Canada Pension Plan (No. 2)

Of course, some people can make sly comments; other people will want to claim all the credit for these measures, others will say we are not going far enough. One thing is certain: the government under direction of the right hon. Prime Minister (Mr. Trudeau) deserves credit for piloting all these good legislative measures which we are examining and which Parliament agrees to pass.

The bill we are studying aims at amending the Canada Pension Plan in order to remove the 2 per cent ceiling on the yearly increase in the pension index. It also tries to set at $6,600 the amount of year's maximum pensionable earnings for 1974; for 1975, the maximum will be $7,400. Now it amounts to $5,600. When the pension plan came into force in 1967, the maximum of allowable gains was $5,000. Until this year, the maximum has been increased to $5,600, which, according to the government, is not enough. In 1974 and 1975, the maximum pensionable yearly earnings will have increased by $1,800.

This bill will ensure that from now on the benefits will truly reflect consumer price index increases; 500,000 Canadians, some of whom receive a retirement pension and others who receive death or disability benefits, will gain from it.

The purchasing power of retired consumers will therefore be gradually restored. The setback suffered since 1967 following the fixing of a 2 per cent ceiling on increases will be corrected so that the people who received benefits between 1967 and 1973 and still receive them on December 31 will get increases ranging from 8 to 20 per cent according to individual cases. There is no doubt that most of my constituents, if not all of them, will be very happy about this government legislation. Of course, the maximum contributions will go up from $90 to $106.30 a year, and the employer will have to pay an equivalent amount. This means that the contribution of the self-employed worker will go up from $180 to $212.40

Unchanged in this regard, the act provides indeed that the employer and the employee each pay 1.8 per cent of pensionable earnings, and the self-employed 3.6 per cent.

Mr. Speaker, one can hardly find fault with the proposals contained in this bill. At the most, this debate allows those of us that wish to take this opportunity to discuss in general terms some aspects of the living conditions of our fellow citizens, the aged and the retired, and to indicate to the minister trends to follow in the future.

Which brings me to say that because of the rising cost of living and the reduced purchasing power, the government had to amend the Canada Pension Plan. The minister has seen the need and the government, as a good manager of the public welfare, has done its duty.

Even during the so-called normal years of economic activity, the purchasing power of the dollar is constantly being eroded by inflation, and I find it ridiculous that some politicians, in the hope of making some political capital, become unduly fidgety and easily shocked by that phenomenon.

I am almost 40, Mr. Speaker. I thank God for it and ask Him to grant me a long life. However, one does not need a doctor's degree to realize that the price of all goods and services tends to go up at any time throughout the world, and that Canada is more successful generally in fighting back inflation.

[Mr. Corbin.]

I find the charges of the opposition too easy, too partisan and too childish, because they blame only the government for inflation for the increased cost of living and the erosion of the purchasing power of older citizens with regard to their present income.

I do not deceive myself, and I don't believe that a life insurance policy of $5,000 bought at 25 will help me to deal with inflation when I am 65. In this connection, I read in *Le Droit* last night an article by a financial columnist of the Canadian Press. I should like to quote it in full, because it gives us a lesson in respect of financial arrangements for our retirement years.

> Whether we like it or not, we have to grow old, but generally, we don't know how to plan our future income.
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> It would be better to start planning a retirement fund as early as 40, since it is the most productive period of one's life. Of course, it has always been necessary to plan one's retirement, but it is even more important at a time of high inflation, in order to provide for a suitable income during the unproductive years.
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> At first sight, this seems complicated: however, a solution is possible if one works systematically towards a well defined objective.
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> According to the Canadian National Bank, sound financial planning must include:
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> —A deposit for current expenses;
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> —a reserve fund for contingencies;
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> —a life insurance policy to protect the family;
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> —a long term investment fund.
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> The trouble mostly is the difficulty of knowing exactly what one wants for the future.
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> In its monthly newsletter, the CNB states that the wisest thing to do is to plan early and to follow one's plans as closely as possible.
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> Actually, any person is inclined to raise his standard of living when his income increases: 65 seems so far away.
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> Take, for instance, a married man, aged 40, who earns $10,000 a year and intends to retire at 65. He thinks that he will then be able to live on $8,000 and maintain the same style of living because of fewer expenses.
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> But due to inflation, he will need in 1998 a $16,750 income to live as well as he is living now with $8,000. His pension will therefore have to be adjusted accordingly, which is not as difficult as one would think at first.
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> By that time, the old age security pension will probably amount to $5,000 a year. If our man earns more because of inflation or promotions, his firm will probably pay him a $5,000 pension.
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> Furthermore, if he has managed to invest $1,000 a year in a registered pension plan—which is not impossible—he should then have a capital of $80,000 which, converted into a life annuity, would yield about $9,500 a year. He would then have an annual income of $19,500, which would be more than enough to maintain his usual standard of living.

● (1630)

Of course, the government is aware of this situation, Mr. Speaker, and that is why it has taken a major step today through this bill, in order to ensure a greater income security to retired Canadians.

And to use the words of the press release issued by the federal-provincial conference held recently: The retirement benefits will no longer be subject to the eroding effects of the rising cost of living. This is a major breakthrough, as I said, almost as important, I think, because of its scope, as the setting up of the Canada Pension Plan in