

## Abstract

Between March 1996 and February 1997, several significant reforms were proposed in the design of Canada's social security systems. It was proposed that Old Age Security and the Guaranteed Income Supplement would be replaced in 2001 by the Seniors Benefit. Significant reforms to the Canada/Quebec Pension Plans (C/QPP) were also announced. Both pieces of legislation were introduced to Canadians as means of ensuring the sustainability of Canada's social security system.

The proposed Seniors Benefit failed in the legislative process and has been abandoned. Reasons for this are explored in this book. The C/QPP reforms did take place, however.

This book takes a critical look at these reforms. It concludes that these reforms have more to do with decreasing the benefits paid by social security and a move to a partial "privatization" of Canada's retirement income security schemes than with the achievement of long-term financing stability. The conclusion of the

analysis is that these reforms make the C/QPP less valuable, less progressive, and no more stable or sustainable than today's plans. These conclusions are based in turn on the contention that social security is not a large private pension plan, but rather a macro-economic wealth-transfer scheme.

Two particular reforms are studied in detail: the freezing of the Year's Basic Exemption and prefunding of the C/QPP. It is argued that both reforms make the C/QPP more like a private plan, but neither lead to long-term financing stability.

What is needed is a model that will result in total social security financing stability. The last chapter creates such a model. Based on a flexible approach to the age of entitlement to retirement income, the model maps a path to financing stability for the total social security system, including education, unemployment, health care, and retirement income security. The public policy impacts of enacting such a model are also discussed.

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This monograph is dedicated to  
LeRoy George Brown, born August 20, 1915, and died July 22, 1996,  
and Alton Harding Langille, born June 8, 1918, and died May 2, 1997,  
who did not live long enough to see this project completed.

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# **Economic Security for an Aging Canadian Population**

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