

to supplement the provisions of the Old Age Security Act and assure adequate retirement income for long service employees will be provided largely by employer funds. We contend that it never was and never should be contemplated by parliament that this group should be subsidized at the expense of the general taxpayer.

If we agree that the well-to-do purchaser of government annuities and the corporate purchaser are not entitled to a government subsidy, and if we assume that the general taxpayer has discharged his obligation to the relatively low-paid employee by the enactment of the Old Age Security Act there remains the higher salaried employees and the self-employed. Here again we contend that it is not the function of government to provide preferential treatment for such persons by making it possible for them to buy government annuity contracts at less than cost, and, we repeat, to the detriment of the life underwriters who must perforce not only pay taxes to subsidize government annuities, but must at the same time compete with the government in their chosen field.

If the government liberalizes annuity contracts in the way proposed by offering cash surrender values in its contracts, it means that life underwriters will no longer be able to present their contracts in competition, but will be practically forced to abandon the annuity field entirely. Not only so, but there is a great danger that sensing a "bargain" in annuities offered by the government, many members of the public will be tempted to divert all the funds they have available for savings to government annuities at the expense of making proper provision for their dependents and their own old age through the purchase of life insurance contracts. Such a development would not only be very definitely contrary to the public interest but would also bring disastrous results to the whole body of life underwriters.

In the past a large percentage of government annuity sales have indirectly resulted from the introduction of the "annuity" idea by life insurance salesmen. Should the adoption of the proposed amendments to the Annuities Act result in restricting the activities of life underwriters, it would not only have an adverse effect on the future sales of government annuities but also on the sale of life insurance contracts containing an investment element. The result could only be to increase the inflationary pressures which have so far, at least, been partially kept in check by the diversion of funds to these and other mediums of savings.

If the amendments proposed were clearly in the public interest the effect which they will surely have on the livelihood of the life underwriters would be immaterial, but when the amendments must inevitably result in an increase in the subsidy paid by the taxpayers and a substantial decrease in the long term savings of the Canadian people, then we feel that we can quite properly point out that the proposed amendments will also place in jeopardy the livelihood of some 10,000 or more life underwriters throughout the country.

For the various reasons set out in this submission it is our considered opinion that the government should withdraw Bill No. 23.

We also feel that the government should properly withdraw from the annuity field at this time leaving it to those organizations specializing in this field, which have developed under our private enterprise system—organizations which so richly deserve the confidence which the public reposes in them.

We further feel that if the government does elect to remain in this field there no longer remains any possible justification for marketing annuity contracts at less than cost. If, however, the government should feel that it must continue to absorb the cost of administration and market annuity contracts at less than cost, in the hope that people of modest means will take advantage of the opportunity so provided; then the maximum annuity purchaseable should be kept to a very low amount and no purchaser of such a contract should be permitted to withdraw his savings before maturity of the contract.