

Mr. KNOWLES: Yes, subsection (2).

Mr. CLARK: That is right.

Mr. KNOWLES: Now may I address my remarks directly to Dr. Davidson. There is no denying that you make a good case for equality of treatment, so far as the public treasury is concerned, between the two employees whom you described. But are you not, the Government of Canada, still in the position of having to explain your answer for this to the same two civil servants? If the Canada Pension Plan had not come into being and we did not have this integration and it was possible for these two civil servants to retire at that same early age, get the same pension, and for one of them to work and the other not, and the one who worked got the benefit of working, maybe for some private company to build up some more pension, but in any case there was no diminution of his superannuation, now that is something to start with—that was there. So the employees concerned say "Look, this is what we have, we are told by the Government there is to be no disadvantage to us as the result of the Canada Pension Plan." Yet plausible though you have made it, there is a change.

Dr. DAVIDSON: I do not know what the specific terms were, Mr. Knowles, of the assurance that the Government gave to the Public Service in terms of the Canada Pension Plan. I would have to talk with Mr. Clark to see if it was stated in quite such unqualified terms as you have indicated. You have said the Government has given the assurance that under no circumstances would any disadvantage arise to any civil servant as a result of the Canada Pension Plan and this integration with this legislation?

Mr. KNOWLES: I think that is a fair presentation of Mr. Pennell's statement in the House of Commons in November 1964, and of Mr. Bryce's statement before the Special Joint Committee.

Dr. DAVIDSON: I think this is true undoubtedly as a statement in so far as the position of a retired civil servant is concerned who is no longer in the labour market. I doubt very much whether it was ever put in the unqualified terms you have set out.

Mr. KNOWLES: In the light of that, you realize you have a public relations job to do.

Dr. DAVIDSON: Mr. Knowles, perhaps I should reverse our roles, and ask you if there is a problem of justifying to people who are under the Canada Pension Plan. Why does that one person who has worked and paid contributions up to age 65 and retires get his pension, and the person working does not get it until he stops work? This is really the problem here.

Mr. KNOWLES: At least, it is a new piece of legislation and this is a deliberate decision as to what is to be done, whereas now we are changing a previous setup. I think I can defend the Canada Pension Plan on the point you have made, but at any rate, it is at least something new. Here we are—

Dr. DAVIDSON: Here we are giving to retired civil servants exactly the same thing, giving them a reduced benefit—

Mr. KNOWLES: May I interrupt. Here you are starting *de novo*. You have no answer to that argument, but you are starting with two civil servants who knew