of which are related to other welfare programs.

Some pensions, like disability pensions for war veterans and war veterans allowances, are fixed. The maximum paid under them does not rise or fall in keeping with the cost of living. Usually they are set at the maximum. Others, like the old age pension which I will comment on in a moment, and the guaranteed income supplement, are permitted to keep pace with increases in the cost of living to the extent that they are increased by a maximum of 2 per cent each year. The Canada Pension Plan is tied to the cost of living to a degree. Although increases in these programs are tied to increases in the cost of living, they bear no relation to inflation.

Some pension programs are adjusted annually in accordance with the person's income and need. These pensions may not only be reduced but are subject to a retroactive reduction. I think some of the most tragic cases hon. members have come across have had to do with those whose allowance have been unwittingly overpaid. The cheques keep coming month after month and those receiving them think that if the government is sending them everything must be all right and therefore they spend the money. If at the end of the year when the social worker is conducting his interview he finds that the amount of income is greater than what was estimated at the first of the year and the person has been overpaid $200 or $300, the overpayment must be refunded. Not only is the current year's pension then reduced by $10 or $15 a month but the overpayment is recovered by monthly payments. It is very tragic when this happens. Unfortunately it seems to happen mostly to widows, mothers and others required to support someone. What I have just referred to, Mr. Speaker, is a welfare jungle with various schemes set up in different manners tied to different types of income needs or to the cost of living.

• (4:40 p.m.)

I see that the minister who was responsible for the Canada Assistance Plan is in the house today. At the time that plan was introduced a move was made with the co-operation of the provinces to cut back on these various welfare schemes and try to consolidate them. It was successful to some degree in that it consolidated three or four welfare programs into one. At the same time the old age pension supplement was introduced, which was a different type tied to the means of the person receiving it, and also the Canada Pension Plan which is a contributory plan. To that extent the whole system was not really improved.

The Minister of National Health and Welfare (Mr. Munro) today promised a program to consider a rational and over-all approach to welfare. I presume there is a task force working on this problem. I must say that it is not something new. The people who are suffering most under the present delay in setting up some sort of rational approach are those on fixed pensions. They are the people most affected by inflation.

There must be a new concept in approaching welfare problems, first, to assist those who cannot help themselves and permit them to share in Canada's prosperity and second, to provide incentive for those in the labour force to support themselves. When the Canada Pension Plan and old age security were introduced on an escalating basis, the government set the figure of 2 per cent as the maximum by which a pension could increase in accordance with an increase in the cost of living. The situation as it now exists should have been foreseen at the time. We must realize that the 2 per cent figure is not really tied to the cost of living because the cost of living and wage index are many times higher than this figure.

We have today been given figures which show that the 2 per cent limit is unreal in the context of today's inflation. This limit must be removed in order to make old age pensions and the supplement more realistic. Why should the disadvantaged people of Canada be the ones to carry the burden of inflation which has not been kept under control? I suggest it would be fairly easy to amend the three separate provisions, the Old Age Security Act, the old age supplement, and the Canada Pension Plan.

The government has not been able to restrain the inflationary trends. I do not need to go any farther than what the minister himself pointed out today, namely, that the government grossly underestimated the increase in the cost of living. They have been absolutely unable to restrain it. The minister said that the 1966 figure of 2 per cent sounded fairly reasonable at that time because the increase in the cost of living before then had always been less than 2 per cent. We are well aware the increase in the cost of living has now almost doubled. This shows effectively that the minister and his colleagues have been unable to control inflation.