

Government Orders

the poverty line. The \$76,000 where the clawback tops out is beyond the expectations of most Canadians, whatever their age group—

But sneakiness and potential unfairness enter into the way Mr. Wilson chose to treat the \$50,000 over time. The threshold will not rise in step with inflation—

Which must be done when assessing such a major public policy change.

So, if we look down the road at maintaining current buying power while evaluating seniors' income in constant dollars, and if we project current inflation rates forward, by the year 2000 the clawback will start at \$35,765. Fifteen years from now, the threshold will be down to \$30,000; five years later when the first of the baby boomers start retiring, and that is in the year 2010, it will stand at \$28,000 and will affect at least two million Canadians.

It is a crafty thin edge of the wedge, eroding universality and not taking into account the goods and services tax or the potential for lowering the threshold to \$40,000 or \$45,000 and raising the rate up of taxing at 15 per cent. Tampering with indexation was wrong in 1985. It is wrong in 1989. This is not taxation. It is ideologically driven confiscation.

Mr. Thacker: What about the six and five program?

Mrs. Finestone: That was not good either. Not that that should make it any different. It did not take effect at that point either, so do not try to deny the erosion of rights that you have put into place right now.

As some members try to look for arguments and blame it on the other guy, blame it on someone else, not me the Conservative, let me quote the Minister of State (Seniors) who stood in this House and cited senior citizens groups which were were supportive of budget clawback provisions and were reacting very favourably. It is amazing that the reaction of these senior groups' to her remarks was one of disbelief and indignation over what they saw as a blatant misinterpretation of their position. It goes right along with the blatant misinterpretation of our Prime Minister who swore that he would never touch his mother's pension. He would never touch anybody's pension and only enrich the well-being of the elderly in our society. It goes along with the Minister of Finance saying that he has not touched universality. That too is an exaggeration.

• (1640)

The problem is that a buck is a buck is a buck. There is a fairness argument to be made that \$1 of income should be taxed the same way no matter where that income comes from. Second, most of the people receiving this old age security have paid many times over in the past. Those presently receiving old age security payments of approximately \$4,000 a year have been paying since 1952. They paid at a rate higher than that of a pension plan even at the self-employed rate of contributions of employee and employer share. In the beginning in the 1950s the amount of the contribution was 2 per cent of taxable income subject to a maximum payment of \$60, that is those who have an earned or unearned income of \$3,000 in taxable income.

By 1965 they were paying 4 per cent with a top of \$120 a year. That was the year before we even introduced the Canada Pension Plan. In 1967, it stayed at 4 per cent, but the maximum payment on \$6,000 of taxable income went up to \$240. In 1971 we remember that the then Finance Minister Edgar Benson removed the ceiling of total payments on taxable income, and I refer to page 11 of the summary of the 1971 tax reform legislation where he kept the 4 per cent but rolled it into the tax revisions that he made. He set no limits so that those at \$50,000 of taxable income paid \$2,000 into their old age security. It was not an attack on universality or a cut in the old age pension, it was a different way of paying for it. Since 1971 to 1987 this has been the case. We are all paying into it and we pay all our life for our old age security whether we are in need or not in need. That is the point.

Mrs. Dobbie: And we believe in paying for our brothers, if we are rich enough to.

Mrs. Finestone: Aren't you lucky we all fought for you before so that you could earn income. Lots of people did not earn income.

I would suggest that there are many serious problems that we are facing in this whole cut-back. It is an inhuman approach. It is an unfair approach. The changes that the Minister of Finance brought in with his tax reform obscured the reality of what he was doing in terms of changing the whole system of paying for the old age security.