

Suggested Pension Payment Corrections

standard of living, for the standard of living goes up as the years go on.

When we were dealing with these matters in the committee that dealt with the Canadian Pension Plan in 1964 and 1965 a great many statistics were placed before us. Although I do not have it in front of me, in issue No. 3 of the Minutes of Proceedings and Evidence of that committee there is an interesting table about the rise over the years in the cost of living, wages, the gross national product and so on. I looked at it again today to refresh my memory, and these are the facts. In the 20 year period between 1940 and 1960 the cost of living doubled, but the wage index multiplied three times. So if you earned wages or a salary you had a chance to keep up with the rising standard of living, but if you were tied to some sort of cost of living index you fell behind.

I point out that not only did the cost of living double while the wage index tripled but, according to the same table, the per capita share of the gross national product of the country in the same 20-year period went up by a multiple of four and the gross national product went up by a multiple of five. So look at where we would leave our older people, even if we were to give them a full cost of living bonus. During a 20-year period of retirement, while the gross national product of the country multiplied five times, their standard of living would only double. While the per capita share of the gross national product multiplied four times and the wage index three times, the old people of our society would be left far behind. That is not good enough. It is not the way any family would operate. It is not a just society. It is not humane and it is not Canadian.

It is not right that we should say to our older people: "We must draw the line at the point of retirement. You cannot continue to share in the advantages that accrue from a dynamic society." We must remember that our present position is the result of the contribution our older people made when they were working. They worked perhaps with less efficient tools and methods, but they built us up to where we are today, just as we are building up our society for the generations to follow us. Would we like it if we were told on retirement that we would have to settle for the rest of our lives for the basket of goods and services that we were able to buy at the point of retirement, even though the gross national product might go up by a multiple of five during our period of retirement? Unless

we have an adequate escalator clause our entire pension program will fall to the ground and prove useless. I suggest in all fairness that if we are to have a pension program worthy of its name we must include in it an automatic escalator clause. And, for heaven's sake, let us get the idea across that this escalator clause must be tied either to increases in the wage or salary index or to the gross national product. Let us have no more of this talk of its being tied merely to the cost of living index.

I must move on, Mr. Speaker, because there are other matters in the motion. It refers to veterans allowances, which will be discussed later, and to income tax anomalies which should be straightened out. To judge from the kinds of answers given to questions on orders of the day, something may be done about this this spring. I am sure that even this government did not intend that the guaranteed income supplement should put people into an income tax bracket. I am sure that this government did not mean, after saying that certain people must not have less than a minimum income and paying them a supplement to bring them up to it, to turn around and take away part of that minimum income in taxation. The reason for this anomaly is, of course, that income tax exemption levels have not been changed since 1949. As a matter of fact, they are lower today than they were before world war II.

I have gone into details on this point on other occasions, but I think one of the most wicked pieces of unfairness relates to war veterans allowances. Those who remember the debates on the guaranteed income supplement will remember that the minister piloting that legislation through the house made the point that in any income test for the supplement the war veterans allowance would not be counted. But he overlooked the means test in the War Veterans Allowance Act. Once the war veteran who receives an allowance is paid the guaranteed income supplement his war veterans allowance is cut and he ends up with precisely the same income he had already. Being a veteran, he does not like this. He would like to get all the advantages that flow from being a veteran. But he is now worse off because of the income tax situation. If a veteran receives the war veterans allowance, that is not taxable, but the guaranteed income supplement is taxable income. Veterans between the age of 65 and 70 do not get the extra \$500 exemption, so they have to pay income tax because part of their income is in

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