

Government Annuities Act

The preamble of the measure in 1908 put forth the idea that the annuity bill would be the type of legislation which would encourage thrift, and would encourage people to lay money aside for their old age so they might not be living in poverty. Then the minister went on:

Considering, therefore, the purpose of the act, to promote voluntary saving for old age security, it is appropriate that this bill to extend the facilities afforded by the act should be considered by this house at a time when parliament has under consideration legislation making provision for payment of an old age pension to Canadian residents 70 years of age or over.

The bill we have before us cannot do that to any extent whatever, at least as it appears from the resolution. Of what use will it be to these people who are going to be dependent upon old age pensions to find out that our maximum annuity is being raised now from \$100 to \$200 per month? As the hon. member for Winnipeg North Centre (Mr. Knowles) stated, those people who can afford to buy a \$200 per month annuity certainly will never need old age pensions. That being so, what sense is there in the preamble to the annuity bill of 1908? What sense is there attached to the statement the Minister of National Health and Welfare made over the air, or the one he made in introducing the old age pension legislation? What sense is there attached to the statement of the Minister of Labour on November 8? There is no sense attached to those statements.

When we go back, Mr. Speaker, and think of the reasons that were given in 1948 for the amendment to the annuities act which was introduced at that time—

Mr. Knowles: By order in council.

Mr. Johnston: Yes, by order in council. It was made effective by order in council on April 19, 1948, and the rate of interest was reduced from 4 per cent to 3 per cent. Those of us who protested most vigorously at that time—and there were many of us—pointed out that this type of legislation was not going to be of assistance to the ordinary man for whom these annuities were originally intended. The reason the minister gave for lowering the interest rate from 4 per cent to 3 per cent was that this program had to be put on a pay-as-you-go basis. He pointed out the ridiculousness of any business enterprise being carried on when it was going in the hole all the time. He referred to some of the socialist legislation which was passed in Saskatchewan, and ridiculed it. One of the other reasons given in 1948 was that the interest rate on government bonds was being

lowered, and he did not want government annuities in competition with government bonds. The minister also pointed out that the interest rate charged by insurance companies had gone down and, therefore, taking the picture as a whole it was only reasonable that the interest rate on government annuities should be reduced from 4 per cent to 3 per cent.

I do not think those were good reasons for lowering the interest rate at that time, but if they were valid then let us look at conditions today. The interest rates on government bonds are up. Is there any logical reason then why the interest rate on annuities should not go up? The interest rate on insurance policies and loans made by insurance companies has gone up to 5 or 5½ per cent. Is there any logical reason why the government should not at this session of parliament bring the interest rates on annuities up to where they were? Almost every reason given at the time of the reduction in rates has been offset, and those conditions no longer exist. In fact interest rates on other types of investments have risen, and the annuity is the only type of investment upon which the interest rate has not risen. What chance has the ordinary man of buying large quantities of government bonds? He has no chance. If he does buy them he has no assurance that they are going to stay at par. If he has an annuity, he knows it is going to stay there for life because no mortgage company, no person on earth can take that away from him. It is his, and nothing can be registered against it. It seems to me that what the Minister of National Health and Welfare was saying had some logic to it, when he was tying the old age pension in with this over-all annuity plan so these people would not have to accept charity but would have something they could call their own, and have a decent standard of living, if the government makes that possible. The only way that can be done is by the Minister of Labour bringing in an annuity plan which will be co-ordinated with the old age pension scheme in order to give these citizens, as the Minister of National Health and Welfare said, a decent standard of living.

The Minister of Labour and the parliamentary assistant must know that this legislation we now have before us will not do that. Something else must be done. There is no argument on earth that can convince me that a man who is going to need the old age pension can afford to buy an annuity of \$200 a month. That argument is just ridiculous on its face. So that is not the