

*Old Age Security Act*

You know, as he rises, with his very revered look, one would think there was sincerity there. I have known this gentleman for years; he and I have been good friends. But I had the feeling today he was trying to sell sincerity and make the most of it. Because the substance of what he was saying does not make sense. What does he recommend? He himself cannot believe it. He recommends one hundred and fifty dollars a month for everybody, or two hundred dollars a month and the application of the principle of universality.

• (5:20 p.m.)

If I were a member of a party that had very little or no chance of ever forming the government, of ever being responsible, I would offer them \$1,000 a month. The hon. member knows this. In one breath he says there should be universality; but when it comes to who is going to pay for this, he and his party will turn round to the working men, the tax payers, those who are tired of paying taxes, and will say to them that it will be the rich who will pay. What he has said today is a clear indication that he objects to the idea of selectivity that is contained in this bill. Then, he says that this is not a Liberal document.

I know that to break the so-called rule of universality is difficult. Does the hon. member not think that we know that we are going to be unpopular to some? Does he think we believe it is easy to do this? Somebody has to have the guts to do this, and we have done it. We know you cannot apply the principle of universality and give everybody the great benefits the hon. members talked about unless someone is taxed for them. He and others have said time and time again that the poor working man is tired of paying taxes.

**Mr. Knowles (Winnipeg North Centre):** Let us tax you and me.

**Mr. Otto:** We are taxed. The hon. member himself said that. The numbers of people who are supposedly rich are not sufficient to pay for this. What the hon. member is really saying is that we should not pay \$153 or \$156 only to those who need it; we should make a universal payment to everyone of \$150 or even \$200. But when the hon. member asks where the money should come from, he will discover that it comes from the working man who has to pay taxes, real estate taxes, income taxes. He is the fellow who is being squeezed, and it is the government who is accused of squeezing him.

The hon. member's statements are irresponsible and do not make sense. When he gets into the committee he will have to show where he is going to get the money to pay for the benefits he wants. In committee he will be told that the money will not come from the rich because there just are not enough rich, including the hon. member and me.

**Mr. Knowles (Winnipeg North Centre):** Speak for yourself.

**Mr. Otto:** Then, all of a sudden he became a legal expert and dwelt on the question of contracts at some

[Mr. Otto.]

length. The idea that seemed to flow from him was that we had made a pact with all the contributors to the old age security fund; that we are now saying to them that we dare not go back on that contract even though this money is being redistributed from the same fund and that this surplus in the fund is not going to last.

We have made other contracts. For example, practically ever since confederation people who have bought property not meant for speculative gain have expected that the proceeds from the sale of the property would not be taxed as a capital gain. It is hon. members opposite who claimed that this tax should be applied retroactively. If that were the case, where is the contract? If there is a contract on the one side there must be a contract on the other side. The idea of having a static, immovable contract does not make sense.

I do not think anybody in Canada would interpret a so-called contractual obligation in that narrow sense. No member on this side is giving this money to the rich; the money is being redistributed because we have to be selective. As a nation we cannot afford to apply the principle of universality with generosity and aplomb. However, I shall be talking later on an issue close to this to illustrate why we cannot afford this principle. We cannot even afford what we think we can afford. I say that the suggestion that we continue this general idea of universality does not make sense. As I say, although the government knows it is going to be unpopular somebody must have the nerve to go ahead and take this action. The provisions in this bill will provide some benefit to those who are really in need.

I suggest that averaging out the payment what we are really talking about is an income of \$440 a month for a man and his wife. That is not affluence; but if that couple have no more children to feed and clothe and are living by themselves, it is not exactly extreme poverty either when you compare their income with those who have nothing. Since we are not going to be popular with these 500,000 people to whom the hon. member referred, it is politically opportune at this time for him to appeal to them. This is why the hon. member's party is trying to take their side. It does not matter whose side they are on as long as the voters will support them. I suggest this is not being sincere. If the hon. member has a theory to expound, then we should be pleased to hear what it is.

Other questions have been raised, one of which was escalation. The question of unlimited escalation or a 2 per cent escalation is a difficult one. Most of the wage earners today who have to pay taxes to support payments of old age security and other benefits somehow gear their demands not to their total salary but to their take home pay. If the government were to tell these people that they needed an additional one half of one per cent in order to raise more money, then the wage earners in turn would ask for more wages. And, so on it goes. For example, we could apply the escalation principle to the sale of government bonds, or to payments of mortgage interest. If we were to do that there would be a pull toward escalation, toward a higher level of payments, and we just cannot do this in light of today's economy.