of the application of this rule. As I say, this came about because of the things I described, which happened about one year ago.

I hear a comment which is probably not on *Hansard*. I do not intend to put names on the record.

Word of what happened has got around and there is now a great deal of interest in it, not only on the part of senior public servants, the $50,000 or $60,000 a year fellows, the nabobs we heard mentioned in the last few days, but on the part of those at the lower levels. I have received communications from letter carriers and employees at that level, who realize that if this provision goes through they can get, in February or March, 1976, a pension 11.3 per cent greater than they would otherwise get. But for this bill, the pension they would get in the spring would be just a few cents higher than the one they could get by retiring in December; but, because they could get the 11.3 escalation if they had retired in December, they are to get that escalation. Therefore they hope that this measure will go through. In some cases the amount of money is not large, but it means something to them. I am sure this is not being done for them. It is being done for those at the top, who I think have abused the situation.

I notice that the government is somewhat aware of this, because in another bill which I will not mention since it caused some trouble this morning, there is a clause to put a ceiling, in 1976, of $2,400 on the increase in any pension that a person may receive. Imagine that! Lots of people in this country will never see a $2,400 pension, but we are saying that no pension of any retired civil servant shall increase in 1976 more than $2,400. I mention this to suggest that if we are to put this principle into effect in this bill, there ought to be a ceiling.

There is another defence for it which I am prepared to advance, and my defence will let me accept it. It is this: in recent years the escalation of salaries has been so great that the use of the six-year average for calculating public service pensions has become out of date. I tried, in committee, to argue in support of the three-year average; the President of the Treasury Board was not there to argue the point, but my argument was not adopted. This measure will make it up for the little people. It provides that in the next year or two they will be paid better pensions than would be available to them under the six-year average rule.

It seems to me that we should have attempted to block what some highly paid public servants did last December. Instead, we are regularizing it, and producing conditions which will be particularly beneficial for those in upper income levels.

In my view, rather than adopting the present device, we ought to have examined more thoroughly the entire question of the six-year average relating to pensions. As the parliamentary secretary suggested, whether or not this device will apply in certain years will depend on the Governor in Council. When we add this provision to some of the other things contained in Bill C-52, perhaps hon. members will understand the views which my party and I hold on the bill as a whole. When we come to a problem like this, instead of dealing with its root and providing a solution which is best for everybody, this government solves it mainly for the benefit of those at the top.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I noted that the parliamentary secretary was about to rise, and I wanted to make sure he did not close the debate, as he seems to be representing the President of the Treasury Board (Mr. Chrétien). When he speaks I hope he can clarify something. I understand from what the parliamentary secretary said that in no case will passage of this measure result in a public servant's receiving a higher pension than he would have received if he had retired before the end of the fiscal year and obtained an escalation. That was not clear when the hon. member for Winnipeg North Centre (Mr. Knowles) spoke. Perhaps, unintentionally, he left the impression that this measure would confer some favour on public servants. It is my impression that the favour has already been conferred on them. As a result they have a substantial inducement to retire in order to protect the benefit that has been conferred on them. The purpose of this amendment will not be to confer a greater benefit but to ensure they do not lose this benefit by continuing to work. I would just like that assurance.

● (1610)

Mr. Lloyd Francis (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, the President of the Treasury Board (Mr. Chrétien) has been in and out of the House for most of the day. I know he regrets he is not here at this time. He asked me to take responsibility for this bill at the second reading and committee stage.

I am happy to make some comments which I hope will answer the points that have been made. First, with regard to the point made by the Leader of the Opposition (Mr. Stanfield), he is quite right in his interpretation. The bill would not permit any pension to be escalated beyond the maximum of two calculations.

A person on whose behalf the government chose to exercise discretion would be allowed to continue into the new year, retire on the normal retirement date, and then calculate two sums. One is the amount which would be his or hers in the normal course of events and, two, the amount he or she would have received had he or she retired on December 31 and taken the 11.3 per cent escalation. In no case could he receive more than the greater of those two. I think that answers the point of the Leader of the Opposition.

I wish now to deal with the points raised by the hon. member for Winnipeg North Centre (Mr. Knowles). The hon. member has been interested in pensions for some time in this House. He has been among those who pressed most vigorously for full escalation according to the cost of living.

One of the anomalies that has developed in the course of the period of time we have been facing inflation is a very serious discrepancy in the December 31 retirement date as against those who could work up to 11 months later and receive less. If the inflation continues long enough it will wreck any pension plan that has been devised. If the inflation continues and we have something like 11.3 per cent escalation every year, the Supplementary Retirement Benefits Act will be under a very serious strain in terms of the money at its disposal and the obligations on the fund that has been created.