

The Budget—Mr. Groos

was brought forward in 1932 the government of the day called that a year of self denial. This was the way they handled the situation. I found that the so-called year of self denial was extended from 1932 to 1933 and then to 1934. It was not until the Liberal government returned to office that the full pay cuts were restored.

Now, Mr. Speaker, a civil servant in those days whose pay was, for example, \$1,200 a year and who had a \$60 statutory increase coming to him in the normal course of events took a cut of \$180 a year during these years. In other words the cut was 15 per cent and he accepted it. This little gimmick produced just over \$8 million for the federal treasury, at the expense of the members of the civil service. I should like to remind hon. members that at that time, 1932, the income tax for a person earning \$10,000 a year in Canada was \$232.

In 1931, which is the closest year for which I can obtain this sort of statistic, the figures show there were 11,000 people in this country earning between \$5,000 and \$10,000, for a total of \$76.75 million earnings, and a further 3,000 earning more than \$10,000 for an additional total of \$38 million earnings.

I should have thought that a more equitable method of raising an additional \$8 million would have been to put a 10 per cent surcharge on those salaries. This would have hurt far less and would have produced almost \$11.25 million, over \$3 million more than was raised from the poor civil servants. I should like to go further and point out that the federal superannuants of today, after having suffered three years of cut-backs which most assuredly left them with no opportunity to save for their old age, were then faced during world war II with the freezing of their salaries. It is those persons who retired shortly after world war II for whom I plead today, with all the energy I possess. They should not have to beg and I am begging for them now.

I should like to make some positive contribution to this debate so, Mr. Speaker, if you will permit me I shall continue to speak about the federal superannuants of today.

Mr. Bell (Carleton): The hon. member has not done so up to this point, Mr. Speaker. He has been fighting the 1935 election. I think he should get up to date and be contemporary.

Mr. Groos: As I continue, I believe the hon. member for Carleton will be able to understand that what I am trying to point

[Mr. Groos.]

out is that these people who have suffered, as they did, are entitled to our sympathy today in this house. I am very conscious of and sympathetic to the income problems of persons retired from the federal civil service and from the armed forces of Canada. I believe most members of this house know that I and others have been seeking by every means within our power to alleviate their distress. I am attempting again to explain my position and perhaps help the government come to grips with the problem by providing one possible solution.

In general, to run over the background, of course the pensioners' problem arises from the undoubted fact that over the years inflation has gnawed away at the real value of pension dollars earned and paid for while in the government service, and the pensioner in every case now faces the fact that his pension purchases less than it did when he first retired. In addition to this, he has the aggravating knowledge that his former position in the government service now pays a very considerably higher wage than it did while he held the position. Then, too, because of his age, there is a diminishing probability of his being able to obtain another position in today's labour market. Then there is the added possibility that all three conditions I have mentioned will continue.

• (4:00 p.m.)

On the other side of the ledger, the government pensioner does have the prospect of receiving, along with all other Canadians, the old age security pension, now slowly dropping in age limit to 65 and payable at the rate of \$75 a month. He knows however that he has paid his share of the cost of his pension. At the personal level, generally the government pensioner firmly believes that the government superannuation fund is growing at a rate faster than it is being used up, and therefore it would cost the country nothing if his pension were to be increased, since it could be paid for out of the growing amount in the superannuation fund.

He knows, too, that the British government has recognized its obligation to its retired civil servants and pensioners and has instituted a method of granting them increases at regular intervals as the purchasing power of the pound falls and as the cost of living goes up. Similar arrangements are in effect in the United States, and in addition I understand that retired members of their armed forces have pensions based on