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THE 2 SENATE DEBATES

THIRD SESSION—TENTH PARLIAMENT

SPEECH

OF THE

HON. SIR RICHARD CARTWRIGHT

ON

OLD AGE PENSIONS

OTTAWA, THURSDAY, FEBRUARY 28, 1907.

Hon. Mr. McMULLEN—I observe the question of old age pensions is being discussed in other places. I desire to inquire:

1. Have the government had this matter under consideration?

2. Whether a Bill dealing with this or any similar object has been prepared?

3. Whether the government propose to introduce any legislation on the subject during this session?

4. Whether, if such a Bill as above referred to, has been prepared, the government will cause it to be laid on the table for the information of the House?

Hon. Sir RICHARD CARTWRIGHT—The matter to which my hon. friend has alluded is one of no common interest and no common importance. I have no doubt myself that within a comparatively short space of time this question of old age pensions, or a somewhat similar question, will most undoubtedly be engaging the attention of many legislatures, as indeed it has already in the mother country and in several of our sister colonies. I am free to admit that I have always regarded the case of honest, industrious men who have for many years led a life of toil, and at the end of their lives find themselves either by accident or misfortune, or some other cause of a similar kind, thrown on the charity of their neighbours or their relatives, as pre-eminently deserving the compassion and consideration of everybody, and if it were

possible to confine the question of old age pensions to that particular class, I do not know that I, and I dare say that many other people would be of the same opinion, would object to introducing some such measure. But this is a subject to which I have given for a considerable space of time a good deal of attention. It is pre-eminently a question on which there are two sides. The one side is the side I have presented; the other side, which undoubtedly deserves our most serious consideration, is this—what would be the effect of a scheme of old age pensions on the community at large? How far would it discourage thrift? How far would it discourage self-reliance; and, what is quite as important if such a scheme were adopted, how would it affect the working men themselves? My own impression is that, in a great many cases, such a scheme would be found to encourage extravagance, and the result would be that the thrifty, industrious working man would find himself compelled ultimately to bear the burden of his less industrious and possibly dissolute companion. I may observe in passing, that this question of old age pensions, although it is sometimes confounded with it, has nothing, in my judgment, to do with the case of pensions awarded to civil or military servants of any government.

That stands on different ground ; may be defended on wholly different grounds, and may be regarded more as part of their wages than as a direct pension. As regards old age pensions there is one exception, I admit. I can understand in the case of old and densely peopled countries, where a large proportion of the population are leading a life from hand to mouth; where there is practically no margin, that statesmen may find themselves or think themselves compelled to adopt some such expedient, although, even there, I am strongly of opinion that the experiment is dubious; and, at the best, can only be regarded as a temporary expedient dealing with the effect and not with the cause. Fortunately for us in Canada, I think I am justified in saying, and I think the experience of my colleagues here and elsewhere will bear me out, there is very little risk of any hardworking, industrious, able bodied man not being able to make an adequate provision for his old age, if only an opportunity were given to him. I say if only an opportunity be given to him. For myself, I trust we shall never see a state of things in Canada such as I have alluded to, where a large proportion of our population would be in such a condition as I have described, though I think we might very well take precautions now, while the circumstances of our people are wonderfully good as compared with those of people in other countries with which I have any acquaintance, to prevent the chance of the occurrence of any disastrous conditions. Speaking for myself alone, and in no sense speaking in this matter for my colleagues or other parties, I doubt extremely the expediency of having recourse to a system of old age pensions, but I do believe there is a great opportunity for the state to avail itself of the machinery at its disposal for the purpose of placing within the grasp of every industrious man in Canada the opportunity, at an easy rate, and at very small cost to the state, of providing a reasonable annuity for his support at an advanced period of life. I say more; not only do I believe that this can be done practically without cost, or at an infinitesimal cost to the state—infinitesimal that is to say, in proportion to the benefits to be bestowed—but I believe that some such scheme would attain an end of very great national impor-

tance, and meet a great want which is now felt, and which will be more and more felt from time to time as we grow in wealth and importance, and as there are larger numbers of our people engaged in what may be called daily wage earning occupations. I think it is in the power of the state to help every man to provide for his old age at a very small sacrifice. It is quite true that any scheme of that kind, if it is to have a large and general application, must provide of necessity three things, otherwise no great measure of success can be hoped for from it; it must, in my judgment, first of all be an absolutely safe scheme; it must be a scheme which will inspire confidence in the class whom we particularly desire to reach; it must be a scheme in which there is, humanly speaking, no possibility of the man who invests his money by any chance being deprived of the fruits of his investments. In the second place, there would be required in such a scheme, particularly if applied to the class of daily wage-earners, what I call an absolute freedom from forfeiture. Anybody who is acquainted with the habits of our working classes and the position in which they stand, must know that there is no scheme which would be of practical use to them if they are compelled, on pain of forfeiture, to make a monthly, weekly, quarterly, or any other kind of payment from year to year. There are periods at which they cannot make any payments, and, in such a scheme, it would be necessary to provide that if, from any cause, payments were intermitted at any time, the parties who were taking advantage of the state provision should be allowed, under proper conditions, and on payment of a reasonably moderate interest, to resume when times were better, the payments to which I have alluded. But, in any case, it would be also necessary that no creditor could under any circumstances lay his clutches on an old age annuity; that no dependent or child could be able to cajole the right to use the annuity from its possessor, and in the third place, it would be necessary that there should be no power of anticipation; that the party who gets it must be content to take it on that condition, and also, that in case he died before the period at which only the annuity would be proposed to be

given, that his heirs would receive the money he had paid with reasonable interest thereon. There is no possibility of any corporation affording all these things to parties who desire to obtain annuities. As a matter of fact, I have carefully examined the records of the insurance companies as contained in the reports of our insurance officers, and I find that there are practically no annuities now being taken out in Canada; nor do I believe that under existing conditions there ever would be, particularly by wage-earners, and for this obvious reason; no wage-earner of the ordinary kind desiring to make such an investment at an early age, could feel absolute certainty that an ordinary corporation, no matter how well managed it might be, no matter how solvent it might be at that particular moment, would be equally solvent and equally well managed twenty, thirty or forty years thereafter. As I said, these things can only be secured by the state. The working man can trust the state, and nobody else, and as a matter of fact I do not believe he would trust anybody else.

Hon. Mr. LANDRY—I would ask the hon. gentleman, are we to understand a discussion is going to take place on this question? This is quite irregular.

Hon. Sir RICHARD CARTWRIGHT—It is somewhat irregular, but my hon. friend has asked a question which I can only answer in this irregular way. I am aware it is not precisely in order, but I suppose I could place myself in order by moving the adjournment of the House. Does the hon. gentleman desire me to do that?

Hon. Mr. LANDRY—No, we will move the adjournment of the discussion until tomorrow.

Hon. Sir RICHARD CARTWRIGHT—I may say to the Senate that this is a subject on which I think we can, with the time at our disposal, very well afford to give a few minutes, even if we do slightly transgress the strict etiquette of the situation. This is not a party measure in any shape or form.

Hon. Mr. POIRIER—I wish the same courtesy had been extended to me in regard to the question I brought up last week. Inasmuch as we have so much time to

spare, the question I introduced might have been discussed instead of being shelved sine die.

Hon. Sir RICHARD CARTWRIGHT—I think this is perhaps a little more germane to the interests of the people of Canada than the acquisition of the north pole. But that is a matter of opinion.

Hon. Mr. POIRIER—It might be a matter of opinion.

Hon. Mr. LANDRY—It is not so refreshing.

Hon. Sir RICHARD CARTWRIGHT—I place myself at the disposal of the House. If hon. gentlemen do not desire me to proceed, I can find another opportunity for concluding my remarks.

Some hon. GENTLEMEN—Go on.

Hon. Sir RICHARD CARTWRIGHT—The question is, what results can reasonably be promised, and at what cost can they be obtained? As I say, I have bestowed some consideration on this matter. I am not speaking at random; I am not speaking without calculation and not without having my calculations carefully revised by some of the best actuaries in Canada. If the state will provide the machinery—and it can do that very cheaply indeed—if the state is willing to allow from three and one-half to three and three-quarters per cent—and I am making this statement after careful calculation,—taking the present average of wages which prevails in Canada, allowing for the average duration of life, in the classes with whom we will chiefly deal, I say these results can be obtained. If any man chooses, when he comes of age, to put aside the wage of one or one and one-half hours per week, or one half day per month, I say that the state could afford when that man attained to the age of 60, to guarantee him an annuity of \$120 a year, or if he would accept a deferred annuity commencing at 65, of \$200 a year, all payments ceasing at the age of 60. Of course I need not point out to hon. gentlemen here that larger payment would produce larger results, and that in other case of commencing at a later age the payments would be proportionately larger than the one I have taken for the moment, as what may be called the unit of calcula-

tion Some hon. gentlemen may think that these are rather better terms than can be granted without a considerable drain on the public chest. These are not very much better terms than would be given by an ordinary insurance company, but the reason why I think, and why some parties whom I have consulted think, that better terms can be given, are chiefly these three. First of all, the state wants to make no profit out of a transaction of this kind; whereas any ordinary corporation, in the natural course of things, would require to make a reasonable profit. In the next place, there would be a certain gain by death or by parties dropping out, although, as I have said, in those cases re-payment would be made on certain terms, and I think it is also pretty well ascertained, that, in the case of a great many wage-earners, the duration of life is considerable shorter than it is in the case of persons engaged in other occupations. That, however, is a matter of no very immediate importance, because the utmost difference between what I have suggested now, and what might be required, would probably be a bare quarter of one per cent, if that much. As to minor details in this matter, undoubtedly it would be highly desirable that the mode of payment should be made easy, so that the parties, if they like, could pay up in a lump sum or in short instalments over five, ten, twenty years, or in any way most convenient to them. If some such scheme were ever adopted by the government of Canada, I would suggest, as is the case in England, in the matter of savings banks or the like, that funds should be ear-marked, placed in the hands of commissioners and held specially devoted to these purposes, not that I think it would add materially to the security, but because in dealing with the classes we wish to reach, some such step, as that would be acceptable; also it would be necessary to limit the annuity to a certain maximum. Now by creating a very small bureau, and by utilizing the existing machinery which we possess, this can be done for an extremely small cost, and the public would be repaid ten-fold, perhaps a hundred fold over if the scheme proved a success. I admit that this is designed chiefly for the benefit of daily wage-earners; still it would

necessarily be available for all citizens, farmers, tradesmen, professional men; or for their wives and children, and in short for all those who chose to avail themselves of it, up to the maximum limit that I have explained. If this were properly explained and properly understood, I am of opinion that it might be widely used. Of course this is a project which would need the aid of the press, would need the aid of the pulpit, and, perhaps, would need the aid of large employers of labour and all who are interested in promoting the welfare of the wage-earner. The Bill to which my hon. friend refers, and which has been mentioned in the lower House as well as in this place, was drafted to empower the government to grant annuities only—and this I would call the attention of the House to—does not interfere in any shape or way with the present system of insurance. It does return a certain portion of the money paid, and certain interest on it, but it does not interfere with insurance. Whatever may be thought of the scheme of state insurance, it has no place or connection with this, good, bad or indifferent. My own impression is that those who would use this scheme would not use the other, and vice versa. As to the field, it may interest the hon. gentleman to know what we have at this moment, according to the last 'Gazette' return placed in my hand, some \$61,000,000, and a little over in the government savings banks, or in the post office savings bank, bearing an interest of 3 per cent, and that we have something like 200,000 depositors, as I am informed. A comparatively moderate amount of this would go very far to place such a scheme, if they chose to invest their money in that way, instead of holding it in the savings bank at 3 per cent, and this alone would go a long way to make it a success. As to the political side of it, every hon. gentleman present can see that this scheme, if carried out, would interest thousands, it may be hundreds of thousands of people in the stability of the government. It would have the advantage that it would present the government to these men's mind in a somewhat better light than that of a mere tax-collector. Ultimately, too, it might cause the bulk or a very large portion of our national debt to be held in Canada

which would be incidentally an advantage. These, of course, are mere minor, incidental benefits. The chief advantage is what I have stated, that it would enable all wage-earners, by a moderate sacrifice, to make an effectual provision for their old age, and would guard them against the swindling projects by which many of them have been deluded into making sacrifices they could ill afford, only to wake up in their old age to find themselves destitute. I regret the rules of this House prevent me from introducing a measure of this kind here. It has to be introduced in the lower House.

I can, as my hon. friend requested, lay the draft Bill on the table of the House if the House so desires, but it must be distinctly understood that it is only as a draft Bill; that the government are not committed to it, and that it is merely laid on the table for the purpose of being useful in the discussion, and is subject, even if adopted, to alteration and amendment in any shape. If my hon. friend and the House desire, there can be no particular objection to placing the draft on the table of the House for those purposes, and I have no objection to do so.