

North Centre (Mr. Knowles), has just advised me of this mistake. It is not—

[English]

The figure I mentioned ought not to be \$16, but \$19. On the other hand, the Conservative party did not give one red cent in family allowances.

● (1650)

[Translation]

The Acting Speaker (Mrs. Morin): Order, please. The hon. member for Ottawa-Vanier.

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, I think all hon. members in this House would like to discuss this very important question. Unfortunately, we will not have enough time. However, it is a little unfortunate to note that important subjects such as pension and the lowering of pensionable age cannot be debated, which would enable all hon. members to give their opinions. This subject is both important and complicated. However, it is not as simple as some hon. members claim.

There are ramifications to the motion of the hon. member for Winnipeg North Centre which need readjusting, I think.

[English]

When the Canada Pension Plan was introduced in 1965, age 70 was retained as the eligible age, but provision was made for a gradual reduction over a five-year period to 65. Entitlement to benefits before the age of 70 was made provisional on retirement from employment. This reduction was extended to the universal old age security pension without the retirement test.

I find the recommendation in this motion that those who would be entitled to the pension would have to be out of the work market hard to accept. It goes against my personal feelings with regard to the old age security pension. As far as I am concerned, it also goes against the grain with regard to the guaranteed income supplement.

In 1965 when the government announced its intention to proceed with the Canada Assistance Plan, whereby the federal and provincial governments would share the cost of the social assistance program, administered by the provinces, assistance was to be made available on the determination of need. At the same time the old age assistance provisions for persons between 65 and 70 were to be phased out with the gradual lowering of the eligible age for the universal pensions.

For old age security pensioners with little or no other income, it was proposed that a program of supplementary payments based on an income test should be adopted. Legislation was introduced to bring the guaranteed income supplement into effect in January, 1967.

Expenditures on public pensions increased rapidly over this period under the combined impact of the progressive reduction of the age of eligibility, the introduction of the guaranteed income supplement, and the increases resulting from the escalation of benefits annually on the basis of a pension index related to the cost of living.

The adoption in 1972 of escalation based on the full increase in the cost of living, and in 1973 a quarterly escalation of benefits, added considerably to the expansion

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of costs. Expenditures in old age security and the guaranteed income supplement increased from just over \$1 billion in 1965-66 to more than \$3 billion in 1973-74.

The present proposal is to reduce the eligible age of old age security to 60, subject to retirement from the labour market. This gives rise, as I said before, to several questions. I think the hon. member for Wellington (Mr. Maine) referred to a few of them.

I think particularly of the fact that we would be giving an example to the private sector in establishing age 60 as the normal retirement age. I think of the pride in Canada and our economy, of experience, qualified expertise, and people who have contributed immensely to the economy of this country.

One argument that can be made in favour of early retirement is that it will open job opportunities for younger workers. However, this would not necessarily follow. Retired persons may simply move into other employment. Some jobs may disappear through attrition, and vacancies would be fewer than expected. The trend toward an earlier compulsory retirement date could affect productivity by removing skilled workers from the labour force at a time when they are most productive and most needed. The increased cost to employers in paying retirement pensions would have to be paid by the consumers through increased prices.

The additional expense of reducing the old age security age to 60 has been estimated at between \$1.2 billion and \$1.7 billion at current rates. Increased costs of this magnitude over and above the current expenditure of \$3.5 billion would undoubtedly lead to an increase in taxation. The imposition of a greater burden on Canadians in general must be weighed against the merits of providing additional benefits from one particular segment of society to another.

In addition to lowering the age to 60, the hon. member for Winnipeg North Centre suggests that the Canada Pension Plan retirement benefit would once again be conditional on an earnings test or for all retired pensioners. Hon. members will recall that these tests were eliminated recently under the Canada Pension Plan amendments. I doubt whether retired pensioners would appreciate the resumption of such tests. In my constituency, according to correspondence I receive—

Mr. Knowles (Winnipeg North Centre): Madam Speaker, will the hon. member permit a question?

Mr. Gauthier (Ottawa-Vanier): Yes, Madam Speaker.

Mr. Knowles (Winnipeg North Centre): Does the hon. member not realize that it specifically says in my motion that this applies only between the ages of 60 and 65?

Mr. Gauthier (Ottawa-Vanier): I realize that, but it also says "who are not in or are prepared to withdraw from the labour market". This is what I am trying to get at.

Mr. Knowles (Winnipeg North Centre): Go on to the phrase "to everyone at age 65".