

Adjournment Debate

which I urged the need for an immediate and substantial boost in the basic amount of the old age pension.

As I look at the record of these questions I realize they could provide the basis for just about all of the aspects of old age pensions that I do my best to press upon the government—a substantial increase in the amount, gearing the pension to the gross national product, lowering the age, and so on—but tonight I prefer to concentrate on the first question, and I hope that the minister's reply will be directed to that as well.

I am aware of the pride that the minister expresses in the escalation program that we have, and I say thank heaven we have it. If our pensions were still on a fixed basis, or were allowed to escalate by only 2 per cent per year, the plight of our senior citizens would be a lot worse than it is. But I do urge upon the minister the need for a serious review of the escalation formula.

On the one hand I still feel that the index that is used needs to be changed. As the minister knows, this point of view has now been expressed from a good many quarters. The view that many of us hold is that the consumer price index does not adequately reflect the rise in the cost of living of old age pensioners when one thinks in terms of the things they actually have to buy. My hope is that we will soon get an index that will reflect the actual position of our senior citizens. I was encouraged by the minister's statement on December 11 that the consumer price index is now being reviewed by Statistics Canada. I am sure the minister and his department are keeping in touch with that branch of the government, and I hope that we are getting close to something being done about it.

● (2210)

The other point I want to emphasize in terms of a review of the escalation formula is contained in the last words of my first question of December 11, when I asked for a formula that would "more closely match the needs of our people and be on a current basis instead of in arrears". If I may presume to indicate a preference, I think this is even more serious than the actual index that is used.

As the minister knows, when an increase in old age pensions takes place in January you have to go back two months, and then take the three months before that and compare the increase in those three months with the three months before that, so the increase is always behind.

Not only is it always behind in terms of the period on the basis of which the comparison is made, the fact is that in January the old age pensioner is getting an increase to meet rising costs that he was experiencing at least five or six months before, yet in that five or six months when he needed the increase he was not getting it.

I know computers can go wrong and that we like to complain about the use of them, but the fact is that it is possible with modern computer science to get just about any information that one wants. I am confident that it is now possible for organizations like Statistics Canada, with the use of computers, to determine what will be the actual cost of living for persons like senior citizens on a current basis and for a period of time that goes a bit into the future.

[Mr. Knowles (Winnipeg North Centre).]

I feel, therefore, that a formula for escalating old age security pensions, the guaranteed income supplement, Canada Pension Plan benefits and all the others, should be put on a current basis, for the present system is not good enough.

In pressing these two points on the minister tonight I hope he recognizes my restraint in that I am not making a long speech for a \$200, \$300 or \$400 basic pension, and that I am not going into all the arguments for lowering the pension age to 60. He knows those arguments and I shall press them on every appropriate occasion. However, because of my restraint I hope he will give me not only a serious but a favourable response as I plead with him for a whole new look at the escalation formula. Let us make it a kind that meets the actual experience of our senior citizens, and let us make it a formula that gives money to pensioners to meet the increase in the cost of living at the time they are facing that increase, rather than in arrears. I thank the minister for staying here this late at night to answer my question. I hope his answer will be worth it.

Hon. Marc Lalonde (Minister of National Health and Welfare): Madam Speaker, I thank the hon. member for his kind words, but I am afraid that the shortness of his speech does not necessarily mean that the answer is to be positive. We have to look at this matter more in terms of its objective merits. Indeed, as he said, a number of individuals and organizations have recommended that social security benefits, particularly old age pensions, be escalated using an index which takes into account the real growth in national income. Others have recommended, as he mentioned, that the government of Canada escalate benefits to meet rising prices using an index developed to take into account the actual expenditures of recipient groups.

In respect of indexing using differential price indices, I acknowledge that expenditure patterns of people by income category vary, and that an index constructed using a particular basket of goods relating to a particular income group would move differently at different times than the consumer price index. How significant the differences would be, and how long run these would be, would depend on the components of that basket and the relative changes in these prices over a time we would look at, and there is no way of knowing whether a special price index would, over a period of time, rise relatively faster or more slowly than the consumer price index.

I should mention, and the hon. member surely knows this, that the Economic Council of Canada has embraced the principle of a single general index irrespective of the groups or categories of incomes involved. Surely the hon. member would not suggest that we ignore or set aside without careful consideration the advice given to us by the Economic Council of Canada.

On the other hand the chief statistician recently reported to the Standing Committee on Finance, Trade and Economic Affairs that Statistics Canada has begun research into the calculation of special indices for two groups of people at the lower end of the income scale because these two groups might have different expenditure patterns. These are pensioners, and the other group are mainly people with large families, often single parent families.