

Senator Thompson: Mr. Chairman, assuming that we, the government, had made a contract with the old age pensioner when he got the basic \$75 and because of that contract we are going to see that he gets the increase in the cost of living and that is why we have this raise, we would have to admit that we are \$8 short on the amount we should be giving the old age pensioner. Am I correct in that?

Senator Phillips: No, you are a dollar a month short.

The Chairman: First of all, there was no contract.

Senator Thompson: No, but I say if we assume we had a contract.

Dr. Willard: Could you repeat that, please?

Senator Thompson: If we assume that we made a contract with the old age pensioner when we first established the \$75 and we are now saying that, having had that contract, the cost of living has escalated and, therefore, we are increasing the pension to be equivalent to the cost of living in order to keep the contract, we would have to admit that this raise we are giving is about \$8 short of keeping the original contract. Am I correct in that?

Dr. Willard: Well, yes if you make the assumption that it is a contract, but you may look at it that Parliament from time to time improves the legislation over the years and that this is one improvement such as the other improvements in rates. We started in 1952 at \$40 a month, and we went up to \$46, \$55, \$65, \$75, \$76.50 with the escalator, \$78, \$79.58 and then to \$80. We are now going to \$82.88. It also depends on whether you consider the basic pension sufficient in the kind of contract you suggest, so I think it is difficult to put it in that context.

The Chairman: The whole purpose was to create a fund. It is not a contractual arrangement, as you, I am sure, realize at the basis of this. There was a fund to which everyone was supposed to contribute and, as with the unemployment insurance fund, you never know when you will draw from it.

Senator Phillips: Mr. Chairman, if you will pardon me for interrupting, I should just like to say your explanations are far better than those of Senator Martin, and considering you are a neutral chairman . . .

Senator Martin: I agree.

Senator Phillips: . . . I appreciate the fact you went into such detail to explain.

Senator Martin: I agree on that one.

The Chairman: I was an expert witness before the joint committee of the House of Commons and the Senate when the old age pension scheme was being discussed.

Senator Phillips: When you convince me you are an expert, that is fine. I did ask for the floor.

The Chairman: Yes.

Senator Phillips: I have been bypassed every time.

The Chairman: You have had your opportunities.

Senator Phillips: I have had my fair share, I will admit, but, after all, I did ask in the chamber this evening if someone on the government side would speak to this, and there was not one of you who wanted to speak, so I presumed the same attitude prevailed here in the committee.

The Chairman: You can ask all the questions you want.

Senator Phillips: I presumed there was no one on the government side who wanted to ask any questions because no one in the chamber seemed to want to.

I was intrigued by the fact that Senator Martin came out with a long list of countries and the different benefits that were paid in each country. Of course, he has the benefit of an executive staff and the cooperation of the minister and the officials of the department in preparing his questions. I was wondering Mr. Chairman, if anyone had taken the time to take into account and make a comparison between the wages, the cost of living, the contributions and the benefits received in all those—well, I think Senator Martin listed every country except Biafra and Bangladesh.

The Chairman: And the tax rates.

Senator Phillips: And the tax rates. As an economist you know that can be most misleading, but probably you do not. I wonder if anyone has made a comparison in that regard.

Dr. Willard: Mr. Chairman, as I mentioned earlier, we have not gone into the international comparisons to study them in this detail. The type of figures that I have indicated have the limitation I have mentioned. Ideally, if you are making a study of the relative, shall we say, merits of different plans, you would have to take into account not only those factors but other programs such as, for instance, in Canada we have hospital insurance care provided to the old people whereas in the United States they do not.

Senator Phillips: I disagree with you there, sir; they do have medical care in the United States.

Dr. Willard: Yes, they do for the aged; that is correct.

Senator Phillips: The record is now corrected in that regard.

Dr. Willard: If we were to compare Canada which does not have coverage for drugs for old age pensioners with a country that does that would have to be taken into account. In other words, you have to take into account the various other schemes provided. I did not take into account in the Canadian scheme the situation with regard to the Canada and the Quebec pension plans, and as time goes on these will be important factors.

Senator Martin: In 1976.

Senator Phillips: In other words, you made your comparison, I presume, at the request of someone, other than myself, who had taken an entirely different interpretation. Someone senior to you in the department wanted to present a favourable picture to the public.