15 years to age 80, has, in effect, worked three years for every year of retirement. If we lower the retirement age by just five years in this example, we find that the individual has worked only two years for every year of retirement. Clearly the amount that is set aside in respect of every working year to pay for the eventual benefit must be considerably increased.

One final and vital factor must also be considered, and that is the changing population profile in Canada. Our birth rate is dropping and is now well below the replacement rate. This means that the average age of our population is rising. If present trends continue, some demographers estimate the ratio of retired persons to workers in the labour force will nearly double in the next 50 years even with the normal retirement age still set at 65. This means that the tax burden placed upon each worker to pay benefits for the retired population will increase over the next 50 years. It is said that if we lower the normal retirement age to 60, the ratio will be three times what it is now and the eventual tax burden therefore three times as great.

● (1722)

There are other hidden costs associated with lowering the retirement ages and increasing benefits on which we can only speculate. If income security benefits such as old age security are drastically increased, will this encourage people to become more dependent on public pensions and to decrease their personal retirement savings? Certainly the average private pension benefit will have to be smaller, or the contribution rate much higher, if we lower the average working career by five years and increase the average payment period by the same amount.

Summing up the costs of these suggestions as far as they can be estimated, we can say that the changes in CPP and OAS benefits which I have outlined could cost at least $7.7 billion extra in the first year after implementation. The annual amount to be expended would increase and not decrease in the long run. At the same time the alterations to our social and economic structures which are implicit might very well lessen our ability to pay the cost.

Hon. members will recognize that these are extreme proposals I have been talking about, but they have all been seriously discussed in this House at one time or another, either under the guise of a solution to the spouse's allowance problem or as more general reforms for our old age security system.

We have considered such proposals, and I will repeat what I said in French a few moments ago: I am in total sympathy with those who, on the death of a spouse, find themselves in straitened circumstances. I know that serious studies are going on within the administration to cope with the problems which hon. members have raised. It is, indeed, a sad situation when a surviving spouse is left without income because he or she is not eligible for OAS payments. I think a proposal might be made on this side that, in the immediate period following the death of an eligible pensioner, his or her spouse would be entitled to six months' allowances as an exceptional measure. During this period he or she could possibly adjust to the new financial situation.

I also spoke of the cost of improving a number of the present programs. We must look seriously toward improving many of these programs and these improvements must represent additions to what I consider to be already very good programs. Consider the financial position of pensioners today compared with a few years ago. In 1965 a married couple was entitled to $150 a month or $1,800 per year provided both were over 70 years of age. In 1977, a retired couple, one of whom was 65 and the other over 60, are guaranteed by the OAS/GIS of an income of $488.24 per month, or $5,858.88 per year. A single pensioner is guaranteed $255.94 per month, or $3,071.28 per year.

But these figures do not tell the whole story, since they ignore the Canada Pension Plan income such a couple would almost undoubtedly have. The maximun CPP benefit in 1978 is $194.44 per month. Even at the end of 1977 the total benefit was $2,083.32 per year. A two-pensioner couple, one of whom was in receipt of this maximum CPP benefit, was guaranteed an income in 1977 of $6,711.30. I might point out that none of this income would exceed the available tax exemptions.

Let us assume that such a couple had a family income of $10,000 per year at the end of 1976, prior to retirement. If they lived in Ontario, their income after deductions in 1976 would have been about $8,000. It can be seen, then, that the Government of Canada has virtually guaranteed such a couple nearly 84 per cent of their pre-retirement net income, even excluding private pension income or provincial supplements.

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. member but his time has expired.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I want to take part in this debate because I think it is an extremely important one. First, I want to congratulate the hon. member for Kingston and the Islands (Miss MacDonald) for putting this motion forward. Next, I congratulate my hon. friend from St. John's East (Mr. McGrath) for so admirably handling his portfolio as Conservative critic for welfare and social needs. As for the hon. member for Ottawa-Vanier (Mr. Gauthier), I will not say he did not write the speech he made because that is not fair, but he did leave me with the impression that everything was perfectly all right.

Mr. Gauthier (Ottawa-Vanier): I did not say that.

Mr. Alexander: The hon. member says he did not say that, but all I heard from him was that our senior citizens are doing all right. On the other hand, my hon. friend from St. John's East stands up in the House day after day telling the government how callous and unconcerned it is about the poor, about our senior citizens and about those who are least able to take a kick in the pants.

Mr. McIsaac: I am sure you don't believe that.