

Supply—Labour

Mr. Mitchell: I guess it was. My hon. friend will remember the reduction in the interest rate from 4 to 3 per cent. I was informed at that time by my actuaries that unless that reduction was made there would be a deficit of \$150 million in the fund in the course of the next ten years. It was pointed out that at that time government bonds were paying 3 per cent and it was felt that you could not differentiate between two classes in the community. It was suggested that the insurance companies had made representations, but if they did those representations were not made to me.

It is a great responsibility to have under your direction trust funds belonging to other people. I quite appreciate that it might be argued that the people of Canada can pay if mistakes have been made, but I do not think that that is the right approach to it. I have always taken the view that these annuities should be on a sound actuarial basis as far as was humanly possible. There are many arguments that can be advanced in connection with the interest rate, but it must be remembered that the cost of administration is paid by the Canadian government. My hon. friend can rest assured that this question along with others is being studied at the moment.

This has been a short and heavy session and, in the very nature of things, first things have had to come first. As the government, we had to take the responsibility of introducing legislation which we thought could be passed during this short session. I hope it will soon be over; otherwise we shall have a Christmas tree on the floor of this House of Commons. I am hoping that we shall all get home for Christmas.

Mr. Knowles: The minister did not answer my question. I asked about the committee; I did not ask him to defend the action taken by the government in the order in council passed in April, 1948. He has tried to defend that action, which I think was indefensible. I am willing to argue the point; I am also willing just to state that I think that action was wrong. But I am asking whether consideration will be given to setting up the committee which was promised on June 30, 1948.

Mr. Mitchell: I would say yes.

Mr. McLure: Are these annuities sold by salaried salesmen or commission salesmen? I notice there is an item of \$324,000 paid as commissions.

Mr. Mitchell: They are sold on commission.

Mr. McLure: No salaried men at all?

Mr. Mitchell: No.

Mr. Murray (Cariboo): Many people throughout the country know very little about this system of annuities and I wonder if the minister would not consider putting on an extensive advertising campaign. Most of the farmers throughout the country know nothing about this system of annuity. I suggest that the billboards, the radio and other advertising media be used.

Mr. Mitchell: A total of \$50,000 is being spent this year for advertising.

Mr. Murray (Cariboo): I hope some of it will be spent in the northwestern part of the country.

Mr. Harkness: I endorse what has been said by the hon. member for Cariboo. I think much more could be done to make the people of this country aware of this annuities scheme. How successful has the scheme been during the past year? Has there been any decrease in the annuities sold due to the reduced interest rate? I notice there is a small increase in the appropriation but that would not necessarily indicate that more business is being done.

Mr. Mitchell: Since the reduction in the interest rate there has been a decrease of around 50 per cent, speaking from memory.

Mr. Harkness: That would seem to be sufficient indication that the reduction in the interest rate was a mistake as far as this scheme to enable people to secure their own old age is concerned. The committee which was asked for should certainly be set up early in the next session so that it could go into this matter and possibly recommend that the interest rate be increased or other measures be taken which would increase the popularity of these annuities. I think all will agree that the more people who take advantage of a scheme such as this and thereby look after their own future needs, their own old age, the less burden there will be upon the taxpayer and the state.

Mr. Mitchell: I want to say this to my hon. friend, if I may, that at the moment at 3 per cent, with the administrative cost borne by the people of Canada, it is the cheapest form of insurance in the dominion.

Mr. Johnston: I remember quite well when the interest rate was reduced. I was opposed to it then, and I am opposed to its continuing at a low rate now for the very obvious reason that it is the only form of investment in which the ordinary man has a chance to put his money with the hope of providing for his old age. There is no other form of investment available to the ordinary man. The ordinary man is not in a position to lend moneys on house mortgages. The mortgage