

*Canadian and British Insurance Act*

Recently we introduced the Canada Pension Plan. Despite all the cries that went up from the ranks of the Official Opposition, it has been widely accepted in Canada and its merits are very well understood. There is a suggestion I should like to put to members of the House on the question of the Canada Pension Plan. The plan should be enlarged. It could do a much better job than it is doing now.

• (8:40 p.m.)

I listened earlier to the remarks of the hon. member for York East (Mr. Otto)—I regret he is not in the House at the moment—who pointed out the difficulty that would develop in the future regarding mortgages. I should like to point out another great difficulty which will develop in the future, that is, most Canadian governments will not be able to finance their needs. This is true of the federal government, the provincial governments and municipal governments. The reason is quite obvious: the basic method of financing, except by raising taxes, is in long-term bonds. From everything we can see, long-term bonds will never again be an important source of financing for government or corporations.

There are measures we can take to abate inflation, and those measures should be taken; but the indications are that there will be inflation in the foreseeable future. The effect of inflation will be to work against long-term bonds of all kinds. If some of the proposals in the white paper are implemented to favour equity financing over debt financing, the situation will be made even worse. We cannot cling to the faint hope that the capital market will return to its former position. That day is over. I see very little possibility of the capital market being able to meet the long-term needs of government.

This means there are two reasons for increasing the Canada Pension Plan fund. I think it is a good thing in itself. People in Canada would benefit immeasurably by being able to get higher benefits, and it would provide a source of funds for governments. There are people in this chamber who might be pleased at the prospect that the government will not be able to get any money in future, because they think this is a very good thing; they think any spending the government does is bad and should be curtailed. I am not one of those. I can look around and see some of the things we have in this country because governments were willing to spend money and develop the nation. I can see things that only public expenditures will

[Mr. Saltsman.]

correct, and I see a great need for public expenditures in the future. This fact has to be considered.

At the moment, I imagine were it not for the Canada Pension Plan and the fact that the provincial governments have these funds available to them, they would be in an impossible position and probably unable to meet the needs of the people of their provinces. In that regard the Canada Pension Plan has been a lifesaver to provincial governments. If we increase this plan, and as it now stands the funds go to the provinces, one might very well ask, what benefit is this to the federal government?

There are two kinds of benefit to the federal government, Mr. Speaker. One is that I think we want to see the provinces able to carry out their responsibilities; we want to see them have access to the funds they need in the development of their areas of jurisdiction. The second is that by enlarging the Canada Pension Plan fund the additional funds could be used under a form of partnership between the federal and provincial governments and in that way provincial as well as federal needs could be met.

How do we go about achieving this, Mr. Speaker? First of all, I think we should increase the benefit from 25 per cent to 50 per cent of the maximum pensionable earnings. The maximum pensionable earnings should be increased immediately from \$5,200 to \$10,000, and within a decade to \$15,000. The minimum effect would be to quadruple benefits. However, since the present scheme is now overfunded—yield on the fund has risen much more than needed to cover the 2 per cent per annum cost of living bonus—it will not be necessary to quadruple deductions; in fact, it might be possible to do it by tripling deductions. This may well be proven adequate and would leave the fund actuarially sound.

This proposed expanded Canada Pension Plan should replace most industrial and government pension plans now in effect. It would generate funds. I realize when I make this suggestion that not everyone will agree with me, but it is a suggestion worth pursuing. It will to some extent curtail funds now channelled in the private market but, Mr. Speaker, I believe that some of those funds must be curtailed. We heard from speakers who did not support some of our amendments and probably will not support the amendment I propose to move later. Mortgage funds are drying up. Earlier I suggested that even if mortgage funds are available, they are not