

Income Tax Act

development tax, but it will not provide for the training of sufficient doctors to do a good job under medicare. The government will not even help financially to operate summer medical schools at which doctors could complete their training earlier than has been the case heretofore. It is evident that the government intends to keep doctors in a position of not being able to give the services for which the people of Canada are paying. The government may not realize it, but this is the same road down which the medical profession and the people of Britain were led.

I now wish to deal with the situation of our old age pensioners. As we know, they are allowed a 2 per cent increase in their pensions per year if the cost of living increases that much. But we all know that for the last three or four years there has been an annual increase of 4 per cent to 5 per cent in the cost of living. In other words, as the hon. member for Winnipeg North Centre (Mr. Knowles) said, we are taxing these people's rights and privileges. This is a ridiculous application of a mismanaged social conscience. The increase in the old age pension should bear a close relationship to wage increases and to the increase in the gross national product. Both of these things should be considered together with the cost of living index. I think we have to do this because wages have increased faster than the gross national product.

We have also a problem in that, in my opinion, we are now taxing welfare payments to old age pensioners. Take the case of those between the ages of 65 and 70. With their present low income tax exemption they are subject to income tax, and this cuts out the payment of their hospitalization. Surely this is not fair. If on the one hand we say they qualify under the means test, then how in the name of conscience can we tell them, "You are quite able to pay your hospitalization; you are quite able to pay half your medicare costs"? This nonsense must stop. The exemption level was fixed 20 years ago. If my memory serves me correctly, the present level was fixed in 1948, and nothing has been done to raise it since then despite the fact that the cost of living index has gone up 60 per cent in that period. That is just not cricket.

I hope the Minister of Finance will raise income tax exemptions for old age pensioners and for all others in receipt of welfare payments such as mothers allowances, blind and disabled allowances, and veterans allowances. Just imagine how far we are behind in dealing properly with war veterans. I believe

it was in 1960 that we introduced a bill which said that if they lived in a house worth over \$6,000 we would put a 5 per cent tax on them. Then in 1965 we changed the dollar figure to \$10,000, again with a 5 per cent tax. But, Mr. Speaker, a veteran may have bought his house for \$10,000 or he may have bought it for less. Why in the world should we use real estate values, which have gone up, according to some realtors in Toronto, almost 20 per cent in the last year and grab money back from the veterans because the price of homes has gone up? Let us stop this inequity. What a terrible way to treat people who do not have enough money to look after themselves. We drive more and more of these people below the poverty line.

● (4:30 p.m.)

What about our social conscience? Have we a social conscience or is it just lip service we offer? Are we like the people who do not look at a beggar when they pass by him but just toss a coin in his can. Let us be fair to these people who cannot help themselves. There are approximately 500,000 people between the ages of 65 and 70 in the Dominion of Canada.

I wish to dwell for a minute or two on the question of the perpetual bonds, because this is something which I think involves rank discrimination. It is a blot on the escutcheon of Canada. People today hold these bonds which were issued in 1936. I could mention many cases of people who badly need the money represented by these bonds. It is clear that the federal government has reneged and will pay only 45 cents on the dollar on these bonds and interest at the rate of 3 per cent. Tonight the budget is coming down and there are a few things we ought to keep in mind. This situation should be corrected because it can only hurt the credit of Canada and the bond market. Leaving aside entirely the question of justice which is involved. It is not necessary to have these bonds cashed in. All that is necessary is that the interest rate be raised to the current level. That would correct the problem and the price. Is there another country in the world which has not done this? Perhaps England has not—I do not know—but certainly the United States has made such provision in respect of their perpetual bonds, their Liberty bonds.

I might deal now with the insurance question. Most of these companies operating in Canada today are mutual companies; they have very few stockholders. Their rate of return is limited, so to all intents they are