

apparent that those in the earlier age groups are not going to get the bargain that those in the older age groups get; proportionately, they will have to pay more through contributions to receive their benefits, but at the same time you have going into the system the employer's contribution which is not allocated to any individual's earning record. And, of course, in the case of the self-employed they are paying double the rate. So, there is a very considerable amount of money going into the system for cross-subsidization which, of course, is designed to meet certain social objectives. One of these is the one you have mentioned, the provision of a transition period of 10 years. In effect, you get the same kind of situation that happened when the old age security program came into operation; those age 70 and over, and those who were just below age 70, got a great deal more in old age security benefits than they possibly could have paid through their personal income tax under the 2-2-2-formula, at that time.

Mr. MOREAU: Dr. Willard, would you agree with this implied criticism of the plan?

Mr. CHATTERTON: I was not implying criticism, Mr. Chairman; I was seeking information.

Mr. MOREAU: Well, be that as it may, would you agree that the longer maturity period perhaps would cure some of the transfer payments that are embodied in the plan, and if we had a longer maturity period there would not be the element of subsidization in the older worker.

Hon. Mr. McCUTCHEON: You are saying that if we took the Quebec plan the subsidy would be less?

Mr. MOREAU: That is not what I was saying. I asked that if a longer maturity period were agreed upon would that not alleviate some of the subsidization of the older workers.

Dr. WILLARD: That is correct; the longer the transition period the less benefit it would be to the older age group. ✓

Mr. MOREAU: Would you say also if you had a longer maturity period the very thing which Senator McCutcheon was worried about, the widows, orphans, disabled and so on, would be covered for a much longer period of time?

Dr. WILLARD: Well, in the case of the widows and orphans, you have a certain eligibility condition, and the longer you make this eligibility requirement, of course, the longer you delay the benefit. And the longer it takes for benefits to be payable the less cross-subsidization would take place.

Mr. MOREAU: In other words, you cannot have it both ways.

Mr. CHATTERTON: I understand from the white paper that the wife who is paid by her husband is not eligible to contribute and, therefore, not eligible for pension.

Dr. WILLARD: That is correct where the spouse is employed by the husband. If they form a corporation the situation is different but this will be discussed in more detail when we come to that section of the Bill. There are certain reasons for that provision which will be discussed at that time.

Mr. CHATTERTON: But, in the average case, let us say a housewife is paid by her husband for whatever work she does, would she not be eligible?

Dr. WILLARD: No.

Mr. CHATTERTON: In other words, she cannot claim that her husband is paying her \$200 a month; in these circumstances she is unable to contribute and, therefore, she is not eligible for a pension?

Dr. WILLARD: No, Mr. Chairman, she would not be eligible.

Mr. CHATTERTON: But, if she engaged a housekeeper and the wife went out and worked, then she builds up an entitlement.