being paid out of