

Canada Pension Plan

imum pensionable earnings. This adjustment affects the amount upon which a contribution is payable and also, by virtue of clause 51, the determination of the earnings related benefits. It is also used to adjust for the year 1968 and thereafter the monthly flat rate benefit under the plan of \$25 per month, and \$12.50 if the bill is amended later on; the amount of all benefits after they are in pay, either flat rate benefits or earnings related benefits, and the flat rate old age security benefit.

The calculation of the pension index is to be made by the officials once a year as required. Its purpose is to provide for the reasonable adjustment of pensions according to changes in the cost of living.

The pension index for a year is defined in relation to the consumer price index for the 12 month period ending June 30 of the previous year. For 1967, the pension index will be set at the average of the 12 monthly consumer price index figures for the period July 1965 to June 1966. For 1968, the pension index will be set at the average of the 12 monthly consumer price index figures for the period July 1966 to June 1967, provided the average is not more than 2 per cent or less than 1 per cent higher than the pension index for 1967, and so on for each year. If it is more than 2 per cent higher, the 1968 pension index will be set at 102 per cent of the 1967 pension index. If it is less than 1 per cent higher, or if it is lower the 1968 pension index will be the same as the 1967 pension index. I would refer those who are further interested to page 226 of the proceedings of the joint committee.

Mr. Chatterton: I appreciate the explanation given by the minister but may I suggest that explanations be offered to those who were not on the committee only if they ask questions. Apart from that, it might save time if explanations were given only when questions are asked. We are anxious to expedite the proceedings of this house in committee.

Mr. Knowles: I should like to say a brief word about this question now, though we shall come to it again later in the bill, particularly when we get to part IV. I am delighted to hear that the decision has been made by our friends to the right that they are not going to be frightened by the concept of indexing. I am glad they have decided to support the principle that is laid down here.

I should like to say again that I heartily endorse the earnings index and the way in

which it will be used ten years from now to adjust the ceiling on earnings; also the way in which it is used to calculate the basis of a pension when a person retires. Because I approve of the use of the earnings index in these circumstances I feel it should also be the basis for escalating pensions. On the old theory that one has to be grateful for half a loaf when one would like to see a whole one, I suppose we have to be appreciative of the decision to keep pensions, once they have been put in pay, on a level with increases in the cost of living. That is what the escalation of these two pensions on the basis of a pension index is designed to do.

But surely increases in the standard of living, increases in the wages of those still working, increases in general productivity, increases in the nation's affluence, are just as much factors in the lives of retired people as they are factors in the lives of people who are working. We do not think it is good enough to say to people after their retirement that though they may have been able to keep up with the escalation which took place during their working lives they must henceforth fall behind it year by year. I was glad to hear the hon. member for Perth quoting with approval what was said I believe by William Anderson regarding the desirability of making actual increases in the flat rate of pensions as people grew older. That is perhaps even better. But I feel that now that we have accepted the principle that pensions put in pay shall be increased, increases should be not just in proportion to the cost of living but in proportion to the general improvement in the economic conditions of the community around us.

Some interesting figures were placed on the record of the committee at page 151 of the evidence. Statistics were given as to the changes in the gross national product both in basic figures and on a per capita basis, in the consumer price index and in average weekly wages and salaries in Canada. A few minutes ago I made a rough calculation from the year 1939 to the present. I took 1939 because that is the earliest year in which there are figures in all four columns. The committee will notice that in 1939 the gross national product, at market prices in current dollars, was \$5,636 million. By 1963 it had risen to \$43,007 million. On a per capita basis it amounted to \$500 in 1939. By 1963 it had risen to \$2,276. The consumer price index adjusted to the new scale was 63.2 in 1939 and 133 in 1963. Average weekly