

Old Age Security Act Amendment

income tax in an amount equal to \$75; there is no tax bracket in this country in which one pays 100 per cent. But let me make it clear—when I was on the committee in 1950 we worked this out—that wealthy person is usually a person who has been wealthy for a long time. During his lifetime a wealthy person pays in income tax, sales tax, corporation taxes and the like, both before and after he goes on pension, an amount which is definitely greater than the total amount of his pension even if he lives to be 100.

• (7:40 p.m.)

So I suggest that the figures the minister has used with regard to recoveries do not answer the case of the individual wealthy person. The fact of the matter is that the individual wealthy person does not gain in the long run from getting the \$75 or from getting an increase such as is being proposed tonight. All the minister is doing, by hiding behind the argument that he must not pay the increase to these wealthy people, is denying it to the people who have \$65, \$75 or \$100 a month. These are the people who are really going to be hit by this scheme.

People who have \$50 a month will get something, people who have \$59 a month will get something, even if it is only 50 cents, but from \$60 up they will get nothing, and there will be scores of thousands of people, perhaps hundreds of thousands, in the range from \$60 a month up to \$200 a month who will not get any benefit from this increase.

Mr. MacEachen: May I ask the hon. member a question?

Mr. Knowles: Yes.

Mr. MacEachen: If the hon. member had a choice, if he had an additional \$100 million, would he distribute it across the board or would he attempt to raise the income limit as specified in this measure? Which road would he take, because I think this defines the problem?

Mr. Knowles: I have no hesitation in answering that question. I think the principle of universality in the long run is best for everybody, and if I were confronted with a Minister of Finance of the kind that the present minister is confronted with and he said to me "you have that much money" that is what I would do; I would remove the means test altogether and make it universal.

I would do other things as well. I would raise the \$3,000 ceiling on income tax which is paid into social security and make other tax

[Mr. Knowles.]

changes to satisfy people that we were really getting it back from the wealthy. But the minister, by the speech he made earlier and by the question he has asked right in the midst of what I was saying, shows he is unaware of the fact that the defence he is putting up for not paying it to the wealthy is a device that hits people who have \$60 a month, \$75 a month or \$100 a month.

Mr. MacEachen: Is the hon. member not aware that his proposal has the same effect that it hits people on the lowest incomes?

Mr. Knowles: My proposal, which is that we set a figure at \$105 and give it to everyone, would give the increase to those who have nothing else. It would give the increase to those with \$50 a month or \$60 a month, to those with \$75 or \$100 a month, and it is those people who are in great need. As a matter of fact, the government must know very well that there are people like retired civil servants—

Mr. MacEachen: Is the hon. member aware that the moment he takes the attitude that he subscribes to a universal across-the-board increase he is definitely hitting hardest against those in the lowest income bracket? No matter how many millions of dollars he has, he is always giving less to those on low incomes than is given by the approach put forward in this measure. That is the real problem.

Mr. Knowles: I suppose I could answer that using the line of reasoning that the minister used a while ago. He justified the Canada Pension Plan—old age pension package on the grounds that in percentage terms it meant more for those in the lower income brackets than for those with higher incomes. I give him the same argument now. When you give \$30 to a person who has nothing else but \$75, you are giving him a greater percentage increase than when you give \$30 to a person who now has \$150 a month.

I submit that the minister is still not facing up to the plight of this group. I do not know how many of them there are. Certainly there could be 100,000 and possibly 200,000 or 300,000 but the government is doing nothing by this program for those who have other income of \$75 or \$100 a month. The minister seems unaware of the fact that this problem exists.

I know that the half million people who have nothing else and who will get the full \$30 cannot but welcome this program. I also know that the very wealthy will not care