

of these men who die will die between the ages of say twenty-five and forty, and the government should give their dependents every possible consideration. I would, therefore, urge that the rate be higher than three per cent.

Mr. ILSLEY: I have discussed this matter with the officers of the department, and we are of opinion that three per cent is the proper rate. It is substantially the market rate at the present time.

Mr. JACKMAN: It is a controlled rate.

Mr. ILSLEY: I think there are not many people who can continuously have their money earning more than three per cent compound interest over a substantial period of time. Far more earn much less than that.

Mr. JACKMAN: I do not know of money earning much less than that over a long period of time. The government has chosen the lowest possible rate. For instance, the new loan will bear that rate or better. If the soldier had his money in a first mortgage, he would get at least five per cent. I think the minister is working a hardship on the man who gives his life.

Mr. ILSLEY: This says three per cent at half yearly rests.

Mr. JACKMAN: This is three per cent on a coupon. I do not think the minister can point to any security running over any length of years that yields less than three per cent.

Mr. HANSON (York-Sunbury): On most of the provincial bonds the rates are higher.

Mr. JACKMAN: The attitude of the crown seems rather niggardly considering the circumstances. The event arises entirely out of the defence of the nation, and every consideration and, in fact, generosity should be shown to the soldiers' dependents. It arouses the antagonism of hon. members when the government refuses to deal considerably with these people. It is not going to involve much money, and surely the people of Canada are willing that a higher rate should be given. Under the annuities—as a matter of fact the rate of interest has not changed—four per cent is being given; and while three per cent is the prevailing rate, everyone knows that present money rates are to an extent artificial. We have a central bank in control as other countries have, and I doubt whether the minister would say that three per cent is a natural rate to-day. There are plenty of very good securities which yield considerably more, and I do not know why we should compel soldiers' dependents to receive such an extremely low rate. It is not as if they were

getting the security of the crown behind it. It is something being taken away from them at a very early date, arising only because of the man's sacrifice. It is not as if the crown were giving something. The crown is getting a windfall, and in order not to get too much it says, "We will take only the present value of the tax and allow the man to have his normal expectation of life before calculating it." Certainly the government is not adopting a generous attitude. I strongly urge that the rate be made higher.

Mr. ILSLEY: I point out that the main respect in which this section is extended is in the exemption. There will probably not be one in a thousand who will be affected by this valuation. There is an exemption of \$30,000 for the widow and \$7,500 for each child; that will take care of all cases where there is any necessity at all. Then, when we move into estates going to brothers, grown sons and so forth, I would consider that this provision is adequate. I do not know why hon. members should be so terribly concerned about those cases, because they will be extremely rare. It will be a matter of very substantial estates; and, as I say, the main respect in which this section is extended is in respect of the exemption.

Mr. ROSS (St. Paul's): Has every soldier's widow who is entitled to a pension the same exemption? That is, the pension is the consideration?

Mr. ILSLEY: The question in that form cannot be answered. To begin with, what does the hon. gentleman mean by a soldier?

Mr. ROSS (St. Paul's): Every enlisted man if you like, who is entitled to a pension under the Pension Act. Does his widow receive the exemption?

Mr. ILSLEY: No.

Mr. ROSS (St. Paul's): Well, she should. The point is that the pension should be the consideration. There has been a great deal of discussion in the pensions committee as to the entitlement of the widow of an enlisted man to pension. Surely, if the widow is entitled to pension, she is entitled to exemption under this bill, regardless of limitation. If the minister will put that in the bill he will get rid of a great deal of trouble, because it will follow the intent of the Pension Act. He is going to have all kinds of difficulty trying to make exceptions; the pension should be the consideration for the exemption.

Mr. GREEN: I understood the minister to say after he had read the proposed amendment that the effect of it was that if the