

*Canada Pension Plan*

wage earner is not in a position to divide his or her earnings with the other spouse. In fact, such a measure could be viewed as unfair by all couples where the incomes of the two spouses differ significantly.

[*Translation*]

However, I must emphasize that the proposed provision to split CPP pension credits on marriage dissolution is intended to recognize marriage as an economic as well as a social partnership towards which both spouses contribute whether they work together in a family business, whether they have separate jobs or whether one spouse works at home while the other works in paid employment. This provision would ensure that each spouse retains a fair share of joint assets towards which they both contributed during marriage.

[*English*]

Another point raised during discussion was the question of voluntary contributions for spouses at home. This matter was studied extensively by the Advisory Council on the Status of Women and by the CPP advisory committee at my request a few years ago. I have tabled the reports provided by these bodies. The subject has also been studied by members of the committee on national health and welfare. I am sure members will have given their attention to those two reports.

**Miss MacDonald:** They don't impress me.

**Mr. Lalonde:** Both reports have recommended against such a proposal. I should like to take a minute or so to go into this matter, since I know it is of interest to hon. members. There is one solution which appears to be attractive at first sight. Indeed, one wonders why it should not be applied. It is only when the subject is studied more carefully that one finds many drawbacks and difficulties attached to such a proposal. The present objective basis for determining the extent of a contributor's coverage under the plan—namely, his earnings—could not be applied to the voluntary participant, so alternate criteria would have to be developed for the housewife. If a limit were to be applied to a housewife's contributions, how would this be defined: in terms of an absolute amount, a percentage of her husband's earnings, or some other factor? Also, how would the employer's share be determined in this case; and who would pay it?

● (1240)

In addition, major changes would have to be made to the more attractive provisions that arise from the compulsory features of the plan. If this were not done, and if voluntary contributors were allowed to determine the extent of their participation, they could, for literally a few cents a year, generate full orphans' benefits and surviving spouse pensions equal to about 40 per cent of maximum levels after three years' contributions; become eligible for disability pensions equal to about 30 per cent of maximum levels after five years' contribution; and at retirement they would become eligible for 10 per cent retirement pensions.

The most important considerations, however, are issues involving basic social equity, the future operation of the

[*Mr. Lalonde.*]

Canada Pension Plan, and private insurance and pension plans. These issues may be summarized as follows: first, if housewives are allowed to participate in the Canada Pension Plan on a voluntary basis, this option would tend to favour wives in families having the willingness and financial ability to participate. Wives in lower income families would have an extremely limited capacity to take advantage of such an opportunity.

Second, can the needs of wives at home be considered separate and apart from those of other individuals who undergo long periods of no earnings because of unemployment, ill health, extended education and other reasons?

Third, if housewives with no earnings are permitted to contribute to the Canada Pension Plan on a voluntary basis, should any provision for voluntary participation be extended to housewives with part-time earnings, and other part-time and low income workers?

Fourth, if an opportunity were extended to some, or all, wage earners to supplement their Canada Pension Plan coverage on a voluntary basis, a situation would be created whereby wage earners could transfer their coverage under private pension plans to the Canada Pension Plan. The differences in funding arrangements between the Canada Pension Plan and private plans would provide a substantial incentive for many to make such transfers. If this were done on a large scale, it could seriously undermine the position of private pension plans.

Fifth, actuarial reports which the government has tabled in parliament from time to time indicate that the financial provisions of the Canada Pension Plan will have to be reviewed at some future date. If such a future review should lead to an increase in contribution rates, would volunteer participants be allowed to reduce or withdraw their participation? If this were permitted, the increased costs of the pension credits accumulated by the volunteer participants would be passed on to the participants who are required to contribute to the plan on a compulsory basis.

The equity of such an arrangement could be the subject of serious criticism if the bulk of volunteer participants came from higher income families, and if large numbers of compulsory participants were comprised of low wage earners. These consequences could be avoided if volunteer participants, once allowed to participate, were required to maintain their participation or, if allowed to reduce or withdraw their participation, were required to accept a reduction in the value of their accumulated pension credits. Such alternatives, however, would likely be considered as acts of bad faith on the part of the government.

Voluntary coverage for housewives is an alternative which might appear attractive on the surface, and I must say that I, like many others, was very attracted by the subject before studying it. However, it does raise some very difficult issues for which answers are not readily apparent. This is why I asked two independent advisory bodies, like the Advisory Council on the Status of Women and the Canada Pension Plan Advisory Committee, to study the matter extensively and to produce a report, which as I have said before I have made public. Both reports rejected the notion and concept of volun-