they will be paying a minimum contribution, which is $7.20 a year, in order to participate in the plan.

I will deal next with contributions. The contribution rate proposed for the Canada pension plan is 1.8 per cent each from employer and employee, making a combined rate of 3.6 per cent. Self employed persons will pay the 3.6 per cent. This contribution will be paid on earnings between lower and upper limits which are initially $600 and $5,000 a year. This is called by some pension experts a "band" approach, and you may hear that particular expression used by some of the witnesses who will be appearing before you.

By exempting the first $600 of earnings, we have achieved, in effect, a contribution rate which rises on a sliding scale as earnings rise.

I am quite sure that some of you read some of the criticisms that were made of the earlier bill, that those with higher earnings paid less proportionately for the same benefits. Now, the man with low earnings will contribute a smaller proportion of them than will the man with average earnings. On earnings of $300 a month, the employee's contribution will be equivalent to 1.5 per cent of his total earnings.

Both lower and upper limits will rise during the 10 year transition period if the cost of living rises, and thereafter in ratio to an eight year moving average of earnings. Naturally, these rates are on the average higher than those proposed under Bill No. C-75, in order to finance the extensive supplementary benefits provided in this program, as well as higher operating costs.

You will be going further into the additional survivor's and disability benefits. The cost of living escalation features of this Bill will require more money. Therefore, it will require a higher rate than that initially proposed in Bill No. C-75, which did not have these features.

The combined contribution rate of 3.6 per cent on earnings between these limits can be expected to finance the plan for at least 20 years, without liquidating any of the investment reserve that will have been built up in the meantime.

As I mentioned last week, the actuarial work for the Canada pension plan has been based on two different sets of assumptions about population growth. These were deliberately chosen by the chief actuary as extremes. That is to say, one is the lowest rate of population growth which seems at all reasonable, based on our experience in the 1930's; the other is the fastest which is reasonable, based on our population growth in the 1940's and 1950's. In the next 25 years, the divergence between the two estimates is very considerable. In 1990 the population of Canada would be 30 million on the first set of assumptions, and on the second set of assumptions it would be 37.2 million.

The cost of the plan will also depend on the future development of prices and earnings, and especially on the relation between the two; that is, on productivity or real earnings per person. The amount of unemployment and the level of interest rates are other factors which will also affect the cost.

On anything from the lowest cost to the highest cost assumptions, the proposed contribution rate will result in building up an investment fund which is substantially but not, in relation to our economy, unduly large. The actuary's estimates indicate, therefore, that sometime after the plan is 20 years old, there will be a need to re-assess its finances. By that time, experience of the plan will have made possible considerably more precise estimates of its costs. It may be that by the late 1980's or early 1990's an increase in the contribution rate will be required. But, the timing of any change will, of course, depend in part on the views that are then taken about the desirability of continued partial funding and about many other points of economic policy. The one thing we can say is that the change in contribution rates that may be made 20 or 30 years from now is not likely to be a big increase. If the actuaries'