

reasonably anticipate that the result will be in the end a total pension greater than would have been the case otherwise. How do you sell to the young civil servant going in for 35 years the fact that he is going to be in two plans, but 35 years from now he will get the same pension as he would have got had he only been in the one?

Mr. CLARK: I think, Mr. Knowles, one could have developed such a formula perhaps, where the overall cost would have remained the same but where civil servants, say, retiring in the next 20 years would have had a greater reduction than that provided under this formula.

Mr. KNOWLES: No doubt.

Dr. DAVIDSON: Mr. Knowles, could I suggest to you that what you are putting by way of a question as to rationale is really relating to that portion of the result which is an incidental portion of the basic principles under which integration is being put forward.

Mr. KNOWLES: I agree. I just do not like it.

Dr. DAVIDSON: What is happening, in effect, is that the object which the Government set out to achieve on the basis of the recommendations received from the advisory committee was as complete an integration of the Canada Pension Plan and the Public Service Superannuation Plan as would be possible; and had it been possible to work in strictly actuarial and mathematical terms a complete fit by which the combined contributions would have been exactly the same and the combined benefits exactly the same, this would undoubtedly have been the result which would have been presented for parliamentary approval but, in fact, it did not work out that way and there has resulted what has been described as a degree of "windfall" benefit in the first ten years of the integrated operation of the two plans.

You are asking us to explain the rationale of not perpetuating the "windfall" benefit. I think the greater difficulty is of explaining the rationale of the "windfall" benefit in the first place.

Mr. KNOWLES: We went through all that in another committee.

Dr. DAVIDSON: If you can accept my description of the windfall benefit for the moment, the fact is it is really a feature of the Canada Pension Plan; it is not a feature of the Public Service Superannuation Plan, either in its present or amended form.

Mr. KNOWLES: I recognize that and, unlike some of my friends on the Canada Pension Plan Committee, I did not object to the windfall benefit, and I still do not object.

My point is that in the case of the windfall benefit under the Canada Pension Plan there is not a windfall for those 20 or 30 years down the road, but the absolute amount, at least, is still there for them. However, in the case of the retiring civil servant you take away that absolute amount. You give the windfall for the next ten years, and then you gradually cut it out. This was the complaint of the Great West Life. It did not like the windfall. A man gets it at 55, but the amount of that windfall is there for the 45 year old and the 35 year old.