

COMMITTEE'S OPINION

43. The Committee found some advantages in each of the three systems which it studied. On balance, however, the opinion of the Committee with respect to the population presently of pensionable age (70 and over) is that the universal pay-as-you-go system is most suitable to Canadian circumstances. It can be assumed that the great proportion of the individuals in this age group have retired from active employment, and it is a fact that nearly one-half are now in receipt of old age assistance.

44. The Committee further believes that such a program can be financed and administered satisfactorily only by the federal government. Only the federal authority can establish a sufficiently broad base of contributions to make such a program possible, and only the federal authority can ensure that an individual will receive the benefit to which he has contributed, regardless of whether he moves from one province to another.

45. The Committee has not felt, however, that it would be discharging properly its duties if it were to deal solely with the group presently of pensionable age and overlook the needs of a significant section of the population in the younger age group 65 to 69, many of whom, while younger in years, are no longer able to carry on without assistance.

46. Application of the universal pay-as-you-go system to this younger age group would increase substantially the over-all cost. The difference between the cost of a universal pay-as-you-go pension of \$40 a month at age 70 (\$324 million) and a universal pay-as-you-go pension of \$40 a month at age 65 (\$528 million) amounts to \$204 million.

47. It may be doubted whether, in terms of priorities, the diversion of such a large extra amount of the national income to this particular group can be justified, particularly when such a large proportion of the people in this age group are still actively engaged in productive employment and self-supporting. There is an advantage in universality when the large majority of the age group concerned is retired. That advantage does not obtain to the same extent when the majority of the age group concerned is still active and self-supporting.

48. These considerations have led the Committee to the view that any program of old age security to be applied to persons in the age group 65 to 69 should involve some principle of selectivity, and this, in the Committee's judgment, involves the application of a suitable test of eligibility, designed to ensure assistance to persons in this age group most in need of it.

49. As already pointed out in Chapter II of this report it may be argued that such a test serves the double purpose of keeping costs within reasonable limits, and of encouraging the largest possible number of individuals 65 to 69 to continue in gainful employment. This latter consideration is of particular importance when it is realized that, with increasing longevity, the numbers of persons reaching 65 may be expected to increase substantially in future years. As already indicated, the population 65 and over will be 1,101,400 in 1951, and this number will rise, at a greater rate than the increase in our total population, to 1,372,500 in 1961 and to 1,630,000 in 1971. If universal benefits of \$40 per month were to be provided to all persons in this age group, the cost would rise from \$528,672,000 in 1951 to \$658,800,000 in 1961, to \$782,400,000 in 1971.

50. The Committee is not persuaded that the people of Canada would, at this juncture, be prepared to divert such a substantial proportion of the total national income to old age security purposes, particularly when, as the evidence