Mr. Alexander: As the Canada Pension Plan is now set up, it is estimated that by 1989-90, $6,750 million will be needed to cover pensions. Within a very few years this rising tide of benefit outflows will have overtaken the inflow of revenue from the 3.6 per cent tax, and then the moment of truth will arrive. Calvert further states:

With the radical increase in the ratio of pensioners to workers clearly before us, it would seem questionable for Canada to commit itself to vast and liberal programs of support for its older people if these would result only in an overbalancing and collapse of the economy of the future.

Those are strong words, Mr. Speaker. In other words, what he is saying is that if we do not watch out we can be pricing ourselves out of the market and could, in short, go bankrupt. As Calvert says, it is to the early part of the next century that we must look, when today's young people will be approaching and entering their retirement years. It is in that period, a good deal less than 50 years from now, that the real consequences of decisions made today will begin to become all too apparent, and most of us here today will not be present to see them. It can be stated that by the 1990s the income from the Canada Pension Plan will drop sharply, and it will continue to fall if it continues on its present partially funded course. Calvert also warns that the CPP reserves outlook is, in short, quite ghastly; after rising for a few more years, if no changes are made these temporary reserve funds will top out, then plunge into liquidation. As Dr. John Grant says:

● (1620)

Legislative initiatives which would sharply increase the benefits payable under the Canada Pension Plan could, for instance, have an effect of this kind which could wreak havoc in Canada's financial markets.

I should like to bring to the attention of the House another questionable feature about the Canada Pension Plan, namely, its weak performance as a source of investment capital which this country badly needs. By 1981-85 we will have to raise some $26 billion. Private pensions are an important source of this necessary capital. It is estimated that from 70 per cent to 80 per cent of all new capital needed by Canada and raised by bond and stock issues is expected to be furnished by private pension plans. Unfortunately, that is not the case with the Canada Pension Plan, which serves mainly as a source of low-cost funding for provincial governments. This is why I want to express to the parliamentary secretary the concern registered by provincial governments, particularly by the province of Ontario, in regard to where pension plan funds are being invested.

Let me read a portion of an article published in the *Globe and Mail* of January 21, 1977. I hear a voice in the wilderness over there saying something, Mr. Speaker. If the parliamentary secretary wants to stand up and make a contribution, I will sit down. In the meantime, we are debating a very important bill and I am expressing our concern at the funding of this plan. Let me direct my hon. friend's attention to the article in the *Globe and Mail* which is headed "Thoughts for a rainy day":

The Canada Pension Plan is supposed to provide retired workers with security. Instead, in its present form, it could dupe them into insecurity, rob their children and reduce the ability of Canada to produce the goods and services that are needed by all Canadians.

I hope that the Canada pension conference, which is supposed to be directing its attention to these problems and coming up with the answers, is apprised of the situation. But how do we know? I have not heard the parliamentary secretary say anything at all about the Canada pension conference. They are the experts on pensions, yet he completely ignored them. Notwithstanding what my hon. friend across the way has said, let me continue with this article:

—the fund that has been collected under the Canada Pension Plan's half-funding system "is completely invested in the public sector". The federal government collects it. What isn't immediately needed for pensions is loaned to the provinces at rates related to long-term federal bond rates.

In this regard Ontario has averaged $324 million a year for the past ten years. This is what Darcy McKeough was pointing out.

This money is then spent by the government, often in building hospitals, schools and universities. It is not invested to earn a return.

All provinces are included in this regard, Mr. Speaker.

Your CPP money, in other words, is not working for you.

That means you and me, Mr. Speaker; it is not working for us. The provinces take it and invest it in the public sector, yet the private sector is screaming for investment dollars.

It is not being loaned at the going rate to earn more money to keep your premiums down. And, just as important, it is not being invested in resource industries or factories to provide more jobs, increase Canada's production and give all Canadians a better standard of living. Yet Canada desperately needs investment capital—

Do you get the point, Mr. Speaker? I am sure you do. We are not getting value for our money, and it is time there was a complete review. But what does the parliamentary secretary say? He conveniently ignores the whole question of funding. I have a great deal of respect for the parliamentary secretary, and I know he has to do what he is told. I hope that when I become a parliamentary secretary, when we take over as a result of the ineptitude and mismanagement exhibited during this government's stewardship, I will be able to do a little better than the parliamentary secretary. However, I am getting off the track, Mr. Speaker, and I know you want to hear our concerns regarding the Canada Pension Plan.

There also exist other areas of concern. All income security programs should be carefully scrutinized in regard to who receives benefits and who pays. However, even if these concerns did not exist, there would still be two fundamental questions in respect to this proposal, namely, the drop-out proposal. The first concern is the role of the CPP. Is the CPP, a contributory, earnings related social insurance program, an appropriate mechanism for providing some financial independence for the spouse in the home? We will have to answer that question, and whether the drop-out provision as related to the Canada Pension Plan is the proper mechanism to recognize the financial independence of spouses in the home.

The second question relates to the orientation of the CPP and the balance between its social aspects and its insurance principles. Is it appropriate to introduce a proposal which