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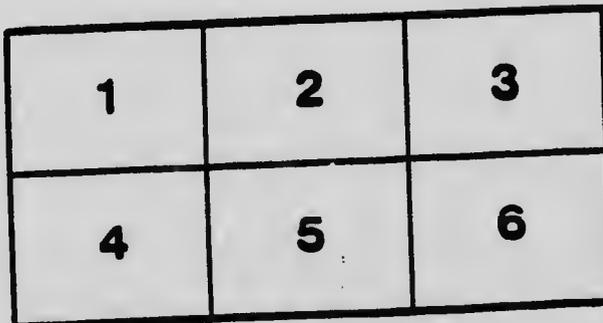
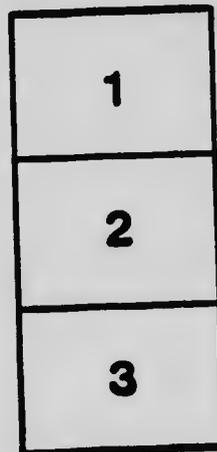
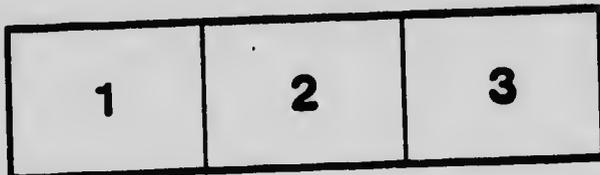
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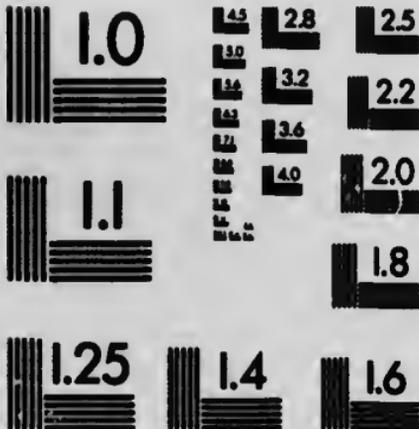
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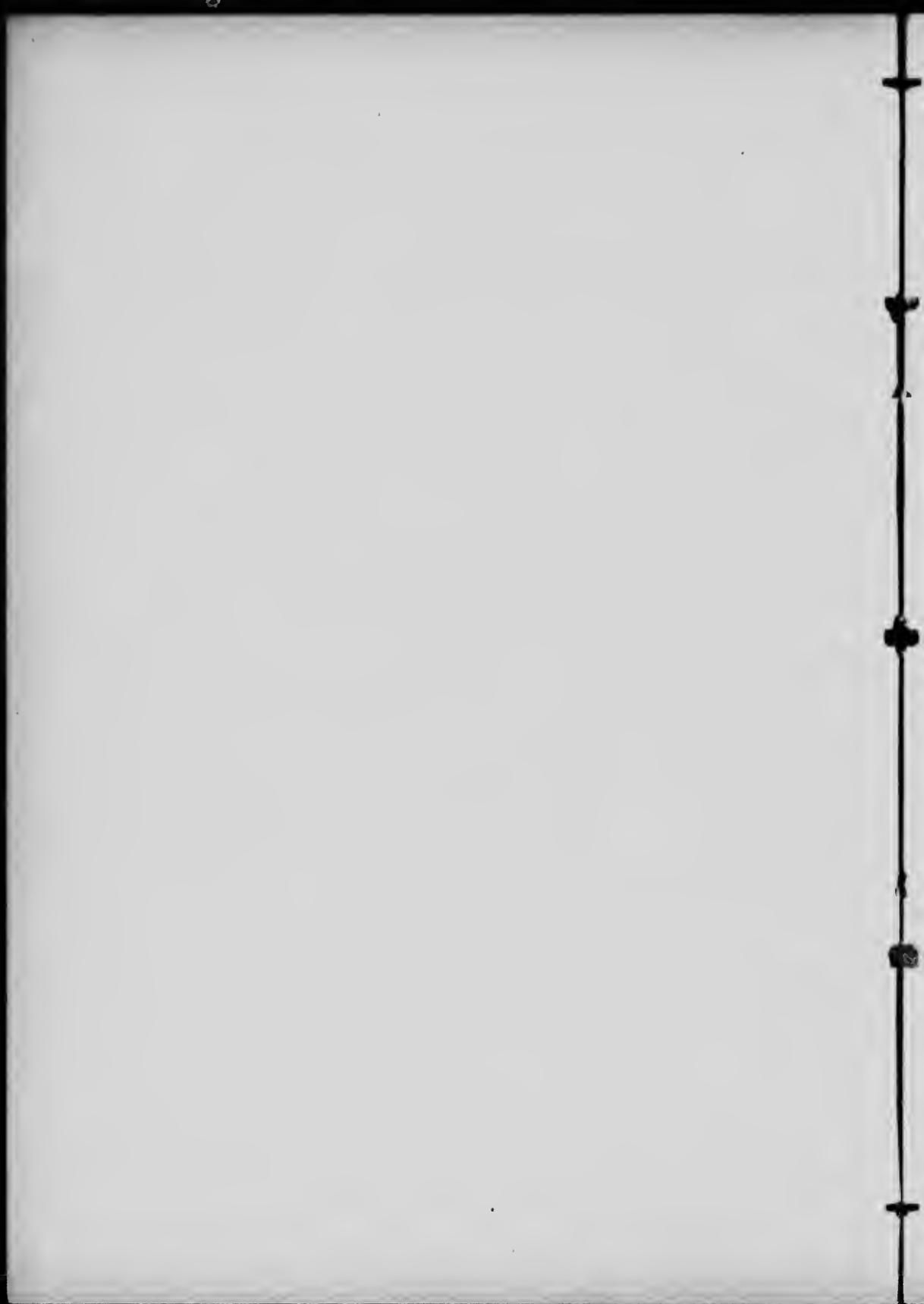
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OLD AGE ANNUITIES



OLD AGE ANNUITIES

I am very much indebted to my hon. friend from Kingston for the broadminded and generous appreciation with which he has approached this suggestion, as it has been properly described by the hon. member from Hastings. The House, as I explained before, will understand that the sole object in laying this measure before them is to provoke discussion, and to obtain suggestions from every quarter, in order that at the proper time a well considered and well digested measure may be laid before the country. I have received many communications from a great variety of persons with respect to this proposition, and it is desirable that I should point out in the first place, to prevent misconception, what this measure proposes to do, and, what is almost equally desirable, what it does not propose to do.

ANNUITIES FREE FROM SEIZURE.

This measure proposes, in the first place, that the government of the country shall have power to grant annuities. In the second place, that the annuities shall be made inalienable and absolutely free from seizure for debt or any other cause whatever, that there should be no forfeitures, as is the case in most all insurance companies, and that every penny that a man pays in shall go back to him in one form or another;

and, lastly, that in case of a man dying before he becomes a participant in the annuity scheme, what he has paid should be refunded to his proper representatives, with reasonable interest. That is what it proposes to do. What it does not propose to do in any form, shape or way, is to grant old-age pensions. I do not want at present to encumber the discussion by a debate as to whether it may under any conceivable circumstances, here or elsewhere, be desirable to grant old-age pensions. My present object is simply to point out that this Bill has nothing whatever to do in any form, shape or way, with the granting of old-age pensions. It does not pretend to interfere with the practice of insurance as it now prevails in this country, nor does it pretend to provide in any way for the families of the parties accepting annuities under this scheme, except in so far as I have stated, that parties who die prior to the age of 60 or 65 will have the sum that they may have paid refunded to their representatives. And here permit me to say that my hon. friend from Kingston is perfectly right in distinguishing widely between annuities and pensions. An annuity in the nature of the case, is a purchase; a pension, in the nature of the case, is a gift, and there is no resemblance between them whatsoever.

SOME MISCONCEPTIONS OF THE PROPOSED MEASURE.

I have been somewhat amused at noting the variety of objections which have been raised in various quarters in respect to the measure. Some parties have objected to it because it is not an old-age pension Bill; other parties have objected to it because it is in their opinion an old-age pension Bill in disguise. Some have objected to it because in their opinion it promises too

much, more than can be properly performed; others because they think it does not go quite far enough. Some parties think that this project would burden the state unduly; others have told me they consider the state would make unreasonable profit out of the transaction. Some allege that there is no need for it. With that objection I shall deal presently, and at a little more length. Some say the annuity limit is fixed too high, some that it is not fixed high enough, and so on. Some allege that the government has too much latitude given to it, some that it does not take discretion enough. Some parties think that there is a sinister design concealed behind this project, and that the government take power to interfere with companies which are now doing good work in the country. Some, as I have said, consider that it may possibly interfere with insurance companies, and others object that it does not provide insurance which they would like to see furnished by the state. Now the question of state insurance, like the question of old-age pensions, is a question which may, under certain conditions, and in certain places, be fairly discussed. I do not propose to discuss that now, I merely mention it in order to clear the ground, and to point out that this is neither an old-age pension Bill nor yet a provision for state insurance. Then there are parties who object to the provision, which I may observe has already been recognized fully by our law, and is recognized in all old-age pension Bills introduced in other countries, that an annuity granted by the state under these conditions should be inalienable, should be free from seizure for debt and should remain the property of the person who obtains it until the day of his death. Then there are others

who object because this measure would in no respect assist men who have not chosen to assist themselves, and because there is nothing in it which would enable the lazy or the sensual, or men who have neglected their opportunities, to batten on the toil of their more honest and prudent neighbours. These objections pretty well answer each other. But when parties allege that there is no need for the proposed measure, I think they make a rather serious mistake. Some persons have urged that there is no demand for a measure of this kind. Well there could by no possibility be a demand for an article which has never yet been put on the Canadian market, or, as far as I know, on the market of any other country. No one but government could offer the terms that are proposed to be offered in this Bill, and to say that there is no demand for a thing that has never been placed before the public, seems to me to be a contradiction of terms. But if there are parties here or elsewhere who hold that there is no need of this, then I say that they are very blind to certain very obvious facts disclosed in every Gazette return, and every bank statement, and every government report which deals with the question.

THOUSANDS UNABLE TO INVEST SAVINGS PROFITABLY

It may be unknown to some gentlemen, even in this House, but it is the fact that there are at this moment no less than five or six hundred thousand persons, being very nearly a fourth of all the wage-earners in Canada, who are unable to invest the moneys they possess at any higher rate than 3 per cent. Of these two hundred thousand are at this moment investing their moneys in government savings banks, in which they have deposited \$61,000,000 at 3 per cent. I have in

my hands the returns from three of our more important banks, which show that in their savings department 170,000 depositors are likewise depositing their money and receiving no more than 3 per cent. At the very lowest calculation, at least an equal number are depositing their moneys in the savings banks operated by the other banks in the country; so you have at this present moment between five and six hundred thousand of our fellow-countrymen and countrywomen investing their money at 3 per cent. and to the extent of from one hundred and fifty to two hundred million dollars. I may add, parenthetically, that the total amount deposited in the banks of this country, almost all of which is at 3 per cent. if it bears any interest at all, amounts roughly to \$560,000,000, apart from the sixty millions invested in the government savings banks. A very great deal of this is a pure provision for old age on the part of these people. I have had occasion to inspect these savings banks returns in a good many quarters, and it is a notable and noteworthy fact that many who put their money in savings banks very frequently leave it undisturbed, or go on increasing their deposits during the whole term of their natural life. It is a very frequent case that men who begin to deposit never take out a penny, but leave it there until it is withdrawn by their heirs. Now, I ask the House and the country, why is it, in a country like Canada, where there are undoubtedly a great many opportunities for profitable investment, that this vast number of people have deposited this immense sum of money at a bare 3 per cent. interest? The answer is plain to my mind. These people deposited it because they require perfect security, and they believe that the

government or banks of high standing alone can give this perfect security. There are, besides these, a very considerable number of people, though nothing like as many as those who deposit in savings banks, who have invested their money in enterprises of a more or less dubious character, simply because they have no opportunity for doing better. Until now, these people have had no alternative. They must either put their money in the savings banks at 3 per cent. or take the risk and chances of investing in enterprises as to the solvency of which it is very difficult for them or anybody to form an opinion. Now, I say that to all this class, and it is a very large class, this scheme would give an opportunity for making very fair provision for their old age. It may not be accepted, that is quite possible; all the same I think it is the duty of the government to give these people the chance and take pains to explain it to them, and no doubt very much will depend on the way it is presented, but I am of the opinion that if the parties to whom the administration of such a scheme is entrusted were to take one-tenth part as much pains to explain the merits of this measure to the public at large as the ordinary vendors of quack medicines do in advertising their nostrums through the country, that an immense number of people would be found ready to avail themselves of it.

THE DUTY OF THE STATE.

One word as to the duty of the State. I do not believe that the State owes every man a living. But I do believe that the State owes it to every man to see that no legal impediment is put in the way of any man earning a living and more especially that it is the duty of the State to see to it that no man is prevented by

the tyrannical violence of any combination from disposing of his labour on such terms and conditions as he chooses on the one hand and on the other that no trusts or combines be permitted on any pretext to filch from him any part of the wages of his labour.

I have said there has been a confusion of ideas on this matter. I have pointed out the complete distinction which exists between annuities and old-age pensions. There has been a confusion also as to the number of men who are likely to be desirous of availing themselves of such a project, and who have the means of doing so. There has been confusion likewise, as I have said, as to the risk of interference with insurance companies, with which this measure at any rate does not interfere at all, and likewise, I think, over the question whether the government was likely to outstep its legitimate functions in providing such a means for those who choose to avail themselves of it, of guarding against penury in their old age. I do not want to lay too much stress—because circumstances differ in different countries—on the fact which has been alluded to by my hon. friend from Kingston, that an annuity which is a purchase where a man pays his money and obtains an equivalent and nothing more, is a totally different thing from a pension, in this, that the purchase of an annuity strengthens a man's self-reliance and independence, while the gift of a pension in a great many cases tends to debase and demoralize him. One of these proceedings—although it may be temporarily expedient under different conditions from those which prevail in Canada—is at the best a doubtful remedy. The other may well prove a means of preventing grave mischief in the not distant future. The duty of

the government is chiefly to help men to help themselves and not to pander to folly and improvidence, much less to penalize thrift and prudence, for the House and the country would do well to remember this, that when you grant large sums of money for the purpose of providing pensions for those who are unable to provide for themselves, a very large proportion of the burden, under any circumstances, must rest on the shoulders of the industrious poor. They, after all, are the parties who contribute the major portion of our revenues under our fiscal system and any unnecessary expenditure, or any additional expenditure must, of necessity, come out of their pockets in a large degree.

DOES NOT CONFLICT WITH ORDINARY INSURANCE.

This measure not only does not conflict with insurance companies who are doing a good work on the whole throughout the country, and with reasonable precautions will continue to do it; but it does not conflict seriously even with those companies who desire to issue annuities. They have a large field left to them. We do not propose, that inalienable annuities should be granted for a larger sum than \$400 a year in any one case. Everything outside of that, the ordinary companies are left to deal with as they choose, and there is this important difference to be observed, that ordinarily speaking a man who purchases an annuity purchases something which he desires should be paid to him from the moment he makes the payment to the annuity company. In this case the great majority of annuities that might be purchased would be deferred annuities, not coming due for thirty or forty years, which is another very good reason why it would be

much easier to induce workmen in particular to purchase them from the state, than to purchase them from any other quarter, because the most astute financier would hardly feel the same confidence that an insurance or annuity company, however solvent today, would be equally solvent thirty or forty years hence, as he would that the government under which he lived would be able to redeem its obligations. No doubt a private company has this one advantage—a private company might conceivably invest its money at higher rates, and, possibly, give a little larger annuity. As a matter of fact, I am tolerably certain that no private company of decent standing could afford to give better terms than those I expect would be given under the Bill now before you, and for these very good reasons: The rate of interest which it is suggested should be allowed, will quite equal the rate which can be obtained today on first-class securities, and in the next place, as I remarked before, the government could conduct an operation of this kind very cheaply, and has no desire whatever to make one penny of profit out of the transaction; whereas, in the nature of the case, every annuity company must of necessity desire to make its reasonable profit.

In order that the House may understand it exactly, I have worked out this scheme at the ages of twenty, twenty-five, thirty and forty, and at a rate of interest varying from three and a half to three and three-quarters per cent. I am prepared to show, and I have the authority of the Insurance Department, besides, that taking the usual rates allowed by insurance companies in good standing, any man who begins at the age of twenty years, can, for a payment of twenty-five

cents per week continued up to the age of sixty years, secure for himself an annuity of \$120 at that period, or, although his payments would cease at sixty, if he chose to accept a deferred annuity at sixty-five he would receive \$200 a year.

Hon. Mr. FERGUSON—I think my hon. friend can scarcely be accurate in that calculation.

Hon. Sir RICHARD CARTWRIGHT—I should be very pleased to give my hon. friend the calculations.

Hon. Mr. FERGUSON—Twenty-five cents a week is \$1 a month—\$12 a year.

Hon. Sir RICHARD CARTWRIGHT — Thirteen dollars a year to be exact.

Hon. Mr. FERGUSON—Has it been worked out actuarially?

UNLIMITED POSSIBILITIES IN ANNUITIES SYSTEM.

Hon. Sir RICHARD CARTWRIGHT—I will work it out with the hon. gentleman now, and I think when I have worked it out, he will see that the statement is correct. As I understand him, he thinks my calculations are far too little. \$13 a year for forty years equals \$520. At three and a half per cent., much more at three and three-quarters per cent., the interest in those forty years would bring the amount up to \$1,040. Under the terms proposed here, there will of necessity be a reasonable though not an excessive advantage to the annuitant, because we pay only in the case of lapses three per cent. ordinary interest, and the result is this, that on the payment of so small an amount as 25 cents a week the Government could afford to pay the annuities I have mentioned. The same results would follow if he began at twenty-five years of age, when he would have only thirty-five

years to pay, by a payment of thirty cents a week. If he began at thirty years he would have to pay thirty-five cents a week for thirty years. If at thirty-five years, when he would have only to pay for twenty-five years he would require to pay fifty cents a week, and at forty years seventy cents a week. Those are calculations which have been very carefully made by the actuarial department, and there is no doubt whatever about it. Everybody in this House will see that there are very many wage-earners in Canada to whom it would be no inconvenience to make such weekly payments.

It may be observed that anyone who chooses could secure such an annuity by a weekly payment of one dollar for five years, or by paying in a lump sum of \$250.00, and so on *mutatis mutandis* for that for any of the other ages between twenty and sixty. In fact, it is intended to consult the convenience of purchasers of annuities in every possible way. These details will be regulated by Government if the Bill becomes law.

Hon. Sir MACKENZIE BOWELL—Are the deposits compounded annually or semi-annually in that calculation?

Hon. Sir RICHARD CARTWRIGHT—I think they are compounded annually, but the difference between the annual and half-yearly compounding at a low rate of interest would be very small. The one that I took as an illustration was the case of a man who at twenty chose to avail himself of the system. Three and a half per cent. would be sufficient in his case. The man who availed himself of it at forty or later would be allowed a slightly greater rate of interest.

Hon. Mr. WOOD—Is anything allowed for the cost of management?

Hon. Sir RICHARD CARTWRIGHT—That I think the state, looking at the advantages to the community, might take on its shoulders; but I will allude to that afterwards.

Hon. Mr. FERGUSON—The government could afford to throw in the cost of management.

THE COST OF MANAGEMENT.

Hon. Sir RICHARD CARTWRIGHT—The cost of management would be very insignificant, for this reason: The state at this present moment has a very large savings bank account. It deals with two hundred thousand separate depositors in its savings banks alone, and the actual cost of management is very small. Now, it would be a trifling addition to the cost of management to add whatever number of parties chose to avail themselves of this project to the present savings banks depositors, and, as I said, I think the advantages to the state are so great that the state might well allot a very moderate sum of money to the purpose of facilitating the introduction of this scheme. There would, no doubt, for the first three years while introducing it, be need of some grant in aid. That I mentioned in my former remarks on the subject.

I may state with respect to old-age pensions, I have here the very latest Bill introduced in the English House of Commons, on the 15th February of this year. That is a subject which has been debated for from twenty-five to thirty years in England. It has been dealt with by a great many parliamentary committees, among which was one of which His Majesty himself was a member. I do not say what may be evolved here-

after, but up to the present time all these committees, I think, without exception, have reported that no perfectly satisfactory scheme could be recommended. I have pointed out before, and I now repeat, that I do not desire to criticise at all what it may be deemed necessary to do in old countries where there is a large population hovering on the verge of famine. Other expedients may be necessary and experiments may be properly tried which have no place in a country like Canada, and for that reason I shall not refer to the cases of Germany or even of Australasia, because in the case of Germany you deal with a situation which is impossible here. You have compulsory payments for the purpose of providing an annuity, and you have a form of government which, although nominally representative, is in reality to a very great extent an autocracy. Nor do I care for the experiments in Australasia, for two reasons: In that country they have gone pretty far in the direction of a very rank socialism, and what is more, the evidence that has come into my hands in respect to them, go to show that the result of their experiments has been by no means satisfactory, nor is it likely to be satisfactory.

THE PRESENT THE MOST OPPORTUNE TIME.

Now, in conclusion, let me say this: I repeat that this is a matter which is brought forward absolutely and entirely without reference to parties. It is brought forward for the purpose of laying before the people of Canada, as far as it is in my power to do so, a project which, I think, if well worked out, may be of considerable service to a large and deserving portion of the population. I say, first of all, to this House, and next to the people of Canada, whose servant I am, and

whose servant I have been for about four and forty years without any very great profit to myself, not merely is the time opportune, not merely is a good chance presented to us now, but I say that it is most singularly opportune. There is a combination of circumstances now existing in Canada which gives us a chance of devising and placing on our statute-book and putting into effect a scheme of this sort such as in my experience has not occurred at any time within the last fifty years, or, I believe, since Canada became a country at all. I think the House as a whole will agree with me that at this time Canada is entering on a period of very great industrial development. For a long time to come there is a strong probability that the rate of wages, and the rate of interest, which is an important point, will continue at a very high figure throughout Canada. It is quite possible, nay, it is quite probable, that there may be occasional setbacks and depressions; but so far as it is possible for any one to make a forecast, for the next twenty-five or thirty years I believe there are many circumstances which tend to show that it is extremely probable that during a whole generation from the present date and until our western territory fills up, Canada will be an extraordinarily prosperous country. Our position here today is very closely analagous to the condition of things which prevailed in the United States from 1840 to 1860, when they were settling up a very great portion of the country they now possess. That period, as I believe every political economist in the United States has admitted, was perhaps the most prosperous portion of American fiscal history. It was a period during which there was an enormous expansion, and a much

better distribution of wealth, much more general comfort, and lastly much less individual poverty than exists in the United States today. Unfortunately, the bright prospects that then existed in the United States were soon overclouded. They had in the first place what all of us will agree in regarding as a desolating civil war, and they had also what all will not agree in regarding as a still greater misfortune, a desolating tariff.

Hon. Sir MACKENZIE BOWELL—No, we will not agree to that.

ANNUITIES IN THE INDUSTRIAL WORLD.

Hon. Sir RICHARD CARTWRIGHT—I am not going to raise the question of the tariff either, but I will simply say this, that in my judgment—and I have bestowed a good deal of attention on the subject whether it has been well directed or not—the United States did themselves a great injury by the introduction of their tariff. It was responsible for many evils, and notably because it divided labour and capital into two hostile camps, and has brought about, as all observers know, a state of things in the United States which borders on a potential industrial war, breaking out very often on very flimsy pretexts, and which in many respects threatens the prosperity of that country quite as much as do the European armaments which have done so much to hamper the progress of the peoples of that continent, a condition greatly to be deplored, and which, I may add, threatens their liberty too. Now I do not say that such a scheme as this will prevent these consequences, but I say it will go a good way to lessen them. Moreover, I say that this is suitable in a high degree to the temper of our people. I am not

concerned as to how such a scheme would answer elsewhere. I say Canada is able to make her own precedents, and if she sets an example in this case, she will only do what she has done before on other occasions and successfully . No true Canadian, and no honest workman that I know of, would desire to be dependent on charity whether of the state or an individual if only opportunity is given him to make provision for himself by his own energy and self-denial. It is our happy position that in Canada there is as yet no submerged tenth, and I may add it will be our own fault as a nation if for many a day and many a generation a submerged tenth should come into existence in Canada. I say, God forbid that such a thing should ever happen; and I say moreover that this measure would contribute both directly and indirectly if the people choose to avail themselves of it, to prevent any such contingency, and that it is infinitely better for us to spend, if need be, a few thousands a year in order to encourage thrift and self-respect amongst our people, than perhaps, as they may have to do in England, to waste millions which at best will pauperize a great many. I may add, too, that it is well even for us to remember that in old times—we have the lessons of history to teach us—the Roman people never lost their liberty till the people were fed by the state. I have no sympathy with the class of maudlin philanthropists who would reward the idle sensualist at the expense of the honest, frugal and industrious. And if honourable gentlemen think that this is too hard a saying I may remind them that there was once a great saint who was also a great philosopher who lived about 2,000 years ago, and who has left his views on the subject

on record in the memorable saying, "If a man will not work neither let him eat."

This is sound sense and sound political economy as well, and to this doctrine, I, for my part, do most heartily subscribe.

THE STATE AND THE CITIZEN WILL CO-OPERATE.

Lastly, I desire to point out that this is no charitable proposition in any shape or way. The state and the citizen under this will alike co-operate. The state will supply the machinery and the security which the state alone can supply. The citizens will do the rest. It is a true and proper commercial arrangement. If it succeeds, both parties, both the state and citizen, will benefit, and benefit largely. The cost of the experiment which my hon. friend opposite alluded to is insignificant. As far as I can calculate, it is probable that the cost of it might about equal the cost of one field-gun in a field-battery at the very latest prices that we have had to pay for that luxury. We have come to the parting of the ways. This question will have to be handled, and it will be handled doubtless whether we like it or not, in the space of a moderate period of time. We may treat it as demagogues will treat it or treat it as statesmen will treat it, and at least and at lowest—and with that I will leave the matter in the opinion of my friends here—at least and lowest this project can by no possibility involve any harm except the loss of a very small amount of money. Let us give the people the choice, and let the people choose. If it fails, Canada will be no poorer. If it succeeds, Canada will be very much the richer, and it will be richer in more important things than money. We will have the satisfaction of knowing that a difficult

problem has been solved, that a long step has been made forward, and that a valuable educational lesson has been taught. It will strengthen self-reliance; it will strengthen independence; it will encourage and reward forethought and self-denial; and these, in my judgment, are qualities which are indispensable to the formation of any strong national character. Without these neither men nor nations have achieved permanent greatness, and anything that we or the government can do to foster such results at least deserves serious consideration.

Hon. Mr. BEIQUE—I merely desire to suggest that in order that we may the better appreciate the brilliant remarks which have been made by the right hon. gentleman, the draft Bill be placed with the minister's speech either at the beginning or the end of his remarks, so that we will be better able to follow them.

Hon. Sir RICHARD CARTWRIGHT—I will have pleasure in complying with the request.

THE DRAFT BILL.

An Act to authorize the issue of Government Annuities for Old Age.

His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

1. This Act may be cited as the Government Annuities Act, 190 .
2. In this Act, unless the context otherwise requires,—
 - (a) ' Minister ' means the Minister of Trade and Commerce, or such other minister as may be appointed by the Governor in Council to administer this Act;
 - (b) ' government annuity ' means an annuity issued under the provisions of this Act;
 - (c) ' annuitant ' means a person in receipt of or entitled to the receipt of a government annuity.

3. His Majesty, represented and acting by the minister, may, from time to time, subject to the provisions of this Act and of any order in council made under the authority of this Act, enter into and enforce any contracts whatever which may be lawfully made by any person, for the sale of annuities, either immediate or deferred, and whether conditioned upon the continuance of the life of the annuitant or for any certain limited term of years; such annuities shall be chargeable and charged upon, and shall be payable and paid out of the fund by this Act, created and designated 'The Government Annuities Fund.'

4. A government annuity shall not be made in favour of any person other than the actual annuitant, nor for any larger amount than four hundred dollars a year; the total amount payable by way of a government annuity or government annuities to any annuitant shall not exceed four hundred dollars a year; nor shall any government annuity be payable or paid to any annuitant until and unless that annuitant has reached the age of sixty years.

5. The minister may refuse to contract for any government annuity in any case where he is of opinion that there are sufficient grounds for refusing so to do.

6. The property and interest of any annuitant in any contract for a government annuity shall not be transferable, either at law or in equity, and the minister shall not receive or be affected by notice, however given, of any trust affecting any government annuity.

7. The property and interest in any contract for a government annuity of any annuitant shall be exempt from the operation of any law relating to bankruptcy or insolvency, and shall not be seized or levied upon by or under the process of any court whatever.

8. In case of the death of any annuitant before the time at which a government annuity becomes payable to him, all moneys paid by him in consideration of such annuity shall be paid to his heirs or legal representatives, with interest thereon at the rate of three per cent. per annum.

2. In such case the provisions of section 7 of this Act shall apply to such moneys.

9. The Governor in Council may, from time to time, make regulations not inconsistent with this Act,—

(1) As to the use of tables approved of from time to time by him for determining the value of government annuities; and for the revocation of all or any of such tables and the use of other tables approved by him.

(2) For the discontinuance, after notice in the 'Canada Gazette,' in such form and manner as he thinks fit, of the sale of government annuities, if he deems it advisable so to do.

(3) For fixing the kinds and classes of government annuities which may be issued, the maximum and minimum limits of the amount thereof, and the amount and mode of the payments to be made therefor.

(4) As to the mode of making and the forms of contracts for government annuities, including all requirements as to applications therefor.

(5) As to the modes of proving the age and identity and the existence or death of persons.

(6) As to the modes of paying sums of money payable under this Act, and the management of the accounts required to be kept.

(7) As to the dealing with and application of unclaimed government annuities.

(8) The doing of everything incidental to the foregoing matters or necessary for the effectual execution and working of this Act, and the attainment of the intention and objects thereof.

10. All moneys received under the provisions of this Act on account of the purchase of government annuities shall be paid into the Consolidated Revenue Fund, under such regulations as the Governor in Council from time to time prescribes in that respect; and a distinct and separate account of all such moneys shall be kept, which account shall be called 'The Government Annuities Fund Account.'

11. Such moneys shall be held and invested by and in the name of three trustees, of whom the Minister of Finance and Receiver General and the Auditor General shall be ex-officio two, and the third shall be appointed by the Governor in Council.

2. The said trustees shall, from time to time, invest the moneys standing to the credit of 'The Government Annuities Fund Account,' firstly and by preference, in government securities of Canada and of the several provinces of Canada, and of the United

Kingdom of Great Britain and Ireland, and, secondly, in such other securities as are from time to time authorized by the Governor in Council.

12. All moneys payable under this Act as, or on account of, government annuities are hereby made chargeable upon and shall be charged upon the moneys standing to the credit of 'The Government Annuities Fund Account.'

2. If at any time the moneys standing to the credit of 'The Government Annuities Fund Account' are insufficient to discharge the amounts so chargeable, the Auditor General shall, under the warrant of the Governor in Council and on the requisition of the Minister of Finance and Receiver General, countersigned by the minister, sanction the issue of the amount of such deficiency out of the consolidated revenue fund to the Minister of Finance and Receiver General, to be transferred by him to the credit of 'The Government Annuities Fund Account' for the purpose of paying claims for such amounts.

13. The Minister of Finance and Receiver General shall certify every such deficiency to both Houses of parliament within fourteen days after the issue of such moneys from the consolidated revenue fund, if parliament is then sitting, and if not, within fourteen days after the commencement of the then next session of parliament.

14. Every person who for his own use, or for the use of any other person, receives any payment, otherwise than as is authorized by law, upon or in respect of any government annuity, after the death of any annuitant on the continuance of whose life such annuity was payable, knowing such annuitant to be dead, and contrary to the true intent and meaning of this Act, shall forfeit to His Majesty, his heirs and successors, treble the amount of all money so received.

15. The minister shall lay before both Houses of parliament, within twenty-one days from the commencement of each session thereof, a return containing a full and clear statement and accounts of all business done in pursuance of this Act during the fiscal year next previous to such session. The statement and accounts shall be in such form and shall contain such information and particulars as are from time to time prescribed by the Governor in Council.

