

*Government Annuities Act*

Labour. I would like, too, to put a few questions to him about the legislation based on the resolution.

I have noted with interest the study both the parliamentary assistant and the minister have made of the debate which took place when this legislation was first introduced forty-three years ago. Incidentally what developed at that time came from the study given to the subject by a committee. I believe that even in those far-off days there was in the minds of those who were putting the legislation through some realization of the part society could play in helping people provide for their own old age. I would like the parliamentary assistant to realize that, although that was a long time ago in terms of Canadian social history, even at that time many other countries of the world had embarked upon programs of social security, particularly a number of countries in western Europe.

As I recall the debate which took place in June of 1908, Sir Wilfrid Laurier and other members of the government of that day spoke and pointed out that there were two elements of subsidy in the matter; the parliamentary assistant has referred to them in passing. On the one hand the plan was being subsidized in part because the administration costs were to be paid by the government. There was also an element of subsidy because of the higher interest rate, even though it was only a fraction of a per cent, being accorded to annuities as compared with the interest rate on ordinary government bonds.

So I do not think anything can be made out of any different approach to the problem, as far as annuities are concerned, even back there forty-three years ago. They did not go as far as we do today in terms of the principle of using subsidies. Government budgets in those days amounted to only a small fraction of one of our estimates in these modern days. Nevertheless it was part of the framework of the legislation that it was a good thing for society to play its part in helping people to provide at least to some extent for their retirement. If society is going to do that, then it is far better to put it on as broad a basis as possible, the sort of basis which would make it possible for the largest number of people to take advantage of it.

The aim is not just to provide extra money for the wealthy; that is hardly defensible on any social basis. The aim is rather to help the ordinary rank and file of the Canadian people to do this sort of thing. To the extent we help people to provide for their own retirement, just to that extent we lessen the

[Mr. Knowles.]

necessity for other forms of public assistance of one kind or another. I suggest that Sir Wilfrid Laurier and members of his cabinet in 1908 thought this was good business, and I do not think we should be offering to the Canadian people today anything less advantageous than the Laurier government offered forty-three years ago.

The parliamentary assistant spoke about the slight difference there was between the 3.9 per cent on government bonds and the 4 per cent, which was the rate fixed by order in council in 1908. He said across the years there had been fluctuations in the rate of interest paid on government bonds, and said that at one point it rose as high as 6 per cent. I would remind him that the interest paid on government annuities was not increased in keeping with the increase to 6 per cent on bonds, but that it stayed at 4 per cent across those years. Similarly, I do not think the downward change should have been made at all.

The parliamentary assistant is quite right in pointing out that the change, although made by order in council, was correctly made in that way, because the original legislation did not fix by statute the rate of interest but rather left it to the governor in council. I think there is something to be said for the idea that the government has responsibility to the people in these matters. Here is a rate that was fixed, and upon which the people could depend for forty years. Many people had bought their annuities on the basis of that rate. Then, as I said earlier, suddenly a change is made; a line is drawn right down the middle of a group of employees, between those who pay a lower and those who pay a higher rate for their annuities. I have noted with interest that in recent years the Prime Minister has taken a certain position with respect to various matters which, constitutionally, can be dealt with by order in council. His position has been that they should be brought before parliament, even though this is not legally required. He took that view only a couple of days ago in connection with a matter of extradition which was brought to the attention of the house by the hon. member for Lake Centre. I think the Prime Minister is to be complimented upon his attitude. I have known him to take it a number of times in the last few years, in connection with matters which, within the constitutional right of the government, would fall within that class which could be dealt with by order in council. However, the Prime Minister has said he has felt such matters should be brought before parliament.

I think the same applies to a matter like this. There was a rate for forty years. It