

way to point out that parliament had guaranteed to the people of Canada the benefits provided in the Old Age Security Act. I also draw attention to the remarks made by the present Secretary of State for External Affairs (Mr. Sharp), when he was minister of finance, on December 19, 1966, in the course of a minibudget that he was presenting on that occasion. He devoted a section of that budget speech to the Old Age Security Act, both the fund and the payments. He read to us a portion of the Old Age Security Act which provides that the minister of finance must annually report to Parliament on the state of the old age security fund.

The Old Age Security Act provides very clearly that if there is not enough money in the fund to pay the benefits required by the act, the minister of finance shall report to Parliament on how he thinks the deficit should be made up. There is no suggestion in that act that Parliament or the government has any right to do the other thing, that is to cut off any of the benefits because there is a shortage of funds. The benefits are part of a social contract. They have been guaranteed by statements of ministers, and by the act itself, to the people of this country. I submit that to cut off any of these benefits is to break a contract, and the government is doing this in a kind of bill that should not be before Parliament.

As I said, the minister in his white paper refers to this social contract on page 24. He refers to the fact that it is a social contract, that people have built their retirement plans on the basis of this program, and therefore it would be quite unfair and quite unthinkable to take it away from them. Then, on page 42 where he is discussing again the question of the flat rate benefits, he says that many people have planned their retirement on the expectation that they will receive old age security at the age of 65. To deny them this benefit would be extremely unfair and a breach of faith.

Mr. Munro: Where is the word "contract" mentioned?

Mr. Knowles (Winnipeg North Centre): On page 24, there is reference to the fact that it is a social contract.

Mr. Munro: But where is it on page 42?

Mr. Knowles (Winnipeg North Centre): On page 24.

Mr. Munro: You said it was in both places.

Mr. Knowles (Winnipeg North Centre): On page 24 there is the statement that this program has almost the nature of a separate social contract between the state and its citizens. On page 42 the minister used different language. He said that to deny them this benefit would be extremely unfair and a breach of faith.

Mr. Munro: Yes, to remove the entire thing.

Mr. Knowles (Winnipeg North Centre): I thank the minister for his interjection. It is a breaking of the

Old Age Security Act

contract, a breach of faith, to remove the entire thing. I say that to remove anything that has been guaranteed to the people under this act is a breach of contract and a breach of faith. One of the things that has been built into this act is the guarantee of an escalation, if the cost of living goes up, by at least 2 per cent per year. For the last three or four years people have built their retirement plans on that fact just as much as anything else, and taking away that 2 per cent is just as much a breach of contract as if the pension were reduced to \$70 or to \$50 or wiped out altogether. It is that fact which makes it seem to me that this is the kind of legislation that should not be brought before Parliament by a government that believes in the rule of law, that believes in social contracts, and that believes in keeping any kind of faith.

I decided not to raise these arguments as a point of procedure but rather as arguments in the debate, which I suspect the Speaker would have told me they were. In addition to these arguments, I want to point out what the government has done in social terms in the matter of escalating because of the rise in the cost of living. This government—the Liberals, and I have lots of things to say about them—

Mr. Mackasey: They are not all bad.

Mr. Knowles (Winnipeg North Centre): Just a minute, let me continue. The Liberals have it to their credit—just a minute, my dear friend in the red shirt—that they were the first federal government in Canada to introduce the principle of escalating pensions. They attached this principle to the old age security pension as well as to the Canada Pension Plan. Then, they put it in the Devco pension plan and in a few other such plans. We have argued for many years that this was a good beginning and that we should go on and do it in other plans. And so we did last March. We accepted this principle and applied it to the pensions of retired civil servants, of retired RCMP personnel, of retired armed forces personnel, and of retired Members of Parliament.

● (4:30 p.m.)

What kind of people are we? We pushed ahead with this idea of escalating pensions as the cost of living goes up until we got ourselves covered by it. Now, we are going to go back and take it away from those on the basic old age pension. The minister may want to interject that there is a special half of one per cent that we pay into a fund for this purpose. But every citizen of Canada who pays taxes at all pays 4 per cent into the old age security fund, and is paying 3 per cent in sales tax. He pays indirectly, as well, corporation taxes, and part of that contract, part of what people pay for when they pay those taxes, is that they should get what Parliament has said they should get. Therefore, I submit that this is not only a breach of contract but that we are destroying something that is good, something that this government started.

What is going to happen as a result? I made a brief reference to it on Monday. Instead of moving to the day