

Canada Labour (Standards) Code

formula because they have the benefit of all the figures and the various studies which they have made over the past two or three years to which the minister has referred.

We were very disappointed that such an amendment did not come before the committee. Therefore, my colleague, the hon. member for Hamilton West (Mr. Alexander), proposed this amendment which, I will be the first to admit, is not wholly satisfactory. It is not exactly what we would have wanted, but it is the only suggestion that has been made so far that would at least provide an automatic adjustment to the minimum wage each year. We presented the amendment in committee, but it was defeated. We feel it is a start in the right direction and we have, therefore, proposed it again at the report stage. We will ask the members of the House to give favourable consideration to it and to vote for it.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I appreciate the desire of my friends to the right that there be some provision for the automatic adjustment of the rate of the minimum wage. I must say, however, that I do not look favourably on the guideline that they have chosen, namely, the increases that take place in relation to the consumer price index. I have not done the research, but I think it would be interesting to know what would have been the effect had the \$1.25 of a year ago been adjusted by the cost of living increase. I doubt if we would be getting as much as we are getting now. But my concern is not so much with that because, after all, the House has now decided that the minimum wage rate at this point is to be \$1.75 an hour, so what we are concerned with is the method by which changes are to be made in the future.

I want to say categorically that I am not satisfied with a change that merely gives the worker an increase in proportion to the rise in the cost of living. I take the same view with respect to pensions, and I take it with respect to any form of income that is at a subsistence level. In the first place, I think the subsistence level should be radically increased before you start talking about any means of adjusting it. But let me try to make this point again. I have tried to make it a good many times over a great many years. When all you do for a low paid worker or for a pensioner is to increase his wage or his pension in proportion to the increase in the cost of living, all you do is to make it possible for him to continue to buy the same basket of goods and services that he had to begin with. If he was in poverty, he stays in that same degree of poverty. By increasing wages or pensions only in proportion to the rise in the cost of living, you do not give that person any chance to share in the rising standard of living.

We are all aware of the fact that prices have been going up over the years and that wages have been going up too, so there is a tendency to ask what is the value of the increase in wages because it is eaten up in increased prices. However, the fact of the matter is that over the long run, if we take our figures for the past 40 or 50 years, wages have gone up more than the cost of living so that though things cost more, people who have shared

[Mr. Thomas (Moncton).]

in the general rise in the level of wages get a little higher standard of living. At the cost of repeating myself, I will say again that if all you give to a person is an increase in direct proportion to the increase in the cost of living, you have condemned that person to no increase in his standard of living. Whatever his state of poverty was, it continues. This is not good enough.

As I said, I argued this very strongly when the government came in with its proposal to increase the old age security pension in accordance with the increase in the cost of living. Mind you, there are a couple of things in relation to that that make it even worse. In the first place, a 2 per cent per year ceiling was put on, and second, it was discontinued altogether for the basic old age security pension last December. However, the point that I made when this matter came up a number of years ago is the point that I make again today, that merely to increase the minimum level of income by the proportion of the rise in the cost of living is to do nothing for the recipient of that income but to keep him right where he is. I think that pensioners, workers and all members of our society have a right to share in the rising standard of living. Therefore, I am sympathetic to a formula for an automatic increase in the rate of the minimum wage, but I would like to see it tied to something that reflects the possibility of sharing in the rising standard of living.

I have made a few references to pensions, mainly to old age security pensions. May I also make a reference to what we did in the Canada Pension Plan. We put into it two arrangements, one having to do with what happens to the value of the pension that a person will get under the Canada Pension Plan during his working years. During that period of time we provided in the Canada Pension Plan—I supported it then and I still support it wholeheartedly—that that rate escalate according to the rise in the wage index. I was quite disappointed that that principle was not carried over to the post retirement period. I argued that likewise, once pensions were put in pay, they should continue to be escalated in accordance with the change in the wage index. We lost that point; we lost that argument in relation to the Canada Pension Plan benefits and old age security benefits after they have been put in pay, but it is in the Canada Pension Plan that during a person's working years the value of his pension is enhanced year by year by a complicated but very real formula under which that enhancement equals the rise in the wage index.

● (3:40 p.m.)

In the Canada Pension Plan we give it a special name. We call it the earnings index, and it is defined clearly in the Canada Pension Plan. Obviously, what I am leading to is that if we are going to adopt a formula under which the minimum wage is to be increased, it should be a wage index and not the consumer price index. The consumer price index merely gives you the same level of poverty that you had. A wage or earnings index at least gives you a chance to share to some extent in the rising level of wages, therefore in the rising level of productivity, and therefore in a rising standard of living.