

Pension Act and Other Acts

for Peace River (Mr. Baldwin), and so today I am following "the other Knowles". When we say "the other" we sometimes think of "the other place", but I am sure the hon. member would not want to be associated with that.

Mr. Knowles (Winnipeg North Centre): "Knowles" is right.

Mr. Knowles (Norfolk-Haldimand): I join, I think, with every member of the House in expressing my agreement with the general tenor of the amendments contained in this legislation which is known as Bill C-208. It is designed to give assistance to our veterans, many of whom are living on pension or war veterans allowance, and are seeing their pensions and allowances eroded by the rapid rise in the cost of living. So that anything that can be done for those people I am sure every member of the House welcomes. Therefore, it follows that we agree with the principle of automatic adjustment of veterans allowances and pensions, and especially with an arithmetic formula which is tied to a specific time date whereby veterans organizations do not have to come constantly cap in hand to the Minister of Veterans Affairs (Mr. Laing) asking that their pensions be upgraded to meet the rising cost of living; that will now be done automatically and we are all happy about that.

Naturally, we also want to give the bill speedy second reading and get it into the hands of the committee where we shall have a greater opportunity to examine the legislation in detail and to obtain some answers from the minister and his officials regarding some of the apparent contradictions and anomalies that appear from a reading of the legislation at the present time.

We would also like some answers to the specific matters outlined in detail by the previous speaker, as a result of which it looks as though the increase in veterans allowances, announced with great fanfare, will actually turn out to be a mere pittance. We hope that this will not be the case and that the minister will seriously consider the representations that have been made to him, with which I know all members on this side of the House agree.

I also concur with the hon. member for Winnipeg North Centre (Mr. Knowles) that we have in the present Minister of Veterans Affairs a man who is both understanding and co-operative, a man I personally would like to see continue on in the department. I feel he is a man of compassion, one who might be able to persuade his officials to bring about some far-reaching reform in our veterans legislation, especially as it affects war veterans allowances and the pensions. With the attitude he has I know he will be very receptive to some of the representations and suggestions that we are making to him today.

The changes that we are talking about, which come into effect on January 1, affect pensions and allowances only. It seems to me it would have been far more meaningful, and would have given the veterans a real boost, if the government had also taken another look at the basic pension rate and adjusted it in line with the increase in the cost of living. As we all know, the basic pension rate is the rate of an unskilled labourer in the public service of Canada. Over the years and up to the present time, this rate has been allowed to lag further and further behind the increase in the cost of living. At the present time the

basic pension rate is \$3,504. The average annual earnings of unskilled labour in the public service stands at \$4,550 which means a difference of \$1,046. This amounts to a lag behind what they really should be receiving of about 30 per cent, according to the formula understood by all veterans organizations, namely that the basic pension rate should be related to that of unskilled labour. The amount of money needed to overcome a 30 per cent lag would be considerable. By any reasonable calculation, this would amount to \$71.3 million.

• (1610)

I believe it is proper that we should take a look at whether or not we can afford this type of increase, which on the surface would appear to be a considerable sum of money. The table I wish to place on the record shows the relationship between the gross national product in Canada and the expenditure on pensions for disability pensioners and their dependants arising from World War I and World War II. In the year 1930, the gross national product was \$5,728 million. The pension liability in that year was \$37 million. The gross national product was 154.8 times the pension payments. In 1965, the gross national product had risen to \$52,056 million. The pension liability had also increased to \$181 million. The gross national product at that time was 232.4 times the amount of the pension liability. What I am saying is that in 1930 the gross national product was 154.8 times the pension liability and in 1965 it was 232.4 times the pension liability.

Therefore, it would appear that Canada is well able to afford a substantial increase in pension liability, always bearing in mind in addition the following facts: the expenditure in respect of World War I veterans, and even World War II veterans, will commence to decline very rapidly in the future. The law of attrition takes effect. These people are reaching the age at which the grim reaper takes his toll. The number of pensioners decreases at a rapid rate. When we speak of \$71 million we are not thinking of this as a continuing amount year after year but rather as a rapidly declining figure. I believe this should be taken into account. I repeat that the gross national product is now 232 times as large as the pension liability, and I believe this figure surely reflects the government's ability to pay a substantially increased amount to our war veterans.

The Minister of Veterans Affairs having announced the arithmetical formula, surely it would be a very simple matter to also adapt the basic pension rate to a similar formula. This is the sum and substance of the brief presented by the National Council of Veterans Organizations on different occasions and in particular by the Army, Navy and Air Force Veterans in March of this year. I think, as I have shown, it is not as unreasonable a request as one might think when one mentions an increase of \$71 million.

I said I would be brief. We want to see this bill pass second reading and be referred to the committee. Therefore, I shall honour my pledge to be brief. I have touched only on one point, namely, that we should make some provision to adjust the basic pension. Others of my colleagues will be dealing with other specific subjects at which I believe the minister should take a very close look. Amendments will be suggested when we reach the clause