

Increased Cost of Living

old people who would normally receive any increase as a matter of right, would be recoverable through income taxes.

What is the government trying to do to the senior citizens of Canada? Even the people on the government side will stand up and support the measure that the Minister of Health and Welfare (Mr. MacEachen) has on the order paper today, but they will directly oppose the position the government took earlier in support of the senior citizens. It has taken the government almost one year to bring the old age pension legislation before the house. I wonder if the legislation will be retroactive when it comes into force? This is something which greatly concerns the people who need this support. I say to the government that people today living on \$75 a month are suffering from the high cost of living. These people are our responsibility, and I say that the government has abdicated its responsibility in the economic field, in the field of labour relations, and most of all, I regret, in the field of senior citizen care.

● (5:00 p.m.)

I supported the medicare measure that the Minister of National Health and Welfare brought before the house, and I am not going to stop anybody from having what the government is prepared to mete out in its new legislation. I want to give notice at this time that I will fight against the legislation the government has on the order paper concerning our senior citizens because it is not fair and breaches the principles established by the Liberal government in 1950. I hope the members of that party will have the intestinal fortitude to support the amendments which we will bring forth.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I rise during this debate to take issue with the amendment now before the house and with many of the points raised, particularly those of the leader of the N.D.P. when he proposed the amendment.

That amendment, as the house is aware, is to the effect that:

—since the income of wage and salary earners has remained approximately the same and farm income has fallen as a proportion of the total national income over a period of years, this House regrets the failure of the government to introduce policies designed to produce an equitable distribution of rising productivity and national income among all groups in Canada, particularly in view of the rising cost of living.

This amendment is factually incorrect. It is based on too narrow a view of our country's

[Mr. Winkler.]

economic and social objectives. It ignores the very remarkable strides made in this country in recent years in sharing fairly and equitably the record gains in production we have managed to achieve.

Let me begin with the factual record. The hon. member for Burnaby-Coquitlam (Mr. Douglas) quoted from the proceedings of the special joint committee of the Senate and House of Commons on consumer credit, when my deputy minister provided some statistical material drawn from official sources at the Dominion Bureau of Statistics. I am pleased that he did so, since these are objective statistics upon which useful discussion can develop. My hon. friend drew attention to the remarkable stability of the share of income going to wage and salary earners over long periods of time—about which I shall have something to say in a moment. Indeed, the amendment before us is based on this fact. But then, as sometimes happens, confusion overtook the hon. member and he claimed that since 1949 the share going to capitalists increased far more than that going to labour. This confusion arose when he compared the average annual rate of increase in wage and salary incomes since 1949, which amounted to 7.7 per cent per annum, with that going to capital. He then pointed out that profits rose by 6.6 per cent per annum and other investment income, much of which incidentally goes to wage and salary earners from their savings, rose by 10.7 per cent per annum. He therefore concluded that income going to capital rose by the sum of the two annual increases, some 17.3 per cent annually, more than twice as fast as that going to labour. I find it extraordinary that the hon. member should have fallen into such an obvious error and based his whole case upon a simple and obvious misinterpretation of the facts.

Of course the conclusion he drew from these figures was quite wrong. The sum of corporation profits and other investment income has increased, not by 17.3 per cent annually, as the hon. member suggested, but by the average of the two components, which works out to the same 7.7 per cent increase that labour enjoyed. This is to be expected since, as the hon. member has pointed out, over long periods of time shares going to labour and capital—this is before the effects of taxation and other measures that redistribute income—had been relatively stable. This is a very serious error on the part of the hon. member, and it seems to me he has based his whole case on that error.