

so far as tax is concerned, not only for old age pensioners but for all Canadian citizens. If Parliament was justified in 1949 in setting the exemption at \$1,000, with the decreased purchasing power of the dollar and the increased cost of living if we were to set the same standard of exemption today it would be \$2,500 rather than \$1,000. Perhaps this is not possible so far as the tax budget is concerned, but certainly the \$1,000 exemption is not enough. The group in our society that has this problem more than anyone else is composed of senior citizens who are pensioners. There should be an increased exemption for them, although I believe it would be only social justice for the increased tax exemption to be applied to everybody.

There is another way in which I think the pensioner can be helped. Again, I do not think it would cost the treasury much money but it would help the old age pensioner. I think the old age pension should be tax exempt. If we believe that pensions belong to our senior citizens because of their contribution to society and to the nation as a whole, then their pension should be exempt from tax.

I am confident, based on my experience across Canada, that the people who suffer most as a result of inflation and the increased cost of living are not really the unemployed or even those on welfare—although I do not take away from the need of many of those in that category—but are the working poor. There are many people who work the normal 40 hours a week. Suppose they get \$70 a week: they earn \$280 a month and deductions come off that amount. How can any family live on \$260 take-home pay? There are many in that category. Even those earning \$100 a week, meaning that the family is trying to live on \$400 a month or less because of deductions, are below the poverty line laid down by the Economic Council of Canada.

It is in this area that we have the greatest responsibility. Senator Croll and his Special Committee on Poverty made it very clear that it is in this area that the greatest need exists. There are probably $4\frac{1}{2}$ million people locked into the classification of the working poor. When you project them through the later years in life, what is a difficult situation normally for those in the middle-age bracket becomes much more difficult in the upper-age bracket.

One of the things the government has done, and I agree with it, is to improve the Canadian Pension Plan. Its present projected benefits constitute a far superior type of pension to any previous plan. If the plan proceeds as planned to 1978, a very sizeable pension will be available to anyone who has contributed for up to ten years if their income has been such that they contributed the maximum amount. There is now an indication from the government that they will increase the minimum amount on which tax can be paid, which will result in an increase in benefit to those who earn more than \$5,000. But this does not really help the middle group, the working poor, whose income is less than \$5,000 a year. It is to these people that the Canada Pension Plan means less because, their contribution having been smaller, their returns are smaller.

Old Age Security Act

So again I think it is very important that the basic pension be broadened to help these people as they enter into the senior citizen group. I believe that this is all part of very legitimate reforms which should be brought in by the government. After all, it is their responsibility to bring about the social justice which they have talked about so much and which certainly belongs to our senior citizens more than to any other group, apart from those who are unable to earn a living or who are incapacitated. Apart from the points which I have raised, I think the principle involved in this motion is a very legitimate one. I hope that the House will give support to that type of legislation.

There are two more comments that I should like to make in closing. It has long been my political philosophy, so far as social responsibility is concerned, that it is sound for anyone in politics, and basically sound as a principle, for us to accept special responsibility for two particular groups in our society. First let us remember our senior citizens, including our parents and those who have reached advanced years, because when we were young it was they who looked after us. Let us also remember the special responsibility that we have to our young people to provide them with an opportunity to earn a gainful living and also to save and to contribute through the productive years of their lives for the time when they become senior citizens, because when we become old it is they who will be responsible for taking care of us.

I think a very sound approach to this area of responsibility is brought before us in this motion. Senator Croll made a very important statement in the first report of the Committee on Poverty when he spoke about the over-all welfare system. He said:

I think we ought to be able to scrap the system completely. We could actually repeal every one of our social measures, with the exception of the Canada Assistance Plan, the Canada Pension Plan and the unemployment insurance plan, and meet every requirement under the basic definition of "need" in the Canada Assistance Plan, modifying it to some slight extent so it would all fit under an umbrella rather than as now under a tent with 200 or so measures.

This is not the time to talk about welfare, but I wish to draw to the attention of members of the House the fact that the one area which he felt should not be included under a new approach to welfare is the Canada Pension Plan and the Canada Assistance Plan, because I think that in these two areas we are looking at a very special need.

I am grateful for the opportunity to support the hon. member for Abitibi in principle. I hope government members will allow this motion to go to the committee. We cannot be expected to pass it here this afternoon but in committee it could be discussed in a realistic way, to make provision for those in this area of special responsibility. It would not upset the treasury too much, but it would help more effectively to achieve social justice in our land.

[*Translation*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it is my pleasure to say a few words about this