

**THE TECHNIQUE OF CONDITIONAL GRANTS:
OLD AGE PENSIONS
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Mr. Chairman, Gentlemen: It is a great honor for me to address so distinguished an audience. It is an undeserved honor mostly because I think that, in the delivery of this lecture, I'll certainly murder the English language and I'll crave your indulgence and proceed as briefly as possible.

Social Security, as you all know, is the security that society furnishes through appropriate organizations against certain risks to which its members are exposed. These risks are contingencies which individuals of scanty means cannot foresee or against which they are unable to provide by themselves or earn with the help of their family. In the *life* of every man there are *two states of dependency* in which no one can provide for his needs by his work; these are universal risks to which every man is exposed; these states are: childhood and old age.

It is a recognized fact that income, often slender and of a casual nature, earned by the great majority of people, makes it impossible to provide for the needs of old age and to gather sufficient reserves to meet them. Slender income is not the only factor; one may add, Providence.

Statistics show that in Canada, aged persons receiving aid from the State represent a little over 50% of the people of 70 years and over; we may add that this proportion is higher than in most other countries. This shows why the State has had to supplement for this important portion of the population, their means of livelihood.

I now wish to tell you in a few words what society has done along these lines for old people in Canada and for those in Quebec especially. Formerly, old people who had no means of their own, had to rely on the support of their families. Of course, children must still provide for the maintenance of their parents according to their means. It is a natural obligation and it is also a civil duty in many countries, the Province of Quebec among others, and I quote our civil code, Section 1.66: "Children are bound to maintain

their father, mother and other ascendants, who are in want." However, the impossibility for most children to support their parents makes it necessary to seek elsewhere for means of subsistence for old people.

About a thousand years ago this responsibility of children was extended to the parish. The parish and, later on, the municipality were bound to support old people whose families were not able to maintain them. This system of support now shared by the collectivity of the State lasted until our time and still exists here in Canada and in other countries. It is what is called, Public Charities.

It was only at the end of the 19th century, or at the beginning of the 20th century, that social aid systems for old age appeared: unilateral obligation of society toward the individual, and the social insurance systems; contributory mutual aid sanctioning the independence of human beings and their solidarity as evident and unavoidable.

The man who has worked and toiled all his life, has deserved well of his fellow citizens, and it is as a reward for his work and services that society assures him security for his declining years. Such social provision is not an absolute gratuity: a life of labor for the benefit of society has deserved it. It is a right acquired for services rendered and this right the law establishes and determines. Such provision in nothing dishonors him who will receive it. It no longer entails the loss of civil rights as formerly did public assistance in certain cases. It must not only ensure strict subsistence to the most impoverished; it must also secure a minimum but satisfactory standard of living.

By definition, old age assistance provides, by means of general taxation, for the payment of certain benefits to which old age people of small means have the right in order to lead a reasonable life. Here in Canada and in the Province of Quebec, the established system of aid to old people is the old age-assistance therefore, non-contributory.

This old age-assistance system originated in Denmark in 1891- It extended at about the same time to Germany and a little later to New Zealand, Australia, France, Great Britain, South America, Norway, to Canada in 1927, the United States in 1935, and to several other countries.

The old age-assistance law fixes certain conditions of eligibility, determines certain qualifications which the beneficiaries must possess. These qualifications are of three orders: Political, Moral and Economic. Political: generally citizenship and residence in the country for a certain time; Moral: in former laws especially, good conduct, fidelity to common domicile, sobriety, absence of criminal conviction; Economic: that is to say, means test, examination of the resources of an applicant for a pension.

The law and the regulations relating thereto determine the manner of computing the income of a beneficiary. The rate of the pension, therefore, depends on the means of the applicant. The maximum in most countries seems to be the quarter of the wages of a non-qualified workman. The age for eligibility to an old age non-contributory pension in Canada is 70 years. The money necessary for the payment of pensions is levied by means of general taxation. In countries where, as in ours, there are federal and provincial governments, the burden is borne by both.

As I have said before, we have in the country and in the Province of Quebec especially, old age assistance legislation. In 1927, the Federal Government voted an old age assistance law by which the provinces may benefit by passing an Act providing for the application of the federal law by signing agreements to that effect. The project had been under study since 1906. In 1926 a law to this effect, passed by the House of Commons, was rejected by the Senate. The law of 1927 survived. It provided for the payment of 50% of the cost of pensions by the Federal Government and left the administration of same to the provinces, which, besides the costs of administration, had to pay the other 50% of the pensions. The first Canadian Provinces to apply this old age assistance system within their limits insisted strongly that the Federal Government bear a larger share of the pension costs. Consequently, in 1931, an amendment to the law enacted that in future the Federal Government would pay 75% of the costs.

The Federal old age pension law provides that the Government of Canada may conclude an arrangement with any province whereby the old age pension law may come into force. The signing of such an agreement or arrangement must be authorized by a provincial law. An agreement concluded in accordance with the law remains in force as long as the provincial statute is not repealed, or until

after the expiration of ten years as from the date of the notice which the Governor-General may give to the Lieutenant-Governor of the province concerned, of putting an end to such agreement.

This old age-assistance system was established in the Province of Quebec in 1936. The first cheques were issued on the 1st of November, 1936.

The principal conditions of eligibility relate to age, residence and income. The condition of a political nature which required British citizenship for obtaining an old age pension has been abolished. Our law makes no mention of conditions of a moral nature which former laws contained especially, such as good conduct, fidelity to common domicile and so on.

The age of eligibility is 70 years. The law requires that an applicant must have resided in Canada for the twenty years immediately preceding the proposed commencement of the pension. However, it provides that an absence from Canada during these past twenty years may be made up by a residence in Canada prior to the last twenty years, equal to double the absence during the last twenty years.

The maximum income is \$600 per year, including the amounts paid as pension, for a beneficiary unmarried, widowed or married but living separated from consort. It is \$1,080 a year, also including amounts paid as pension, for husband and wife living together whether only one benefits by a pension or both are pensioners. The maximum pension payable monthly, which at the start was \$20, was increased to \$25., then to \$30 and recently raised to \$40.

Regulations made in conformity with the provisions of the law determine the manner of computing the income. In computing such income, the pension administration must take account of the real estate owned by a pensioner or consort. It must also take into account the realizable moveable property owned by a pensioner or consort, and consider as yearly income derived from such property the amount of the life annuity and life-rent purchasable with such property from the Government of Canada.

The law does not oblige the pension beneficiaries to transfer to a pension administration the property they own. However, in certain cases the pension administration may recover from a pensioner's estate the amounts of money paid as pension. No claim,

however, should be made when the estate of a pensioner is transmitted, either to another pensioner or to any other person who has contributed to the maintenance of the deceased pensioner, regularly and according to his means for at least the three last years of the payment of the pension.

A pension must be cancelled when the pensioner is absent from the country, is imprisoned for a certain time or gratuitously transfers property that he owns. In such cases, the right to the pension revives on the return of the pensioner to the country, on his discharge from prison or when the net value of the property transferred is exhausted at the rate permitted by the law, which is \$600 per year in the case of a pensioner living alone and of \$1,080 per year in the case of husband and wife living together.

In the Province of Quebec, as in the other provinces of Canada, the Old Age Pensions Act is administered by the government of the province. It is applied by a Commission of three members and the Minister who is responsible for the carrying out of the law is the Minister of Social Welfare and of Youth.

Applications for pension are received by the Quebec Old Age Pensions Commission, which, after having ordered an investigation in each case, decides on the right to a pension and on the rate of the pension. There is an appeal to a judge of the Superior Court from any decision of the Commission, refusing the grant of a pension. The beneficiaries of a pension may ask for a reconsideration of their case when any change happens in their financial situation.

I may add with pride, though without chauvinism, that it has been noted many times that the Province of Quebec has an excellent administration of the old age pension service now in force. Grauer, at page 50, appendix 6, of the Rowell-Sirois Report, states that in Canada, it is in the Province of Quebec that the old age pension system is best applied.

It would perhaps be interesting to learn that on the 31st of December, 1948, the number of old age pension beneficiaries in the whole of Canada was 248,289. In the Province of Quebec, the number was then 63,459- It is now 65,130. A yearly investigation is held in the case of each of these beneficiaries. It should also be noted that the Quebec Old Age Pensions Commission receives an average of 900 new applications per month. In the Province of

Quebec, 51% of the population of 70 years and over benefits by an old age pension; the percentage of persons of 70 years and over compared with the total population is 3.33%. Since the establishment in Canada of the old age pension law, over 600 millions of dollars were paid in pensions up to the 31st of December last.

Many economists and sociologists recommend the establishment in this country of an old age-insurance system. In support of their thesis, they give the following reasons: the conditions of eligibility are more easily met; the maximum benefits are, in principle at least, higher; popular saving, at least on a small scale, is thus encouraged. They also add that such establishment would convince the people of the necessity of setting aside reserves for old age and, by that fact itself, would prevent the creation of an indigent mentality and the belief that the State has inexhaustible resources. They further state that by removing the means test, human dignity would be safeguarded, to say nothing of its self-respect.

It is to be noted, however, that even with the establishment of an old age-insurance system, old age assistance must remain. In fact, assistance is necessary for old age people who never had the possibility of doing work that entitled one to insurance, either because they were infirm from childhood, or were invalids or old when an old age-insurance system was established in the country where they lived or in the professional group to which they belonged.

Old age-assistance must also remain for the benefit of persons who failed in complying with the assessment conditions. Old age-assistance must, in fine, remain, even should an old age-insurance system exist, for cases in which, after examination of resources, the insurance benefits have proved insufficient.

In conclusion, Ladies and Gentlemen, allow me to state that it matters little whether the laws of social security in favor of old people be insurance or assistance laws; those who must have recourse to them suffer from some disablement and have pressing and sometimes crying needs which even the benefits received cannot wholly satisfy. All the people helped deserve our greatest sympathy, and I must ask you not to spare yours when the occasion arises; such sympathy will be easy if we think for a moment of the possibility of being some day in the same situation and if we consider human solidarity.

To the person aided today, we owe perhaps more than we can ever repay; it was perhaps the one who, when we were young, kneaded the bread we ate, weaved the cloth which we wore, built the house in which we still live. Had we not had such a person, or one of this kind, we would perhaps be miserable.

Let us always remember that we are interdependent, that we often have need of someone weaker than ourselves, that life would be unbearable if we did not continually have the help of our fellow-men and our sympathy, our charity will be easy, agreeable and comforting. (Applause).

MR. MACKINNON: Thank you, Mr. Poisson. The second of the mechanisms for Dominion-Provincial action under discussion today, is the Dominion-Provincial Joint Action by Agreement. We will have a paper on that with specific reference to "Administration of the Fur Rehabilitation Programme". I have pleasure to present Mr. D. M. Stephens, Deputy Minister of Mines and Resources, for the Province of Manitoba. Mr. Stephens. (Applause).