

*Canada Pension Plan*

**Mr. Lambert:** May I just ask a question for information. I have not, of course, read the whole transcript, but was Mr. Anderson asked whether his own company would tie their payments out under their annuity plans and life insurance policies to a cost-price index?

**Mr. Munro:** I am informed, and this can be checked, that the insurance laws do not permit that in any event.

**Mr. Knowles:** Might I just put one question. Did Mr. Anderson not inform us on one occasion that his own company does make pension arrangements for its own employees which provide for escalation as the years go by?

**Mr. Munro:** I think that is correct. But as far as the beneficiaries are concerned I do not recall a question to that effect, although there might have been.

I was also a little surprised to hear the hon. member for Edmonton West arguing against the consumer price index being a consideration as far as old age pensions are concerned. I do not know why we should treat only the aged as a hedge against inflation, or why they should be the one segment of our population who should be prevented from receiving increments which would assist them to meet rising prices. We know that most of the other people in our work force in other segments of our society receive increases to meet the rising cost of living. For example, we as M.P.s have done so. Workers in plants are receiving increases in wages based on the argument that prices are going up, and also productivity. All others in our society are receiving these increases. Why just pick on the aged as the ones not to receive the increase?

Another point which was made and in which the hon. member for Edmonton West might be interested was that many witnesses indicated before the committee, as a result of being questioned by hon. members, that in their opinion the increment provided by tying the pensions which the aged will receive to the consumer price index is not the cause of inflation but the effect of it. The consumer price index goes up and is used as the basis for calculating the increment received by those people subsequent to the rise in prices. I think the effectual character of this should be emphasized, namely that the inflation has to a great extent already occurred. Since it has already occurred and since the purchasing price of the dollar has gone down, the old

[Mr. Munro.]

age pensioners should not be prejudiced as a result.

That point was made in the committee. Therefore I do not really have too much sympathy for the argument made by the hon. member for Edmonton West, especially when other members of his party have this evening already indicated agreement with the government's proposal in this regard.

**Mr. Aiken:** I might point out that I did rise to express some hesitation about it. I merely said we would not oppose it, and I gather my hon. friend has nothing further to say.

**Mr. Chatterton:** Mr. Chairman, I spoke about the earnings index as compared with the consumer price index or pension index vis-à-vis the pension received. I did not say that I was necessarily in favour of automatic escalation; I merely said I was in favour of the earnings index compared with the price index when it comes to pensions already granted.

**Mr. Munro:** As compared with the price index. I take it from the remarks of the hon. member that he really prefers no index at all in this regard?

**Mr. Chatterton:** No, I did not say that.

**Mr. Munro:** This is a divergence of even greater proportions, because if it was tied to an earnings index the increment would be even larger than if it was tied to a price index. So where the consistency of view among the members of the opposition is with respect to this point, I do not know.

I think I should also point out that on page 133 of the minutes of the committee proceedings appears an appendix which was attached to the report of the committee. This appendix is headed: "Automatic cost of living adjustment of pensions in foreign countries". It is a well documented article by Daniel Garig, and at the bottom of the page Mr. Garig has this to say:

There are now nine countries that, under their laws, currently make automatic adjustment of existing old-age pensions to specified economic changes. The first law to embody an automatic adjustment procedure in a national pension program was adopted in Denmark in 1922. Two more laws were enacted in 1946 in Iceland and Luxembourg, and one in France in 1948. The decade of the fifties witnessed the addition of six more nations to the list of those with such legislation: Belgium, Chile, Finland, Israel, the Netherlands, and Sweden. It will be noted that four of them are Scandinavian countries, which have taken somewhat of a lead in this field. Of the others, all but Israel and Chile are also located in western Europe. Israel is currently the only non-European country in the group. Chilean legislation