they do leave they want cash; and that, of course, is particularly so in the case with women. When they leave they want to take out what they have put in.

Q. This is a question perhaps to put to the minister or to one of the officials of the department later on rather than to put to you now: it might be desirable to know what the effect would be of any cash surrender privilege or transfer privilege, making it possible for an employee leaving one firm which has a group insurance plan to carry with him such pension rights as he has earned from his previous employment?—A. That represents no great problem as long as the rates did not change during the period. The only time that becomes important is if a man purchases a government annuity pension plan with one employer and the rate changed and he went to another employer, that employee probably would not be paid the same amount of benefit. But as I understand the bill that is provided for, is it not?

Mr. CÔTÉ: Yes, I think that is taken care of by the employer.

By Mr. Knowles:

Q. Now, Mr. Mercer, another question in a little different field. I think you challenge our thinking considerably in the comments you have made about the subsidy question. You have stated your personal view that there should not be any subsidy in this bill. For the moment I am not commenting on your personal view, but you have suggested that a realistic examination of the whole picture would show that there is no need for subsidy if we had the rate on a realistic basis, that the cost of government annuities would be cheaper. For the moment I am merely saying that is an interesting comment to have on the record and I think we should pursue it. It so happens that the witnesses we had here on Friday were very strong in their view that there was a limit to the subsidy there should be in the present plan. However, Mr. Anderson, who represented the Insurance Officers' Association here on Friday, speaking on this point—and while I haven't the printed record yet I think that in what I am saying I am being fair to his opinion—said he was against carrying this subsidy principle too far, but he did agree that it was a socially acceptable principle, that there might be a subsidy for annuities in the lower brackets. His point was that he did not think it should go as high as $200 a month, but he did agree that on some lower figure it might be perfectly defensible for society to help its members who are prepared to do so to provide for their own old age. I wonder what you would think of a plan, if we happen to persuade the government to go in for it, whereby the interest rate was raised with respect to the first $50 or $100 a month? If the interest rate was higher on the first $50 or $100 a month than on the annuity one might purchase above that level?—A. Well, quite frankly, I do not think that you should subsidize annuities because I do not think you are going to reach poor people. Now, no matter if you use 7 per cent you still cannot get away from the fact that poor people cannot afford to buy annuities. I would not buy them myself at the present interest rate or at any rate like that. I think I can find a better place to put my money. The great demand for annuities is coming from employer group plans, and I think that is where they will continue to come from in the future.

Q. That is where these people are whom we are talking about.—A. Those people that you are speaking about are the employee groups, corporation employees. Corporations can afford to pay realistic rates for pensions for their employees. I do not think you are going to reach very many people if you try to sell the little annuity up to $50 a month when you have a 4 per cent interest rate or 4·5 interest rate; that could not be considered a reasonable rate; and in connection with it you would also need to have a very reasonable