

Private Members' Business

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It was also believed the exemption would reduce tax evasion, as those with small amounts of bank interest would no longer have an incentive to ignore the interest they received when filing their income tax returns.

Another argument was that the exemption would increase savings by increasing the post-tax return of investment that produced interest. All of these were valid arguments in 1974 and remain valid today.

In 1988 as a result of a decision by the Tory government the exemption was removed. According to statements given by the witnesses to the Standing Committee on Finance in 1987 the people who had the most to lose if the exemption was removed were senior citizens.

It therefore stands to reason that senior citizens are the people with the most to gain if the exemption is reinstated. According to testimony before the committee more than 80 per cent of taxpayers over 65 claimed the \$1,000 deduction in 1983.

Despite the fact that the deduction was removed in 1988, 2,026,620 or about 70 per cent of all seniors who filed income tax returns in 1992 still included bank interest as a source of income. Bank interest was even more significant among the seniors 75 years of age and older, with 878,370 people or about 75 per cent naming bank interest as a source of income. It is obvious that for senior citizens keeping their money in a bank savings account is a way of life, the result of a lifetime of habit.

Think for a moment of the life of a person who is 75 years old. Think of the time they were born, the significant events of their lives and the lives of their parents. Think of the Great Depression. Think of the second world war. These people have known the hardship of trying to make ends meet when the ends just seem to get farther and farther apart.

The Great Depression hit Canada and Canadians hard. It was a terrible, grim time when all manner of personal indignities and deprivations became the norm. People lost their jobs, their homes, their dreams. Soup kitchens were a booming business. Men tramped the city streets trying to pick up 50 cents doing odd jobs or in desperation travelled the country in boxcars looking for work or a handout and the advice of those who still had handouts to give. It was always the same as that of John D. Rockefeller, always to save their money, not squander it. It was a lesson they took to heart.

Then the war came and blew the depression away. Suddenly there was a desperate need for everyone to work, but there was an equally desperate need for everything to go to the war effort. Rationing was introduced and people learned to barter and to save their butter and eggs for the important events in their lives.

People saved string from parcels. They saved paper. They saved buttons and zippers from discarded clothing, anything they thought could be used again.

Our senior citizens and many of their children still save everything useful. They are the original recyclers and they know how to clip a coupon. When they were finally able to work again they saved every cent they could squeeze from their carefully worked budgets as a down payment on their future.

Credit was a dirty word to our senior citizens. It meant you could not afford to pay your bills. It meant a loss of dignity.

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Instead they saved to buy their homes. They saved to pay cash for their furniture, their appliances and their cars. They saved to pay for the education of their children. They saved for their old age so they would not have to do without in their sunset years, so they would not be beholden.

Now with interest rates so low their carefully hoarded nest eggs are yielding less and less. Seniors have been hard hit in recent years by falling interest rates. Unlike younger people who may have been able to accumulate savings, our senior citizens are usually unable to work. Their interest from their savings is their income. A \$1,000 exemption on interest will really make a difference to them.

Younger taxpayers still working may enjoy a tax advantage or an investment in an RRSP, but such investments and tax breaks are often unavailable to seniors. Many older people are not at ease putting their money into more adventurous avenues.

Often they do not feel comfortable turning their life savings over to a stranger to invest. They are afraid of losing what they worked so hard to save. They feel it is safe and secure in a bank savings account and they want to be able to withdraw their money at will.

Surely the people who built this country deserve a break. It was their money, carefully saved and invested, the banks had at their disposal when others came to borrow. Their habit of putting money aside for the future enabled the banks to invest in the dreams of other younger people when they wanted to start a business or build a new home.

I believe this would be a good habit to instil in the young people of today as well. I believe giving them an income tax exemption on the first \$1,000 of interest would prove to be an incentive.

As parents we always want things to be better for our children than they were for us. We try to teach them the importance of a strong work ethic. We show them ours is a society that celebrates success. We tell them they must always strive for person-