be some impact in terms of labour costs which might lead to higher prices, this impact was judged to be both uncertain and small. On the whole, the committee's proposals appeared to be neutral insofar as inflation is concerned.

Another basic consideration which had a strong influence on the committee's attitude was the impact of the bulge in the population which began shortly after World War II. The so-called baby boom has brought with it a series of major adjustments. First, there was the sharp increase in enrolments in our schools, both elementary and secondary, followed by rapid growth in the number of university students. At the same time, the job market was overcrowded. Unemployment among young people was a persistent problem.

The lack of demographic balance will continue to make its impact felt as we move into the next century. Those born between 1945 and 1950 will reach age 65 between the years 2010 and 2015, and even though age 65 is an arbitrary figure, it is a convenient means of identifying the elderly. It is easy to see that the number of elderly people will grow at a rapid rate over the next 25 to 50 years.

Some people have looked at this fact and reacted in the fashion of Chicken Little. These are what I call the "sky is falling" school of actuaries and demographers—vocal but not very sophisticated. The thing they find so alarming is that the number of elderly pensioners is going to increase considerably in relation to the number of workers, resulting in an intolerable burden being placed on the shoulders of the taxpayers in terms of the cost of pensions and the other costs of looking after the elderly. This presumes that those pensions will be funded from general tax revenues and not from the savings of the pensioners. Thus, we have dire predictions about government pension funds going bankrupt. Every now and then someone spouts off about that sort of thing.

The best authority I know of in this country on pensions is the President of the Mercer organization, a gentleman by the name of L. E. Coward. There isn't any better authority on the subject, and I quote from a statement he made to the Canadian Association on Gerontology, as follows:

> I should like to mention one of the strengths and one of the weaknesses of our pensions system.
>
> It is a myth that our pension system is heading for bankruptcy—a dangerous myth which destroys public confidence in our strongest institutions. It is true that the Canada Pension Plan fund will be exhausted in about 20 years if contribution rates are not raised, but it was always intended that they should be raised from their initial very low level. To say that the Canada Pension Plan is going broke is like saying that your car will crash if you never move the steering wheel.

As a matter of fact, the Economic Council recommended that the premium be increased.

The committee was not impressed by these alarmist views of the future, and there are several reasons for its optimism. The first is that there appears to be a clear downward trend in the number of children—or, for that matter, in the whole group up to the age of 17. This is the age group that needed schools with such urgency just a few years ago, and made it necessary to spend billions of dollars on both capital and operating costs for the education system. Now we have come full circle, with the current problem revolving around the closing of schools for lack of pupils. Again, this involves some conjecture. There does not seem to be any reason why the influx of women into the labour market is not going to continue to grow. This may be an important offsetting factor.

Perhaps of greater importance is the number of workers who will continue to work after the traditional age of 65 once the bogey of mandatory retirement is disposed of. Predictions are risky because it is hard to forecast the influence of labour market conditions or the impact of inflationary price movements on people's attitude to working. Even though the committee looked on the future with optimism, it also recognized that the whole matter of retirement income will grow in importance as time passes, and appropriate action should be taken as quickly as possible. If we shilly-shally now the cost of readjustment in the future will be higher than necessary.

• (2240)

I do not propose to describe in detail all the recommendations of the committee, even the main ones, but I do want to comment on two or three which are of special importance in considering pensions.

The proposal to increase contributions to the Canada Pension Plan to a total of 8 per cent of eligible earnings compared to the current level of 3.6 per cent seems to me to be of major importance. How to achieve the suggested increase to 8 per cent was considered in great detail by the committee. There were a number of options available. One was to introduce the increase of 2.2 per cent to both employees and employers simultaneously. But there was a feeling that an immediate increase of this sort might be disruptive. The possibility of imposing the increases at intervals of six months, spread over several years, was examined, and this was rejected because it might lead to administrative confusion and undue delay.

The final conclusion of the committee was that the best approach was to introduce the increase over a two-year period. This would mean an increase of 1.1 per cent to both employer and employee. The advantage of this approach is that the initial increases are relatively small, and yet there would not be a very long delay in reaching the new level of contribution.

I have here a table entitled "Contributions to Public Pension Plan in Various Countries", and it comes from *Social Security Programs Throughout the World 1977*, published by the United States Department of Health Education and Welfare. I ask your permission to put it on the record.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.