

unmarried men and 60 per cent of elderly couples got no private pension based on previous employment. I am told that has not changed. It is even more revealing to note that only 13 per cent of 1975 incomes of elderly couples over 65 years of age came from private pensions; 52 per cent came from social security; 13 per cent from private pensions and 35 per cent from personal savings. It is not that the head of the household did not wish to provide for his wife and children. He did the best he could. He was constantly striving against a system, and in the end he was beaten by the system.

So far as it affects family pensions, the system needs at least altering at the present time, and our recommendations would alter it so that never again will people be able to come before an audience like the special committee and talk about 680,000 women and close to 500,000 men who are receiving supplementary assistance, and many thousands more who are not receiving anything at all, and are not eligible.

For those who are careless and less thoughtful of their families, who try to save money by avoiding survivors' benefits, we want to make it impossible for them to do it again. The disparity is not acceptable. It makes it difficult for elderly people and couples, and doubly difficult for widows. The number of poor old women in this country is scandalous. Often in the social welfare departments they are referred to as the four Ds—divorced, disabled, deserted and deceased husbands. In 1978 there were roughly 680,000 women and close to 500,000 men receiving the guaranteed income supplement. This is a situation that demands immediate and sympathetic attention. Part of the problem is that in the past women have been discriminated against in the labour market, and their participation in the private pension system suffers as a result.

Another dreary feature of private pension plans is that a number of them permit husbands to eliminate survivors' benefits from the pensions. This is guaranteed to impoverish a lot of widows. One expert witness explained the reason. Few employees take the option to provide for pension benefits in their pension plans. He said, frankly, "When a male is retiring and his pension is not too good to start with, he is not going to reduce it by 40 or 50 per cent; he is going to gamble on his future." What the witness neglected to say was that he was really gambling with the future of his wife, or his widow.

There is doubtless a role for private pensions, but they seem to offer little to people with average or slightly above average incomes. There is a very strong argument for relying exclusively on the public pension system and other forms of public income in support of those earning less than roughly \$20,000 a year. The basic weakness of private pensions is the lack of coverage and the inadequate protection against the inroads of inflation.

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It is interesting to know something of the history of the Canada Pension Plan. There were 12 members from the Senate on the joint committee. Senator Flynn, Senator Denis and I are the only ones now in the Senate. Parliament was anxious for a pension plan of some kind and the Senate was very supportive of this measure, but it could not be effective

until two-thirds of the provinces, containing two-thirds of the population, had approved it. Ontario was the key and Ontario was reluctant to enter into it. The insurance lobby was very heavy. They did not want the government to enter into the field, and they brought as much pressure as they could on the Ontario government. For a while, we were not sure that Ontario would go along, but finally a compromise was reached. We would accept for the present a minimum pension which would require a very low personal contribution, and this would give the private industry an opportunity to augment it. They would step in and fill in whatever was necessary so that it would become meaningful.

Well, here we are 14 years later, 14 disappointing and lost years later, and we have no more time for this waiting game. We must do something now. We can set down without difficulty some of the ingredients of a good pension—honourable senators understand that as well as I do—setting aside some of the difficulties relating to funding and investment. From the point of view of a pensioner, the desirable features are, first, liberal vesting rules, but private pensions cannot give that; they give 40 years of age and 10 years service. They cannot give universality or nondiscrimination; they do not have complete portability; they can give tax deductibility, yes, but they cannot give indexing and other protection against inflation. Mandatory survivor benefits can be bought, but they come with the Canada Pension Plan. So, I say that, with the exception of the tax deductibility feature, many private plans, almost all of them, are deficient in comparison with the public pension plan.

There has been a great deal of talk about registered retirement savings plans. They are a very good investment, but they have their shortcomings compared with the public pension system. In the first place, poor people have not been buying RRSPs. They are being bought largely by those in income brackets above \$20,000 a year. The public pension system has the advantage of being not only indexed, but there is no front end loading on it. More than that, it is locked in so that a person is not able to spend his savings irresponsibly when he feels he ought to be having a holiday instead of a pension.

When the Canada Pension Plan was introduced it was clearly intended that it be supplemented by the private pension system. No attempt was made to squeeze out the private sector at that time. That was quite a while ago, and I repeat, private pensions have not made the progress they should have made in the intervening years. Sixty per cent of the labour force is still not covered, and of the remaining 40 per cent a disappointingly small fraction ever qualify for full pension—it is estimated that it is not more than 5 to 10 per cent. How many draw bits and pieces it is difficult to find out. For this and a number of other reasons there is a serious question as to whether the private pension industry should not withdraw from the medium and lower income areas, and leave that field to someone who can service it more effectively. There are some things that the government can do better than anyone else, and this is one of them. We proved this with the Canada Pension Plan.