

Canada Pension Plan (No. 2)

So if you consider the fact that the major contributors have no say in how their money is to be invested, you can see that is a major flaw in the private pension plan. In many cases in Canada, unless the company wishes to reveal the trust agreement of its pension plan, there is no legislation in Canadian books, in contrast to American law, that requires them to do so. For instance, if you consider pension plans as deferred wages, it seems to me that only the employees, and not the company, should have the control of both the company's and the employees' contributions.

What I am really trying to illustrate is the fact that the \$12 billion in private pension plans does not, by and large, return benefits to the workers. This means that the Canada Pension Plan must be a supplementary plan because one of the major cultural shocks, which is an economic shock, that faces anyone on retirement is the dramatic decrease in his standard of living, occasioned by the fact that he suddenly moves from his peak earnings to what is a supplementary, marginal or poverty level income because we have not ensured that the money he has invested in the private plan will pay off to his benefit in the way it should. So we come along with the Canada Pension Plan. The CPP is really doing the same thing: it is just supplementing what the private plan does inadequately. The whole thing adds up to an inadequate package; that is my major criticism.

I would like to see the CPP broadened to include a provision for greater input in terms of employee-employer contributions, if necessary, to pay larger benefits earlier. We are now providing 1.8 per cent. We could quite easily go up perhaps to 2 per cent or 3 per cent. I do not think that if a person is concerned about his retirement security he should mind contributing to a portable plan under the CPP which will provide him with benefits adjusted in relation to the cost of living, so that he can have a decent standard of living when he retires.

What happened in 1967 was that the CPP and most private plans were integrated. Here was a perfect chance for them to be stacked—but most employer and employee groups, I am sorry to say, opted for the integration of those plans. I think that in terms of the benefits they produce and the inflation factor that we have seen over the last ten years, this was a rotten decision. I think that the average person would welcome a portable contributory plan so that he would not be put in a position, if he has to retire early and has no other income, of having to face this kind of change in his standard of living at an age when he is least prepared to do so. I think we should do all we can to avoid that kind of trauma.

● (2150)

The other point on the broadening of the base—in spite of the clock I am still on point one of my remarks—is that I said perhaps 3 per cent would do it in terms of contributions. But maybe raising the maximum pensionable earnings beyond the \$5,900, \$6,700 and \$7,400 up to perhaps \$20,000 would provide for an earnings-related pension plans which would be quite acceptable to many people as an alternative to company plans. At least the provinces would have the benefit of that loan capital. At least the people who are recipients under such a pension plan

[Mr. Rose.]

would not have a supplementary plan as they would have one adequate plan for their needs.

Let us take the example of our own pension plan, as members of parliament, based on \$18,000. It is stacked; it is not integrated. If it is possible to have a plan for a certain segment of society like members of parliament, which after six years can pay certain benefits, probably better benefits than any public benefit and certainly better than the Canada Pension Plan can after maybe 30 years, then surely for the average person a portable contributory pension plan that would come into force after a matter of 30 years is not actuarially impossible.

All we have to do is set our minds to do it, and ignore the lobbies of the financial institutions that are out attempting to sell supplementary plans themselves simply because the plans we have, in terms of old age security, the Canada Pension Plan, the guaranteed income supplement and the private pension plans of the companies are inadequate. So what we have is a huge market with all kinds of sales gimmicks, all based on people's fears of insecurity.

The second point I made in my introduction was that I feel we should be working toward provision of voluntary early retirement under the Canada Pension Plan. I touched on this earlier. I know the minister has considered it. I know that when he was speaking previously on amendments to the old age security plan he gave us the figures in terms of the cost of lowering the eligible age to 60 years. I know he has faced this fact and I know he has considered it. Nevertheless, the answer we always get when we ask about pension benefits in terms of the public is, "Where are we going to get the money?"

I point out that we have kept on raising benefits. True, we have scarcely kept up with the cost of living, but we have always found the money. It depends on the value system in terms of our own priorities as a government, as a parliament or as a people, in terms of how we wish to treat our older people. I get a great deal of mail in support of early retirement. There are very many people who are looking forward to retiring early, perhaps not to do nothing but to do something else with their lives because they are locked into rather boring, unrewarding and not meaningful—I do not like that word, Mr. Speaker; there must be a better word—jobs and they would like to do something else.

About a third of the people who are on our six months' unemployed list are people who are 24 years of age or under, and this has been the case for the last two or three years. It seems to me that there might be a relationship between voluntary early retirement and employment for the young. The minister might dispute this and say that it is not the problem, that the problem with the young people who are unemployed is that they lack skills; and possibly if you let people off their jobs to retire early, they would take other people's jobs, like the RCMP retirees working as benefit control officers, or retired servicemen who take jobs that other people could fill. I suggest that if pension benefits were adequate in terms of family obligations at that time in their lives, in their forties or fifties, they would be less inclined to do so. I suggest that it is possible in certain countries to do this. In Germany, railway work-