

Plan. In this light, why do mothers who remain at home to care for handicapped children or disabled parents deserve any less subsidy? If the precedent or principle of social assistance is established in this area, how is it justifiable, philosophically, to limit the subsidy to housewives who remain at home to care for children and then return to the work force? In other words, the approach whereby the bill recognizes the needs of some, but ignores those of others, is questionable.

I suggest that inequity is created between those who can afford to drop out and those who cannot, that is, between those with different incomes, those who have never worked, and those who do work. The bill creates inequities among women. It does not prevent more favourable treatment being afforded a contributor whose earnings are coincidentally low when children are young. I am thinking, for example, of students or inexperienced workers whose incomes are low. This provision is unrelated to the fact that they have young children at home.

There exists a deeper, basic issue, that of CPP funding and its role in provincial financing. Mr. Speaker, I notice that the parliamentary secretary said nothing about funding. We are concerned about the actuarial soundness of the Canada Pension Plan and any other pension plan in force in this country. At present, the President of the Treasury Board (Mr. Andras) is involved in the indexation of civil service pensions. I understand a pension board is looking into the efficacy and actuarial soundness of the Canada Pension Plan. But the parliamentary secretary mentioned not one word about this.

**Mr. Ellis:** The reason is simple: he does not know.

**Mr. Alexander:** Quebec government actuaries claim the drop-out provision will increase total pension pay-out by less than 4 per cent over the next 50 years, but this estimate may be based on the erroneous assumption that the behaviour pattern of women will not change with the institution of the provision. The same argument may apply to certain men. It is difficult to believe that the benefit available through the drop-out provision pay-outs of the CPP will not be taken advantage of by many men and women.

Before I deal with the funding aspect of the plan, let me review some further problems concerning the drop-out provision. It is alleged that this bill will be of benefit to women. Perhaps that is correct. The spouse's drop-out provisions may appear attractive to some contributors. Those with labour force attachments who remain in the home while the children are young would receive higher pensions than is now the case. In addition, women who have sufficient time in the work force before the child-rearing period would have their CPP coverage continue against the contingencies of disability and death. For example, three years are required for survivor's benefit coverage, and five years for disability. However, a number of concerns exist with regard to the special drop-out provisions which suggest that these provisions should be studied further. There are three broad sets of concerns regarding the proposal in its modified form.

First, it appears to create inequities among contributors. Second, it appears to create anomalies among contributors and

certain other groups. These could be used to lever the CPP into increasingly broader subsidies. Third, it appears to weaken the insurance-related basis of the CPP and increase inherent subsidies—that being the welfare aspect of the program—at a time when its underfunding is of increasing concern and general problems of pension and pension funding are the subject of mounting public concern.

The net effect of the proposal would be to provide a subsidy to those women who meet the eligibility criteria and who have little or no earnings while children are young. The interesting point about this subsidy is that it is not constant; that is to say, the value of the subsidy depends upon two variables. They are, first, the number of years out of the labour force a woman could be entitled to by reason of young children, and either chooses to and/or is able to take by reason of her family's financial circumstances, and, second, the women's average lifetime earnings, that is to say, in those years since 1966 which are not affected by either drop-out provision.

The committee will need to examine the question of the number of years out of the labour force. It appears that the aggregate value of the subsidy depends, first, on the amount of time to which a woman would be entitled to drop out relative to the amount of time she chooses to and/or is able to take. A mother of three children spaced four years apart and who is a member of a family which can afford to forgo her earnings while the children are young could be entitled to 15 years to care for her children. She could choose to exercise her full entitlement, or subsidy, and remain in the home throughout.

In contrast, a similar woman from a low income family might have no real choice in this matter; that is, she may be required to return to work as quickly as possible owing to economic necessity. Consequently, she might take only three years in the home, even though she would also be legally entitled to the full 15 years. I say that we must be concerned about the effects of this bill on women since it is intended to give recognition to the work of women in the home.

● (1610)

Going back to my original premise, I would say this: the first woman will receive the full value of the 15-year drop-out provision without any contribution being required. The second woman would only be able to take advantage of the benefits from 3 of her potential 15 years of eligible child-rearing. In addition, she would be required to make compulsory contributions during 12 of her 15 eligible years. The value of any subsidy when the same number of years may be dropped out varies with the average lifetime earnings of the mothers involved. The subsidy to a woman who earns consistently at or above the maximum insurable earnings would therefore be twice that received by a woman earning at half that level.

Neither woman is required to make any contribution for the years dropped out. However, the value of their subsidies varies with their average lifetime earnings levels, although both may make no contribution during their child-rearing years. This occurs because the imputed value of the drop-out provision is based upon her actual contributions in years which are not