

Supplementary Retirement Benefits Act (No. 2)

The last point I would like to make concerns the argument presented by the Hon. Member for Nepean-Carleton, as the official critic for the Opposition, with regard to the amendment moved by the Hon. Member for Ottawa-Vanier. He indicated that this amendment was a catch-up amendment or could be argued as such. This would defeat the purpose of the legislation in a major way. A catch-up amendment would eliminate a reduction in inflationary expectations which, in turn, would defeat the purpose of the legislation.

In conclusion, I would ask Hon. Members to support Bill C-133, which fights inflation and produces funds for job creation.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I listened with a good deal of attention to the extraordinary logical path followed by the speaker who just resumed his seat. I do not see how he can live with his conscience, let alone his logic, in coming out with such tripe.

There have been a number of references today and earlier to a letter which was written by the Prime Minister (Mr. Trudeau) to the Chairman of the Union of National Defence Employees, which is a member of the Public Service Alliance. There has been the odd reference to it throughout *Hansard*, but I think it would be helpful to Members on both sides of the House as well as to those in the general public and the pensioners who are being hit by this particular legislation to have in total, without interruption, the depth of the commitment made by the Prime Minister to Joe Power, President of the Union of National Defence Employees on October 12, 1977. For that reason, with your permission, I would like to read this letter from beginning to end. It states:

● (1530)

Dear Mr. Power:

Thank you for your telegram of September 27. I have noted your concern that the indexation of government pensions be maintained.

In our society, pensions provide a means of sharing risk so that we can retire in reasonable security and dignity, without fear of the future. Protecting pensions from inflation by indexing them to increases in the cost of living should be an integral part of our pension schemes. Indexing does not give pensioners an increasingly larger claim on our economy's production, that is, more money to buy things they could not earlier afford. Rather, indexing merely enables pensioners to maintain, roughly, their same standard of living.

Even a modest rate of inflation destroys, at a devastating rate, the buying power of people on fixed incomes. Pensioners are out of the workforce and cannot bargain or strike for larger incomes. They are not the cause of inflation; they are its victim. We have an obligation to help protect them.

I have asked my staff to send a copy of our correspondence to the President of the Treasury Board, the Honourable Robert Andras.

Yours sincerely,

Pierre E. Trudeau

That is the integral text of a firm commitment given by a Prime Minister in 1977 to one branch of the Public Service Alliance of Canada, the Union of National Defence Employees, which was worried at that time that there would be an attack on pensions through some modification of the indexation formula.

It has been mentioned by the Parliamentary Secretary to the President of the Treasury Board (Mr. Lang), who last spoke,

and I take the point, that no one has yet managed to come up with an agreement between the Treasury Board and the Public Service Alliance of Canada or other negotiating sections of the Public Service that, without fail, the pensions of retired public servants would be indexed in accordance with changes in the cost of living. I do not have a copy of that agreement available at my fingertips. For my purposes, I consider an undertaking by the Prime Minister to be just as binding a commitment. I am glad that we, at long last, have an integral text of it on the record for all to see what this same Prime Minister's Government is now doing to Public Service pensioners by renegeing on an undertaking, given in 1977, in the so-called interests of the six and five formula.

I wonder if anyone has ever delved into the mathematics of this situation. There are two aspects which I think deserve commentary at this stage. One is that something in the order of 150,000 Canadians are at present drawing pensions from the Public Service and Armed Forces which they assumed would be indexed by the CPI. In addition to those 150,000, there are 40,000 widows of public servants and members of the Armed Forces. I am sure that Your Honour is aware that widows of serving officers and members of the Public Service do not draw full pensions. This is one of the most iniquitous aspects of this particular measure. The six and five formula, despite the commitment given by the Prime Minister five years ago, will hit more than 40,000 widows of those who served in those two services alone. Their pensions are to be reduced this year and next year in accordance with the 6.5 and 5.5 formula which has been devised. The .5 concession, the concession to something more than just 6 per cent and 5 per cent, is a cosmetic operation by the Government, as far as I can see. I think many of the widows of these public servants, whether they served in uniform or in civilian dress, should be maintained so that they can keep pace as best they can with changes in the cost of living.

I just heard the Parliamentary Secretary to the President of the Treasury Board suggest that the six and five program is working. If it is working, I do not see any point in imposing this iniquitous legislation on 150,000 Canadian pensioners and widows of another 40,000 Canadians who served the Government faithfully throughout their working lives, who were given this undertaking by the Prime Minister and who understood that the cost of living index would be applied to their pensions. If, as the Parliamentary Secretary so confidently predicts, the 6 per cent this year and the 5 per cent in 1984 will be the end of it, then they will readily accept those shifts in the cost of living index applied to their pensions. However, it is totally unfair, a breach of faith, to take away from them that which was offered to them in a solemn undertaking and accepted in trust.

One further matter must be considered. I have not been able to attend all the debates nor have I read all the transcripts concerning this particular matter. However, there is one aspect which worries me. After the six and five guidelines are lifted, if