

Guaranteed Income

a time when the two graph lines crossed. Average weekly earnings were then 7.8 per cent higher than the previous year and the cost of living was 8.1 per cent higher. It is of interest that every month since then, when this unfortunate statistic has been facing the government, average weekly earnings increases have been less than the large weekly increase in the consumer price index.

What happens to people who are poor in this wealthy country? What are the effects of poverty on the poor? I would like to quote a few words from the Economic Council of Canada's sixth annual report:

One of the most important consequences of poverty is that it affects the ability of the poor to invest in themselves and thereby to lead more productive lives within the economy. This is illustrated by the lower relative expenditures on categories of goods and services which are particularly important as a basis for skilled and effective labour force participation, such as expenditures on education and reading.

We live in a country that prides itself on granting equal opportunity to young people. Our educational system attempts to do this. However, Mr. Speaker, the people who live in a poor section must have the best schools in a city in order to have equal educational opportunities—but they do not have them. Generally, schools are on a par over an entire community. Unfortunately, the best teachers are able to choose the schools in which they wish to teach and they tend to gravitate toward the people who are more success-oriented in the wealthier parts of town, and consequently the poor are left even further behind. I quote further from the report of the Economic Council of Canada:

A family's inability to invest in itself is likely to have particularly serious consequences on young children whose potential abilities are largely shaped in the years of early childhood. There is accumulating evidence to suggest that children of low income families in Canada are most unlikely to have adequate access to needed resources in their early years. Even the possibility of significant child nutrition problems, seemingly so improbable in this country, must be taken seriously. A provincial minister of welfare recently stated publicly that some of the children in his province were too ill-clothed and ill-nourished to attend school.

It is interesting to examine the expenditures of poor families compared with the average expenditures of non-poor families. The poor families' food expenditure is only 70 per cent of the food expenditures of non-poor families. But when you get to such things as education and the ancillaries connected with education, the poor can only spend less than 40 per cent of what the wealthy can spend. Again to quote the Economic Council's report:

—a very substantial proportion of the adult poor in Canada consists of those who either have, or could be provided with, income earning potentials. . . . there is a resulting high economic cost to our society in having failed to discover and implement more effective policies and programs to permit them to utilize these potentials. In other words, when we have such large numbers of poor in the working force age groups, our economy is simply not producing as much as it could or should.

When you look at the guaranteed annual income there are certain things which are obvious. There must be incentives but there must be different types of incentives. You must have incentives for those who cannot work, who are unemployable. These are the aged, the incapacitated, people who suffer severe illness and are sick and unable to work. Then there has to be a different kind of incentive for people who are employable. I believe in a guaranteed annual income, but it should not be upon the same scale

[Mr. McKinnon.]

for a healthy young person who simply chooses to opt out of the working force as it is for an elderly citizen or an incapacitated person. I believe that those who are employable should be required to accept employment or else exist on the barest subsistence level.

A few weeks ago the hon. member for Hastings (Mr. Ellis) brought forward some statistics. They showed that the administration of one part of our comprehensive social coverage was being so badly managed that it was expected there would be a 50 per cent rise in costs this year. I am speaking about unemployment insurance. One of the unfortunate things about unemployment insurance is that the government is using it to do something for which it was never intended. Unemployment insurance was originally intended to look after the person who was employable and who through no fault of his own had become unemployed. It was thought only right and proper that he should be able to maintain his lifestyle until he was able to find further employment. But the present government changed that.

I was astonished to hear the hon. member for Davenport (Mr. Caccia) refer to this matter a few moments ago when he said the unemployment insurance program was really an income maintenance plan which apparently fits in with the government's welfare scheme. This is partly what is wrong. Members of the government have taken a good concept and have operated it in such a loose fashion that it is no longer an unemployment insurance scheme; it is a loose set-up that just invites rip-off. Members of the government do not know what to do when things go wrong, with the result that they tighten up the scheme arbitrarily, through regulations, instead of coming back to this House and trying to redraft the legislation.

Sometimes I am puzzled at the way backbenchers on the government side make odd remarks during their speeches. Perhaps they are as restless as the rest of the country about the cabinet's handling of the economy. This afternoon the hon. member for Ontario (Mr. Cafik), who is Parliamentary Secretary to the Minister of National Health and Welfare, listed 16 propositions that the government had in its latest plan. Outside of being basically concerned or a little skeptical of anybody who has that many propositions to offer, I was astonished to hear him mention the Department of Veterans Affairs as being something to boast about. That baffles me. At this stage in its existence that department probably has its worst reputation since it was set up. It is trying to squeeze out the veterans hospitals or get them transferred to other jurisdictions. It is at the last moment considering stopping the Veterans Land Act, yet the hon. member brought it forward as one of the shining lights of this government. Perhaps he was forced into it by our friends to the left.

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I should like to speak about the institution of a guaranteed annual income. If this is to come about, it must be done carefully and by stages. It does not have to be a magnum opus that will all be put in one bill. A guaranteed annual income is possible and I think it is realistic to look at it. At the start, it should be clearly defined who needs it most. We could begin with the aged and then work down. We have a guaranteed annual income in British Columbia for those aged 60 and over and I think it should be