A DIAGNOSIS BY IDEOLOGY
A DIAGNOSIS BY IDEOLOGY: IDEOLOGICAL PERSPECTIVES
ON THE
FORMATION OF PENSION POLICY IN CANADA

By
HELEN ANN NANCY O’DONNELL, M.A.

A Thesis
Submitted to the School of Graduate Studies
in Partial Fulfillment of the Requirements
for the Degree
Doctor of Philosophy

McMaster University
March 1984
DOCTOR OF PHILOSOPHY (1984)  
McMASTER UNIVERSITY
(Sociology)

TITLE: A Diagnosis by Ideology: Ideological Perspectives on the Formation of Pension Policy in Canada

AUTHOR: Helen Ann Nancy O'Donnell, B.A. (University of Toronto)  
M.A. (McMaster University)

SUPERVISOR: Professor R. Matthews

NUMBER OF PAGES: xi, 493
ABSTRACT

This study introduces a methodology designed to evaluate the extent to which liberal-democratic and marxist-critical ideological values are reflected in the development and formulation of public old age pensions in Canada. Two taxonomies based on the values of equality, freedom, and justice were constructed. The first provides a model of features one would expect to find in a pension system based on the liberal-democratic assumptions. The other provides features one would expect to find if the marxist-critical challenges were valid. The empirical historical factors claimed by the liberal-democratic model to be associated with the introduction of old age pensions in 1927, universal pensions in 1951, and contributory pensions in 1965 were analyzed and the extent to which they reflected the appropriate values determined. The analysis was extended to the pension debate which emerged in the 1980s and culminated with the report issued by the Parliamentary Task Force on Pension Reform in December of 1983. It was concluded that public pensions in Canada reflected some of the values of the first ideology. However the liberal-democratic model failed to explain at least three further aspects of pension legisla-
tion. First, there was reason to believe that not all possible factors associated with pension legislation had been considered. Second, the framework could not explain why some values received greater priority at different historical periods. Third, there was no logical explanation for the persistence of poverty among specific groups of elderly. These issues were examined to determine the extent to which they reflected the challenges offered by the marxist-critical ideology. From the two analyses it was concluded that the development of pensions in Canada did reflect both the assumptions of the liberal-democratic ideology and the challenges of the marxist-critical. In general it was concluded that a comprehensive analysis of public pensions in Canada can be achieved only when both ideological models have been utilized.
ACKNOWLEDGEMENTS

No endeavour, however insignificant, is the work of one person alone and this has been no exception. I would like to acknowledge my indebtedness to McMaster University, and especially the Sociology Department, for making it possible for me to expand my horizons and aspirations. I would also like to acknowledge my gratitude to my supervisory committee, Dr. J. Rice and Dr. Graham Knight. Their kind, but always helpful comments, given with cheerful enthusiasm, have encouraged me to continue what at times appeared to be a lost cause. In particular, though, I wish to offer my humble thanks to my doctoral supervisor Professor Ralph Matthews. He alone knows the effort that was needed to keep my mind on the right track and my pen to paper. Without his knowledgeable help, his unselfishly given time, and his valued friendship this enterprise would never have reached a successful conclusion. To my husband, and favourite critic, as well as my long-suffering children, I can only sympathize with what they were forced to endure so that mother could "do her thing". Finally, I wish to thank Charlene West for accepting the most awful messes and miraculously turning them into beautifully typed works of art. The speed with which she fed work into, and dragged work out of, the word processor has allowed me to complete my task within a reasonable length of time. It is hard to imagine how it could have been accomplished without her special talents.
Do not go gentle into that good night,
Old age should burn and rave at close of day;
Rage, rage against the dying of the light.

(Dylan Thomas, 1952)
TABLE OF CONTENTS

List of Tables viii

Introduction Toward a Framework For Understanding Canadian Pension Policy 1

Chapter One Ideological Perspectives on Pension Policy: The Taxonomies of Explanation 21

Chapter Two A Review of Pensions in Canada 56

Chapter Three Development of the Principle of Need, 1850 - 1927 89

Chapter Four Development of the Principle of Universality, 1927 - 1951 158

Chapter Five Development of the Contributory Principle, 1951 - 1965 235

Chapter Six The Pension Debate, 1966 - 1983 305

Chapter Seven The Marxist-Critical Perspective 382

Chapter Eight Toward All Our Tomorrows 441

Appendix 463

References 475

vii
<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-1</td>
<td>Liberal-Democratic Taxonomy</td>
<td>28</td>
</tr>
<tr>
<td>1-2</td>
<td>Marxist-Critical Taxonomy</td>
<td>38</td>
</tr>
<tr>
<td>2-1</td>
<td>Chronology of Pension Events</td>
<td>57</td>
</tr>
<tr>
<td>3-1</td>
<td>Extent to Which Old Age Pensions Act, 1927, Reflected Liberal-Democratic Concerns and Values</td>
<td>93</td>
</tr>
<tr>
<td>3-2</td>
<td>Urban Population as a Percentage of Total Population, Canada and Provinces, 1871 - 1931</td>
<td>95</td>
</tr>
<tr>
<td>3-3</td>
<td>Proportion of Canadian Labour Force in Agricultural and Non-Agricultural Pursuits 1881 - 1931</td>
<td>97</td>
</tr>
<tr>
<td>3-4</td>
<td>Industrial Distribution of Gross Domestic Product at Factor Cost, Canada, 1926 - 1930</td>
<td>99</td>
</tr>
<tr>
<td>3-5</td>
<td>Population Aged 65 and Over, Canada and the Provinces, 1901 - 1931</td>
<td>102</td>
</tr>
<tr>
<td>3-6</td>
<td>Distribution by Percentage of Those 65 Years and Over, Canada and the Provinces, 1901 - 1931</td>
<td>103</td>
</tr>
<tr>
<td>3-7</td>
<td>Life Expectancy at Birth by Sex for Canada, 1941 - 1976</td>
<td>105</td>
</tr>
<tr>
<td>3-8</td>
<td>Living Arrangements of Population 65 and Over, Canada, 1956</td>
<td>108</td>
</tr>
<tr>
<td>3-9</td>
<td>Homes for Adults and All Charitable and Benevolent Institutions, Canada and Provinces, 1931</td>
<td>112</td>
</tr>
<tr>
<td>3-10</td>
<td>Values on Free Board and Shelter for Purposes of Calculating Income Under Old Age Pensions Act, By Province, 1950</td>
<td>142</td>
</tr>
<tr>
<td>3-11</td>
<td>Average Pensions Payable by Province, 1941</td>
<td>146</td>
</tr>
</tbody>
</table>
3-12 Percentage of Old Age Pensioners Receiving Maximum Pension by Province, 1949 147

3-13 Percentage of Old Age Pensioners to Population Seventy Years and Over by Province, 1940 - 1944 148

4- 1 Industrial Retirement Plans in Canada, 1937 - 1938 164

4- 2 Individual Annuity Contracts in Force, Canada, 1930 - 1951 167

4- 3 Value of Maximum Pension Payable in Relation to Changes in the Cost of Living Index, 1927 - 1950 169

4- 4 Changes in Maximum Pension Payable and Income Allowance (Single Pensioner), 1927 - 1950 171

4- 5 Desirable Living Minimum Budget and Restrictive Assistance Minimum, 1939 175

4- 6 Summary of Briefs Presented to Joint Committee of the Senate and the House of Commons on Old Age Security in Canada, 1950 182

4- 7 Proportion of Gross Annual Income Paid in Taxes for Pensions, 1951 217

4- 8 Canadian Old Age Security Fund Revenues: Percentage Distribution, 1952-53 to 1957-58 218

4- 9 Extent to Which the Old Age Security Act (1951) Reflected Liberal-Democratic Concerns and Values 222

5- 1 Summary of the Values Reflected in the Pension Positions Held by Various Organizations, 1960 - 1965 260

5- 2 Extent to Which the Canada Pension Plan Reflected Liberal-Democratic Concerns and Values 296

5- 3 Proportion of Gross Income Paid in Taxes for the Canada Pension Plan 300

6- 1 Estimated 1982 Poverty Lines 310
<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-2</td>
<td>Sample Family Budget 1981, One Person Household</td>
<td>312</td>
</tr>
<tr>
<td>6-3</td>
<td>Sample Family Budget 1981, Two Person Family</td>
<td>313</td>
</tr>
<tr>
<td>6-4</td>
<td>Relative Importance of Various Sources of Income to the Elderly, 1979 (%)</td>
<td>314</td>
</tr>
<tr>
<td>6-5</td>
<td>Net Replacement Ratios Provided by Government Programs, 1981</td>
<td>325</td>
</tr>
<tr>
<td>6-6</td>
<td>Percentage Contributed to Gross Post-Retirement Income by OAS, GIS, and CPP at Selected Income Levels, 1980</td>
<td>327</td>
</tr>
<tr>
<td>6-7</td>
<td>Chronology of Old Age Security Pensions and Guaranteed Income Supplement</td>
<td>335-6</td>
</tr>
<tr>
<td>6-8</td>
<td>Chronology of Old Age Assistance</td>
<td>337</td>
</tr>
<tr>
<td>6-9</td>
<td>Chronology of Canada Pension Plan</td>
<td>338</td>
</tr>
<tr>
<td>6-10</td>
<td>Summary of Proposals Submitted to National Pensions Conference, 1981</td>
<td>356-9</td>
</tr>
<tr>
<td>6-11</td>
<td>Summary of Selected Proposals Submitted to Parliamentary Task Force, 1983</td>
<td>362-3</td>
</tr>
<tr>
<td>6-12</td>
<td>Priority of Values in the Four Major Public Pension Periods</td>
<td>379</td>
</tr>
<tr>
<td>7-1</td>
<td>Strikes and Lockouts in Canada, Selected Years, 1901 - 1973</td>
<td>391</td>
</tr>
<tr>
<td>7-2</td>
<td>Extent to Which Canadian Public Pensions Reflect Marxist-Critical Perspective Expectations of Control</td>
<td>408-9</td>
</tr>
<tr>
<td>7-3</td>
<td>Unemployment Rates, Annual Averages for Selected Years, 1946 - 1953</td>
<td>414</td>
</tr>
<tr>
<td>7-4</td>
<td>Percentages of Unemployment in Trade Unions, 1915 - 1926</td>
<td>415</td>
</tr>
<tr>
<td>7-5</td>
<td>Distribution of Income Among Families and Unattached Individuals, 1951 - 1977</td>
<td>420</td>
</tr>
<tr>
<td>7-6</td>
<td>Percentage Distribution of Total Pre-Tax Income of Families and Unattached Individuals By Quintiles, 1951 - 1979</td>
<td>423</td>
</tr>
</tbody>
</table>
7- 7 Employer-Sponsored Pension Plan Coverage By Industry and Sex, 1976 427

7- 8 Extent to Which Pension Policy Reflects Marxist-Critical Ideology 437

8- 1 Extent to Which Current Pension Policy Reflects Values of Both Liberal-Democratic and Marxist-Critical Ideological Positions 446-7

8- 2 Ideological Expansion and Contraction of Public Pensions In Canada, 1927 - 1983 454
INTRODUCTION
TOWARD A FRAMEWORK FOR UNDERSTANDING
CANADIAN PENSION POLICY

Originally this study was to be a continuation of earlier research on the state and old age pensions in Canada (O'Donnell, 1979). That work used a Marxist framework in its analysis of the emergence of public pensions in Canada. It sought to answer the questions; why did public pensions develop and how can one explain the form taken by the legislation? The analysis was interested in explaining the events surrounding the passage of the Old Age Pension Act of 1927. Marxist variables, Marxist measurements, and Marxist issues were considered. This study was intended to continue that analysis and to encompass the development of universal pensions in the 1950s, contributory pensions in the 1960s, and the pension crisis of the 1980s.

However examination of the earlier study indicates that not all the questions concerning pension policy had been asked, much less answered. Primary was the question "what if the Canadian government passed pension legislation simply to relieve the need of some of the elderly?" In other words, what if the needs-response thesis of the
liberal-democratic ideology was the correct one? Marxist analyses, intent as they are on demonstrating the relationships between government policy and the interests of capital, tend to dismiss the needs-response position as mere 'ideology'. Any question of whether the Canadian government truly responded to the articulated needs of the elderly is dismissed rather summarily. At best it is couched within the concept of class-struggle.

On the other hand, the more traditional analyses based on a liberal-democratic framework often fail to thoroughly explicate the Marxist issues of power relations, latent functions, or outright deception (conspiracy theory). Furthermore, they sometimes fail to address the question of why a group of needy elderly citizens develops in the first place. It appears that neither framework can cover adequately all of the phenomena to be explained. It was this sense of inadequacy that led to an alteration of the original thrust of this study to a form of analysis which might be more fruitful.

The decision to abandon a unidimensional form of analysis was reinforced by the writings of Karl Mannheim. Mannheim has suggested that in the quest for knowledge the question to be asked is not "what is truth" but how can approximate truth be discovered out of the complex of social history? (Mannheim, 1968:75). (Emphasis mine.) He argues that this approximate truth can be discovered through the
examination of various systems of thought which arise within particular historical periods. The logic of his position is derived from the presupposition that within any particular historical period there exist different ways of experiencing the same reality. These varying ways of experiencing reality give rise to "divergent and conflicting modes of thought which . . . order the same facts of experience into different logical categories" (Ibid., 91). Different systems of thought result in "the peculiar perspective which our concepts impose upon us, and . . . cause the same object to appear differently, according to the set of concepts with which we view it" (Ibid.). Approximate truth then consists of the totality of these systems of thought and not merely one perspective or another. It follows that our knowledge of reality can become more comprehensive only as it assimilates more and more of these divergent perspectives (Ibid., 91-2).¹

The analysis which follows is predicated on the assumption that within Canadian society there are various ways of looking at the empirical phenomena surrounding public pensions. Depending on the concepts utilized the same  

¹ However, the organization of knowledge goes part and parcel with ideology and "man makes the word, and the word means nothing which the man has not made it to mean" (C.S. Peirce cited in Howard, 1982:103). In this sense, the concepts of partial and approximate truth can be considered to be 'ideological' and all human thought to contain an arbitrary element.
pension policy will appear to take different forms and fulfill different functions. In order to more fully comprehend the reality of pensions, it becomes necessary to consider some of these divergent perspectives. In a sense it is like searching for a diagnosis of a disease; one often can benefit from consultation with not one learned medical authority but several. In this study the learned authorities will be competing sets of thoughts.

Theoretical Orientation of the Study

The study which follows is based on Mannheim's orientation and is a quest for knowledge of public pensions in Canada. It is not a search for some absolute truth. In order to enhance the quest, the study will seek the answers to two questions. To what extent can the liberal-democratic ideology offer a description of the events surrounding the development of public pensions in Canada and to what extent does it contribute to our knowledge of pension reality? To what extent can the Marxist-critical ideology offer a further description of the events and to what extent does this perspective augment our knowledge of pensions?

These questions emerge from the two ideological perspectives which are dominant in Canada today (Marchak, 1981.ix). The first, the liberal-democratic perspective, "describes Canada as a liberal-democracy governed by representatives elected by a majority of adult citizens" and
"maintained by a stable and self-sufficient free-enterprise economy staffed by happy and affluent workers" (Ibid.). The second, the Marxist-critical ideology, "describes Canada as a society ruled by an hereditary oligarchy and multinational imperialist corporations, maintained by a large and increasingly impoverished working class" (Ibid.). Both perspectives are based on the same values. "Both assume that equality amongst citizens is a rational and just arrangement for a society; that personal freedom should be maintained and cherished . . . Both value the rule of law" (Ibid.). However, they differ in their description of Canadian society and in their interpretation and evaluation of the extent to which the basic values are achieved.

Because the two perspectives are based on contradictory assumptions regarding society, neither can be subsumed logically into the other. As a result they have been treated traditionally as two separate sets of thoughts which offer competing explanations of social reality. The assumption is made that either the liberal-democratic or the Marxist-critical model offers the 'correct' description of reality.

The study will abandon this either/or dichotomy on the grounds that it limits the development of understanding. The position taken here is that approximate truth is best sought through the use of at least two ideological models. The examination which follows will use information
derived from both perspectives. Neither model will be assumed to have the complete interpretation. Rather it will be proposed that each has some contribution to make towards the better understanding of the reality of public pensions.

Furthermore, a major thrust of the study will be the assumption that these ideological values have been reflected to varying degrees in the historical development of Canadian pension policy. The study will focus on the extent to which these values have been reflected in Canadian pension policy, the extent to which they have been conflicting, and the extent to which they have changed over the course of time. To facilitate this an instrument of analysis will be designed (see page 13) capable of allowing the researcher to look back upon previous pension legislation and determine these aspects. The study asks: Given these values, do we find that they are reflected in pension policy and if so, to what extent does this reflection change between legislative periods? The study makes no assumptions about the primacy of these values, that is the extent to which they may have 'caused' or motivated particular expectations of policy. The theoretical focus then is on the nature of the reflection of ideological values within pension policy, the internal consistency of these values, and the extent to which they can be seen to fluctuate between legislative periods.
Ideology

Marchak suggests that ideologies are beliefs about realities which are unexamined and by their nature held on faith. They are held by a substantial proportion of a population; they are not merely private religions, though for each person a privately articulated phrasing of the ideologies prevalent in the society may appear as ideas worked out by one's own intellect and heart. They do describe the society with varying degrees of accuracy.
(Marchak, 1981:x1)

However not all sociological studies have used such a broad definition of the term. The more common reading of the concept is relatively restrictive. It is applied most often to one set of thoughts and not to another. It is one's opponents' system of ideas which is deemed ideological while one's own is not. This usage of the term has resulted in a derogatory meaning to anything called ideological. The present study will utilize a more inclusive definition. It will include under the rubric 'ideology' all thought systems in general, and two major systems found in Canada, in particular.

Originally the term 'ideology' did not necessarily carry the negative connotations associated with it today. This negative evaluation arose as various thinkers sought to discredit their opponents' views. The concept was initiated by a group of eighteenth century thinkers who formed the Institute de France. They used the term to describe a 'science of ideas'. This conception of science arose in
reaction to the undue emphasis on material interests prevalent at the time (Lichtheim, 1967). Opposing the empiricist trend of the day, the 'ideologues' sought to stress the notion of rationalism as a valid form of analysis. They were concerned with the social nature of knowledge and the need for the application of critical reasoning in the pursuit of it.

It was the critical aspect of their work which led to the association of ideology with negative values. Included in their critical reasoning was a critique of the policies espoused by Napoleon Bonaparte. Bonaparte, stung by their evaluation of his policies, lashed out at the ideologues labelling their work mere ideology. Implicit in his attack was the notion that the science of ideas was nothing more than the non-factual distortion of reality.

This negative response was revised and expanded in the works of Karl Marx. Following the writings of Marx, ideology became associated with a depreciation of the thoughts of one's opponents in order to discredit them. Furthermore, ideology became linked to the self-interests of the dominant groups in society. It became seen as a distortion of reality used by the ruling classes to maintain their dominant position vis-à-vis the dominated classes. It was claimed that, within capitalist society ideology allows the bourgeoisie to extend their ideas to the society in general. Through this extension, ruling class ideas, which
reflect ruling class interests, are promulgated as being in the interest of all members of the society. Thus the ideas of the ruling class become the ruling ideas of the epoch (Marx and Engels, 1970:64).

Marxist analyses further extend the nature of ideology to include the need for domination and coercion. Thus ideology masks the true foundations of capitalist society, the contradictory nature of the exploitation of one class by another. It can keep the working class unaware of the real nature of its participation in capitalism. The diagnosis of ideology, or the unmasking of the bourgeois 'reality', becomes possible only through the determination of the "real foundations of human activity" (Giddens, 1979:166).

Non-Marxist writers have tended to go beyond this restrictive definition of ideology, although they have reversed the imputations. It is Marxist thought which is labelled ideological and Marxist ideology is seen as the justification for domination and coercion. The only difference between the non-Marxists and the Marxists becomes which thought system is to be considered 'ideological'. Marxists identify as ideology the bourgeois thought system with its justification of violence against the opponents of capitalism while non-Marxists make a similar charge against Marxist, or socialist thought with its justification of violence against those who would defend the status quo.
Even those writers who have subscribed to the so-called 'end of ideology' thesis have tended to employ a restrictive definition of the term. Ideological thought, whether disappearing or not, is viewed as essentially distorted thought. In this thesis the distortion is primarily associated with Marxist, or socialist, thought and not with the mainstream thought of those who support the established order (Bell, 1962; Aitken and Bell, 1964; Lipset, 1966). As these writers see it, what is ending is the acceptance of the distortions found in Marxist propaganda. In other words, history has 'unmasked' the distortions in radical ideology.

Mannheim has noted that the critique of one's own position as ideological has seldom been undertaken. Because of this lack of an internal application of ideological analysis, the pejorative connotations of the term linger on. If all thought systems, including one's own, were recognized as 'ideology', the pejorative cast of the term might gradually fade away leaving ideology a more useful tool for analysis.

The possibilities inherent in a more inclusive use of the term have not been fully explored within sociological literature. This study will eschew the more restrictive use of the concept and will return to the original conception of ideology as a 'science of ideas'. It will consider ideology to be any "given set of values, beliefs, preferences, expectations and prescriptions regarding
society" (La Palombara, 1966:7). The assumption is made that these ideas which describe society also direct individual and socially organized actions. Ideology, then consists also of those ideas which describe actions and with which "men posit, explain and justify ends and means of organized social action, and especially political action, irrespective of whether such action aims to preserve, amend, uproot, or rebuild a given order" (Seliger, 1976:2). In addition, it is proposed that these sets of beliefs and values can provide a useful tool for the understanding of empirical phenomena.

To summarize, this study is a quest for knowledge of the development of pensions in Canada. The quest will use two competing sets of interpretations, explanations, descriptions, and justifications, which will be termed ideologies. The analysis will not start from an either/or position but will utilize elements associated with both perspectives. This position argues that, to restrict the analysis of pensions in Canada to the assumptions and issues associated with one ideology, is to restrict potential explanatory power and limit knowledge.

**Application of the Perspectives to Canadian Pension Policy**

The study will construct four pension 'realities'. Two will be 'ideal types' based on the premises of the competing perspectives. Two will be constructed from
statistical data, historical accounts and documents and individual statements about pensions in Canada (cf Marchak, 1981:xi).

Martindale describes ideal types as "devices intended to institute comparisons as precise as the stage of one's theory and the precisions of his instruments will allow" (Martindale, 1963:34). However, he points out that they are not logically interrelated bodies of empirical laws neither are they mathematical models. Rather they are one-sided accentuations of one or more points of view which form imaginary worlds (Ibid., 47). As such they present several methodological problems. First, the class of empirical evidence to which the concepts of the ideal types refer is not always clearly specified. Second, ideal types cannot be compared with actual states of affairs if meaningful predictions are expected (Ibid., 67). Valid meaningful comparison is limited to two or more actual states of affairs. The function of ideal types, argues Martindale, is to isolate the factors on which comparison becomes critical (Ibid.) and to aid in the understanding of these states of affairs. Third, there is the problem of bias. Since some methodologies are more suited to some theoretical positions than others (Sjorberg and Nett, 1968:1) the use of ideal types may 'privilege' one ideology. Thus, Marxists may reject the use of such types on the grounds that they favour the liberal-democratic explanation and are contradictory to
Marxist assumptions of reality. Despite this possibility of bias, a methodology must be selected. Given the nature of this study, the following methodology appears to offer the best way of obtaining meaningful conclusions.

The study will construct two ideal types of pension policies. These will form a framework of analysis through which the study will look back upon past pension policy and evaluate the extent to which this policy has reflected certain values, the extent to which the values have been conflicting and the extent to which they have fluctuated over the years. They are ideal types of pension policy and not necessarily ideal types of ideology. They are designed to provide operational elements of pension policy. One ideal pension type will be derived from the liberal-democratic ideology, the other from the Marxist-critical. The liberal-democratic ideology is used because it is the dominant ideology found within Canada. It affirms that liberal-democracies allow for the realization of those values and beliefs which they judge to be right, appropriate and desirable (Marchak, 1981:3). The Marxist-critical ideology is used because it is the counter-ideology, or that set of ideas which challenges the assumption that liberal democracies provide for this realization. The two do not differ so much "in their framework of values, as in their assessment of the society's competence in meeting those values" (Ibid., 4). Thus both ideal pension types will be derived from the same set of three values.
In the case of the liberal-democratic ideology, the ideal type developed in this way is essentially the type of pension policy which a liberal-democratic state would develop if it carried out liberal-democratic values to their logical conclusion, and if there were no fundamental conflicts among the values on which the liberal-democratic ideology is based. However, it should be emphasized that the ideal type developed here based on the marxist critical ideology is not the pension policy that would arise if Canadian society and government were based on a purely marxist ideology. To construct such a typology would simply be an exercise in utopianism, as the Canadian state is not based on marxist values and clearly any policy which it develops will not embody them. An ideal type constructed in this way would have little purpose as it's only use would be to demonstrate just how much Canadian pension policy is not based on the ideal values of pure marxist thought. That is not the goal here. We are not concerned with what might have existed had Canada been a marxist state, but with what does exist. It is for this reason that we have labelled the counter ideology we are dealing with the marxist-critical ideology. It involves a marxist critique of the nature of liberal democracy, its values and the policies claimed to be based on them.

Thus the ideal type developed here based on the marxist critical ideology will involve those challenges made
by marxist thinkers about the nature of policy in a liberal
democratic state. The marxist interpretation of the role of
the state and of state policy in liberal democracy is very
different from the way in which they are envisaged from a
liberal democratic perspective. The ideal type based on the
marxist critical perspective will deal with the nature of
pension policy in Canada if the marxist interpretation of
the role and nature of policy in a liberal democracy is the
correct one. Thus, both ideal types are interpretations of
the reality of pension policy in a liberal democracy such as
Canada.

The ideal types of pension policy will be used as
an analytical tool to guide the construction of the two
empirical 'models'. These will provide the operationalized
guides for the selection of the empirical and historical
data. Without such measures the study would have abstract
concepts that cannot be related directly to the empirical
phenomena and that cannot be verified or falsified.

The empirical models will focus on four major
developments in the history of Canadian public pensions and
will be constructed from data associated with these per­
iods. The first stage of construction will consist of
statistical and historical data relevant to the passage of
the Old Age Pension Act of 1927. This act represents the
initiation of public old age pensions in Canada. Data will
include economic, social and political factors related to
the development of a need for public pensions, factors associated with the formulation of the policy, the rules and regulations of the legislation, and its administration.

The next stage will consist of data associated with the Old Age Security Act and the Old Age Assistance Act of 1951. The Old Age Security Act represents the transition from means-tested public pensions to universal pensions based on age, citizenship, and residency. The Old Age Assistance Act provided means-tested supplementary payments for those above a certain age but not yet eligible for the universal benefits.

The third stage will use data relevant to the addition in the 1960s of a contributory pension plan in which benefits were related to earnings. The final stage will use data relevant to the emergence of a 'pension crisis' in the 1980s. These stages cover all the major developments associated with public pension legislation in Canada. They form the basis for the understanding and explanation of the historical development of pension policy.

The flow chart indicates the flow of the study. Step One will be the construction of the liberal-democratic taxonomy which will provide the elements of the ideal type of pension policy. The actual details involved in this construction will be discussed in Chapter One. This ideal type of prescribed policy will then be used as a guide in an examination of the actual state of affairs as the liberal-
Step One:

Liberal-Democratic Ideology → Taxonomy → Ideal Pension Policy → Empirical Construction 4 Historical Periods

Step Two:

Marxist-Critical Ideology → Taxonomy → Ideal Pension Policy → Empirical Construction 4 Historical Periods

Step Three:

Comprehensive Explanation of Pension Policy

Step Four:

Future Predictions
democratic taxonomy sees it for the four historical periods under examination.

Step Two will be the construction of the Marxist-critical taxonomy and its associated ideal pension policy. This ideal type of prescribed policy will be used as a guide in an examination of the actual state of affairs as the Marxist-critical approach interprets the same four historical periods. Step Three will then analytically assimilate the two empirical models into one comprehensive analysis and explanation of Canadian pension policy which will incorporate features and interpretations identified by both the liberal-democratic and Marxist-critical perspectives. Step Four will examine possible future pension policy suggested by the evidence supplied from the above analysis.

In summary, the study is based on the assumption that if liberal-democratic ideas alone are used in the construction and explanation of an empirical model of pensions in Canada, it would be apparent that not all the available data or relevant issues would be exhausted. Similarly, if only Marxist-critical challenges are used another set of data and issues would be ignored. The purpose of this study is to use ideas and arguments from both perspectives to more fully examine the development of pensions in Canada. The taxonomy is an analytical device which enables the abstract values of the two ideologies to be related clearly to empirical events associated with pension policy. The ideal types
serve as a guide in the construction and examination of the empirical models. They indicate and identify which data and issues need to be considered. However, when the "one actual state of affairs" is examined it will be readily discernable that it has failed to utilize all the available data or all the relevant issues. If a comprehensive understanding or 'approximate truth' of pensions in Canada is to be achieved at least two divergent perspectives will have to be employed.

Chapter One of the study will elaborate in detail the formation of the taxonomies. These will provide ideal type models of pension policy which can be used to guide the selection of empirical data to be used in the models that follow. Chapter Two will furnish a short history of pension legislation in Canada as well as a review of current literature on social welfare and pension policy. Chapter Three will introduce the empirical examination of pensions utilizing the liberal-democratic ideology. This exploration will emphasize the reflection of the manifestation of need, the articulation of need, and the response of the Canadian government. In this chapter, the reflection of these aspects in the formulation of the Old Age Pension Act of 1927 will be analyzed. Chapter Four will deal with the same three aspects and their reflection in the transition from a means-tested pension system to a universal pension plan in 1951. Chapter Five will take the same three aspects and
discuss their reflection in the emergence of a contributory plan in the 1960s. Finally, Chapter Six will consider the growing pension crisis of the eighties within the same context of needs and response.

In Chapter Seven, those pension policy developments inadequately explored in the previous chapters will be analyzed according to the ideal type of pension policy supplied by the Marxist-critical perspective. Further data and issues will be introduced and explored. Chapter Eight will take the two 'empirical constructions' and fashion from them a more comprehensive description of pension policy in Canada. It is this description which will guide any discussion of possible future pension policy, as well as the dynamics of the reflection of ideological values.
CHAPTER ONE

IDEOLOGICAL PERSPECTIVES ON PENSION POLICY:
THE TAXONOMIES OF EXPLANATION

Ideologies are sets of beliefs which are used to describe, evaluate, and explain society. In Canada there are at least two such sets, the liberal-democratic and the Marxist-critical. Both have "grown out of the same social organization." "They take the same economic arrangements, the same territorial boundaries, the same population as their units of analysis" (Marchak, 1981:3). They espouse the same values. Yet they present different versions of Canadian reality.

They differ in the position they hold within Canadian society. The liberal-democratic is the dominant one. It provides "the conventional wisdom . . . the ready references, the rules of thumb . . ." (Ibid., 2). It is that set of beliefs accepted by most of the Canadian people. The Marxist-critical is the counter-ideology in that it challenges the ability of any liberal democracy to actualize these beliefs. It is that set of challenges held by some of those who question the validity of the dominant ideology.
The two differ in their description and evaluation of Canadian society. The dominant view sees the Canadian social structure as it "looks to one who accepts it and expects it to survive; the other how it looks to one who rejects it and anticipates its demise" (Ibid., 3). Furthermore, the dominant ideology evaluates Canadian society's competence to achieve what it sees as the 'right' values. It argues that "yes this society provides the necessary conditions" for the realization of these values (Ibid., 4). The counter ideology argues that Canadian society is "deficient in providing for their realization" (Ibid.).

Finally, each ideology provides a different description of why things are the way they are in Canada. The liberal-democratic ideology sees any defects in Canadian society as the result of "particular circumstances that give rise to particular exceptions" (Ibid., 5). The solution to these 'exceptions' is the initiation of corrective measures which alter the circumstance but do not alter the organization of the society. The Marxist-critical perspective sees these 'exceptions' as failures resulting from the fundamental organization of Canadian society. The solution, then involves radical changes in this organization.

Despite the differences between the two, both agree that "equality amongst citizens is a rational and just arrangement for a society; that personal freedom should be maintained . . ." and that the rule of law should prevail (Ibid., ix). The one, of course, affirms that these three
values are in fact achievable under the present system of social organization; the other denies this. The following analysis will focus on the way in which these two ideological perspectives perceive the nature of equality, freedom, and justice in Canadian society.

Liberal-democratic ideology describes equality as the "equal capacity of men to shift for themselves" (Macpherson, 1977:245), and the "equality of expectation of satisfying their wants" (Ibid., 74). If the individual fails in these endeavours, it is viewed as his inability to order his life according to the proper rules (Ibid., 246). Failure to achieve self-sufficiency and satisfaction results from individual characteristics and not the organization of the society. Marx, on the other hand, saw only inequality in capitalist society. Equality is viewed as a bourgeois term. From the Marxist-critical perspective then, as long as wealth is inequitably distributed, equality is unachievable. The control of capital is the decisive power. In capitalism, "the capitalists, the bourgeois, have become the first class in society" and "having become the first class in society, the bourgeoisie proclaimed itself the first class also in the political field" (Marx and Engels, 1973:86).

Freedom in liberal-democratic ideology is described as the "freedom from the wills of others" (Macpherson, 1977:264). This freedom "can rightfully be limited only by such obligations and rules as are necessary to secure the
same freedom for others" (Ibid.). Individuals ought to be free from "dependence on the wills of others", to be free "from any relations with others except those relations which the individual enters voluntarily with a view to his own interest", and to be "the proprietor of his own person and capacities . . ." (Ibid., 263). However, Marx has argued that within capitalism personal freedom exists only for those individuals "who developed within the relationships of the ruling class and only insofar as they are individuals of this class" (Marx and Engels, 1973:83).

Thus, in imagination, individuals seem freer under the dominance of the bourgeoisie than before, because their conditions of life seem accidental; in reality, of course they are less free, because they are more subjected to the violence of things . . . particularly . . . antagonism between the bourgeoisie and the proletariat (Ibid., 84).

Liberal-democratic ideology describes law and justice as the dominance of order over power. Law is the expression of the general will of the people. It arises from a "sense of possessing common interests and a desire for common objects" (Greengarten, 1981:54). It commands the obedience of the citizenry because it is believed that its objectives are "necessary to the realization of a good in which they all share" (Ibid., 56). The rule of law signifies that citizens are controlled, not by power and coercion, but by the value which most men perceive in order (Chambliss and Seidman, 1971:79). Marx, however, saw law as "the outgrowth of the conditions of . . . bourgeois produc-
tion and bourgeois property . . ." (Marx and Engels, 1973:123). Law is not the general will but the will of the bourgeoisie made into law for all.

Since the State is the form in which the individuals of a ruling class assert their common interest . . . it follows that the State mediates in the formation of all common institutions and that the institutions received a political form. Hence the illusion that law is based on the will, and indeed on the will divorced from its real basis -- on free will. Similarly, justice is in its turn reduced to the actual laws (Ibid., 78).

The Process of Taxonomy Formation

The taxonomies to be developed are designed to produce two prescribed ideal pension types, one associated with the liberal-democratic ideology, the other with the Marxist-critical. They are a device which converts the three abstract concepts of equality, freedom, and justice, into concrete, measurable elements of pension policy. The process of conversion involves three stages. The first is the description of the value stressed by each of the perspectives. For example, the liberal-democratic ideology sees equality as the equality of opportunity (Pinker, 1971:154; Rawls, 1971:83; Marchak, 1981:9). The Marxist-critical one sees it as the lack of equality of results (George and Wilding, 1976:87-88), or the inequality of opportunity.

The second stage will be the explanation of the described value as it is seen to be found in liberal demo-
cracies. Equality of opportunity assumes that liberal democracies provide gainful employment for all those willing and able to make use of their opportunities. Those who fail to find employment have in some way failed to utilize the opportunities offered by society. Marxist-critical ideology, on the other hand, uses the lack of equality of opportunity to explain why some achieve the advantaged positions in society and others do not, or why those in a subordinate class location remain there.

The third stage involves the construction of a prescribed pension policy consistent with both the description and explanation. This is designed to provide measurable elements of pension policy which are related to both the ideological concept and the empirical phenomenon. For example, the belief in the equality of opportunity assumes that liberal democracies provide gainful employment for all those willing to work. This is consistent with a pension system which does not restrict the opportunity for such employment by demanding retirement at an arbitrary age before benefits may be received. The presence of such a restriction prevents those above a particular age from competing on an equal basis for gainful employment. Mandatory retirement, in effect, forces the older worker out of the work force. In like manner, the inequality of opportunity in the political arena assumes the existence of a ruling class state. This leads to a pension policy which would reflect ruling class interests. What is labelled here as prescribed
pension policy, then is that pension system which each ideology ideally sees as the 'reality' of pensions in Canada.

**Liberal-Democratic Taxonomy**

The liberal-democratic ideology describes equality variously as the equality of citizenship (Marshall, 1963), the equality of opportunity (Marchak, 1981:19), the equality of status (Pinker, 1971:108), and the equality of similar cases (Rawls, 1971:237). The following discussion of these four descriptions is summarized in Table 1-1.

The equality of citizenship assumes equal access to, and equal participation in, the institutions of government. It is used to explain the presumptions of a neutral state. The state is viewed as able to take an independent view of the problems presented to it and is able to base policy decisions on the public interest rather than sectoral interests (George and Wilding, 1976:52). The 'one man, one vote' in conjunction with competing political parties is said to insure equal participation in policy formation. Political policy is seen to be a response to the manifestation of need and its effective articulation. It is an unbiased resolution of a particular circumstance.

Prescribed pension policy is the response of the state to the articulated need of the elderly in Canada. From a liberal-democratic perspective, it should reflect an unbiased response to that need. The degree to which pension
<table>
<thead>
<tr>
<th>Description</th>
<th>Explanation</th>
<th>Prescribed Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equality of Citizenship</td>
<td>Neutral state.</td>
<td>Responds to financial needs of the elderly citizen.</td>
</tr>
<tr>
<td></td>
<td>Participatory democracy.</td>
<td>Policy reflects requests from various sectors of society.</td>
</tr>
<tr>
<td>Equality of Opportunity</td>
<td>Equal right to gainful employment.</td>
<td>No mandatory retirement clause.</td>
</tr>
<tr>
<td></td>
<td>No penalty for geographic mobility.</td>
<td>No residential clauses that restrict geographic mobility.</td>
</tr>
<tr>
<td>Equality of Status</td>
<td>Dignity of the individual.</td>
<td>No means-testing that stigmatizes individual.</td>
</tr>
<tr>
<td>Equality of Similar Cases</td>
<td>Similar treatment for those in similar case situations.</td>
<td>Uniform administration of pension policy across provinces. Similar treatment for similar cases.</td>
</tr>
<tr>
<td><strong>Freedom</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freedom of Self-interest</td>
<td>Differential Rewards Individualism</td>
<td>Graduated benefits related to previous earnings. Pensions a privilege to be earned, not a right.</td>
</tr>
<tr>
<td>Freedom of Competition</td>
<td>Political Parties and competing interest groups.</td>
<td>Alternative, competing policies.</td>
</tr>
<tr>
<td><strong>Justice and Law</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rule of Law</td>
<td>Impartial decisions.</td>
<td>Appeal boards separate from pension authorities.</td>
</tr>
<tr>
<td></td>
<td>Prompt decisions.</td>
<td>Regular sessions of appeal boards.</td>
</tr>
<tr>
<td></td>
<td>Innocent until proven guilty.</td>
<td>Burden of proof rests with pension authorities.</td>
</tr>
<tr>
<td><strong>Social Justice</strong></td>
<td>Minimum standard of living.</td>
<td>Elimination of poverty.</td>
</tr>
<tr>
<td></td>
<td>Amelioration of inequities.</td>
<td>Downward redistribution of the wealth.</td>
</tr>
</tbody>
</table>
policy does this can be measured by the degree to which actual policy corresponds to that policy outlined in the formal expressions submitted to the government. Two measures of equality associated with public pensions, then are the manifestation of need among the elderly and the correspondence between formal pension submissions and government policy.

Equality of opportunity is predicated on the proposition that every member of society should have the same opportunity to achieve the advantaged positions (Rawls, 1971:83). It is based on the assumption that each individual who is willing and able to work will be able to obtain gainful employment. In addition, it generally implies that each individual is able to move from one part of the country to another without suffering a penalty.

The assumptions regarding opportunity lead to a prescribed pension policy which does not restrict either the opportunity for employment or the opportunity for geographical mobility. Evidence of interference with either of these can be measured by the presence of pension regulations requiring mandatory retirement or residency in a particular province for an arbitrary period of time before eligibility for benefits can be established. Differential administration of policy provides similar restrictions. Thus two measures of equality of opportunity are the absence of restrictive regulations and the presence of uniform administration.
The equality of status is related to the equality of citizenship. Citizenship is seen to confer a common status which emphasizes the basic worth of the individual. This is used as the basis of the assumption that in liberal-democracies individuals can expect equal treatment by virtue of their ascribed status of citizenship. The equality of similar cases assumes that those sharing similar case situations can expect to receive similar services. Thus those classified in the same pension category can expect to receive the same level of benefit. Both of the above lead to a prescribed pension policy which is uniformly administered and which results in similar benefits for those in similar case circumstances. As the equality of status stresses the dignity of the individual, and not his achieved status, the absence of discriminatory practices such as stigmatizing means-tests is also suggested. In addition, the equality of similar cases indicates that pension benefits should vary according to the categorical situation of the applicant.

In short, the indicators of equality are a manifestation of a need for public pensions, a correspondence between government policy and the formal expressions of desired pensions submitted, an absence of restrictive regulations and stigmatizing procedures, provision of differential benefits, and a uniform administration of policy across the provinces.
Freedom, within liberal-democratic ideology, is described as the freedom of self-interest (Pinker, 1971:9-10; Wilensky and Lebeaux, 1965:29), the freedom of competition (Pinker, 1971:10; Wilensky and Lebeaux, 1965:35), and the freedom to manage one's personal income (Beveridge, 1942:21).

The freedom of self-interest is expressed in the belief "that men in pursuing their self-interest . . . inevitably contribute to the general good: (Wilensky and Lebeaux, 1965:29). It is used to explain the system of differential rewards found in liberal-democracies, as well as the limitations of government intervention. This is exemplified by the assertion of Lester B. Pearson that

no intervention of the State in the affairs of the individual is justified if it doesn't liberate and release the forces of the individual so he will be better able to look after himself. (Cited in Marchak, 1981:48).

The acceptance of a differential reward system further constrains government social action by limiting the goals of social welfare to the elimination of destitution rather than the "search for a chimerical equality" (Galbraith, 1977:251), that is to say a form of equality which exists only in some imaginary situation or utopia.

This leads to a prescribed pension policy designed to eliminate the more harsh aspects of industrialized living but not to effect a major downward redistribution of the wealth. The maintenance of differential rewards is measured
by the presence of graduated pension benefits which are related to the previous earnings of the applicant. The elimination of abject poverty is measured by the decreasing number of elderly experiencing impoverished conditions over a period of time.

In addition, the freedom of self-interest implies that the individual is responsible for his own welfare. In terms of pension policy, this leads to the acceptance of pensions as a privilege to be earned rather than a right.

Freedom of competition is based on the belief that in liberal-democracies the test of reward is ability (Wilensky and Lebeaux, 1965:35). It is used to explain the emergence of public policy which expresses the will of the majority. Competitive politics transfers the notion of the free market to the political sphere. Political parties are seen as competing for free votes (Schumpeter, 1950:271). Thus free votes, mandatory elections, multiple parties, and a universal franchise are said to insure the rule of the majority.

This suggests a prescribed pension policy that reflects the common interests of the majority and is to the satisfaction of most. A measurement of this is the successful transformation of pensions from a group interest to a political issue offered to the electorate on the basis of competing alternatives. Public support of particular policy constitutes the will of the majority.
The freedom of the management of personal income assumes that individualism is "the best safeguard of personal liberty" (Keynes, 1946:380). It is used to explain the advantages of capitalism and a differential income system. It suggests a prescribed pension policy that is voluntary, the individual may enter or not as he sees fit. In addition, it suggests the absence of regulations forcing the applicant to dispose of his private property in directed ways. The measurement of this freedom is the presence of voluntary public pensions and the absence of rules permitting state disposal of private property.

In short, the measurement of freedom in pension policy are the lessening of abject poverty among the elderly, the presence of voluntary pension systems, the presence of graduated benefits related to previous earnings, the presence of 'earned' pensions, and the absence of any rules permitting state disposal of private property.

The rule of law is described in liberal-democratic thought as order and not coercion. It assumes that in liberal-democracies all individuals are equal before the law. Formal justice also assumes the regular and impartial administration of public rules (Rawls, 1971:255). This suggests that pensioners appealing the decision of the pension authorities will receive an unbiased hearing and a prompt decision. Formal justice, then is measured by the impartial administration of public rules, regular meetings of appeal
boards, and prompt decisions. In addition, it is measured by the separation of appeal boards from pension authorities.

The rule of law is used to explain the belief that in liberal-democracies the individual is assumed to be innocent until proven guilty. This suggests that in prescribed pension policy the burden of proof of ineligibility should rest with the pension authorities rather than the burden of proof of eligibility resting with the applicant.

Social justice assumes that each citizen deserves "a decent and secure life" (Jordan, 1976:205). This has been used to explain how citizen rights in liberal-democracies become extended to include social rights (Marshall, 1963). It leads to the expectation that such societies will be concerned with the amelioration of inequities within a framework of social and moral consensus (Mishra, 1977:16).

This suggests that prescribed pension policy will provide sufficient benefits to give all elderly citizens a minimum standard of living and to lessen the income inequities found within society. The first is measured by the number of elderly living below the poverty line over a period of time. The second, by the degree of downward redistribution of wealth associated with the particular pension policy.

Justice, then is measured by the presence of pension appeal boards which meet regularly, provide prompt
decisions, and which are separate from the organization of the pension authorities administering pension rules. In addition, it is measured by the presence of the burden of proof resting with the pension authorities, the presence of benefits which provide a minimum standard of living for all the needy elderly, and the presence of financing which results in a downward redistribution of the wealth.

To summarize, the liberal-democratic taxonomy directs the researcher to look for empirical measures of a need for public income maintenance of the elderly, for legislated policy that corresponds with the submissions presented to the government, and for public support for that policy. It suggests that one should find a pension system that is voluntary, contributory, but not universal. At the same time, it directs the examination of pension regulations for evidence of the absence of stigmatizing effects and restrictive clauses, for evidence of benefits that are graduated, related to earnings, and lessen poverty among the elderly, and for evidence that pension policy is uniformly and justly administered. This latter aspect requires evidence that pension appeal boards are separate from pension authorities, meet regularly, and provide prompt decisions.

These, then, are the empirical aspects of pension policy the liberal-democratic ideology feels should be found in any liberal-democracy. This is the "ideal type" of pension on which the reality of Canadian public pension policy is supposedly based.
It should be noted that some of the above principles conflict with one another. Public income maintenance for the elderly is rarely consistent with a concept of voluntary pensions. Neither are voluntary pensions consistent with means-testing procedures since the latter might exclude some eager to participate but unable to qualify for eligibility. Such inconsistencies are hardly surprising in a taxonomy predicated upon such values as freedom of the individual and social justice. They do suggest, though, the need for an awareness of the priority of, or emphasis on, particular principles at different periods of time.

Marxist-Critical Taxonomy

The Marxist-critical ideology denies that the position outlined above depicts the reality of pensions in Canada. In this sense, it is the critical aspects of Marxist thought which form the basis of this ideology and not the utopian aspect. The Marxist-critical ideology, as it is defined in this study, is concerned solely with the unmasking of the reality of liberal-democracies. It is not concerned with the development of some ideal pension type which might, or might not, be associated with a classless society. Thus advocates of this position see the achievement of the three values as an impossibility. This is because they see Canada as a class based society in which there is a dominant capitalist class and a subordinate work-
ing class (Gough, 1979:78). As a result, one can expect to find, not equality, freedom, and justice, but persistent differences between the two classes in power, wealth, and the access to goods and services (Marchak, 1981:20). The following discussion of the Marxist-critical version of the reality of pension in Canada is summarized in Table 1-2.

Marxist-critical ideology replaces equality with differential power, differential wealth and class-conflict. Differential power assumes the presence of unequal bargaining power (Ibid., 41). Thus, the state is viewed as "... a committee for managing the common affairs of the whole bourgeoisie" (Marx and Engels, 1973:110-111). This does not imply an image of Conrad Black, "after having eaten two or three babies for breakfast, calling Pierre Trudeau every morning and, amidst satisfied belches, giving the prime minister instructions on what the government should accomplish that day" (Panitch, 1977:3). Instead, it is argued that "if the state . . . is to act in the long term political interests of the capitalist class as a whole, then it must clearly be distinct and possess a degree of autonomy from this class (Gough, 1979:42).

Nonetheless, the capitalist state remains class biased because of three factors, the personnel who fill its positions, the power of the owners of capital, and the structural constraints which the capitalist mode of production imposed on it (Miliband, 1977:86-74).
<table>
<thead>
<tr>
<th>Description</th>
<th>Explanation</th>
<th>Prescribed Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inequality of differential power.</td>
<td>Class-biased state.</td>
<td>Pensions a response to three needs of capital, accumulation of capital, legitimation of state, and control of social unrest. Policy reflects dominance of capitalist sector of society, and class struggle.</td>
</tr>
<tr>
<td>Inequality of differential wealth.</td>
<td>Limited and differential opportunity to accumulate wealth.</td>
<td>Mandatory retirement clauses when it suits the needs of capital. Graduated benefits replicating the class system of production.</td>
</tr>
<tr>
<td><strong>Freedom</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constraints of individualism.</td>
<td>Failure seen as due to structural factors.</td>
<td>Application of stigmatizing means-testing.</td>
</tr>
<tr>
<td><strong>Justice</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rule of law.</td>
<td>Inequality found at legal level of society.</td>
<td>Discretionary pension practices and differential treatment of applicants. Activities of aged, and near-aged, restricted.</td>
</tr>
<tr>
<td>Social Justice</td>
<td>Symptoms treated not causes.</td>
<td>No alteration in class structure of society. No redistribution of wealth.</td>
</tr>
</tbody>
</table>
The personnel of the state share a common ideology because most of them have been recruited directly from the capitalist class. Even when this is not the case, they still share common values by virtue of their "education, connections, and way of life" (Ibid., 69). Thus, argues Miliband,

"those who run the state apparatus [are] at the very least . . . favourably disposed towards those who own and control the larger part of the means of economic activity . . . they are much better disposed towards them, than towards any other interest . . ." (Ibid.).

The capitalist state also responds to the interests of the dominant class because of the economic clout that this elite wields. The economic power intrinsic to large capitalist enterprises makes them the strongest pressure group in society. They have the resources with which to command the attention of the government. They have the means with which to influence its decisions.

Furthermore, the logic of the flow of capital and the global nature of production and exchange act as constraints on state decisions. No nation state can afford to ignore the requirements of capital accumulation. To do so is to invite the flight of capital from its borders to another more promising centre (Ibid., 72). Despite internal pressures brought to bear on the capitalist state, sooner or later, "whatever its complexion, wishes, and promises, that state must succumb to the requirements of capitalist production" (Ibid.).
Participatory democracy is viewed as illusionary. It is the rhetoric necessary for the legitimation of an interventionist state. It provides neither democracy nor participation.

The institution of parliamentary democracy is a 'legitimation process that elicits mass loyalty but avoids participation'. That is, it guarantees legitimation through the illusion of participation in political decision-making. It cannot be genuine participation since that would reveal the realities of state intervention. These are the amelioration of the worst effects of capitalism together with the preservation of its essential form, the unequal private appropriation of value (Abercrombie, Hill and Turner, 1980:19).

Inequalities of power, then suggest that prescribed pension policy in liberal democracies will favour the needs of capital over the needs of the elderly. From a Marxist-critical perspective social policy in a capitalist society will reflect the state's acquiescence to the demands of capital as well as the degree of class struggle present. It will be designed to fulfill three functions, the accumulation of capital, the legitimation of the capitalist state, and the control of social unrest, i.e. class struggle.

Accumulation of capital, it is argued, can be achieved through pension policy either directly or indirectly. Accumulation is realized directly through the transfer of income from the working population to the elderly non-working population. Income is thus taken from those who are reluctant consumers, or savers, and placed in the hands of those who are of necessity instant consumers. Pension bene-
fits financed by the productive sector constitutes such a transfer. They provide purchasing power which realized in the form of profit becomes potential capital.

In addition, pension funds accumulated by both private enterprise and the state constitute direct capital accumulation (Gough, 1979:53; Titmuss, 1976:233ff). More importantly, these funds threaten to upset established relations between industrial capital, financial capital, and the state.

Capital can also be accumulated indirectly through the provision of an 'industrial reserve army'. Marxist ideology suggests that when a sufficient pool of labour is available to the capitalist employer, wages may be kept at a minimum and surplus maximized. Pension benefits provide the family with relief from the burden of income maintenance of the elderly. This, it is stated, allows greater provision for children, the labour pool of tomorrow.

Legitimation is achieved through the provision of pension benefits to those who are seen to be in need. These benefits lead to the belief, if not the reality, that poverty among the aged will be eradicated and their future made secure. Not only does this belief legitimate the capitalist state, but it dissipates the potential for social unrest. The expectation that one's later years will be economically secure neutralizes the threat inherent in the image of deserving elderly suffering undue hardship and more important-
ly, the threat implied in the expectation of sharing that future. Thus, it is argued that the capitalist state does not respond to the needs of the elderly but to those of capital which requires social stability in order to maintain and reproduce itself.

Differential power leads to a prescribed pension policy which reflects the needs of capital and not necessarily those of the elderly. These needs focus on the accumulation of capital, the legitimation of the capitalist state, and the control of social unrest. These needs are measured by the extent to which pensions provide an opportunity for accumulation of capital, for amelioration of economic hardship, and for attenuation of social unrest. In addition, the dominance of capital in policy formation is measured by evidence that social policy reflects the demands of capital.

Liberal-democratic ideology attributes differential wealth to individual motivation and achievement (Marchak, 1981:34). Marxist-critical ideology sees it as resulting from the provision of different opportunities. Those who are located in the dominant class have a better opportunity to obtain access to the advantaged positions than those located in the subordinate class. Access is seen to be limited and controlled. This suggests that the prescribed pension policy will reflect limited opportunities and differential wealth.
Limited opportunities are measured by the presence of mandatory retirement clauses encouraging the elderly to leave the work force according to the needs of the capitalist owners (Graebner, 1980). Thus, Graebner sees the introduction of social security in the United States as the result of efforts on behalf of the business community to push the elderly worker out of the work force in order to make room for the more desirable younger worker. During that period the younger worker was viewed as more adaptable than the older worker with his outdated skills. Retirement, then became one way in which capital could 'manage' the composition of the work force. Removal of mandatory retirement clauses can be seen to serve the same purpose. It allows the older worker, who may in a different period appear to be more desirable because of his conservative tendencies, to remain in the work force. Differential wealth is measured by the presence of graduated benefits designed to replicate in old age the class system formed by production. Pension benefits related to previous earnings carries into retirement the stratification system established by income.

Thus, Marxist-critical ideology sees public pensions as a response to the needs of capital and the capitalist state. This response is measured by the provision of consumer power through pension benefits, the accumulation of large pension funds available for capital, and the transference of the burden of income maintenance of the elderly from
the family to the state. The latter enables the family to provide for children thus reproducing a sufficient labour pool for the needs of capital and insuring that wages can be kept to a minimum and surplus at a maximum. In addition, it is measured by the elimination of poverty, the attenuation of social unrest, and the presence of mandatory retirement clauses and graduated benefits. Finally, the dominance of capital within the processes of the state is measured by the prevalence of its demands in actual policy.

Marxist-critical ideology argues that the liberal-democratic belief in the freedom of the individual fails to lead to liberty for all. Instead it allows the outcome of achievement to be attributed to personal abilities (Marchak, 1981:17). In this way poverty can become masked as the failure of the individual to achieve and not of the economic organization of the society. This belief is used to justify the argument that one should "limit one's charitable donations to the 'deserving' since the poor, the unemployed, and the failures must carry the burden of their own short-comings (Ibid.). The distinction between the deserving and the non-deserving is accomplished by programs utilizing means-testing.

Means-testing purports to calculate the economic worth of the individual in order to ascertain eligibility for social programs. However, it is viewed within the counter-ideology as a means whereby those who fall on hard
times "are penalized by stigmatizing and parsimonious forms of relief" (Pinker, 1971:112). It is said to celebrate the virtue of work and to give credence to the market ideology (Piven and Cloward, 1971:149). Thus, one measure of prescribed pension policy is the presence of a means-testing procedure and whether it is applied in a stigmatizing manner.

Liberal-democratic thought proposes that the existence of competing political parties in conjunction with a universal franchise insures that governments represent the will of the majority. Marxist-critical ideology argues that this is not so because political parties in a liberal-democratic system are not truly competitive. First, the state curtails political competition through the "actual suppression, or near-suppression . . . of certain parties and organizations . . . (Miliband, 1969:165). Those parties which oppose the hegemony of capital are deactivated, despite the fact that "the ideological and political activities of conservative parties occur . . . under conditions of competition" (Ibid., 171). Second, the opposing parties seldom offer policies which constitute real alternatives. Instead, the 'competing' parties all express the interests of the dominant classes. Competition focuses on minor policy differences, the important issues are not in contention. Finally, in those nation states where leftist parties do exist, such parties suffer severe disabilities. Because
political parties are financed by particular interest groups, those supportive of the large corporations and their interests tend to survive longer and better. They can field the necessary candidates to keep up the competitive campaign all across the country (Marchak, 1981:67). The leftist party cannot. It suffers from lack of access to the media, lack of support from the legitimizing institutions of society such as the religious institutions, and lack of funds. "In effect, the alternatives are removed in advance" (Ibid.).

This suggests that prescribed pension policy will not result from a real choice between competing plans. Those plans offered by the political parties will be basically the same. In addition, it suggest that the role of public pensions will be subordinate and supplementary to that of private plans. The first can be measured by a comparison of competing pension policies offered by the different political parties of Canada in order to ascertain the extent to which they provide real alternatives. The second, by a comparison of functions performed by public plans and those performed by private plans.

The lack of freedom in liberal-democracies, then can be measured by the presence of stigmatizing mean-testing procedures, the comparison of suggested pension policy and the comparison of functions of public versus private schemes.
Liberal-democratic ideology argues that "judicial courts evaluate the merits of individual, corporate and government actions with reference to legislation provided by governments, when any two individuals or other entities disagree on the nature of their prerogatives" (Ibid., 46). This is said to be done on the basis of impartiality. Marxist-critical ideology denies this concept of justice, arguing that bourgeois law reproduces at the level of legal relations those relations found at the level of production (Pashukanis, 1978). Equality before the law is merely a 'formal equality' that masks the reality of inequality found within capitalist society. Such inequality is found when policy is administered with discretion, when different applicants receive different treatment and benefits, and when legislation restricts the activities of some but not of others.

This suggests prescribed pension policy which is not uniformly administered, which provides differential treatment and benefits, and restricts the activities of either the elderly or the near-elderly. These are measured by the presence of discretionary administration of rules and regulations according to provincial and local pension authorities, the presence of differential benefits, and the presence of clauses which restrict the activities of the aged, or near-aged, while not restricting similar activities of the general population.
Social justice lies at the heart of the issue of reformism. Liberal-democratic ideology argues that social welfare is designed to reform the deficiencies found within such societies due to particular circumstances. Marxist-critical ideology refutes this. It sees such 'deficiencies' or inequities as the result of the economic organization of capitalist society. Reform of particular circumstances cannot eliminate these exceptions. Reform and reform policy merely treats the symptoms not the causes. Thus reform is seen to maintain and reproduce the capitalist system by introducing only those changes which are necessary to legitimate the capitalist state and control social unrest.

Marxist-critical thought, then sees reforms leading to a prescribed pension policy which will provide minimal benefits to the poor but will never provide sufficient change to alter the class relations intrinsic to capitalist society. Pension benefits will be directed at individuals and not at whole classes. In fact, pensions are seen as one way of deterring working class solidarity by separating the elderly from their class interests.

Reformism is measured by the degree to which public pensions alleviate poverty but do not disturb class relations. Alterations in the relations between the dominant class and the subordinate class is measured by the presence of a significant downward distribution of wealth from the wealthy to the poor. In other words, by the diminution
of relative deprivation, or the closing of the gap between those at the top of the heap and those at the bottom.

The Marxist-critical taxonomy directs the researcher to look for evidence of pensions arising in response to the needs of capital and the capitalist state. These needs will be found in the three functions attributed to the capitalist state, accumulation, legitimation, and social control. Measurements will consist of the extent to which pensions provide a means of capital formation, the extent to which capital dominates the policies of the government, and the extent to which such policy provides social control. Pension regulations are examined for the presence of retirement clauses, of stigmatizing means-testing procedures, and of restrictive rules. A comparison is made of differing pension policies offered by the various political parties and of the different functions attributed to public and private plans. The financing of the costs of pensions is examined in order to determine whether it provides a significant downward redistribution of wealth. Finally, the administration and adjudication of pension policy is examined to evaluate the extent to which the first is uniform across the provinces and the second is contrary to the rule of law.

Methodology

The taxonomies suggest that three major types of data will be required in the construction of the empirical
models, statistical data, political data, and legislative data. In the case of the liberal-democratic ideology statistical data will be needed to establish the existence of a need for public pensions, the amelioration of poverty through the initiation of pension benefits, and the extent to which pensions redistribute the wealth of the nation. The establishment of need requires income and employment data concerning the elderly as well as data indicating the inability of alternative methods to alleviate this need. In the earlier historical period, this will include data showing the growing numbers of elderly in Canada and the effects on them of the processes of urbanization and industrialization. In the Marxist-critical case, the data will need to establish the predominance of the needs of capital, accumulation, legitimation, and control, and how effectively public pensions answered them. Data will consist of some calculation of the extent to which pensions provided accumulation, alleviated poverty, and can be associated with the successful management of social unrest.

The liberal-democratic statement on the amelioration of poverty through pension benefits requires data which confirms that after the establishment of pension policy, some of the elderly in Canada benefited materially in absolute terms. This will require income data from before and after pension legislation. The Marxist-critical ideology on the other hand requires data which indicate the steady persistence of poverty among the aged throughout the pension
periods, with an allowance for limited amelioration consistent with the needs of capital for legitimation and social control.

The liberal-democratic position requires conflicting evidence for the redistribution of wealth. On the one hand, if the freedom of the individual is to remain sacrosanct no redistribution will occur, but if justice is to prevail some redistribution is expected. The evidence found here will indicate which aspect of liberal-democracy has taken precedence. The Marxist-critical perspective requires that no evidence of redistribution be found. In this case a negative finding will accommodate both ideologies. The determination of which ideology is being utilized must be made in light of the findings for the ideology as a whole. If it becomes evident that the liberal-democratic ideology is more consistent with the empirical constructions, that is more aspects are confirmed, then it might be logical to give that ideology the benefit of the doubt where non-objective judgments have to be made.

Statistical data will come primarily from material supplied by the government of Canada in its census reports and its statistical publications. In addition, several researchers have already formed statistical tables which are relevant to the subjects above. These include Kenneth Bryden's *Old Age Pensions and Policy-Making in Canada* (1974), David Foot's *Canada's Population Outlook* (1982),

The political data required will concern the nature of the response of the government to the articulation of the need for pensions. It will involve examination of the submissions and briefs submitted to the government in support of particular pension systems. These will come primarily from labour and business organizations, although some will also come from senior citizens either individually or through affiliated organizations. These data will be found mostly in government documents, such as the *House of Commons Debates*, the *Senate Debates*, reports of the various royal commissions and conferences, and publications such as the *Labour Gazette*. Data indicating the position of business in relation to public pension policy will be found in business journals and publications such as *Canadian Business*, *Financial Post*, *Industrial Canada*, *Canadian Banker*, *Canadian Life Insurance Officers Association Year Book*, and bulletins issued from the offices of W. L. Mercer Ltd., the major pension firm in Canada. Mercer Ltd. provides administrative and actuarial services for the private sector. Its bulletins inform businesses about the nature and implications of the current pension legislation. In addition, the firm offers counsel on the optional courses of action available
to the private sector in response to current and future government pension action. It frequently is an excellent source of information concerning the position of the business community in respect to public pension policy. Data giving the position of labour will be found in reports and publications of the Canadian Congress of Labour, the Cooperative Commonwealth Federation, the New Democratic Party, and the Trades and Labor Congress. Data outlining how the elderly felt about pensions will be found in the various papers published by senior citizens' organizations such as Canadian Pensioners Concerned. These will provide statements of how each of these three groups feels about public pensions, as well as the type of pension each expects the government to provide. These statements will be compared with the actual policy that has emerged in order to ascertain whether it does reflect the presence of a neutral government, i.e. one acting in the interests of the majority, or whether it reflects a class-biased government acting solely in the interest of capital.

The final type of data will consist of the various pension legislation enacted in Canada, the Old Age Pension Act of 1927, the Old Age Security Act of 1951, the Old Age Assistance Act of 1951, and the Canada Pension Plan of 1965. These will be examined clause by clause to establish the presence or absence of regulations which support either the liberal-democratic positions or the Marxist-critical position. For example, the liberal-democratic taxonomy
indicates the presence of a non-stigmatizing means-test, graduated benefits related to previous earnings, and uniform administration. The Marxist-critical indicates the presence of stigmatizing means-testing, clauses restricting the activities of the elderly, and discretionary administration.

Thus the two taxonomies not only suggest the type of data needed in the construction of the empirical models but how the researcher might interpret the data found. Where data are found that confirm the expectations of one of the ideologies but denies the expectation of another, no particular problem in interpretation should arise. However, as in the case of the redistribution of wealth, data may confirm expectations found in both ideologies. It is at this point that a judgment must be made. This will be done only after consideration of the relationship between the empirical models and the 'ideal' models. If one model appears to be more consistently confirmed by the data, then the benefit of the doubt will rest with that model.

With the two taxonomies serving as the guide, the two empirical models representing the four historical periods will be constructed. Chapters Three, Four, Five and Six will detail this construction as it relates to the liberal-democratic model. Chapter Three will construct the empirical model relevant to the Old Age Pension Act of 1927. It will start with the liberal-democratic assumption that within liberal-democracies public pensions arise in
response to a need for income maintenance of the elderly of Canada. The chapter will detail the empirical manifestations of this need, the articulation of it, and the proposed solutions, or response of the Canadian State.

Chapter Four will do the same for the legislation enacted in the 1950s. It will detail the manifestation of need occurring in that period, its articulation, and the response of the state. Chapters Five and Six will follow basically the same format in their examination of the legislation of the 1960s and the pension crisis of the 1980s. Chapter Seven will review these four historical periods using the guidance provided by the Marxist-critical taxonomy. It will start with the assumption that pensions arise in response to the needs of capital. It will then detail the manifestation of these needs, its articulation and the response of the state.

However, before the study plunges into the analysis of the various historical periods, Chapter Two will provide a short history of the chronological development of public old age pension in Canada from the enactment of annuities to the passage of the Canada Pension Plan currently in force. In addition, it will provide an overview of the theoretical orientations and empirical findings associated with the development of welfare policies in general and pensions in particular.
The first part of this chapter provides a brief history of public old age pensions in Canada. This will highlight the important events associated with the development and enactment of pension legislation. It will not include any analysis or interpretation of these events. The events are divided into four historical periods. Each of the first three are associated with a major piece of federal pension legislation. The fourth brings the analysis up to the current pension debate on future pension changes. Such analysis will be found within the relevant chapters dealing in detail with the four historical periods. A chronology of the historical events is summarized in Table 2-1.

The second part of the chapter reviews the literature dealing with the rise of the welfare state and public pensions. The first sections focus on research which is concerned with determining those variables most closely related to increased public expenditures for welfare programs. The second section focuses on the theoretical explanations offered for the rise of such programs. The final section outlines literature that is concerned with the development of pensions, outside of Canada and within Canada itself.
TABLE 2-1

CHRONOLOGY OF PENSION EVENTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage I</strong></td>
<td><strong>1900-1927:</strong></td>
</tr>
<tr>
<td>1900-1927</td>
<td>Pensions introduced in House of Commons.</td>
</tr>
<tr>
<td>1907</td>
<td>Government Annuities Act passed.</td>
</tr>
<tr>
<td>1912</td>
<td>House of Commons appoints select committee.</td>
</tr>
<tr>
<td>1924</td>
<td>House of Commons appoints select committee.</td>
</tr>
<tr>
<td>1926</td>
<td>Old Age Pensions Bill passed in House of Commons, defeated in Senate.</td>
</tr>
<tr>
<td>1927</td>
<td>Old Age Pensions Act passed in House of Commons and Senate.</td>
</tr>
<tr>
<td><strong>Stage II</strong></td>
<td><strong>1927-1951:</strong></td>
</tr>
<tr>
<td>1931</td>
<td>Federal Government assumes 75% of pension costs.</td>
</tr>
<tr>
<td>1943</td>
<td>Maximum benefits raised from $20 to $25 a month.</td>
</tr>
<tr>
<td>1944</td>
<td>Allowable annual income increased from $356 to $425.</td>
</tr>
<tr>
<td>1947</td>
<td>Maximum benefits increased to $30 a month.</td>
</tr>
<tr>
<td>1949</td>
<td>Maximum benefits increased to $40 a month.</td>
</tr>
<tr>
<td>1951</td>
<td>Old Age Pensions Act, Old Age Security Act replace Old Age Pensions Act of 1927.</td>
</tr>
<tr>
<td><strong>Stage III</strong></td>
<td><strong>1951-1966:</strong></td>
</tr>
<tr>
<td>1957</td>
<td>Maximum benefits increased to $55 a month.</td>
</tr>
<tr>
<td>1959</td>
<td>Taxation formula changed from 2-2-2 to 3-3-3.</td>
</tr>
<tr>
<td>1962</td>
<td>Universal benefits raised to $65 a month.</td>
</tr>
<tr>
<td>1963</td>
<td>Universal benefits raised to $75 a month.</td>
</tr>
<tr>
<td>1966</td>
<td>Canada Pension Plan added to acts of 1951 forming three-tiered pension system with universal, contributory, and supplementary benefits available.</td>
</tr>
<tr>
<td><strong>Stage IV</strong></td>
<td><strong>1966-1983:</strong></td>
</tr>
<tr>
<td>1967</td>
<td>Old Age Assistance Program replaced by a guaranteed annual income supplement (GIS).</td>
</tr>
<tr>
<td>1971</td>
<td>Old Age Security benefits become a flat rate of $80 a month. GIS raised to $55 a month maximum.</td>
</tr>
<tr>
<td>1972</td>
<td>Tripartite tax formula abolished.</td>
</tr>
<tr>
<td>1973</td>
<td>Universal benefits fully indexed to cost of living.</td>
</tr>
<tr>
<td>1982</td>
<td>Reduction of full indexation to 6 and 5 percent for 1983 and 1984 respectively.</td>
</tr>
</tbody>
</table>
The first public pensions were introduced in Canada with the passage of the Old Age Pensions Act of 1927. This act was the culmination of several forces, some of which began as early as 1905. In 1905, the Trades and Labour Congress of Canada passed a resolution stating that "in our opinion the time is opportune to introduce legislation making provision for the maintenance of the deserving poor, old, and disabled citizens who are unable to maintain themselves" (Lazarus, 1980:4). The subject was first introduced in the House of Commons, the following year, 1906, but no debate ensued. In 1907, R. A. Pringle, a member of the opposition, moved that "in the opinion of this House the subject of improving the condition of the aged . . . is worthy of and should receive the early and careful attention of the government and parliament" (House of Commons Journals, 1906-1907b:196).

However, despite pressure from the labour movement and individual members of parliament, little support for a public pension system was forthcoming. In 1908, the government of Canada, following an earlier recommendation of the Royal Commission on the Relations of Labour and Capital in 1889, opted for a system of government annuities as the

---

This history is based primarily on Morden Lazarus, *The Pensions Story* (Ottawa: Canadian Labour Congress, 1980).
solution for the growing problems facing the elderly in Canada. These annuities were designed to encourage "any hardworking, industrious, able-bodied man" to make adequate provision for his old age (Senate Debates, 1906-1907b:331).

Two kinds of annuities were offered, immediate annuities and deferred ones. Immediate annuities could be purchased through a lump sum paid at the commencement of the annuity payments. Deferred annuities were purchased through a series of payments made throughout the individual's working life (Carman, 1915:426-7).

Annuities, however, failed to achieve their desired effects. Despite several attempts on the part of the government of Canada to encourage annuity purchases, annuities never became particularly popular. Twenty-five years after annuities were introduced, there were still less than 12,000 contracts in force (Bryden, 1974:37). In addition, the annuities failed to reach the population for whom they were intended. "Purchasers were mainly people in the lower paid professions . . . labourers accounted for only 4 percent of sales" (Ibid., 52). Finally, both the introduction of annuities and attempts at the expansion of the annuity system were met with opposition from the spokesmen for the business community, especially Chambers of Commerce and insurance companies (Lazarus, 1980:5; O'Donnell, 1979:70-71). After a tenuous existence of about sixty years, government annuities were quietly discontinued.
In 1912, the government appointed a special committee of the House of Commons to study the 'potential' for public pensions. The committee was charged with determining the extent of the public demand for such pensions, the extent of the need for them in Canada, and the potential costs of a government sponsored program. The Minister of Finance, however, argued that while there certainly were men of goodwill who on seeing the condition of some of the deserving poor in their municipalities "will say: Let us have a system of old age pensions . . . this is very different from active public opinion without which legislation cannot well proceed" (Department of Labour Memorandum, cited in O'Donnell, 1979:74).

During the war years, 1914-1918, pensions did not emerge as a public issue. They again became the subject of concern only when the Royal Commission on Industrial Relations of 1919 recommended that an immediate inquiry into state insurance against old age be initiated. In 1921 the government of Canada announced that "an investigation is being conducted by Department of Labour into systems of Unemployment Insurance and Old Age Pensions" (House of Commons Debates, 1921a:2). Again in 1924, the federal government announced the appointment of a select committee to investigate old age pensions. This committee recommended that an old age pension system be established for deserving indigent persons seventy years of age and upwards. Appli-
cants were to be British subjects of at least fifteen years' naturalization and twenty-five years' residence. The suggested maximum rate of benefits was $20 a month, subject to a means-test. The costs of the pensions were to be shared equally by the federal government and the participating provincial governments (House of Commons Journal, 1924a:52-53).

The government failed to act on these recommendations on the grounds that the "subject matter of pensions has been entrusted to the provinces rather than to Parliament". The passage of a federal plan was viewed as an intrusion "upon the subject matter of property and civil rights in the provinces . . ." (House of Commons Debates, 1925:4429). In addition, the federal government was concerned that the adoption of public pensions would "involve the assumption by the Dominion of obligations involving heavy expenditures" (Ibid.).

In 1926, the Prime Minister, Mackenzie King, found himself in a perilous situation within the House of Commons. He lacked enough liberal members of parliament to form even a minority government. Refusing to step down in favour of the Conservative leader, Sir Arthur Meighen, King in desperation wooed support from the labour representatives sitting in the House. Part of the courtship involved a favourable response to labour's request for "legislation with regard to . . . Old Age Pensions" (House of Commons Debates, 1926:560-1). In the spring of 1926, King introduced an Old
Age Pension Act. The legislation followed, almost precisely, the recommendations brought down by the 1924 committee. The act was passed in the House of Commons in May, 1926. It was subsequently defeated in the Senate on the grounds it "represented an unwarranted intrusion into the provincial field" (Bryden, 1974:70).

Following the election later in 1926, in which pensions became an election issue, King re-introduced the same bill in the House of Commons in February of 1927. This time it was successfully passed in the House and in the Senate. In order to circumvent any constitutional issues, the legislation took the form of enabling legislation. The provinces had the option of passing provincial legislation which would enable them to participate in the plan.

This legislation remained intact, except for minor amendments, until after World War II. In 1931, R.B. Bennett raised the federal portion of pension costs from fifty percent to seventy-five percent. Pension benefits, however, remained the same. During the difficult times experienced during the depression which were followed by rising prices during the war years, several provinces were forced to initiate supplementary pension payments. In 1943, in response to provincial pressure, the federal government raised the maximum pension benefit payment from $20 a month to $25. The ceiling of $365 on allowable income was left unchanged (Ibid., 94). In 1944, this was raised to $425.
In 1947, an amending act increased the maximum benefits payable to $30 a month and in 1949 to $40.

In 1947, the amending act also eliminated some of the regulations involving the transfer of the pensioner's interest in property to the pension authority, the exclusion of aliens, and the requirement of residence in the province from which payments were received. The previous requirement of residence in Canada for twenty years immediately preceding commencement of benefits was relaxed to permit the applicant to offset nonresidence during those years by prior residence equal to least twice the period of nonresidence (Ibid., 95). In addition, the maximum income allowable was increased to $600 a year for a single pensioner, $1,080 for a married pensioner, and $1,200 for a pensioner with a blind spouse.

In 1951, following the report of the Joint Committee of the Senate and the House of Commons on Pensions, the government of Canada replaced the Old Age Pensions Act of 1927 with two new acts, the Old Age Security Act and the Old Age Assistance Act. The Old Age Security Act (OAS) was a universal pension plan which provided basic benefits to all Canadians at the age of seventy, subject to twenty years of residence in Canada prior to the commencement of payments. Benefits were $40 a month and the federal government had the full responsibility for the financing and the administration of the plan. A special levy was imposed to pay
for the pensions. This was called the Old Age Security Fund. It was based on a "2-2-2 formula" which imposed a two percent tax on the manufacturers' selling price, a two percent tax on personal incomes, with a maximum payment of $60 (that is it applied only to the first $3,000 of income), and a two percent tax on corporate incomes.

The Old Age Assistance Act was an extension of the Old Age Pensions Act of 1927. It "authorized the federal government to contribute to the provincially administered means-test pensions for those who were at least sixty-five but less than seventy years of age" (Ibid., 105). The federal government contributed fifty percent of the costs. Maximum income allowable under the means-test was $720 a year for a single pensioner, $1,200 a year for a married couple, and $1,320 for a married pensioner with a blind spouse. The two plans together provided a minimum, floor income, of $480 a year for all those who were sixty-five and over, and who qualified.

In 1957, Prime Minister Diefenbaker increased both the universal benefits and the maximum means-test pensions by $9, bringing the total pension available to $55 a month. In addition, residence requirements were reduced from twenty years to ten years.

In 1959, the Canadian government changed the 2-2-2 formula of taxation to a 3-3-3 formula (Lazarus, 1980:17). A three percent tax was levied on sales, three percent on
personal income, to a maximum of $90 (first $3,000 of income), and three percent on corporate incomes. In 1962, the universal benefits were raised from $55 a month to $65 a month while the maximum allowable income for the means-tested portion was raised to $1,140 for a single pensioner, $1,980 for a married couple, and $2,340 for a person with a blind spouse. In 1963, the universal benefits were raised again to $75 a month. After 1967, this benefit became subject to an annual cost-of-living adjustment of up to two percent.

In 1966, the Canada Pension Plan was added to the two previous acts. This contributory programme formed the present three-tiered pension system now operative in Canada. The base of the system remained the universal pension payable to all seventy years of age. The next layer consists of means-tested assistance for those sixty-five to sixty-nine. The top layer consisted of a contributory plan in which pension benefits are related to earnings. CPP benefits amounted to twenty-five percent of annual earnings up to a maximum of $5,600 in 1973 ($11,700 in 1979). They were subject to an annual adjustment of up to a two percent cost-of-living increase. Contributions were made jointly by employees and employers, 1.8 percent of the employee's earnings came from the employee; 1.8 percent came from the employer. Self-employed persons were responsible for the entire 3.6 percent. The plan, however, applied in only nine
of the ten provinces, and excluded such categories of workers as part-time agricultural workers. Quebec elected to enact its own pension legislation, the Quebec Pension Plan (QPP).

In 1967, the Old age Assistance Program was replaced by a guaranteed annual income supplement (GIS). GIS provided benefits up to $30 a month on the basis of a means-test. These benefits were subject to a cost-of-living adjustment up to a two percent maximum per year. Through the years 1968 to 1970, the combined maximum from the universal benefit and GIS payments went from $76.50 a month to $79.58. By 1970, the 'basic annual income floor' provided by the two plans was $1,336.92, made up to $79.58 a month universal benefit and $31.83 a month supplementary benefit. (The poverty line in that year was estimated by the Senate Committee on Aging to be $2,310 for a single person.)

In 1971, OAS benefits went to a flat rate of $80 a month, while GIS payments were raised to a maximum of $55 a month. At this point the minimum annual income floor for eligible single individuals sixty-five and over was $1,620; for a married couple it was $3,060.

In 1972, the tripartate old age security tax formula was abolished. The sales tax component was transferred to a regular sales tax. The personal income tax component was incorporated in the new tax structure of the Income Tax Act of 1971. This meant a discontinuance of a specially
earmarked tax for pensions (Bryden, 1974:180). However, the fund itself was not eliminated. "Instead, the law requires credits to be made to the fund periodically which are estimated by the minister of national revenue to be equal to the amounts which the earmarked taxes would have yielded if they had continued to be separately identified" (Ibid., 180).

In 1973, the basic universal pension benefit became fully indexed, the two percent ceiling was removed. In addition, the benefit was raised to $100 a month effective April 1, 1973, and again to $105.30 a month in October. Provision was made for quarterly adjustments to be made in accordance with the rise in the cost-of-living index. A ratchet clause prevented downward adjustments (Ibid., 180). Basically, the formula established in 1974 remained in effect until the end of 1982, at which time changes in the cost-of-living adjustments were being processed.

By 1969, the total amount payable under OAS and GIS combined was $4,648 a year for a single person, and $6,756 for a couple. The maximum pensionable earnings under the CPP was $11,700 and the basic tax exemption $1,100. In 1980 this was increased to $13,100 for earnings and $1,300 for tax exemptions. In addition the CPP provided benefits which could be received at age sixty-five, however, contributions could be made up to the age of seventy at which time the benefits would commence.
In 1979, the Special Senate Committee on Retirement Age recommended that the CPP/QPP be made the prime agencies for pension reform. It meant that future needs should be met by appropriate alterations in the CPP/QPP. Today much of the pension debate centres on the nature of future reforms. Elimination of the universal pension, extension of the CPP/QPP, transference of pension powers to provincial governments, reduction of indexing, are just some of the options debated currently.

Review of the Literature: The Welfare State:

Literature on the development and expansion of the welfare state can be divided into four broad categories. Three which Tarschys uses in his analysis of the literature, emphasize socio-economic factors, the ideological-cognitive factors, and the political-institutional factors related to the welfare state (Tarschys, 1975). A further category, which can be added, deals with various comparative theoretical overviews.

(a) Socio-economic Explanations.

Socio-economic explanations for the rise of the welfare state focus on factors which are associated with the process of industrialization. In the works written from a liberal-democratic perspective the assumption is made that industrialization constitutes the most important variable explaining the rise and expansion of public expenditures.
(cf Titmuss, 1963, 1974, 1976; Wilensky, 1976; Wilsensky and Lebeaux, 1965). The welfare state is seen primarily as an effect of industrialization and its concomitant changes in technology, urbanization, and population structures. It is argued that the affluence generated by the increased production of industry has permitted the expansion of welfare measures and benefits (Cameron, 1978). Future expansion is expected to be closely related to predictable increases, or decreases, in the gross national product (Economic Council of Canada, 1979). Ideological and political factors are discounted as necessary explanations for the variations found in the development of welfare measures in different nations (Wilensky, 1976; Rimlinger, 1971; Cutright, 1965). It is proposed that regardless of the ideological bent of the state, welfare expenditures are associated with variation in population structures, variations in the age of the social security system, and variations in the per capita gross national product (Wilensky, 1976).

The Marxist socio-economic explanation for the development of the welfare state is based on one further assumption. This is the proposition that the development of the welfare state and welfare measures is a specific characteristic of capitalism in general, and the capitalist state in particular (Baran and Sweezy, 1966; Gough, 1979; O'Connor, 1973). The disruptive impact of industrialization is seen as unique to capitalist society. It is not neces-
sarily a condition found in all forms of industrial society. Welfare measures are a response by the capitalist state to this disruption and its concomitant need for social control (Piven and Cloward, 1971). The logic of capitalist production and exchange, it is argued, results in the development of surplus labour. Surplus labour, freed from the constraints of production and the work force, constitutes a potential for social unrest (Cuneo, 1979). The welfare state is formed to re-establish in the political sector, this loss of control experienced in the productive sector. The welfare state, from a Marxist perspective is therefore seen as a means to alleviate social unrest, to provide the necessary conditions for accumulation, and to legitimate the capitalist state (Cuneo, 1979; O'Connor, 1973; Piven and Cloward, 1971).

Empirical studies of the expansion of public expenditure in specific nations have tended to support the notion that socio-economic factors are associated with the development of welfare measures. Klein's study of Great Britain examined the pattern of welfare expenditures, measured as a proportion of the GNP, in the 1950s, the 1960s, and 1970s. The downward trend in welfare expenditures found in the late 1950s was explained by Klein as a 'displacement' effect of the war (Klein, 1977:411). The growth found in the 1960s and the 1970s, he argued was part of a general movement in all advanced industrial societies. However, if
differential welfare expenditures are found in the 1950s and the 1960s, then these decades should vary also in terms of demographic or technical change on a similar scale. This variation in demography or technology has yet to be satisfactorily demonstrated.

Klein found evidence which both supported and contradicted the Marxist argument that welfare is a response to the crises of capitalism. When applied to the increases in public expenditures in Great Britain which occurred after 1973, the argument has some validity (Ibid., 413). When applied to the expenditures of the late 1960s and early 1970s, the thesis loses much of its explanatory power. It fails to explain why such dissimilar decades in terms of social and economic factors would have produced such similar results in terms of welfare expenditures.

(b) Ideological-cognitive Explanations.

Ideological-cognitive explanations of the development and expansion of welfare focus on changes in knowledge, beliefs and desires. The assumption is made that, while changes in these spheres may be closely associated with the developments occurring in the economic sphere, their effects may be analyzed independently. Tarschys divides these explanations into four groups. The first group argues that the development of modern communications is associated with the growth in public demand for more and better governmental services (Tarschys, 1975:11). The diffusion of knowledge
resulting from the development of modern communications leads to an increased awareness on the part of the public of existing levels of services. This results in a growing demand for government action which culminates in increased public expenditures.

Closely related to the above is the proposition that changes in beliefs and desires lead to shifts in consumer demand. The complementary relationship between private and public goods facilitates an easy shift in demand for private goods to a demand for public services. Desires, it is argued, move in an upwardly direction towards the satisfaction of more and more wants forcing public expenditures to increase and expand (Ibid., 11).

A third group proposes that advances in technology and knowledge, in particular health knowledge, have led to longer life expectancies. This in turn has led to an increased population of elderly citizens who exert greater and greater pressure on the state for better social security and health measures (Myles, 1980).

A final argument suggests that changes in the 'ethics' of society force changes in the nature of public welfare leading to the expansion of public expenditures as the definition of need becomes more inclusive and the conception of rights becomes more diffused over a greater portion of the population (Crysdale, 1961; Marshall, 1963). However there appears to be little concrete empirical evidence offered in the literature to support this model.
(c) Political-institutional Explanations.

Literature which emphasizes the political-institutional factors focuses on the political structures of society as an explanation for the development of public welfare measures. An assumption is made that the more democratic, or representative the political system, the greater the public expenditure on welfare measures. This is based on the presupposition that in order for a demand to have effective impact on the decision-makers, it must first be adequately articulated. Articulation, it is argued, requires the existence of interest organizations and/or political parties. These organizations can add the necessary weight to the demands of those groups in society which are essentially powerless.

It is suggested that one mechanism of effective articulation is party competition. Each party within a multi-party system will pursue that policy which it feels will gain it the electoral support needed to defeat its opponents. Voters are viewed as consumers "shopping around for the best buy" (Klein, 1977:406). The presupposition is made of a multi-party system, representative government, and universal franchise. The above position is an extension of the argument offered by Marshall of the relationship between the extension of citizenship and the development of social right and welfare measures. The frequency of elections becomes an important variable explaining welfare expansion
as each party competes with the other for voter confidence. This competition, it is suggested, results in the extension of previous parties' welfare commitments.

A second political-institutional position which carries undertones of the ideological-cognitive assumptions, relates the expansion of the scope of welfare activity to the existence of leftist social-democratic governments. The assumption in this position is that social democratic governments promote welfare measures to a greater extent than do other forms of governments (Shalev, 1980). It is argued further that a social democratic government can promote welfare measures to the extent that the transition from capitalism to socialism becomes a possibility (Stephens, 1979).

Yet another version hypothesizes that pressure for increased public expenditure arises from within the political system itself (Tarschys, 1975:15). Bureaucratic self-interest in the maintenance and extension of welfare policies exerts pressure on the system, from the 'producer' side, for higher and higher expenditures. It is argued that welfare programs must be steadily expanded if the bureaucratic system is to maintain and expand itself.

All of the above arguments have some empirical support. Klein found that during the last half of the 1960s when a Labour Government was in power in Great Britain, there was a notable increase in the degree of public spend-
ing compared with the degree of spending found in the 1960s when the Conservatives were in power (Klein, 1977:414). However, Klein warns that the political-ideological effect is "all but swamped" by the economic circumstances (Ibid., 414).

Furthermore, Klein found that party competition was articulated more in terms of the rival's ineffectiveness in managing the economy as a whole than in terms of increasing the benefits of public expenditure (Ibid., 418). He concluded that a more effective method of analyzing voters' demands was through an analysis of the institutions that translate wants into demands and demands into political pressure for specific policies.

Cameron (1978) found that the dominance of leftist parties in a government was a sufficient condition for an increase in the scope of public activity but that it was not a necessary one. Contradictions were found in such countries as Canada, which he argued has had large increases in public expenditure but basically no leftist representation in government. He concluded that a better explanation was the international trade relationship experienced by the individual country. International differences in public expenditure could be explained by the degree of 'openness' of economy found within a particular nation. An open economy is one that is dependent on international trade for its well-being. This dependency serves as a constraint on the
ability of the national leaders to manage both aggregate demand and inflation (Cameron, 1978:1250). Public expenditure becomes a mechanism of control over the domestic economy. Thus "governments in nations with open economies have sought to counter the effects of external dependence by expanding their control over the domestic economy through the 'nationalization' of a large portion of consumption" (Ibid., 1253).

Cutright (1965) also found little evidence to support the 'leftist' government thesis. Using a scale of political representativeness and a scale of social insurance programs, he concluded that the introduction of social security measures was primarily a response by governments to changes in the economic and social order. In a cross-national study he found similar levels of social security coverage in nations whose governments were responsive to public demands and those "whose governments are thought to act with less regard to public demands: (Cutright, 1965:548). However, when economic development was controlled for, the more representative governments were found to have introduced social security legislation earlier than non-representative governments.

Two further dimensions associated with the development and expansion of public programs were detected by Klein. When individual programs were examined separately, it was found that the degree of generality and certainty of
the program was associated with the degree of its expansion (Klein, 1977:429). Generality refers to the extent to which a program is available throughout the population. Certainty refers to the extent to which members of the population might expect to receive its benefits. Thus Klein argued that old age pensions in Great Britain were both general and reasonably certain. That is, everyone over a certain age will receive them (in Great Britain pensions are paid on a universal basis), but not everyone will necessarily live to reach that age. (Unemployment insurance, on the other hand, was considered to be both uncertain and specific.) Expenditure policies were found to vary along these two dimensions. This led Klein to conclude that decisions concerning the desirable total expenditure on welfare measures may be made in the light of changing economic circumstances but the question of how this expenditure will be distributed among competing policies is subject to other factors deriving from various sources.

A final assumption made by marxist analysts, is that the welfare state and its expenditures are the result of class struggle (Gough, 1979; Stephens, 1979). Variations in the rate of public expenditure are explained by the degree to which the working class has gained power in the struggle with capital. The content of the welfare state derives from the "overarching conflict between labour and capital, and substantively (reflects) that state of play in
this conflict" (Shalev, 1980:9). It is argued that while the welfare state has emerged in advanced capitalist societies without a strong social democratic labour movement, the emergence of welfare measures has been hastened, and its growth accelerated, in nations where economic and political factors have contributed to the emergence of powerful reformist labour movements.

The above literature, with the exception of the marxists, tends to conclude that ideology is not an important factor in the initiation and extension of social welfare programs. Such programs have emerged in nations espousing widely different political ideologies. Yet in each the introduction of social welfare has been couched primarily in ideological terms. Rarely, if ever, has welfare been introduced as a purely economic consideration. Rather ideological beliefs have been invoked to propose, to explain, and to justify particular programs. Thus the ideological concept of stigmatization has been used in Canada to justify the extension of a limited means-tested pension system to a universal plan. How welfare programs are viewed, interpreted and received rests to a great extent on those ideological beliefs accessible for utilization in conjunction with particular programs. To fully grasp the social nature of these systems it becomes necessary to analyze the ideological beliefs which are reflected in, and affected by, the particular policy. Welfare programs indeed may reflect
the economic circumstances of the nation but they also reflect the social circumstances within which they develop and these inevitably include the ideological beliefs held by the citizens.

The research outlined above, although it varies considerably from the present study, does provide useful insights into an investigation of the ideological basis of pensions in Canada. While the above studies deal with the welfare state as an entity, the current study abstracts pensions and examines them within the context of a single nation state. As a result the present study is more concerned with the ideological explanations offered within one nation for the empirical phenomenon of pensions. However, in as much as the earlier studies are concerned with those variables which have been found to be related to increased state expenditure their findings cannot be ignored. Instead they can serve as a guide to those variables which might also be important in the development of pensions. Thus, it will be seen that many of the variables discussed in these previous studies, will also be considered within the present one. Finally, Klein's conclusions about the nature of the distribution of expenditures among competing policies, offers a justification for the examination of pensions as a subject that can validly be abstracted from its welfare context.
(d) Comparative Theoretical Overview.

The theoretical literature provides primarily an overview, or comparative analysis, of the various theoretical frameworks implicit in the various explanations of the development and expansion of social welfare (cf George and Wilding, 1976; Jordan, 1976; Mishra, 1977; Pinker, 1971; Taylor-Gooby and Dale, 1981). The overviews usually are divided into either structural-functionalist frameworks or Marxist frameworks. Structural-functionalist orientations have been variously referred to as normative theory (Taylor-Gooby and Dale, 1981), 'anti-collectivist' and 'reluctant collectivist' ideology (George and Wilding, 1976), and "Durkheim and Moral Welfare" (Pinker, 1971). These more conventional frameworks are then compared with various versions of the Marxist framework. (Jordan has eschewed the Marxist position for a libertarian one.)

More specific analyses, such as Sleeman's cost-benefit analysis of welfare in Great Britain and Guest's historical description of welfare in Canada have tended to ignore explicit theoretical concerns but to implicitly fall within the assumptions of structural functionalism rather than the more radical Marxist ones.

The theoretical literature, on the surface, is more closely related to the present study. However, this body of writings also tends to deal with the welfare state as an entity of which pensions are but a relatively insigni-
ficant part. Thus, pensions are not studied in depth. Primarily, this arises because the studies are more concerned with the theoretical issues than the empirical ones. Pensions do not provide an empirical case study to the same degree that will be found within the current study. In addition, the theoretical studies tend to adopt an either/or situation. The welfare state can be explained either by the Marxist theoretical paradigm or by the functionalist one. It is not explained by both. There is, then little effort to determine the degree to which such paradigms might 'overlap' each other in the empirical situation. The present study, although it is indebted to the explication of various theoretical perspectives offered in the above literature, is not attempting to compare the liberal-democratic ideology with the Marxist-critical in order to indicate deficiencies in either or both. Instead, it examines both ideological perspectives in order to gain a more complete understanding of pensions in Canada.

Pension Literature:

Discussions of the development of public old age pensions have tended to fall under the broad heading of 'social welfare'. Most of the literature mentioned above has devoted at the most one or two chapters to the subject, while some have relegated pensions to a few lines or a mere footnote. Richard Deaton bemoans the fact that Ginsburg
(1979) dismisses "the very important question of pensions" in his study of social policy with a mere footnote due to the "lack of space" and Gough in his study of the welfare state only mentions the subject seven times — four times descriptively and three times analytically (Deaton, 1981:2). As a result literature dealing specifically with the development of public pensions is somewhat limited.

Pension literature in Canada can be divided into four categories: government publications, business publications, labour publications, and academic publications. Government publications are designed to describe and explain government policy. These include such books as Joan Brown's How Much Choice: Retirement Policies in Canada (1975), the Department of Health and Welfare's The Retirement Income System in Canada: Problems and Alternative Policies for Reform (1980), and proceedings and reports from the various royal commissions, joint Senate and House of Commons committees and special commissions. For the purposes of this study, this literature is useful for the data it provides.

Business literature primarily is concerned with presenting a description of, and data concerning, private pension plans. Occasionally articles deal with a critique of public plans. Prime examples are James Clare's article "What's Still Wrong with CPP" (1973), and Robert Dowsett's article "Do Private Pensions Still Have a Role?" (1979). These publications are primarily useful to the present study
for the data they supply regarding private plans as well as the insights offered into the attitudes of the business community concerning government policies.

Labour publications are primarily associated with union organizations. Like business literature, they provide insights into labour's position in the pension debates, although they also are a useful source of data.

Academic publications on pensions in Canada are also few in number. The major work in the field is Kenneth Bryden's *Old Age Pensions and Policy Making in Canada* (1974). Examined within the framework provided earlier, Bryden's work overlaps all of the first three categories. Bryden is concerned with the relationship between the socio-economic factors of industrialization and the development of a need for public pensions. He cites the social changes brought by the increased urbanization of Canada, the rural-urban migrations, the development of wage labour versus entrepreneurial ownership, and the changing population structure of Canada.

His prime thesis argues that pensions mark a change in the 'market ethos' prevalent in Canada. The meeting of environmental wants, created by urbanization and industrialization, through the development of public old age security is in flat contradiction to the market ethos of capitalism (Bryden, 1974:17). The very initiation of public pension in Canada signifies a major shift in ideology.
Finally, Bryden sees the development of pension policy as occurring through a series of 'leaps' from one pension plateau to another. These leaps represent the development of the articulation of interests, the aggregation of interests, and the making and application of pension rules. Articulation of interests, argues Bryden, is a function of interest groups; the aggregation of interests, or the marshalling of demands and support against resistance, is a function of political parties. Pensions, in Bryden's work, then are a part of an input-output model mediated by interest groups and political parties.

J. E. Laycock, in his doctoral dissertation on pensions in Canada, has focused on the socio-economic factors of industrialization. He argues that industrial and urban life are the determining factors in the economic and social development of Canada. These factors promote and encourage the development of reform legislation such as public pension (Laycock, 1952).

The three other works to be discussed fall into the Marxist category. O'Donnell (1979) argues that the development of the 1927 Old Age Pensions Act was more a response to the need for social control than a response to the economic needs of the elderly. Myles (1980) argues that pensions have served two functions in Canada. Originally public pensions were a mechanism of social control. However in later years they have become an "instrument in the pro-
cess of capital formation and accumulation: (Myles, 1980:330). Pension policy has become an "issue of power, the power to control and allocate the capital generated through the savings put aside by workers for their old age" (Ibid., 333).

Murphy (1982) relates the response of business to public pension policy to the different functions various policies fulfill. She argues that public pensions have served three different functions, each function associated with a particular policy, or historical period. In the 1950s, when universal pensions were introduced, business opposition was noticeably absent. In fact, Murphy suggests, business supported the concept of universal pensions since such a policy was compatible with their drive for an expanded work-force. Public pensions, available to all, meant business was relieved of the costs of more extensive pension coverage for its workers and only had to negotiate supplementary pensions with labour. In the 1960s when the Canada Pension Plan was introduced, opposition was expressed primarily by the insurance companies who saw the CPP as competitive with their private plans. Currently, argues Murphy, business opposes the extension of the CPP on the basis that such an extension represents the potential for the amassing of vast pension funds in the hands of government. The concentration of investment capital in the hands of government poses a threat to corporate control. However, Myles and
Murphy are concerned primarily with economic factors. Bryden, on the other hand, takes note of what he terms the 'market ethos' and the effects pension policy had on it. He suggests that the very existence of public pensions in Canada represents a weakening of an ethos which emphasized market interests to the exclusion of social interests.

As it can be seen, pension literature is relatively limited. The political, business, labour literature is designed to promote specific interests and specific forms of pension policy. The bulk of this literature makes no attempt to analyze the development of pensions. While such literature is useful as resource material, it offers no systematic form of analysis of either ideology or its relation to pensions in Canada.

The exceptions to this are such studies as Graebner's analysis of the introduction of social security in the United States, Bryden's analysis of pensions in Canada, and the various Marxist analyses. Graebner argues that old age security was initiated by the American government in order to 'force' the older worker out of the labour force and to make room for the younger worker. In fact, notes Graebner, the term retirement did not carry the significance before the advent of old age security it developed after. Both business and labour supported the government legislation. Business because such legislation aided its pursuit of youthful labour, seen at that time (1935) as more
desirable, more flexible, and infinitely more trainable than an older labour force. Unions were supportive because such legislation enabled them to appear to be fighting for more jobs for the young entrant into the labour force and thereby swell their membership ranks.

Graebner's work offers an interesting contrast to the way in which pensions emerged in Canada. However, because of the differences between the two situations, his thesis of the manipulation of the labour force through the concept of retirement does not translate easily to the Canadian setting. It does confirm once more the need to study individual cases and to resist making premature generalizations.

Bryden provides a different form of comparison. There can be no denying the degree to which the present study is indebted to the work already done by Bryden. He provides a clear description of the emergence of pensions in Canada. However, while he is interested in demonstrating how pensions changed the 'work ethic' prevalent in Canada, he leaves unanswered some of the questions integral to a more radical perspective. The present study, while it, too, covers much of the empirical ground already dealt with by Bryden, attempts to go one step further. It attempts to clarify the specific ideological issues surrounding the question of pensions. In so doing, the study need not limit itself to one 'explanation', or one set of empirical data.
The final studies, done within the Marxist framework, fail to address adequately liberal-democratic issues. They offer only a Marxist interpretation. This study argues that to limit information in such a manner is to restrict explanatory power. Pensions in Canada, then, will be examined through the use of the two ideological taxonomies which provide both a liberal-democratic typification of pension policy and a marxist-critical one. Thus the following chapters will analyze the four historical periods: 1850-1927, 1927-1951, 1951-1966, 1966-1983 according first to the guidelines offered by the liberal-democratic ideology and then according to the guidelines suggested by the Marxist-critical ideology. The final chapters will indicate how such an analysis might be projected to future pension events and the degree to which the two ideologies are seen to empirically merge into one extensive ideology capable of assimilating the concerns detailed in both.
"In the liberal view, the welfare state is accepted as a basically desirable way to meet human needs and to organize the society to respond to the problems of urbanization and industrialization" (Galper, 1975:17). Programs such as public old age pensions, represent the response of the government to people in need. Such programs are said to stress the "enhancement of human welfare, the imposition of more enlightened values over those embodied in the capitalist market system" (Gough, 1979:2-3). They are designed to provide a redistribution of resources from those who directly produce the necessities of life to those who do not. This redistribution is seen to be "in the common good" and to "the general satisfaction" (Taylor-Gooby and Dale, 1981:8). This chapter will construct one phase of the empirical model of pensions associated with the liberal-democratic ideology. It will focus on the empirical evidence associated with the initiation of public pensions in Canada, the articulation of pension interests by the various sectors of society involved, the response of the federal government, i.e. pension policy and how these were reflected in the Old Age Pensions Act of 1927.
The liberal-democratic taxonomy developed in Chapter One indicates that public pensions in Canada should reflect a response to the articulated financial needs of the elderly. Furthermore, if the system is to be considered consistent with the ideological typifications already outlined it should reflect the needs of the individual rather than those of the group. It should take the form of a privilege to be earned rather than a right to be expected and it should reflect an accommodation between competing interests, political and otherwise. The content of the policy should exclude references to mandatory retirement, provincial residency requirements which restrict inter-provincial mobility, and potential stigmatizing means-testing procedures. The above would fail to reflect both the equal opportunity and equality of status beliefs integral to the ideology. Benefits should be graduated according to previous earnings and should be sufficient to relieve dire poverty.

Administration of the federal system should not vary substantially from province to province. Pension authorities should remain separate from the appeal boards hearing complaints about the administration of the rules and regulations. They should assume the burden of proof of eligibility and not force the applicant to provide supporting documentation. The effects of the administration of the policy should be alleviation of dire poverty among the elderly and a limited downward redistribution of wealth from
those with higher incomes to those with little income. Finally, management of private property should remain with the individual and not with the state.

This suggests that the following types of data will be important if the extent to which liberal-democratic ideology is reflected in the pension legislation enacted in 1927 is to be empirically evaluated. Statistical data concerning the financial needs of the elderly in Canada during the period under discussion will have to be examined and evaluated. Documentary data indicating the competing interests prevalent at that time and their particular positions on pension policy should be analyzed. Legislative data indicating the rules and regulations of the policy enacted and in particular any clauses relating to employment restrictions, mobility restrictions, and potential stigmatizing procedures should be scrutinized. Evidence concerning the manner in which the policy was administered must be collected. Finally, the effects of the policy and its administration should be evaluated.

In short the following propositions must be examined: That public pensions arose in Canada in response to the income maintenance needs of the elderly; That such legislation represented a privilege to be earned rather than a right to be expected; That the individual was seen to be the author of his particular situation; That legislation reflected the competing interests of organized groups; That
the legislation did not restrict employment or mobility opportunities; That means-testing procedures were applied in a non-stigmatizing manner; That the individual did not have to prove eligibility; That the plan was uniformly administered; That entry was voluntary; That appeal boards satisfied the criterion of separateness; That benefits were graduated according to previous income; That the effects of the policy were the alleviation of poverty and the downward redistribution of wealth; That management of property remained in the hands of the individual. These propositions have been summarized in Table 3-1.

The following analysis of these propositions and the empirical evidence associated with them will be divided into four sections. Section One will consider the statistical evidence related to the economic needs of the elderly in Canada during the period of 1850-1930. Section Two will evaluate the role played by competing interest groups and political parties in the formation and formulation of pension policy. Section Three will examine the legislation which emerged in response to the situation found in Sections One and Two. This will involve scrutiny of the rules and regulations incorporated within the act and an evaluation of the extent to which these reflect liberal-democratic expectations. Section Four will discuss the manner in which the legislation was administered between 1927 and 1950 and the effect of the policy in absolute and relative terms upon the financial condition of the elderly.
### TABLE 3-1

**EXTENT TO WHICH OLD AGE PENSIONS ACT, 1927, REFLECTED LIBERAL-DEMOCRATIC CONCERNS AND VALUES**

<table>
<thead>
<tr>
<th>Factors</th>
<th>1927 Pension Act</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>I Socio-Political Factors:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Demonstration of need among the elderly</td>
<td>x</td>
</tr>
<tr>
<td>b. Evidence of competing interests</td>
<td>x</td>
</tr>
<tr>
<td>c. Evidence of competing political alternatives</td>
<td>x</td>
</tr>
<tr>
<td>d. Evidence of support of general public</td>
<td>x</td>
</tr>
<tr>
<td>e. Emphasis on individual rather than group need</td>
<td>x</td>
</tr>
<tr>
<td><strong>II Legislation:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Rules and regulations reflect competing interest</td>
<td>x</td>
</tr>
<tr>
<td>b. Absence of rules</td>
<td></td>
</tr>
<tr>
<td>demanding mandatory retirement</td>
<td>x</td>
</tr>
<tr>
<td>restricting inter-provincial mobility</td>
<td></td>
</tr>
<tr>
<td>providing stigmatizing means-testing</td>
<td>x</td>
</tr>
<tr>
<td>c. Presence of rules</td>
<td></td>
</tr>
<tr>
<td>relating benefits to previous earnings</td>
<td>x</td>
</tr>
<tr>
<td>providing for voluntary participation</td>
<td></td>
</tr>
<tr>
<td>placing burden of proof of eligibility on pension authority</td>
<td>x</td>
</tr>
<tr>
<td><strong>III Administration:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Equitable administration</td>
<td>x</td>
</tr>
<tr>
<td>b. Separate appeal boards</td>
<td></td>
</tr>
<tr>
<td><strong>IV Effect:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Alleviation of poverty</td>
<td>x</td>
</tr>
<tr>
<td>b. Limited downward redistribution of wealth</td>
<td>x</td>
</tr>
<tr>
<td>c. Management of income in hand of individual</td>
<td>x</td>
</tr>
<tr>
<td>d. Pensions a privilege not a right</td>
<td>x</td>
</tr>
</tbody>
</table>
I: The Needs of the Elderly

This section examines the liberal-democratic proposition that public pensions in Canada have emerged in response to the needs of the elderly and evaluates the extent to which this proposition is reflected in the 1927 pension legislation. Statistical evidence will be offered to indicate the extent and nature of these needs during the period of 1850-1930. The evidence indicates that during this period the interaction of three processes, the growth of urban centres, the development of industrialization, and the increase in the size of the population of the elderly, resulted in a need among the elderly of Canada for public income maintenance.

Urbanization:

Leroy Stone and Richard Pomfret both identify the start of urbanization in Canada as occurring in the decade following Confederation (Pomfret, 1981:52; Bryden, 1974:24). At that time the population of Canada began to shift from the rural areas to the urban areas. Table 3-2 shows the increase in the urban population relative to the total population of Canada and the provinces from 1871 to 1931. This shift of population away from the rural areas marks the decline of agriculture as a primary source of employment and the rise of other sectors, in particular those of manufacturing and service industries. In addition, the shift signals the start of the industrialization of
### TABLE 3-2

**URBAN POPULATION AS A PERCENTAGE OF TOTAL POPULATION, CANADA AND PROVINCES 1871-1931**

<table>
<thead>
<tr>
<th>Census Years</th>
<th>Canada</th>
<th>Nfld</th>
<th>PEI</th>
<th>NS</th>
<th>NB</th>
<th>PQ</th>
<th>Ont</th>
<th>Man</th>
<th>Sask</th>
<th>Alt</th>
<th>BC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1871</td>
<td>18.3</td>
<td>*</td>
<td>9.4</td>
<td>8.3</td>
<td>17.6</td>
<td>19.9</td>
<td>20.6</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>9.0</td>
</tr>
<tr>
<td>1881</td>
<td>23.3</td>
<td>*</td>
<td>10.5</td>
<td>14.7</td>
<td>17.6</td>
<td>23.8</td>
<td>27.1</td>
<td>14.9</td>
<td>*</td>
<td>*</td>
<td>18.3</td>
</tr>
<tr>
<td>1891</td>
<td>29.8</td>
<td>*</td>
<td>13.1</td>
<td>19.4</td>
<td>19.9</td>
<td>28.6</td>
<td>35.0</td>
<td>23.3</td>
<td>*</td>
<td>*</td>
<td>42.6</td>
</tr>
<tr>
<td>1901</td>
<td>34.9</td>
<td>*</td>
<td>14.5</td>
<td>27.7</td>
<td>23.1</td>
<td>36.1</td>
<td>40.3</td>
<td>24.9</td>
<td>6.1</td>
<td>16.2</td>
<td>46.4</td>
</tr>
<tr>
<td>1911</td>
<td>41.8</td>
<td>*</td>
<td>16.0</td>
<td>36.7</td>
<td>26.7</td>
<td>44.5</td>
<td>49.5</td>
<td>39.3</td>
<td>16.1</td>
<td>29.4</td>
<td>50.9</td>
</tr>
<tr>
<td>1921</td>
<td>47.4</td>
<td>*</td>
<td>18.8</td>
<td>44.8</td>
<td>35.1</td>
<td>51.8</td>
<td>58.8</td>
<td>41.5</td>
<td>16.8</td>
<td>30.7</td>
<td>50.9</td>
</tr>
<tr>
<td>1931</td>
<td>52.5</td>
<td>*</td>
<td>19.5</td>
<td>46.6</td>
<td>35.4</td>
<td>59.5</td>
<td>63.1</td>
<td>45.2</td>
<td>20.3</td>
<td>31.8</td>
<td>62.3</td>
</tr>
</tbody>
</table>

*Source: Bryden, 1974:26.*
Canada. Table 3-3 indicates the change in the percentage of the labour force employed in agricultural pursuits and the percentage employed in non-agricultural pursuits. It demonstrates the decline in the relative importance of agriculture, suggesting that since the mid-nineteenth century the importance of agriculture as a source of employment has continuously declined while that of non-agricultural employment associated with urbanization has increased.

The decline of agriculture in Canada had severe implications for the elderly. Agriculture had been one occupation which could be carried on past the age of 65. Others, such as the village artisan and the village commercial tradesman, also disappeared with the exodus of the independent farmer (MacDougall, 1971:69). Household industry engaged in local production was replaced by the factory system based on world-wide markets. The demand for the products of the artisan and craftsman diminished. "The master workman dismissed his journeyman and apprentices, and eventually betook himself with his household to the city to become factory operatives" (Ibid., 64). This loss of village crafts was accompanied by the decline in village commerce. Changes in retailing practices, in particular the introduction of the mail-order system, forced many of the independent commercial entrepreneurs out of business. These also had been the occupations which could be carried on into one's old age. The growth of industrialization all but eliminated them.
TABLE 3-3

PROPORTION OF CANADIAN LABOUR FORCE
IN AGRICULTURAL AND NON-AGRICULTURAL PURSUITS,
1881-1931

<table>
<thead>
<tr>
<th>Census Year</th>
<th>Total Labour Force (millions)</th>
<th>Percentage of Total in:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(a) Agricultural Pursuits</td>
</tr>
<tr>
<td>1881</td>
<td>1.4</td>
<td>48%</td>
</tr>
<tr>
<td>1891</td>
<td>1.6</td>
<td>46%</td>
</tr>
<tr>
<td>1901</td>
<td>1.8</td>
<td>40%</td>
</tr>
<tr>
<td>1911</td>
<td>2.7</td>
<td>34%</td>
</tr>
<tr>
<td>1921</td>
<td>3.2</td>
<td>33%</td>
</tr>
<tr>
<td>1931</td>
<td>3.9</td>
<td>29%</td>
</tr>
</tbody>
</table>

Industrialization:

The industrialization of central Canada took place between 1850 and 1914. In 1851, the average labour force and capital stock per establishment was small. Specialized workshops, usually attached to the owner's residence, with production done by hand predominated (Pomfret, 1981:123). Steam power was rare with the only large-scale industry being the shipyards of Quebec. The rest supplied local needs on a custom, or repair, basis (Ibid.). Households were largely self-sufficient, providing their own food, clothing and housing.

By 1860 much of this had changed. Large plants with machinery and equipment were becoming more common. This was the decade in which the factory system developed in Canada. By the turn of the century, large-scale industries with modern production methods had nearly doubled the annual output per worker in the manufacturing sector (Ibid.). "Meat-packaging, butter and cheese, bread and refined sugar were among the ten leading sectors in 1900, reflecting the interaction between industrial growth, urbanization, and diminishing self-sufficiency" (Ibid., 124).

Industrialization involved more than just an increase in manufacturing output. "Integral to it was the growth of a sophisticated structure of financial and other services to meet the diverse needs of a complex economy" (Bryden, 1974:27). Table 3-4 presents the percentage contributed to the Gross Domestic Product (the Gross National
<table>
<thead>
<tr>
<th>Industry</th>
<th>1926</th>
<th>1930</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>18.1</td>
<td>11.6</td>
</tr>
<tr>
<td>Resource industries&lt;sup&gt;a&lt;/sup&gt;</td>
<td>5.3</td>
<td>5.1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>21.7</td>
<td>23.1</td>
</tr>
<tr>
<td>Construction</td>
<td>4.2</td>
<td>4.7</td>
</tr>
<tr>
<td>Transportation&lt;sup&gt;b&lt;/sup&gt;</td>
<td>12.9</td>
<td>12.5</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>11.6</td>
<td>14.7</td>
</tr>
<tr>
<td>Finance&lt;sup&gt;c&lt;/sup&gt;</td>
<td>10.0</td>
<td>10.5</td>
</tr>
<tr>
<td>Service</td>
<td>12.9</td>
<td>13.8</td>
</tr>
<tr>
<td>Pub. admin. and defence</td>
<td>3.4</td>
<td>4.1</td>
</tr>
</tbody>
</table>


<sup>a</sup> Forestry, fishing and trapping, and mining, quarrying, and oil wells.

<sup>b</sup> Transportation, storage, communication, and electric power, gas and water utilities.

<sup>c</sup> Includes insurance and real estate.
Product minus the exports) by the major industries of Canada in 1926 and 1930. It indicates the extent to which the importance of agriculture had declined and that of the manufacturing and service industries had increased in only four years.

For the elderly the advent of industrialization introduced a period of restrictive employment opportunities. The decline of agriculture, village crafts and commerce meant the loss of traditional occupations. The advance of industry failed to provide alternative opportunities. Large bureaucratic establishments tended to establish personnel policies which permitted few exceptions and the general rule was an arbitrary retirement age of 65. In addition, many firms were reluctant to hire new employees who were past the age of 40 or 45. In 1938, the International Labour Office noted that in the United States, there was a trend towards higher unemployment rates as the age of the work force advanced (O'Donnell, 1979:44). Many firms fixed an entrance age limit in the case of new employees at 45, and in some cases even 40 or 35 (Ibid., 45). Older workers were presumed to be either too feeble or too accident-prone to be efficient workers. Their skills were seen to be outdated and it was presumed that they lacked the adaptability necessary to participate in the newer methods of production.

Although comparable data are unavailable for Canada, a questionnaire by the National Employment
Commission in 1939 asked "In practice do you fix an age above which new employees are not hired? If so, what age?" (Ibid., 46). Of the 928 firms reporting a maximum age of entry, 35 percent set the age at 50 to 59 years, and 53 percent set it at 40 to 49 years. In short, opportunity to earn a living in the later years, even where the capability existed, came to be less and less available.

Population Size:

Simultaneous with the decrease in the employment opportunities of the older worker was the increase in the numbers of elderly in Canada. During this period the elderly as a group increased both in absolute and in relative numbers. Table 3-5 shows the increase in the absolute numbers of those aged 65-and-over from 1901 to 1931. Table 3-6 presents the proportion this group formed of the total population of Canada in every decennial census since 1901. It indicates the relative increase in the size of this group for every decade with the exception of that beginning in 1911. The decrease found in the 1911 census is explained by the substantial immigration of young adult males in the decade preceding World War I (Bryden, 1974:31). In 1901, 5 out of every 100 Canadians were in the 65-and-over age group. By 1931, it had risen to 5.5. Thus as a group the aged in Canada had started to increase, in both absolute and relative terms.

Table 3-6 also presents the regional variations found among the provinces. The three maritime provinces
TABLE 3-5

POPULATION AGED 65-AND-OVER, CANADA AND THE PROVINCES, 1901-1931

<table>
<thead>
<tr>
<th>Year</th>
<th>Canada¹</th>
<th>Nfld</th>
<th>PEI</th>
<th>NS</th>
<th>NB</th>
<th>PQ</th>
<th>Ont</th>
<th>Man</th>
<th>Sask</th>
<th>Alt</th>
<th>BC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual (in thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1901</td>
<td>271</td>
<td>*</td>
<td>7</td>
<td>31</td>
<td>19</td>
<td>78</td>
<td>121</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>1911</td>
<td>335</td>
<td>*</td>
<td>8</td>
<td>36</td>
<td>22</td>
<td>92</td>
<td>143</td>
<td>11</td>
<td>9</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>1921</td>
<td>420</td>
<td>*</td>
<td>9</td>
<td>38</td>
<td>24</td>
<td>109</td>
<td>172</td>
<td>19</td>
<td>17</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>1931</td>
<td>576</td>
<td>*</td>
<td>9</td>
<td>41</td>
<td>27</td>
<td>138</td>
<td>234</td>
<td>32</td>
<td>31</td>
<td>26</td>
<td>38</td>
</tr>
</tbody>
</table>

* Data are not available.

¹ Includes Yukon and Northwest Territories.

Sources: L.O. Stone and S. Fletcher, A Profile of Canada's Older Population (Montreal: The Institute for Research on Public Policy, 1980, Table 2.2, p. 21).
### TABLE 3-6

DISTRIBUTION BY PERCENTAGE OF THOSE 65 YEARS AND OVER

CANADA AND THE PROVINCES, 1901-1931 (%)

<table>
<thead>
<tr>
<th>Census Years</th>
<th>Can</th>
<th>Nfld</th>
<th>PEI</th>
<th>NS</th>
<th>NB</th>
<th>PQ</th>
<th>Ont</th>
<th>Man</th>
<th>Sask</th>
<th>Alt</th>
<th>BC</th>
<th>Yukon</th>
<th>NWT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>5.0</td>
<td>-</td>
<td>6.8</td>
<td>6.7</td>
<td>5.8</td>
<td>4.8</td>
<td>5.5</td>
<td>2.4</td>
<td>2.5</td>
<td>1.8</td>
<td>2.5</td>
<td>0.4</td>
<td>4.6</td>
</tr>
<tr>
<td>1911</td>
<td>4.7</td>
<td>-</td>
<td>8.3</td>
<td>7.3</td>
<td>6.2</td>
<td>4.6</td>
<td>5.7</td>
<td>2.4</td>
<td>1.7</td>
<td>1.6</td>
<td>2.2</td>
<td>2.1</td>
<td>4.0</td>
</tr>
<tr>
<td>1921</td>
<td>4.8</td>
<td>-</td>
<td>9.5</td>
<td>7.2</td>
<td>6.2</td>
<td>4.6</td>
<td>5.9</td>
<td>3.1</td>
<td>2.3</td>
<td>2.4</td>
<td>3.4</td>
<td>5.9</td>
<td>2.1</td>
</tr>
<tr>
<td>1931</td>
<td>5.6</td>
<td>-</td>
<td>10.0</td>
<td>8.0</td>
<td>6.7</td>
<td>4.8</td>
<td>6.8</td>
<td>4.5</td>
<td>3.4</td>
<td>3.5</td>
<td>5.5</td>
<td>9.5</td>
<td>1.8</td>
</tr>
</tbody>
</table>

have had a consistently higher ratio of those 65-and-over than Canada as a whole. The western provinces have been consistently below the national average. The eastern ratio reflects the continuous drain of young adults from that area, while that of the west reflects the fact that this area has been frequently the destination of such emigration (Bryden, 1974:31-2). The somewhat lower than average ratio found in Quebec in the early decades can be explained by the higher than average birth rate experienced there during those years (Ibid., 32).

This growth in the older age groups in Canada was exacerbated by the steady rise in the life expectancy of Canadians. No reliable statistics are available until after 1931, but Table 3-7 shows that from 1931 on there has been a steady increase in the life expectancy of both males and females. That for females has increased much more sharply than that for males. This trend, argues Bryden, probably started as early as the turn of the century. "A supposition supported by the trends shown in the tables for England and Wales which date back to 1938" (Ibid., 32).

Alternative Responses to Need of the Elderly:

The demand for public pensions arose only after other alternative measures had been explored and found wanting. In the period before Confederation, life in Canada was centered around the primacy of the family. This had been reinforced by the isolation faced by many families. They
### TABLE 3-7

**LIFE EXPECTANCY AT BIRTH BY SEX FOR CANADA, 1941-1976**

(Years)

<table>
<thead>
<tr>
<th>Perioda</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930-32</td>
<td>60.0</td>
<td>62.1</td>
</tr>
<tr>
<td>1940-42</td>
<td>63.0</td>
<td>66.3</td>
</tr>
<tr>
<td>1950-52</td>
<td>66.3</td>
<td>70.8</td>
</tr>
<tr>
<td>1960-62</td>
<td>68.4</td>
<td>74.2</td>
</tr>
<tr>
<td>1970-72</td>
<td>69.3</td>
<td>76.4</td>
</tr>
<tr>
<td>1975-77</td>
<td>70.2</td>
<td>77.5</td>
</tr>
</tbody>
</table>

a  Centered on census years.

were frequently separated by several miles, linked only by roads, or waterways, which were impassible for at least several months of the year. Forced to eke a subsistence living from a hostile environment, family members developed a solidarity which stressed the ethic of self-reliance. Production within the family unit was for consumption, although some farms in Ontario were producing wheat for sale on the market. Even in the eastern regions, those involved in fishing and lumbering often used the subsistence farm as their "second line of defence" (Bryden, 1974:22). Families were characterized by close knit relationships. The aged formed an integral part of the unit, "sharing in the subsistence which it provided and also, to the extent of their capacity, in the endless tasks to be performed" (Ibid.). The needs of the elderly were met in large part by other family members. Such social security as there was, was provided within the family unit.

However, the onslaught of urbanization and industrialization changed this way of life. Many elderly were left on the depleted farm as the young became mobile in search for employment opportunities. Others were forced into the cities as opportunities vanished in the rural areas. But city living was not as commodious as rural living. City houses did not favour the three-generational family. Too frequently homes were over-crowded leaving little room for aged parents. Data concerning the living
arrangements of all Canadians by age groups did not become available until 1965. Table 3-8, however, presents the living arrangements of those 65-and-over in 1956. It indicates that by that time less than 20 percent of the 65-and-over population were living with relatives. It is argued by Bryden that "a process which was then so far advanced must have started much earlier . . .", in a period when no pensions were available (Bryden, 1974:29). Certainly by the 1950s the three-generational family was "of minor and declining significance" (Ibid., 28). Thus during the period when the older populations of Canada were experiencing the loss of traditional occupations and employment opportunities, the erosion of family support and their traditional way of life was also occurring.

Early in Canadian history, several eastern provinces had established systems of provision of relief for the poor (Guest, 1980:9). Nova Scotia, in 1763, and New Brunswick, in 1786, had passed legislation modelled on the Elizabethan statutes of England. This legislation placed the responsibility for the unemployed and the poor in the hands of the local parish. Many of these parishes began to construct institutions capable of giving full-time care to the poor. Such institutions became known as 'houses of industry', 'work houses', or 'poor houses'. In the areas where such institutions did not exist, relief in the form of help for the poor in their own homes was provided. The fear
TABLE 3-8

LIVING ARRANGEMENTS OF POPULATION 65 AND OVER,
CANADA, 1956
(Numbers in thousands)

<table>
<thead>
<tr>
<th>Living in</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own homes</td>
<td>871</td>
<td>70.6</td>
</tr>
<tr>
<td>Homes of relatives</td>
<td>211</td>
<td>17.1</td>
</tr>
<tr>
<td>Homes of nonrelatives</td>
<td>105</td>
<td>8.5</td>
</tr>
<tr>
<td>Institutions</td>
<td>47</td>
<td>2.8</td>
</tr>
<tr>
<td>Total</td>
<td>1,234a</td>
<td>100.0</td>
</tr>
</tbody>
</table>


a Slightly less than the total population aged 65 and over because relationship to head of household could not be determined in all cases.
and loathing associated with the institutions, as well as the expense of operating them, led other provinces to favour the latter form of help. However, "a continuing demand for some type of full-time care to meet the needs of the sick, the old, and the feeble . . ." resulted in a continual pressure for the construction of more institutions. Eventually all provinces developed some system of institutional care (Ibid.).

In Ontario, the absence of poor laws left the responsibility for the poor and the aged in the hands of the individual, the family, or private philanthropy. This resulted in the local jails becoming the 'catch-all' for the homeless, the poor, and the aged (Ibid., 13). In 1891, the Commission on Prisons and Reform Systems of Ontario reported the difficulties the officers of the municipal jails were having in classifying persons and enforcing discipline because of the "presence in the gaols of large numbers of vagrants, paupers, mentally ill, and old people" (Commission on Prisons and Reform Systems of Ontario, 1891:127). Laycock reports despite an amendment to the criminal code that specified that the aged were no longer to be committed to jail, many of the dependent elderly continued to end up there. Some preferred jail over the county poor-houses which were being set up. Others found themselves residing in communities where jail remained the only institution available. (Laycock, 1952:20-1)
As late as 1921, the Trades and Labour Congress noted that "from time to time the old and destitute are being sent to our jails for shelter . . ." (Labour Gazette, 1921:1127-8).

As the need became more pressing in Ontario, there was a gradual "assumption of public responsibility for certain categories of need" (Guest, 1980:13). Public funds became available to charitable organizations "to assist them in meeting the pressing needs uncovered by their activities" (Ibid.). In 1901, Ontario passed legislation ordering all counties to establish poor houses by 1906 (Bryden, 1974:23). This led to a rapid expansion of available institutional facilities. In addition though, the emphasis on the responsibility of the family in the care of its older members remained and was still very much in force up to and beyond the enactment of pension legislation in 1927.

By the twentieth century the traditional methods of providing maintenance of the aged were municipal relief, private charity, and institutional care (Ibid., 34). In those provinces where poor laws were in effect there was considerable local assistance for the poor, as well as private charity (Ibid.). In Ontario, local municipalities were providing some assistance (Splane, 1965:105-112). In the western provinces local assistance was not as wide-spread as in the east, while in Quebec the emphasis was on family and private charity.
It is doubtful that any of these methods were very effective. The resources of the municipalities and the private charities were limited and probably inadequate to provide income maintenance on anything but an emergency basis (Bryden, 1974:34). The stigma associated with the acceptance of charity reinforced the parsimonious attitude of the municipalities and led to a reluctance on the part of the elderly to seek public help. "To accept relief or charity which was permanent of necessity was to proclaim oneself a pauper, the ultimate disgrace in a society where material success was highly esteemed" (Ibid.).

Institutional care suffered from the fact "that there have never been anything like enough institutions to accommodate all the old people in need" (Ibid., 35). By 1931 the population of those 75-and-over had reached 35,000. Yet there were "fewer than 10,000 inmates over 60 years of age in all the charitable and benevolent institutions and fewer than 6,500 in institutions which accepted them mainly because of their age" (Ibid., 35-6). Table 3-9 shows the number of such home in Canada in 1931 and the number of inmates over the age of 60. Although the low numbers of elderly in these institutions might suggest that many had either homes of their own or were residing with family members, evidence implies that this was not the case. In 1924 it was reported to a parliamentary committee that in Toronto
TABLE 3-9

HOMES FOR ADULTS AND
ALL CHARITABLE AND BENEVOLENT INSTITUTIONS,
CANADA AND PROVINCES, 1931

<table>
<thead>
<tr>
<th></th>
<th>Homes for Adults</th>
<th>All Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Inmates</td>
<td>No. of Inmates</td>
</tr>
<tr>
<td></td>
<td>No. of Homes</td>
<td>61-70</td>
</tr>
<tr>
<td>CANADA</td>
<td>118</td>
<td>1,817</td>
</tr>
<tr>
<td>PEI</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>NS</td>
<td>9</td>
<td>64</td>
</tr>
<tr>
<td>NB</td>
<td>8</td>
<td>26</td>
</tr>
<tr>
<td>PQ</td>
<td>28</td>
<td>610</td>
</tr>
<tr>
<td>ONTa</td>
<td>63</td>
<td>983</td>
</tr>
<tr>
<td>MANa</td>
<td>4</td>
<td>38</td>
</tr>
<tr>
<td>SASKa</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ALTa</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>BC</td>
<td>5</td>
<td>96</td>
</tr>
</tbody>
</table>

Notes:  

a Old Age Pensions Act, 1927, in force.  

b This column includes many institutions for children only, as well as institutions accepting adults and children, and adults only.

under existing industrial conditions, many men and women, especially married couples who have reared a family, have found it impossible to provide for their old age... the institutions for the aged are filled and have a long waiting list. These private organizations accommodate at any time only a limited number, who are absolutely destitute. It has been our experience that a large number of old people will practically starve in preference to entering an institution. High rent, overcrowding in houses, makes it difficult for the poor to provide for their aged parents. It has been the experience of social agencies that many of the old men and women in their districts are suffering from the lack of the necessaries of life. (Cited in Bryden, 1974:42.)

One elderly citizen wrote,

When poor people grow old they are apt in the very nature of things to stand forsaken and alone as I do. Sometimes, yes often, the only recourse for men who have lived useful lives, even worked faithfully in the service of their country is to go to one or the other of those horrible, abominable institutions, the county poor-houses -- most of them run in a way that is shocking and a crying disgrace to a civilized and supposedly Christian community -- those plague spots of the universe as some one has called them... are not places for decent citizens. (Department of Labour, Correspondence, File 208-1-18)

Even if there had been sufficient institutional space, a problem would still have remained.

With the failure of the traditional methods of providing maintenance of the needy aged apparent, and in response to the many demands, the federal government initiated its system of annuities in 1908. Annuities provide a series of payments over a specified period of time or for life. They differ from pensions in that annuities are purchased by the individual; pensions tend to be negotiated on a group basis. Thus pensions result "from a formal group
arrangement - whether undertaken by the state, by an employer or groups of employers acting on behalf of their own initiative or in conjunction with a trade union, or by a voluntary association" (Bryden, 1974:3). Although government annuities might be considered a form of contributory pension in that the government "contributed" the administrative costs as well as the subsidization of the payments, the prime contributor was the individual who could buy the annuity or not as he wished.

The Government Annuities Act of 1908 was designed to provide an opportunity for every "hardworking, industrious, able-bodied man" to make adequate provision for his old age (Senate Debates, 1906-1907:31). Immediate annuities, however, could not aid the impoverished but made "it possible for old people who had been thrifty to make better provision for their declining years" (Carman, 1915:426-7). Deferred annuities rarely reached those they were designed to help. Instead of aiding the poor, they were purchased by persons of moderate income (Ibid., 446). Those in need simply could not afford to take advantage of the opportunity offered.

In short, between the years of 1850 and 1927, the aged in Canada became a larger population growing in absolute number as well as increasing in proportion to the total population. The dual processes of urbanization and industrialization had "reduced both the capacity of the family
unit to provide for them and their own capacity to do so" (Bryden, 1974:43). Alternative methods of assisting the aged including private charity, institutions, and government annuities, either were unsatisfactory or had succeeded in reaching only a minority of those in need.

The result was the emergence of a group of elderly in need of income maintenance. This situation had been noted in a report of the Royal Commission on the Relations of Labour in 1886, in its recommendation that the government of Canada implement a system of annuities to assist individuals in the provision of their future (Bryden, 1974:22). Evidence suggests that by 1927, the public, the government, and various organized interest groups were aware that there was a growing number of older citizens in need of some public form of income maintenance. This became reflected in the introduction of public old age pensions available to individuals aged 70 years and over who were in a state of 'need'. It will become apparent in the following discussions, that this need also became the basis upon which demands for, and justification of, a public pension policy were made.

II: The Demand for Pensions

Competing Interest Groups:

Liberal-democratic ideology assumes that democratic governments express the will of the majority. This,
It is argued, is accomplished through competing interest groups, competing political parties, and the transformation of group interests into political issues. All three aspects might be expected to be reflected in social welfare legislation such as public pensions.

From this perspective interest groups form the basis of a pluralistic society. Society is seen to be composed of independent groups "which have voluntary and overlapping members" (Galper, 1975:76). These groups compete for the resources of the society. Public policy, then will result from the "interplay of these groups and the agreements worked out between them" (Ibid.). The government is seen as maintaining a neutral position vis-a-vis the various groups. Its role is to act as an arbiter providing equal access to the bargaining arena and insuring that the policy which emerges is binding on all.

Competing political parties, it is argued, provide the electorate with a choice of policy options. More importantly, this form of competition can open up access to the government which would otherwise be unavailable. The fact that in Canada since World War I there have been more than two parties which "have consistently had some degree of electoral success" has meant that the interests of lower income groups have had "direct channels into the House of Commons" (Bryden, 1974:11). It was through this mechanism that pensions, a concern of those in the lower income groups, became a political issue of concern to all.
The following section will discuss the extent to which the development of pension policy reflected interest group activity, the transformation of pensions from a group interest to a political issue, and political party competition.

The Role of Interest Groups:

The Trades and Labour Congress (T.L.C.) of Canada was the first formal organization to express publicly the need for federal public old age pensions in Canada. At its annual convention in 1905, the congress stated that "... the time is opportune to introduce legislation making provision for the maintenance of the deserving poor, old, or disabled citizens, who are unable to maintain themselves" (Ibid., 48). By 1907, its affiliated unions "... were already memorializing members of parliament" and urging the congress to include pensions in its regular submissions to the federal cabinet (Ibid.). In 1908, and again in 1910, the congress sent a delegation to the Prime Minister to petition pension legislation (Labour Gazette, 1907-8:995; 1910-11:674). However in 1911, the executive of the congress allowed that "... a sickening silence in parliament follows every request for old age pensions" (Bryden, 1974:48).

The congress continued its solicitations throughout the war years, 1914-1918, up to 1922. These appeals were couched in the most general of terms and amounted to a
request for almost any form of pension legislation. In 1922, T. Moore, president of the T.L.C., presented a more specific proposal to the select committee appointed by the House of Commons to make an inquiry into an old age pension system for Canada. The congress, he testified, had endorsed a federal programme of pensions which would be granted to all Canadians 65-and-over who had resided in Canada for a reasonable number of years and who did not have "assured incomes of reasonable amount" (Labour Gazette, 1922:52). Maximum benefits should total at least $20 a month. The members, however, were divided on how this scheme would be financed. Some felt that pension ought to be partly contributory; others, the majority, felt the entire burden of the costs should be borne by the state (Ibid., 53).

This plan was repeated before another committee in 1924 and again in 1925. By 1925, the congress had settled on a maximum benefit of $30 a month and a joint federal-provincial sharing of the costs (Ibid., 1925:339-40).

Thus, it was the T.L.C. which first articulated an awakening interest in pensions. When the subject tended to become obscured by other matters, the congress kept it alive by maintaining its persistent agitation both in the House of Commons and outside of it.

The only other organization that became actively interested in the promotion of public old age pensions was the Old Age Pension Association of Canada. Formed in 1924
"for the purpose of developing public opinion in favour of a system of old age pensions as recommended by the special committee of the House of Commons" (Labour Gazette, 1924:1021), its activities prior to 1927 remain largely hidden. Although it was ostensibly independent of the T.L.C., its officers were all identified with the trade union movement. In 1927, following passage of federal pension legislation, this organization was successful in gathering 53,000 signature in Toronto and environs on a petition asking the province of Ontario to implement the 1927 act (Bryden, 1974:83).

There is no documented evidence that the business sector actively opposed the initiation of public pensions or that it articulated an alternative set of demands from those already detailed above. According to Bryden the Canadian Manufacturers' Association, one organized representative of business, "manifested only an academic interest" in the discussions of pensions and in the various bills presented to parliament. One possible explanation for this seeming lack of interest is the concentration of business on other more relevant political issues and the lack of awareness of the implications public pensions might have for the private sector. The federal government received some appeals which were made on an individual basis. These usually took the form of letters written to the government detailing the pre-
cariousness of the individual situation. The only opposition to the demands of organized labour came, then, from government itself.

The Role of Political Competition:

In Canada, competition between the two major political parties, in conjunction with the influence of a third party, eventually culminated in the passage of pension legislation. During the period prior to the First World War, the traditional parties, the Conservatives and the Liberals, were content to use the issue as a political football. The subject was invariably introduced by a member of the opposition. The party in power, invariably tried to downplay it through various delaying tactics. The competition centered on two issues. At one level it was a matter of political power. However, at the level of ideology it became a matter of whether the need was sufficient to warrant government interference and whether such a need was best answered in terms of public policy which stressed the right of the individual to income maintenance or the privilege of income security to be earned by the individual.

Thus pensions were first seriously introduced in a Liberal House in 1907 by a Conservative member of parliament who stressed the need to improve the condition of the

---

1 Many of these may be found in the papers of Mackenzie King located in the public archives of Canada, as well as the archival files of the Department of Labour.
aged (House of Commons Debates, 1906-1907:3387). Laurier replied that "to ask purely and simply that there should be an old age pension whether a man has been thrifty, or the reverse, whether he has been sober, or not, whether he has been a good citizen or a bad citizen" would require much more inquiry and investigation than he was prepared to give (Ibid.). Early debates, then reflected the competition arising between the value of need and that of individual initiative. Following the reintroduction of the subject in 1908, the Liberal government responded with the enactment of the Government Annuities Act. Although these annuities never became an adequate substitute for pensions, there is little doubt that they were designed to avert the need for further discussion of the pension issue. Furthermore, they represented a form of compromise between the concept of need and that of initiative.

In 1912, a Select Committee was appointed to inquire into the costs of public pensions and the extent of need evident throughout the country (House of Commons, Debates, 1911-1912:1362). The government concluded from the evidence presented that "there are, no doubt, men of humanitarian feelings and kindly instinct who have brought to their attention the condition of the deserving poor in their municipalities who will say: Let us have a system of old age pensions for the Dominion . . . this is very different from the active public opinion without which legislation
cannot well proceed" (Department of Labour, Memorandum, 1912:13). It was apparent, to the Liberals at least, that pension legislation was both premature and in advance of necessity (House of Commons, Debates, 1911-1912:1375).

During the war years both parties put pensions to the bottom of their agendas. While the T.L.C. continued to address briefs to the cabinet on the subject, more pressing matters occupied the attention of the House. Once the war was over though, the political situation in Canada changed dramatically. In 1917, the T.L.C. had called for the formation of a labour party to unite the various factions of labour and to represent their interests in the House of Commons. In 1919 such a party was formed independent of the congress, but with its blessing (Bryden, 1974:64). This party drew its support primarily from the industrial urban working class population. Even though its electoral successes were extremely limited, three of its representatives were to have an important influence on the initiation of pension legislation. These were J. S. Woodsworth, W. Irvine, both elected to the federal parliament following the Winnipeg strike, and A. A. Heaps. For a short period their influence on federal policy extended well beyond their numerical strength. The basis of their ideological belief in pensions centered on the value of need and the responsibility of the government to address the issue.

In the same year, the Farmers Party, later to become the Progressive Party, was formed. This party drew
its support from rural Ontario, Manitoba, and the Prairie Provinces. "It was the outcome of agrarian radicalism precipitated into a separate political existence by the shock of war . . ." (Dawson, 1958:275-6). Its clarion call for free trade made it a more likely ally of the Liberals than the Conservatives. In fact it drew its strength from those areas in which the Liberals had experienced substantial support. This party was to play the role of both spoiler and seducer.

In the election of 1921, 143 three-cornered contests for the 235-seat House of Commons took place. The largest number in Canadian history to that time (Ibid., 375). The Progressive party had successfully fielded candidates in Ontario, Manitoba and the Prairies. The Liberal party found itself suddenly bereft of its former support and its expected majority. Its neophyte leader, Mackenzie King, was forced to 'court' the Progressive party in order to gain control of both the House and his own party caucus. He felt that if he could successfully 'absorb' the Progressive members back into the Liberal ranks his hold on the party and parliament would be secure. The task, as King saw it, was to make "the Liberal house . . . more attractive to the Progressives" (Neatby, 1970:9). The method was to adopt policy positions which the Progressives could easily support. Thus, for several years "no political decisions were made without first considering the reaction of the
third party" (Ibid.). Following the election, King, the heir to Laurier, announced in the speech from the throne that "an investigation is being conducted by the Department of Labour into systems of Unemployment and Old Age Pensions" (House of Commons, Debates, 1921:2).

In 1923, King's courtship of the Progressives led to a split of that party into two factions. The more moderate, of the two, joined by the two sitting labour members, furnished King with the support he needed. Coincidentally King started to back away from the issue of pensions citing the possibility of a constitutional impediment in a purely federal plan. It was uncertain whether pensions rightfully fell under federal jurisdiction or provincial. When Woodsworth inquired whether any measure providing old age pensions was to be introduced in the House that session, King hedged, citing the need to clarify the constitutional issue.

In 1924, King appointed a special committee to inquire into pensions. This committee recommended that on the basis of need an old age pension system should be established at the earliest possible date but not before communication with the various provincial governments had ascertained their willingness to enter such a system and enact the necessary provincial legislation. It had been concluded that not only were pensions a provincial matter but any federal scheme adopted unilaterally would be too costly to
seriously consider. The only viable scheme was one in which costs would be shared jointly by both the provinces and the dominion.

At this point King seemed reluctant to pursue the matter. His Finance Minister argued that "the present financial conditions and heavy taxation of Canada . . . did not warrant . . . such a large additional expenditure . . ." Yet King did suggest that a federal-provincial conference be organized with the objective of securing provincial cooperation in the plan. His plans were interrupted by an unusual series of events.

In 1925, King was forced to call a federal election. This time the results were even less heartening for the Liberals than in 1921. The Liberals managed to take only 101 seats while the Conservatives under Arthur Meighen took 116. The rest were distributed among the Progressives (24), the Labour representatives (3) and sundry independents. Rather than resigning his government, King attempted to secure the confidence of the House with the co-operative support of the Progressive and Labour members. One price for this support was the introduction of pension legislation.

King first attempted to buy co-operation by offering a cabinet position to Woodsworth. Woodsworth declined thus refusing "to follow his predecessors into the camp of the old parties" (Robin, 1968:270). The offer was then made
to A. A. Heaps. He also declined. Instead, Heaps and Woodsworth wrote to King suggesting that he might be interested in introducing "at this session legislation with regard to: a) Provision for the unemployed and b) Old Age Pensions" (House of Commons, Debates, 1926:560-561). A similar letter was sent to Meighen. Meighen replied that "there are subjects demanding attention in more pressing form at the present time" (Ibid.). King, after consultation with the two, acceded to the request. On January 28, 1926, King "arranged to have questions asked in the House so that Lapointe (the Minister of Labour) could then state the government's intention to submit legislation on old age pensions" (Neatby, 1970:110-11).

In March the promised bill was passed in the House of Commons. Despite Meighen's antagonism to pensions in general, and King's bill in particular, (which he deemed "a compact made . . . to get the votes of labour members") "the Conservatives hesitated to challenge the principle of old age pension and in the debate concentrated on the administrative difficulties of a federal measure to be administered by provincial governments which had not yet been consulted" (Ibid., 126). However, the bill was subsequently defeated in the predominantly Conservative Senate where it was attacked vigorously on the grounds that it "represented an unwarranted intrusion into the provincial field" (Bryden, 1974:70).
Meighen, meanwhile, was desperately trying "to shake the confidence of the Progressives in the government" (Neatby, 1970:130). In June his efforts were rewarded. King was forced to ask for a dissolution of the House to forestall defeat (Ibid.). In an unprecedented move the Governor-General refused to do so and asked Meighen to form the government. Three days after Meighen took office his government was defeated and a general election called.

King did not hesitate to take the issue of pensions, among other subjects, to the electorate. Meighen was not so eager to take a definitive stand on the matter. In response to a request urging him to advocate old age pensions in his campaign, it was declared by Meighen's secretary that "... unless the issue is raised by others, and the declaration of policy demanded, I doubt the desirability of Mr. Meighen projecting the question of Old Age Pensions into this political campaign" (Meighen's Papers, Vol. 87:49772-49774). The Ottawa Citizen even went so far as to suggest that it had been Meighen himself who had engineered the downfall of the old age pension bill in the Senate.

Following the election, King was returned to power with a workable majority and a public commitment to pensions. His return had been facilitated by an agreement between the Liberals and the Progressives to limit the number of candidates opposing each other's party. Thus in
Ontario only 4 seats were contested by more than 2 candidates while in Manitoba "no constituency ... nominated rival Liberal and Progressive candidates and in six constituencies the Liberal and Progressive associations nominated a joint candidate" (Neatby, 1970:163). In Saskatchewan "three-cornered contests were avoided in more than half the constituencies by arrangements between the local associations" (Ibid., 164) and in Alberta, King reported that the Liberals were "dividing the field there by an understanding with the U.F.A., [United Farmers of Alberta], candidates and our own men" (Ibid.). King had successfully 'absorbed' the Progressives back into the Liberal fold.

In February, following his re-election, King re-introduced the bill on pensions. This time it was successfully passed in both the House and the Senate. The opposition now came not from the Conservatives but from the provincial governments.

Clearly the presence of a third party in Canada forced the traditional parties into a precarious position by preventing the formation of majority governments. It was King's ability to adapt his own, and his party's programs to fit the circumstances that gave the Liberals the right to govern. But in gaining this right, King was forced to consider policies which were espoused by others. The Progressives, who constituted the balance of power for many years, forced King to rethink traditional positions. At one point,
he wrote that he was about "to cut the Gordian knot to sever [the Montreal business] connection and bring the Liberals and the Farmers together" (Ibid., 14).

The Labour representatives, although few in number, gave "old age pension an unexpected vitality" (Ibid., 110). Woodsworth had not only promised to support King's government "if he gave definite assurances that the promised legislation would be pressed during the session" (Ibid.), but he had actually threatened to defeat it "unless he [King] would agree to immediate legislation to protect the old people of Canada" (MacInnis, 1953:190). When King later boasted of how the Liberal government had brought in old age pensions, Bennett reminded him of Woodsworth's successful attempt to force pensions "upon a reluctant administration" and of his admonition that "the necessity of one party is my opportunity, and I am going to press it to the full for the benefit of my friends" (Ibid., 194). Thus aided by the support of organized labour and a unique political situation, pensions were successfully transformed from a group interest to a political issue. Thus, the competition between the ideological values associated with the need of the elderly and the initiative of the individual became resolved in part through pressures arising from a political situation characterized by competitive political groups. King, as a representative of one of the traditional political parties, was seduced, coerced, to adopt an innovative
stance regarding pension policy. The competition which emerged between labour representatives and the more traditional parties, reinforced by a minority political situation, resulted in the embodiment of the value of need among the elderly within a new form of public policy. This policy reflected both the values of participatory democracy and competitive politics. Public old age pensions became a reality in Canada. Their emergence indicated that the 'market ethos' which "did not envisage systematic income maintenance as a legitimate area of public policy" (Bryden, 1974:185) had been replaced to some degree by liberal-democratic considerations.

III: Pension Legislation

The ultimate design of the federal legislation followed closely the recommendations of the 1924 Special Committee. This committee composed of appointed sitting members of parliament, two of whom were Labour representatives, examined evidence offered by the T.L.C., the Railway Transportation Brotherhood, the Social Service Department of the City Hall of Ottawa, and thirty-one municipalities throughout Canada. It had concluded that an old age pension system was necessary in Canada "for deserving indigent persons of seventy (70) years of age and upwards" (House of Commons Journal, Appendix No. 4., 1924:47).
The Old Age Pension Act of 1927:

The Old Age Pension Act was designed to promote enabling legislation which would allow the voluntary participation of the provincial governments in a federally designed program. This was to avoid the possibility of the legislation being declared *ultra vires*, or outside the jurisdiction of the federal authorities. The system was to be funded jointly with the federal and provincial governments each contributing half the amount of the pension payable. The provinces were responsible for administration costs. Provincial participation could be terminated at any time. Federal withdrawal required ten years notice. The provinces could alter the terms of the agreement only with federal approval. Federal funding came from the Consolidated Revenue Fund of Canada.

Eligibility was granted to any British subject, or, if a widow who was not a British subject, was such before her marriage; had attained the age of seventy years; had resided in Canada for twenty years immediately preceding the date of application; was not an Indian as defined by the Indian Act; had resided in the province in which the application was made for five years immediately preceding the said date; was not in receipt of an income of $365 a year; and had not made any voluntary assignment or transfer of property for the purpose of qualifying for a pension (*Old Age Pension Act, 1927*, c.35, s.8).
If during any part of the twenty years residency a pensioner had resided in more than one province in which he would have become pensionable, the province which granted the pension was entitled to be reimbursed by the other province, or provinces, a proportion of pension equal to the proportion of which the pensioner's residence in the other provinces bore to twenty years (Ibid., c.35, s.10). If the pensioner had resided in a province in which he would not have become pensionable, the amount of the pension was reduced by the same proportion as the duration of residence bore to twenty years (Ibid., s.11). If the pensioner, after the grant of a pension moved to a province which had an agreement under the pension act, the pension was to be paid by the province to which the pensioner moved. If the pensioner moved to a province which had no pension agreement, the pensioner was to be paid by the province in which the pension was granted (Ibid., s.14). If the pensioner moved outside Canada, his pension ceased (Ibid., s.15).

The maximum pension payable was not to exceed $240 a year ($20 per month) and was subject to reduction by the amount of the income of the pensioner in excess of $125 a year. Income from property was calculated at 5 percent of the assessed value unless the property rights had been transferred to the provincial pension authority. Upon the death of the recipient, or in the event that the pensioner ceased to reside on the property, the pension authority was
entitled to recover the amount of all pension payments exceeding those which would have been received without a property transfer, plus interest at 5 percent per annum (Ibid., c.35, s.9).

The pension authority was entitled to recover from the estate of any pensioner, as a debt due by the pensioner to the authority, the sum of the pension payments made to said pensioner from time to time, together with interest at the rate of 5 percent per annum compounded annually. If the pensioner's estate passed by will, or an intestacy, to any other pensioner or to any person who had regularly contributed to the support of the pensioner, this debt could be waived (Ibid.).

The pension authority had the right to obtain from the pensioner without charge the birth certificate of the pensioner, or the information on the age of the pensioner contained in census returns taken more than thirty years before the date of the application, "for the purpose of ascertaining the age of any pensioner" (Ibid., s.18).

Regulations pertaining to the timing of the application for and payment of benefits, definition of residency, evidence required in support of an application, calculation of income, mode of payments, circumstances requiring suspension of payments, administration of pensioners' property, recovery of pension payments, method of accounting and settling payments due by Canada to any province or by one
province to another, imposition of penalties for breaches of regulations, and the power of any inter-provincial board to interpret and recommend alterations in the regulations were all established by Order in Council (Ibid., s.19). However, any alteration of the regulations was subject to the consent of the provinces (Ibid.).

The legislation represented "an ingenious compromise between provincial responsibility and federal initiative" (Bryden, 1974:77). It also represented a combination of liberal-democratic ideas and the 'market ethos'. The fact that public pension governed by means-testing procedures were available for those elderly in need indicated that the emphasis on individual thrift and self-initiative had been superseded by the right of the elderly to enjoy some degree of security in their old age, regardless of the source of that need. In this sense means-testing ensured the right of the deserving elderly to public income maintenance while excluding those who were inclined to abuse the system. However, one of the effects of the means-testing procedures, whether intended or not, was the distinction between those in 'need' and those who had secured their future through the conventions of the 'market ethos'. In this sense, pensions became a form of charity to be earned by the declaration of financial need and all of its darker implications. This allowed a form of stigmatization to develop. Thus, the competitive and conflicting nature of
the values of individual rights and privileges became reflected in the legislation as well. On the one hand the elderly had the right to expect economic security, a right previously denied them. On the other hand they still had to earn this security in the sense that they had to endure the stigmatization and implication of a lack of self-worth that became associated with means-testing in Canada. Nevertheless, the introduction of pension legislation provided a challenge to the fundamental values of rights and fairness that had been prevalent in an earlier period. Clearly, the values associated with the need of the elderly for income maintenance triumphed over those associated with individual initiative and unfitness. Finally, means-testing procedures emphasized the need of the individual over the needs of the group. It was not sufficient to be old to deserve help; one had to be also in demonstrable need.

Liberal-democratic ideology suggests that public policy will reflect the interplay of various interests prevalent in society and the agreements worked out between them. In the case of public pensions, the assumption is made that the design of the policy will reflect the demands of these interest groups. Evidence given to the Special Committee of 1924 indicated that labour highly favoured a pension policy which was federally initiated and administered, was available to all citizens "who have reached the age limit (which should not be more than sixty-five years)
and who have held continuous residence, except for short absences, for a reasonable number of years" (House of Commons Journal, Appendix No. 4, 1924:47). In oral testimony, the president of the T.L.C., T. Moore, argued that a minimum of $10 a week ($50 per month) was necessary "for the maintenance of an aged person" (Ibid., 63). However, this sum was later modified to $30 a month.

The provinces and some individual members of parliament, notably the opposition party, were opposed to the plan. The provinces, and Quebec in particular, were opposed to any intrusion into what was considered provincial affairs by the federal government. Any federally designed plan was suspect. The particular plan was labelled by the premier of Quebec "un beau geste" which threw "upon the provinces the odium of a refusal" (Neatby, 1970:219). Most of the provinces were inclined to "have the Federal Government make its contribution without involving the provinces in a similar obligation" (Bryden, 1974:76). Only British Columbia was eager to enact immediately the necessary provincial legislation.

Business appears not to have taken an active interest in the subject of public pension. None of its representative interest groups submitted evidence to the committee of 1924. According to Bryden the interest of business in pensions remained at the academic level until after the legislation became fully operative. At that point
the legislation was vigorously attacked on the grounds of potential costs.

As far as labour was concerned, the fact of public pensions had to be considered a partial victory. At the very least the principle of the protection for the aged needy workers had been recognized and "the protection of the state extended to them to enable them to maintain at least a modicum of independence during their remaining years of life" (Canadian Congress Journal, 1926:35). Woodsworth felt that any plan was better than nothing. For the moment he was content to take what he could get (Neatby, 1970:219). However, labour unquestionably hoped for future improvements particularly along the lines of age of eligibility, residency requirements, and amount of benefits. That the legislation incorporated a means-test may not have bothered many in the T.L.C. since Moore had testified that "those who have assured income of a reasonable amount should not be eligible to participate" (House of Commons Journal, Appendix No. 4, 1924:48).

Mackenzie King and the federal Liberals were generally satisfied. Convinced that a universal plan financed out of general revenue would be far too expensive and a contributory plan, favoured by Conservative members, would be of little use to those near or at pensionable age, King noted in his diary that "for better or for worse I can claim much credit for this. It will at all events always be
a part of liberal administration" (Neatby, 1970:219). The
general feeling within the predominantly Liberal House of
Commons was "that the people had voted for pensions and the
members of the House bowed to the will of the people"
(Ibid.).

Thus, it can be concluded that public pensions
reflected a response to those needs of the elderly articu­
lated by the various interest groups. It represented an
accommodation between the demands of labour, the political
considerations of the Liberal Party of Canada and the needs
of the elderly. In addition, the legislation reflected the
competitive 'struggle' between labour, the federal govern­
ment and the three competing political groups present in the
House at that time. Pensions were successfully transformed
from an interest group demand to a public issue when they
became part of the 1926 election campaign. Because they
were given the stamp of approval by the electorate when
King's government was returned to power they reflected
participatory democracy. The initiation of the policy,
then, followed what might be termed a typical liberal-
democratic pattern. The content, however, presented a more
complex picture in the extent which it reflected liberal-
democratic values.

The rules and regulations of the 1927 act did not
explicitly demand retirement before benefits could be
received. However, the means-test and the low ceiling
placed on allowable income effectively precluded all but the absolute minimum amount of paid labour. Thus mandatory retirement was present, if not explicitly then implicitly and to this extent failed to reflect the equality of opportunity.

Provincial residency requirements were also present. However according to these, reduced benefits occurred only in the case of a pensioner moving from a province which had no pension agreement with Ottawa to a province which did. Moving from a province without pensions to a province with them resulted in the pensioner receiving lower benefits than other pensioners who had resided for the twenty years in that province. However, had the pensioner remained in the first province, no benefits would have been received at all. Moving from a province with pensions to a province without pensions did not result in any loss of benefits. The only way a pensioner could lose his pension benefits was to move out of the country entirely. Thus inter-provincial mobility was not deterred. In fact it might be seen to be encouraged in the direction from provinces without pension plans to provinces with them. Inequities might have resulted from the residency requirements but not a loss of individual benefits and therefore mobility opportunities.

The presence of the means-test presented the provinces with the opportunity to define pauperism in terms of a lack of a specific level of income. In this manner, the
inability to work or to save for one's future could become a sign of social stigma although this was not necessarily so. Pension benefits could be seen as a matter of charity to those who were not only unfortunate but shiftless and lacking in foresight. Exacerbating this potential was the right on the part of the pension authority to demand adequate proof of age and income status from the individual applicant.

Benefits were not related to earnings in the sense that the more the individual 'contributed' or earned, the greater would be the forthcoming reward. Instead the 1927 act reversed this position by legislating that benefits were to be received only by those who had failed to contribute or earn adequate sums in their younger days. This position was seen to be inconsistent with the liberal-democratic notions of thrift, individual initiative and private management of income.

The pension system was voluntary inasmuch as those 70 years-and-over had the option of not applying and therefore not receiving the benefit. In actuality many who were eligible for benefits did fail to apply. The reasons for this were the fear of loss of property and the stigma which was already associated with the acceptance of charity. Fear of loss of property resulted from the right of the pension authority to recover from the estate of the pensioner 'as a debt owed' benefits already received and to demand transfer-
ence into the hands of the authority any property the applicant might have before benefits would be allotted. These regulations intruded not only on the liberal-democratic right of the individual to own property but on the pensioners' 'right' to manage such property as he/she saw fit.

IV: Administration and Effects of Pension Legislation

Because the pension act was federally designed but provincially administered, uniform administration was difficult to achieve. Not all the provinces entered the program at the same time. It was eight years before all the provinces (with the exception of Newfoundland) became participants. This meant that during these years only some of the needy elderly of Canada were receiving old age pensions; others were doing without.

In addition administrative variations arose. Prime among these was the calculation of allowable income. All provinces attempted to calculate the ownership of property in order to charge the evaluated amount against the income allowed. Pensioners owning property and residing on it were charged with free board and lodging. Table 3-10 lists the different values the provinces placed on this calculation in 1950. For a single pensioner free board and lodging ranged from a low of $125 a year in Manitoba to a high of $360 in the Yukon. Thus in Manitoba a single pensioner, in receipt of free board and lodging, had his annual
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SINGLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Shelter</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>105</td>
<td>60</td>
<td>120</td>
<td>60</td>
<td>120</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Free Board</td>
<td>120</td>
<td>120</td>
<td>65</td>
<td>105</td>
<td>90-180</td>
<td>180</td>
<td>240</td>
<td>210</td>
<td>120</td>
<td>180</td>
</tr>
<tr>
<td>Free Board and Shelter</td>
<td>180</td>
<td>180</td>
<td>125</td>
<td>210</td>
<td>210</td>
<td>300</td>
<td>300</td>
<td>330</td>
<td>180</td>
<td>240</td>
</tr>
<tr>
<td>MARRIED COUPLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Shelter</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>210</td>
<td>120</td>
<td>180</td>
<td>120</td>
<td>120</td>
<td>90</td>
<td>120</td>
</tr>
<tr>
<td>Free Board</td>
<td>240</td>
<td>240</td>
<td>130</td>
<td>210</td>
<td>180-360</td>
<td>300</td>
<td>480</td>
<td>420</td>
<td>240</td>
<td>360</td>
</tr>
<tr>
<td>Free Board and Shelter</td>
<td>360</td>
<td>360</td>
<td>250</td>
<td>420</td>
<td>420</td>
<td>480</td>
<td>600</td>
<td>600</td>
<td>360</td>
<td>480</td>
</tr>
</tbody>
</table>

Source: Joint Committee of the Senate and the House of Commons on Old Age Security, Minutes of Proceedings and Evidence, (Ottawa: King's Printer, 1950), p. 31.
allowable income, including pension, reduced by $125 a year. In the Yukon it was reduced by $360, and in Quebec by $330. The net effect was some pensioners received lower benefits than others despite the fact they might be sharing identical financial conditions.

Pensioners owning property but not residing on it were charged the net income of that property against their allowable income. This value was supposed to be equal to a fair rental value of the property. However, in practice the formula used to determine this varied from province to province. In British Columbia, Manitoba, and Alberta the calculation was equal to 5% of the assessed property value, less encumbrances, (Joint Committee, 1950a:67-8). Newfoundland and Nova Scotia charged a flat amount of $60 a year for a single pensioner and $120 for a married couple regardless of the assessed worth of the property. Saskatchewan used a graded scale which ran from $60 when the equity in the property was less than $1,000 to $180 when it was $3,000 or more. Quebec adopted a similar graded rate but charged 5% for the first $3,000 of equity, 6% for the next $1,000, and up to 10% for the highest possible level of equity. Ontario charged 4% of the assessed value regardless of encumbrances (Ibid.). The differences in these calculations resulted in different pension benefits being received.

All provinces were presumed to be charging against the applicant's allowable income any contributions children
could be reasonably expected to make, whether or not they were actually made. However some provinces were disinclined to pursue what was an extremely unpopular policy (Bryden, 1974:100). Even after the regulations were made explicit in this regard, Ontario was notably less vigorous in its application than other provinces (e.g. British Columbia) (Ibid., 232).

The determination of the pension year also varied from province to province. Some provinces chose as their base year the calendar year. Others chose a year which commenced with the month in which pensions were first received (Joint Committee, 1950a:9). For a time the prairie provinces used the crop year as the base for their pension calculations (Joint Committee, 1950b:101). The result was that pension benefits could differ depending on the base year used. This was particularly so if the pensioner earned money during the pension year. If a pensioner became employed and went off the pension temporarily, some provinces chose to deduct the income earned during this period from the total income allowed. This was calculated according to the base year. Other provinces chose to disregard income earned and created a new base year starting from the month when the individual returned to the pension rolls (Joint Committee, 1950a:9). If the pension year commenced with the start of the pension, say August, and the pensioner worked during the period between August and December under a base
pension year of August to August the income earned would diminish the benefits received far less than under a base calendar year comprised of August to December.

Finally, under the regulations the provinces were entitled to recover from the estate of the pensioner an amount equal to the pension paid. However not all the provinces were inclined to pursue the policy (Joint Committee, 1950b:87).

The net effect of these variations in administration was a variation in the numbers receiving benefits and the amounts received from province to province. Tables 3-11, 3-12, and 3-13 list these variations. Table 3-11 indicates the differences in the average pension paid in the provinces in 1941. Table 3-12 shows the different percentage of old age pensioners receiving the maximum pension benefits in the provinces in 1949. Table 3-13 indicates the percentage of those 70 years-and-over receiving old age pensions in the provinces for the years 1940, 1941, 1943, and 1944. Average pension benefits ranged from a low of $11.24 a month in Prince Edward Island to a high of $18.97 in British Columbia. This would indicate that pensioners in P.E.I. were on the average better off, i.e. less needy, than those in B.C. Again, the percentage of pensioners receiving the maximum benefits was lowest in the three maritime provinces, less than 50 percent, and highest in the other provinces, ranging from 70 to 80 percent. This would
### TABLE 3-11

**AVERAGE PENSIONS PAYABLE BY PROVINCE, 1941**

<table>
<thead>
<tr>
<th>Province</th>
<th>Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prince Edward Island</td>
<td>11.25</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>15.04</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>14.81</td>
</tr>
<tr>
<td>Quebec</td>
<td>16.04</td>
</tr>
<tr>
<td>Ontario</td>
<td>18.62</td>
</tr>
<tr>
<td>Manitoba</td>
<td>18.70</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>17.08</td>
</tr>
<tr>
<td>Alberta</td>
<td>18.62</td>
</tr>
<tr>
<td>British Columbia</td>
<td>18.97</td>
</tr>
</tbody>
</table>

# TABLE 3-12

PERCENTAGE OF OLD AGE PENSIONERS RECEIVING MAXIMUM PENSION

BY PROVINCE, SEPTEMBER 1949

<table>
<thead>
<tr>
<th>Province</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td>77.3</td>
</tr>
<tr>
<td>British Columbia</td>
<td>75.5</td>
</tr>
<tr>
<td>Manitoba</td>
<td>80.0</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>46.7</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>92.4</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>34.2</td>
</tr>
<tr>
<td>Ontario</td>
<td>80.9</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>38.0</td>
</tr>
<tr>
<td>Quebec</td>
<td>79.3</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>70.1</td>
</tr>
<tr>
<td>North West Territories</td>
<td>100.0</td>
</tr>
<tr>
<td>Yukon</td>
<td>90.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td>57.45</td>
<td>56.56</td>
<td>52.15</td>
<td>46.39</td>
<td>44.28</td>
</tr>
<tr>
<td>British Columbia</td>
<td>48.80</td>
<td>49.79</td>
<td>39.09</td>
<td>35.87</td>
<td>34.48</td>
</tr>
<tr>
<td>Manitoba</td>
<td>55.57</td>
<td>55.33</td>
<td>50.80</td>
<td>44.64</td>
<td>42.03</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>62.61</td>
<td>61.83</td>
<td>56.09</td>
<td>56.28</td>
<td>56.40</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>52.63</td>
<td>51.62</td>
<td>49.26</td>
<td>46.93</td>
<td>44.64</td>
</tr>
<tr>
<td>Ontario</td>
<td>36.16</td>
<td>35.89</td>
<td>34.24</td>
<td>30.85</td>
<td>29.25</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>34.11</td>
<td>33.12</td>
<td>32.53</td>
<td>31.73</td>
<td>31.47</td>
</tr>
<tr>
<td>Quebec</td>
<td>50.29</td>
<td>49.48</td>
<td>48.30</td>
<td>44.38</td>
<td>42.87</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>56.41</td>
<td>59.60</td>
<td>60.05</td>
<td>48.42</td>
<td>45.55</td>
</tr>
</tbody>
</table>

also lead one to believe that pensioners in the east were in less need than those in other parts of Canada. At the same time though two of the maritime provinces had the highest percentage of pensioners to the total population 70 years-and-over, while Ontario and P.E.I. consistently had among the lowest percentage of elderly receiving benefits.

One possible explanation for the disparity found might be regional economic differences. Thus, the low percentage of pensioners in Ontario receiving public old age pensions would be indicative of the relatively high level of non-pension income enjoyed by Ontario's aged (Bryden, 1974:101). However, this fails to explain the discrepancy found between Prince Edward Island and the other maritime provinces, as well as that found between the percentage of those in need, the average benefits paid and the percentage receiving the maximum allowable. Evidence also suggests that the eastern provinces would be most likely to have higher percentages than Ontario and some of the western provinces. The reverse occurred. The Department of National Health and Welfare testified before the Joint Committee of 1950 that "it seems difficult to escape the conclusion that the reason for the small proportion of full pensioners (in the maritime provinces) is attributable to the differences in the manner in which pension authorities . . . apply the general means-testing procedures" (Joint Committee, 1950b:33-34).
Conclusions

The liberal-democratic ideology is based on the premise that liberal democracies pursue public policies which reflect, and enhance, the values of equality, freedom, and justice. Any examination of such policies should substantiate this reflection. In Chapter One a taxonomy was developed which lists the form these values can be expected to take in a typified liberal-democratic pension policy. Using this list as a guide for the collection of corroborating evidence, the above analysis leads to several conclusions.

First, it can be concluded that the Old Age Security Act of 1927 did reflect, at least in part, the three dominant liberal democratic values. The value of equality can be established through the demonstration of the equality of citizenship, of opportunity, of status, and of similar cases. The equality of citizenship presumes the existence of a neutral state and participatory democracy. A neutral state is one which responds to the articulated needs of various groups in the society. The data used in Section I established the growing need of many of the elderly in Canada prior to the enactment of public pensions. They formed a relatively powerless and disorganized group. Their needs, the result of changes in both the size of the elderly population and its traditional resources, ultimately became a public issue which was resolved by the introduction
of public old age pensions. In other words, the elderly were perceived by others to be a group in need. The Canadian state responded to this need by the provision of a new source of income maintenance, public pensions.

Equality of citizenship is expressed by participatory democracy. This is corroborated by evidence that public policies reflect various interests and not the demands of one interest group alone. In addition, it is substantiated by evidence indicating that group interests can be transformed successfully into general issues which are presented to the public at large. Evidence supplied in Section II describes the various pension positions held by different groups. The analysis of pension policy demonstrated that the interests of labour and the elderly were incorporated. However, those of competing groups were equally reflected.

In addition, the evidence provided in this chapter details the transformation of pensions from a limited group interest to a general public issue. In the 1926 election, pensions were a campaign issue. The support garnered by the Liberal Party in this election was due in part to the pension policy it presented. Having received a public mandate, the Liberals were able to successfully enact their pension policy. Neither the opposition nor the Senate were inclined to go against what was perceived to be the general will of the people. In effect, public pensions had been 'ratified' by the citizens of Canada.
Equality of opportunity leads to the expectation of the right to gainful employment and geographic mobility. Any clause in public policy requiring mandatory retirement would infringe on this right. The evidence provided indicates that no mandatory retirement clause was included in the pension regulations. However, the existence of regulations controlling allowable income, in effect limited pensioners to irregular or low-paying employment. Similarly, a pensioner's right to geographic mobility was indirectly limited by the differential administration of policy.

Equality of status implied that each individual will be treated with decency and dignity. The presence of a means testing procedure does not automatically negate this expectation. However, the procedures can be administered in ways that stigmatize the recipients. Evidence confirms that this was the case in Canada. Means-testing came to be viewed by most as an odious procedure.

The equality of similar cases suggests that the individual can expect similar treatment to that received by others in similar circumstances. This can be established by confirmation that pension policy was administered uniformly within and between provinces. However, the evidence indicates that this was clearly not the case.

Thus, while pension policy reflected some aspects of the value of equality, it did not reflect all. Certainly it reflected the equality of citizenship. It reflected in
part the equality of opportunity. However, its administration failed to reflect either the equality of status or the equality of similar cases.

The value of freedom is expressed in liberal democracies by the freedom of self-interest, of individualism, of competition, and of the right of ownership and management of private property. With respect to pension policy freedom of self-interest can be corroborated by evidence indicating that the rewards received by the individual were related to his/her 'effort' or 'contribution'. This suggests that benefits should be graduated according to previous effort, in this case income. This was not the case with the 1927 legislation. Pensions were graduated according to need. They were not a reward for previous effort. In fact they were the opposite. Those exerting the greatest effort (i.e. income) gained the least. Those exerting the least, gained the most.

Individualism reaffirms the proposition that need is the result of individual factors and therefore rewards should be 'earned'. In one sense this proposition is upheld by the evidence supplied. Pensions had to be 'earned' through the demonstration of absolute need. More importantly, provincial authorities, given the right to recover benefits, could perceive pensions in no other way than as 'earned'. Those 'earned' fraudulently had to be returned. Pensions definitely were not considered a right. Further-
more since pensions had to be 'earned' by need, and the individual was obligated to prove this need, they were a measure of personal failure and not of social factors.

Freedom of competition assumes that, in a liberal democratic society of competing interest groups, legislation will reflect the interests of the many rather than exclusively those of a few. It is the melding of these interests which forms the basis of public policy. Evidence offered in Section II indicates that the 1927 legislation was the result of pressure exerted by a third political force comprised of the labour and progressive members of parliament. For a time this group was able to use its parliamentary position to forcefully make known its demands. These demands coincided with those of organized labour and became incorporated within the new legislation.

The freedom to own and manage property is expressed by the expectation that the individual will be able to dispose of his/her property according to his/her wishes. This would be substantiated by a pension policy which was voluntary and did not include provisions allowing the state to regulate the disposal of private property. The evidence indicates that pensions were voluntary to the extent that the individual did not have to apply for them. However, property and income ceilings, as well as the prohibition against the transfer of private property for the purpose of qualifying for pensions, mitigated against the right of
ownership. The ability of the state to recover pension payments from the estate of the deceased pensioner further restricted this right.

Thus the new legislation partly ignored the liberal-democratic value of freedom. The freedom of self-interest as well as the right to own and manage private property were in effect denied the pensioner. Individualism was reaffirmed in a limited sense, while the freedom of competition as expressed in competing political policies, was decidedly substantiated. The actual timing of the legislation was due in large measure to the fact that political factors allowed the expression of competing interests and forced consideration of them.

The value of justice is expressed by the assumption in liberal democracies of the rule of law and the existence of social justice. The rule of law leads to the expectation of impartial decisions. However, the close relationship between many of the provincial pension authorities and appeal boards often made such impartiality extremely doubtful. In addition, provincial authorities had the right to force the applicant to provide proof of eligibility, thus laying this burden on the pensioner.

Social justice implies the provision of a minimum standard of living, amelioration of inequities, and the redistribution of wealth. Pension benefits were designed to insure that all over the age of 70 had the minimum (a dollar
income. This minimum served to reduce the grinding poverty experienced by many of the elderly. Evidence indicates that the economic condition of thousands improved immediately. In addition, the fact that the new program was financed from general revenue meant that some downward redistribution of wealth could be achieved. Those with taxable income automatically had some of their wealth transferred to those at the very bottom of the income scale. However, redistribution was limited to the extent to which those in the higher income brackets paid proportionately lower taxes than those in either the middle or lower brackets.

In sum, the value of justice was reflected in the new pension policy to the extent that benefits did ameliorate the need of some of the elderly, wealth was redistributed in a downward direction, and a minimum income was provided for all those below a specified income level. It was lacking whenever the impartiality of pension appeals was in doubt. Such impartiality would have required the complete separation of appeal boards from pension authorities.

Thus it can be concluded that the public pension policy of 1927 and the process leading to it reflected liberal-democratic values only in part, that is the legislation reflected one set of values while omitting another. This presents a problem for the liberal-democratic ideological explanation of pension policy. Liberal-democratic
ideology does not specify that some values should have higher priority than others. It fails to rank particular aspects of typified pension policy. Therefore it cannot explain why some values might be selected and other ignored. In order to investigate this problem of priorities it becomes necessary to resort to a counter-ideology such as the marxist-critical.

Chapter Four will continue the liberal-democratic investigation of public pension policy in Canada with an investigation of the next set of pension programs introduced by the Government of Canada. As in this chapter, all evidence and discussion will be directed by liberal-democratic concerns. The examination will include an evaluation of the extent to which the new legislation reflected additional liberal-democratic values or simply replaced one set with another.
CHAPTER FOUR

THE DEVELOPMENT OF THE PRINCIPLE OF UNIVERSALITY

1927-1951

In Chapter Three propositions relating to the typified liberal-democratic pension policy were used to evaluate the degree to which means tested pensions reflected the concerns of the liberal-democratic approach to public policy. This chapter will discuss the extent to which liberal-democratic values were reflected in two later pieces of pension legislation, the Old Age Security Act and the Old Age Assistance Act of 1951. Included in the analysis will be a discussion of the emergence of the principle of universality upon which the first of these two acts was based. Section I will outline the factors associated with the growing demand for pension reform. This will involve an evaluation of the extent to which the elderly of Canada were perceived still to be in a condition of need. Section II will discuss the positions held by the competing interest groups. Section III will consider the political process, Section IV the legislation itself, and Section V the effects of its administration. As in Chapter Three the collection of data and analysis will be guided by only those concerns relating to the liberal-democratic ideological typified model.
One of the most important aspects of the development of new pension legislation between 1927 and 1951 was the replacement of the means test principle with the principle of universality. Three potential alternatives to means tested pensions were possible, voluntary contributory or compulsory contributory pensions with either flat-rate or earnings-related benefits, or universal pensions.

The contributory principle establishes an association in the mind of the individual between his/her contribution and the ultimate benefit received (Hougham, 1959:11). This is particularly evident in the case of earnings-related benefits. In this form of pension system, the value of self-interest is maximized. Voluntary contributory pensions add the values associated with the freedom of choice. An example of this type of pension scheme would be the government annuities of 1908. Compulsory contributory pensions of course do not reflect this value. Rather, contributions are usually collected through a tax structure imposed by the government. If the insurance principle is invoked as well, benefits will bear some actuarial relationship to the contributions. That is, the cost of the benefit will be, to varying degrees, incorporated in the contribution.

Universal pensions refer to "any non-means test plan in which contributions are not a condition of benefits regardless of the particular method chosen to finance it" (Bryden, 1974:110). To some extent the distinction can be
considered rather arbitrary since the financing of most forms of public pensions involve 'contributions' from the public in the form of taxes. However, the important difference is, receipt of universal benefits are not conditional upon contribution.

Universal pensions stress the views and values which see pensions as a right rather than a privilege. They implicitly suggest that group need results from social conditions and not necessarily individual fault. However the freedom of self-interest is minimized, if not eliminated. Thus, while the principle of universality reflects the values of equality of status and those of social justice, these compete with those values which emphasize the equality of similar cases and the freedom of self-interest. In general such a principle gives priority to social justice at the expense of equality and freedom. Contributory pensions, though, if incorporated within a suitable system are capable of accommodating all three values as they are expressed within the liberal-democratic ideology.

The 1927 pension legislation was based on the principle of means testing. Pensions were to be paid on the basis of demonstrated need. The means test, as defined by the federal government but administered by the provincial authorities, was the instrument with which this need was evaluated. Over time it became a highly unpopular measure. Eventually it became the focus of pension reform. The early
pressure for change initiated from labour organizations and stressed the problems associated with inadequate pension benefits and age of eligibility. Business groups emphasized the cost of pensions. Both groups ultimately came to see the means test as the culprit. Even the government finally recognized that the elimination of this procedure had become necessary. It was the form which its replacement was to take that became the focus of contention.

I: Need Among the Elderly

Liberal-democratic ideology suggests that pension legislation will reflect the existence of an essentially neutral government that is able to respond to the needs of the people. In Chapter Three it was established that the elderly of Canada had suffered from a loss of income maintenance. The initiation of public old age pensions was designed to eliminate the more dire aspects of this loss. However, at that time there was little exploration of what constituted an adequate pension benefit or how much income was required to sustain the elderly and ameliorate their poverty. In fact, the amount of pension benefit was determined largely by political factors. The amount was that deemed 'probably acceptable' to both the federal parliament and the provinces (Letter from Dandurand to Hon. J.A. Robb, Department of Health and Welfare, PAO: File 208-1-1). This amount had never been entirely acceptable to organized
labour, which from the very inception of pension debate had pushed for a higher benefit.

During the depression years the issue had become lost in the chaos of mounting unemployment, falling incomes and deflation. However in the late 1930s the government became aware of some of the problems associated with the existing pension policy, including benefit adequacy. It commissioned Leonard Marsh to conduct the first systematic study of the current social security situation in Canada. Marsh attempted to evaluate the relative contributions of four available alternative approaches to social security and income maintenance. These were: government or semi-government superannuation schemes; industrial retirement plans; government annuities; and private or commercial annuities (Marsh, 1946:69). His conclusion was that none of these was able to provide sufficient coverage to those who "might reasonably be regarded as in need" (Ibid.).

Government superannuation plans were restricted to those working for the federal, provincial, or municipal governments. Industrial retirement plans while covering some of those working in firms which chose to sponsor such schemes, were extremely limited. Although the number of firms adopting pension plans had been increasing since 1927 "their contribution to the coverage of the total population . . . [was] much smaller than is often assumed . . . ." (Ibid.).
At approximately the same time, two other studies had attempted to determine the precise extent to which wage and salary earners in Canada were covered by retirement plans. Table 4-1 summarizes their findings. The first study, undertaken in 1937 by the National Employment Commission, found 722 establishments with retirement schemes. These firms employed a total of 386,677 workers. The later study done in 1938 by the Industrial Relations Section of Queen's University counted only 120 such firms employing a total of 265,000 workers. The discrepancy between the two sets of numbers is explained in part by the inclusion of all subsidiaries, branch plants and district offices under the basic company plan in the second survey (Ibid., 134). In addition, this study excluded government activities of an industrial nature, except public utilities operated by special commission, provided a more detailed questionnaire which eliminated firms which occasionally retired employees on pensions but had no definite plan, and included only a sample of the informal plans known to be in operation at that time (Ibid.). Given that the 1941 census of Canada estimated that there were 2,570,097 wage and salary earners in Canada during this period, and using the larger number of workers found in the above studies, one might conclude that at best 15 percent of the wage earners were employed in firms with retirement plans.

Marsh adds to this figure an equal number of workers from the various levels of government and concludes that
TABLE 4-1

INDUSTRIAL RETIREMENT PLANS IN CANADA
1937 - 1938

I. As Reported to the National Employment Commission
April, 1937.

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>No. of Firms</th>
<th>No. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal</td>
<td>593</td>
<td>349,521</td>
</tr>
<tr>
<td>Office Staff Only</td>
<td>22</td>
<td>6,733</td>
</tr>
<tr>
<td>Informal</td>
<td>107</td>
<td>30,423</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>722</strong></td>
<td><strong>386,677</strong></td>
</tr>
</tbody>
</table>

II. As Included in Industrial Relations Section Survey,
April, 1938.

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>No. of Places</th>
<th>No. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributory</td>
<td>63</td>
<td>107,000</td>
</tr>
<tr>
<td>Composite</td>
<td>2</td>
<td>77,000</td>
</tr>
<tr>
<td>Non-Contributory</td>
<td>33</td>
<td>66,000</td>
</tr>
<tr>
<td>Informal</td>
<td>22</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>165,000</strong></td>
</tr>
</tbody>
</table>

30 percent of all the wage and salary workers of Canada had the opportunity to have some form of provision for their retirement years (Ibid.). Thus, at least 70 percent of such workers were without formal provision.

It can be argued that even the 30 percent figure is inflated since it fails to account for those retirement plans which provided for voluntary participation and those which had age and service requirements which many of the employees were unlikely to fulfill (Ibid.). The total number of employees working in establishments with retirement plans is likely as a consequence to be in excess of the number actually enjoying protection.

In addition, the above figures fail to take account of the adequacy of the provisions of the individual plans. This, Marsh contends, varied from plan to plan (Ibid., 70). In short, Marsh concluded that "the individuals ... who have good superannuations to look forward to are comparatively privileged members of the working force" (Ibid.).

The number of elderly taking advantage of government annuities was at no time significant. By 1950, it was reported to the Joint Committee of the Senate and House of Commons, a total of 293,000 government annuities had been sold (Joint Committee, 1950a:12). Of these 258,600 were still in force with 51,700 vested, i.e., benefit payments had commenced (Ibid.). However the number of individuals covered by these annuities was smaller by an amount which
cannot be determined because some individuals held more than one contract (Bryden, 1974:37). Accurate estimates of the number of individuals covered by private annuities is equally difficult to calculate. Table 4-2 lists the number of annuity contracts in force in Canada during this period. It does not however, indicate the number of individuals covered by this means of protection.

Marsh estimates that in 1943 with the inclusion of state pensions under the Old Age Pensions Act, war veterans' allowance cases, persons covered by government and commercial annuities, as well as "additional cases . . . picked up through a variety of other channels such as workmen's compensation, or even in a few scattered cases, mothers' allowances", no more than 55 percent of the population 70 years and over were covered with some form of provision (Marsh, 1943:70).

Of the remaining elderly, it might be assumed that some had the means to support themselves from savings accumulated during their working years and others had relatives who were in a position to look after them. However, evidence suggests that there was still a sizable percentage who were in need of some assistance for one reason or another but were not receiving it. Some of these may have applied for public old age pensions but had been refused because of "narrow interpretations of the law, the regulations, or the administration of eligibility requirements" (Ibid.).
# Table 4-2

**Individual Annuity Contracts in Force,**

**Canada, Selected Years, 1930-1951**

<table>
<thead>
<tr>
<th></th>
<th>Government</th>
<th>Insurance Companies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930-31a</td>
<td>11,781 b</td>
<td>3,589</td>
<td>15,370</td>
</tr>
<tr>
<td>1940-41</td>
<td>55,004</td>
<td>50,740</td>
<td>105,744</td>
</tr>
<tr>
<td>1950-51</td>
<td>137,514</td>
<td>96,159</td>
<td>233,673</td>
</tr>
</tbody>
</table>


---


b May include a small number of contracts purchased by private pension plans. Before 1940 the Department of Labour annual reports did not segregate contracts purchased in connection with private pension plans. The number of such contracts in force in 1940 was 1,240 and it is assumed that it was smaller in 1931.
Others, through either ignorance, fear, or a sense of dignity, had refused to apply. By 1950 it had become apparent that there were still a number of elderly Canadians who failed to come under the coverage of any of the above mentioned schemes and who were facing the "certainty of insecurity" (Ibid.).

Over the years even those receiving benefits under the Old Age Pensions Act began to be perceived as in need. Despite changes in some of the regulations, increased benefit payments and lowered allowable income ceilings, old age pensioners had been subject to the fluctuations of both deflation and inflation as well as the effects of a rising cost of living following the Second World War. The adequacy of the pension benefits became the subject of much debate in and out of the House of Commons. Three problems came under scrutiny, the extent to which benefits adequately reflected the changes in the cost of living, the degree to which pension increases were 'real' increases, and the degree to which the maximum benefit provided a 'decent' standard of living for the recipient. In other words, the issue of social justice began to emerge as a consideration.

Table 4-3 summarizes the changes in the maximum pension benefit payable between 1927 and 1950. These are given in both absolute dollars and real dollars. Real dollars include the effects of either inflation or deflation and represent the actual purchasing power of the benefit at
TABLE 4-3

VALUE OF MAXIMUM PENSION PAYABLE IN RELATION TO CHANGES IN COST OF LIVING INDEX
SELECTED YEARS 1927-1950

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of Living Index</th>
<th>Maximum Pension Payable (1927 Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept-Dec.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1927</td>
<td>119.9</td>
<td>$240</td>
</tr>
<tr>
<td>1930</td>
<td>120.8</td>
<td>240</td>
</tr>
<tr>
<td>1935</td>
<td>96.2</td>
<td>240</td>
</tr>
<tr>
<td>1940</td>
<td>105.6</td>
<td>240</td>
</tr>
<tr>
<td>1943</td>
<td>118.4</td>
<td>300</td>
</tr>
<tr>
<td>1945</td>
<td>119.5</td>
<td>300</td>
</tr>
<tr>
<td>Jan-April</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1947</td>
<td>128.6</td>
<td>300</td>
</tr>
<tr>
<td>May-Dec.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1947</td>
<td>135.5</td>
<td>360</td>
</tr>
<tr>
<td>Jan-April</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>159.4</td>
<td>360</td>
</tr>
<tr>
<td>May-Dec.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1949</td>
<td>161.6</td>
<td>480</td>
</tr>
<tr>
<td>Jan-Mar.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1950</td>
<td>162.1</td>
<td>480</td>
</tr>
</tbody>
</table>

Source: Joint Committee of the Senate and the House of Commons Evidence and Minutes, 1950a:28.
a particular time. It can be seen that during the period under discussion, the absolute maximum benefit rose from $240 a year in 1927 to $480 a year in 1950, an increase of $240. However, when the effects of inflation are taken into account, that increase was limited to 115 real dollars.

If the assumption that the changes in the cost of living affected those items most frequently purchased by the pensioner to the same degree as they affected other items in the 'cost-of-living basket' and not to a greater extent is a valid one, then a real increase in the purchasing power of the pension benefit did occur between 1927 and 1950. However the increase is only as great as the validity of that assumption. If inflation was greater for those items found in the pensioners' 'basket', then the increase would not have been as beneficial. Under the former assumption it is possible that the pensioner actually enjoyed a gain in purchasing power not available to many during the 1930s when the real pension benefit would have been raised through the effects of deflation.

However the situation is not as simple as it seems. Increases in the maximum pension payable were offset by a lack of a corresponding increase in the maximum income allowable. Table 4-4 indicates the increases in the maximum benefit payable to a single pensioner and the corresponding maximum income allowable. If both maximum benefits and income ceilings are raised simultaneously, as in 1947, an
### TABLE 4-4

**CHANGES IN MAXIMUM PENSION PAYABLE AND INCOME ALLOWANCE**

(SINGLE PENSIONER)

1927-1950

<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum Pension Payable</th>
<th>Maximum Income Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1927</td>
<td>$240</td>
<td>$365</td>
</tr>
<tr>
<td>1943</td>
<td>300</td>
<td>365</td>
</tr>
<tr>
<td>1944</td>
<td>300</td>
<td>425</td>
</tr>
<tr>
<td>1947</td>
<td>360</td>
<td>600</td>
</tr>
<tr>
<td>1950</td>
<td>480</td>
<td>600</td>
</tr>
</tbody>
</table>

Source: Joint Committee of the Senate and the House of Commons, *Evidence and Minutes* (Ottawa, 1950a), p. 28.
increase in both the number of persons eligible for pensions and in the amount of pension payable occurs. If an increase in benefit is offered but the income ceiling is not raised, a different set of circumstances results.

In 1927 the maximum benefit was $240 a year and the maximum earnings allowed $365. This meant that all those earning less that $125 a year received the maximum benefit. Those earning between $125 and $365 a year received correspondingly decreasing partial pensions. Those earning $365 or above were excluded from the plan.

In 1947, when the maximum pension was increased to $360 a year and the maximum income ceiling raised to $600 a year, those earning between $425 and $600 were added to the pension rolls. In addition, those earning between $125 and $240 a year became eligible for the full benefit for the first time. Their pensions, along with those previously receiving the maximum, increased.

However, in 1950 the maximum pension benefit was raised to $480 a year but the 1947 level of allowable income was maintained. This resulted in no new pensioners being added to the pension rolls. Furthermore, those earning between $120 and $240 a year now received partial pensions instead of the maximum available. Since they no longer were receiving the maximum benefit it could be said that they did not benefit from the increase. Those earning above $240 a year received no increase at all. In short, it was only
those already at the very bottom of the income scale who received the full benefit increase.

In fact, it can be noted that the maximum that could be earned without impairment of full pension benefit in 1950 ($120) was lower than had been the case a quarter of a century earlier in 1927 ($125). This situation did not remain unnoticed by the pension critics. Clearly, the concept of need was undergoing change and the re-introduction of pensions as a political issue reflected this.

During the period under discussion, the concept of an adequate or desirable standard of living began to emerge. Although such measuring rods as 'poverty lines' were not established until the 1960s, several attempts had been made to calculate the amount of income needed to provide the necessities of life. Two early attempts to establish some standard of desirable living are cited in Marsh's report. These included a desirable living minimum and an assistance minimum. The former was designed to provide a subsistence minimum; the latter was a pared down version. It eliminated any form of advancement expenditures or savings (Marsh, 1946:21). It was considered by Marsh to be a level "conceded rather than recommended" (Ibid.). It could be considered satisfactory only under certain conditions. These involved the assumption that a supplementary source of income was available. At best, then, this latter standard was to be used solely as a 'nucleus' for the
encouragement of personal, or industrial provision through annuities, superannuations and the like (Ibid.). Taken by itself for any length of time, it was to be considered inadequate.

Table 4-5 reproduces the two minimums prepared by the Welfare Council of Toronto in 1939 for a man and his wife. The income considered necessary to provide a desirable standard of living for a couple in that year was $831.48. The maximum pension payable to a single pensioner was at that time $240 a year. If his wife was also of pensionable age the couple could receive a maximum of $480. However, given the tendency of men to marry younger women this was frequently not the case. If the wife was not of pensionable age and had no income of her own, the couple's total pension income would consist of the $240 received by the husband. Even as late as 1946 a couple both of whom were of pensionable age received less than the desired minimum of 1939.

The deteriorating financial conditions of many of the elderly among others, resulted in the start of a more systematic effort to establish some objective measurement of a minimal living standard. In addition it helped foster the belief that all elderly citizens should be able to expect a basic standard of living compatible with that experienced by the general working public. When available public pensions were considered in this light they were found to be want-
### TABLE 4-5

**DESIRABLE LIVING MINIMUM BUDGET,**

**AND RESTRICTED ASSISTANCE MINIMUM**

*(Toronto Welfare Council and Adapted Standards)*

1939

<table>
<thead>
<tr>
<th>Standard</th>
<th>Man and Wife</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Week</td>
</tr>
<tr>
<td>Desirable Living Minimum</td>
<td>$16.00</td>
</tr>
<tr>
<td>Assistance Living Minimum</td>
<td>10.26</td>
</tr>
</tbody>
</table>

Pressure was exerted at both the provincial and federal levels for increased pension benefits as the perceived necessary minima rose. This push for what was implicitly greater social justice made the elimination of the means test mandatory. The demand for this became particularly intense in the wake of the Second World War.

Liberal-democratic ideology, not only holds to a needs-response thesis, it suggests that public pensions will reflect the amelioration of poverty and the provision of an adequate minimum standard of living. At the inception of public pensions the immediate effect was relief from the most extreme forms of poverty for the recipients. However no informed estimate of what constituted either an adequate or desirable minimum standard of living had been available. Benefits were calculated more on the basis of political expediency than social justice. It was only in the years following the initiation of public pensions that the value of social justice began to be emphasized by workers, and labour organizations, and eventually the government itself. Examined in the light of subsequent definitions it became evident that the old age pensions of 1927 had failed to adequately reflect social justice. Neither poverty nor inequities had been ameliorated sufficiently.

Even subsequent changes in the pension benefit failed to provide adequate improvement. While some real improvement had been experienced in the depression years due
to the deflationary situation and later through legislated increases, much of this had become discounted by a concomitant rise in the cost of living during and following the war years and the failure of the government to co-ordinate all increases in benefits with increases in allowable income ceilings.

At the same time, the depression and the war years had resulted in an expanded concept of what constituted social justice, fairness, equity, and an acceptable form of social welfare. The issue of the freedom of the individual once again became secondary to the issue of an increased social expectation of a new and better social structure after the years of strain and strife.

II: Competing Interests

Liberal-democratic ideology further suggests that pension legislation will reflect the compromise between competing interest groups. Immediately after the passage of old age pension legislation in 1927, some of those groups which had endorsed its initiation began to express their dissatisfaction and to advocate changes (Bryden, 1974:103). In addition new groups began to express their concern with the pension legislation. These various interest groups tended to fall into two opposing categories, those in favour of lowering the age of qualification, of raising the amount of the benefits and of eliminating the means test on the
ground that it offended social justice, and those who were concerned about the costs of implementing a 'needy-poor' type of legislation across Canada, who favoured higher benefits but only if they were related to contributions, and who argued for the elimination of the means test on the grounds that it offended individual self-initiative and self-reliance. Labour and welfare groups including organizations formed by the elderly themselves were in the first category. Government and business groups tended to fall within the second.

Labour groups strongly advocated the abolition of the means test because they felt that it resulted in the stigmatization and humiliation of the applicant. However not all labour groups were agreed on which alternative to adopt. The TLC was opposed to the contributory principle on the ground that most wage earners could not afford such pensions (Bryden, 1974:108, 111-112). Its early pension efforts had concentrated on seeing that the various provinces, and in particular Quebec, adopted the new legislation. However, it did not fully endorse the principle of universality either. Instead it proposed that the ceiling on allowable income be raised to $1,000, compared with the existing figure of $125 (Ibid., 108). Its prime thrust was an expanded means-tested program.

By 1940, the CCL publicly favoured a total social security program which would encompass social security "in
all its forms, sickness, at work, and in old age" (Ibid., 112). It fully endorsed the principle of universal­ity for pensions, proposing that "the means test of eligi­bility be abolished and that pensions be paid by virtue of right . . ." (Ibid.). By 1950, it had launched a massive postcard campaign in an all-out effort to pressure the government into eliminating the means test (Ibid., 119).

By implication, labour tended to see need among the elderly as a collective phenomenon initiated by social factors. In effect, by 1950 it was advocating the actualization of the value of social justice over that of the freedom of self-interest. Invariably, the financing methods labour recommended were those which resulted in the downward redistribution of wealth favouring those in the lower income groups. These included flat-rate benefits financed by income taxes which demanded proportionally higher 'contribu­tions' from those with the higher incomes (Ibid., 111).

Business groups tended to favour some form of contributory pension which would provide higher benefits but only in conjunction with higher contributions. These groups tended to view the means test as inhibiting the value of self-interest or the "belief in the efficacy of the spirit of thrift and self-reliance" (Ibid., 104). Their supporters argued that under the 1927 regulations those who tried to provide for their old age through their own initiative and thrift, unless such provision was substantial, merely
reduced or eliminated their chance for a public pension (Ibid.).

As early as 1929 the Canadian Manufacturers' Association had noted that the current trend in pensions "was markedly away from the system adopted three years ago in Canada and in the direction of a contributory 'all-in' system" (Windsor Star, June 5, 1929). Such a system, the CMA added, served the triple purpose of keeping down expenses, eliminating the incentive to thriftlessness and stimulating, instead of stifling, self-reliance and independence (Ibid.). By 1939, it was urging legislation "replacing the needy-poor pension with a universal contributory old-age pension scheme funded through pooling employer-employee-state contributions" (Fink, 1979:89).

As the demand for pension reform gained impetus in the 1940s business continued to express its alarm at the cost implications of both the current pension plan and some of the proposals 'in the air' presumably those of labour and the CCF (Bryden, 1974:117). The Canadian Chamber of Commerce called these proposals "a potential threat to corporation profits" (Ibid.), while the CMA urged the public be made more aware of the costs involved in pension reform (Ibid., 118).

Thus, business organizations tended to favour pensions which stressed the equality of self-interest. By implication need was viewed as an individual characteristic
resulting from lack of self-initiative, self-reliance and independence. However, the method of financing pensions that such organizations inevitably endorsed resulted in the exacerbation of inequities through a restriction of the downward redistribution of wealth and the maintenance of previous income differentials. In this, business groups violated in part the value of social justice.

Both labour and business organizations pushed pension policies which articulated liberal-democratic values. Both groups also pushed policies which contradicted at least one of these values. Labour saw pensions as a right, a right which would provide greater social justice to the elderly of Canada through the provision of a universal adequate minimum income, the amelioration of poverty and inequities and the downward redistribution of wealth. Business saw pensions as a privilege earned through the use of contributions which reflected previous earnings and which stressed the need for individual thrift, self-reliance and independence. These divergent positions became consolidated in the briefs and testimony presented to the Joint Committee of the Senate and the House of Commons appointed in 1950 to investigate old age security in Canada.

Surprisingly, of the nine organizations which presented briefs and gave oral testimony, seven advocated some form of universal pension. Only two favoured contributory pensions. Table 4-6 summarizes the positions held by these
### TABLE 4-6

**SUMMARY OF BRIEFS PRESENTED TO JOINT COMMITTEE ON OLD AGE SECURITY IN CANADA, 1950**

<table>
<thead>
<tr>
<th>Interest Group</th>
<th>Plan</th>
<th>Benefit (Monthly)</th>
<th>Age</th>
<th>Residence</th>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Chamber of Commerce</td>
<td>Universal</td>
<td>$30</td>
<td>70</td>
<td>-</td>
<td>Current revenue or special tax.</td>
</tr>
<tr>
<td>Canadian Congress of Labour</td>
<td>Universal</td>
<td>$50</td>
<td>65</td>
<td>-</td>
<td>Corporate taxes, graduated income tax, special tax.</td>
</tr>
<tr>
<td>Canadian Life Insurance Officers Association</td>
<td>Universal</td>
<td>$30-40</td>
<td>70</td>
<td>Less than</td>
<td>Pay-as-you-go; Income tax, or contribution from all below benefit age or special sales tax.</td>
</tr>
<tr>
<td>Canadian Welfare Council</td>
<td>Universal</td>
<td>$40</td>
<td>70</td>
<td>5 years</td>
<td>Social Security contributions or consolidated revenue or combination.</td>
</tr>
<tr>
<td>La Confederation Des Travailleurs Catholiques du Canada</td>
<td>Universal</td>
<td>$50</td>
<td>65 (men)</td>
<td>-</td>
<td>No recommendation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>60 (women)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L'Union Catholique Des Cultivateurs</td>
<td>Universal</td>
<td>$50</td>
<td>70</td>
<td></td>
<td>Indirect tax and social security tax.</td>
</tr>
<tr>
<td>Trades and Labour Congress of Canada</td>
<td>Universal</td>
<td>$60</td>
<td>65 (men)</td>
<td>15 years</td>
<td>Personal income taxes and corporate taxes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>60 (women)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Association of Social Workers</td>
<td>Contributory</td>
<td></td>
<td></td>
<td></td>
<td>Tripartite compulsory contributions</td>
</tr>
<tr>
<td>Canadian Manufacturers' Contributory Association</td>
<td>Contributory</td>
<td>Graduated</td>
<td>65-70</td>
<td></td>
<td>Modified pay-as-you-go, Employer, employee contribution.</td>
</tr>
</tbody>
</table>
groups. Those in favour of the universal principle recommended "a basic income maintenance program, under federal auspices, which would provide a flat rate pension, without means test to all persons at a certain age . . ." (Joint Committee, 1950a:67). As might be expected there were some differences regarding the amount of benefit deemed suitable and the age of eligibility. However most of these groups tended to prefer financing the proposed system through revenues gained from earmarked taxes. Most preferred the funding to be on a pay-as-you-go basis rather than the accumulation of a large reserve.

The TLC had devoted its early attention to the endorsement of a comprehensive social security program administered solely by the federal government and financed by tripartite contributions from labour, business, and government. However, its submission to the Joint Committee endorsed a universal program. In its brief the TLC called for "a universal old age pension, to be paid irrespective of means or whether retirement has taken place, at the rate of $60 per month to men aged 65 and over and women aged 60 and over (Joint Committee, 1950a:50). The only qualification specified was a 15 years' residence in Canada. The cost of the program was to be met by "an assessment on personal income" and/or corporate taxes (Ibid.).

The Canadian Congress of Labour, formed in 1940 by the CIO unions which had been expelled from the TLC and a
small labour central called the All-Canadian Congress of Labour, presented a more complex brief. It too recommended the establishment of a universal basic federal pension but with $50 a month 'as a right', payable at age 65 and increased annually by a cumulative national productivity bonus of two percent (Ibid., 47). This universal plan was to be supplemented by a contributory scheme with graduated contributions and benefits. In addition, the CCL suggested the implementation of a means tested assistance program for all those unable to qualify for pensions, or for sufficient pensions to meet their needs (Ibid.). The brief suggested that the universal program be financed by the restoration of corporate income taxes to wartime levels, graduated increases in personal income taxes, the lowering of income tax exemptions, or through the introduction of a social security tax which would extend downward to low incomes (Ibid., 48). The supplementary contributory scheme would have both contributions and benefits graduated on the basis of income. This part would be funded with a reserve fund rather than pay-as-you-go. The CCL saw no problem with the use of a means test for the assistance program since, it argued that the minimum needs of the elderly already would have been covered by the universal system (Ibid., 48-9).

Other smaller labour organizations such as La Confederation Des Travailleurs Catholiques Du Canada and L'Union Catholique Des Cultivateurs also were not antagon-
istic to universal pensions, although both felt that pension reform could be achieved within the current legislation. La Confederation was primarily interested in promoting union-negotiated employee pension plans (Ibid., 51). It saw public pensions as a purely supplementary scheme designed to meet those needs of the elderly not covered by the above. L'Union felt that if the means test regulations were broadened and the amount of pension adjusted to meet variations in living costs (Ibid., 45), that would be satisfactory. It, too, saw universal pensions as primarily a supplement to the basic means test.

Two business organizations also favoured the principle of universality. These were the Canadian Chamber of Commerce and the Canadian Life Insurance Officers Association. The CCC recommended that "if the Canadian people are willing to meet the cost" a universal basic pension of $30 a month should be paid, without means test, to all Canadians aged 70 and over (Ibid., 52). It emphasized that the program adopted should be so designed as "not to discourage thrift, personal incentive or the individual sense of responsibility to provide against those risks that can be met personally" (Ibid., 53). Thus, it felt that the elimination of the means test would "encourage elderly persons to continue contributing to the production capacity of the country" (Ibid.). That is, they could work and still receive pensions. Such a program, the CCC argued, could be
financed out of current revenue, specifically raised and earmarked for the payment of pensions. The separation of pension revenue from others was important since it allowed the public to be aware of the precise costs of the system. Payment of benefits were to be considered "a redistribution of the national income". They should be financed through some type of contributory pay-as-you-go system and not a funded reserve (Ibid., 53-4).

The Canadian Life Insurance Officers Association made its recommendations on behalf of the various agents affiliated with it. This Association felt that the present means tested scheme diminished the incentives to work and save. The only acceptable alternative was to establish a program under which minimal benefits would be payable without means test on the basis of a flat rate but subject to a reasonable residence qualification (Ibid., 57). The pensionable age of 70 should be retained and benefits fixed at a level "that could be met without placing an undue burden on the economy" (Ibid.). It was suggested that benefits should be partially recovered through income tax. It was proposed that the plan be financed by a 'contribution' which was payable as a percentage of personal income below a specified maximum, by a flat amount payable by all adults below benefit age, or by a sales tax levied on a broad group of items in more or less universal use (Ibid.). This should be based on a pay-as-you-go system although 'contributions'
should not lose their identity but be credited to a special account in the consolidated revenue fund. The association felt that a fully funded system would require too large an amount of funds at the start of the plan to be financially feasible. Although benefits of $30 a month were recommended, it was stated that a higher rate would not be opposed. However, it was argued that this might place the recipients in possession of a "purchasing power disproportionate to the average of the population as a whole" (Ibid.).

The Canadian Welfare Council based its presentation on the proposition that the present act discouraged the accumulation of small savings. One possible alternative it suggested, was a universal flat rate pension to be paid at age 70 "as of right" (Ibid., 64). It emphasized the necessity of making the benefit sufficient to "provide the majority of recipients with a minimum standard of health and decency" (Ibid., 65). This, according to the Council, would amount to at least $40 a month. The program could be financed either by an earmarked social security tax or out of the consolidated revenue. If a social security tax was employed, the Council felt it should be collected only from persons with incomes over the amount considered necessary to maintain a minimum standard of living. Progressive modifications of the income tax exemptions would allow pension benefits to be partially recovered. It was recommended that the system be funded on a pay-as-you-go basis so that it
might be adjusted more readily to changing economic circumstances (Ibid., 65-66).

The Canadian Manufacturers' Association had led the support for a contributory system. It had carried on a long campaign for a pension system based on "equal contribution by employers and employees, with optional coverage for the self-employed" (Bryden, 1974:120). According to the CMA the 1927 legislation was "an example of the 'non-contributory, deserving poor type of legislation' which had been a 'comparative failure' wherever it had been tried because it put 'a premium on thriftlessness and fraud'" (Ibid., 107). Immediately after the enactment of the pension legislation the CMA started to express its concern for the eventual costs of such a program. It argued that "when any system of pensions, such as is now in contemplation, is put into operation the estimates of those who frame it are invariably much lower than is proved in the event" (Michell, 1928:42). Pension payments, it claimed, "never grow less; they always grow greater and prove year by year a heavier burden to carry" (Ibid.). The CMA strongly recommended a less costly system.

It was no surprise when the CMA urged the Joint Committee to consider a national compulsory contributory insurance plan. It recommended that pensions be financed through joint employer-employee contributions. Only the cost of administration would be met by the federal govern-
ment (Joint Committee, 1950a:54). Those who were self-employed might be allowed to enter the scheme voluntarily "if administratively feasible" (Ibid.). The contribution and benefit rate should be constructed so as to avoid payments in excess of a "reasonable maximum" (Ibid.). Benefits, of course, would be dependent on contributions. In addition, the CMA felt that pensions calculated as a percentage of the pension entitlement of the deceased pensioner might be paid to surviving widows and children. It was even suggested in oral testimony that an additional benefit might be paid to retired pensioners on behalf of their wives (Ibid.). The CMA recommended a pensionable age of over 65 but not 70 for both men and women. However it stressed that retired pensioners must be encouraged to continue in occasional or part-time employment through the elimination of contributions from working pensioners unless their earnings exceeded a specified amount (Ibid.). Funding should be based on a pay-as-you-go system with the contribution rate set higher than actually required in the early years to offset the rapid rate of increase which would be required in the later years. Like the association of life insurance officers, the CMA argued that a funded system would have negative effects. First it would require the creation of a large reserve fund. This would necessitate the borrowing of funds at the start of the program. In addition, the existence of the large fund probably would stimulate demand for greater pension benefits.
In general, then, the CMA emphasized its belief that every effort should be made to facilitate individual initiative and thrift. Through compulsory contributions the individual was forced to 'save' for his/her future. Workers reaching retirement age should also be encouraged to remain at work. The ultimate goal of a federal pension program, according to the CMA, was the coverage of substantially all gainfully occupied individuals. This goal would not only prevent the mobility of workers between covered and non-covered employment from being impeded but it would reduce administrative complications (Ibid., 54).

The Canadian Association of Social Workers reiterated the CMA's arguments. It too believed that every effort should be made to maintain older persons in productive employment (Ibid., 61). Although it had recommended a uniform flat rate contributory pension program, it agreed that departure from payment of the uniform benefit would be acceptable if an additional increment was given for delayed retirement (Ibid.). Otherwise, the association felt that the amount of the benefit should not be related to the size of contribution but should be sufficient to permit a living standard of health and decency (Ibid.). The elimination of the means test was advocated on the basis that it produced a "humiliating and damaging" experience, that it interfered with the management of personal affairs, and undermined independence (Ibid.).
In summary, almost all organizations submitting proposals to the Joint Committee urged the elimination of the means test. However not only did the reasons behind the arguments vary but so did the proposed schemes.

The Canadian Chamber of Commerce, the CCL, the Canadian Life Insurance Officers Association, the Canadian Welfare Council, and the TLC by favouring universal pensions, supported the elimination of means-testing procedures. However only the CCL and the TLC saw this elimination as a means whereby the stigmatization process could be avoided. The rest tended to view it as a means whereby the effects of mandatory retirement could be lessened. In fact, most saw it as a means of promoting self-initiative since the receipt of public pensions would not automatically discourage participation in productive work. The labour organizations tended to see the elimination of poverty as requiring a higher benefit than did the business ones. This included an earlier age of qualification as well. Thus the definition of minimal living varied between the groups. The Canadian Association of Social Workers and the Canadian Manufacturers' Association by suggesting contributory pensions favoured the value of individual initiative and differential rewards over those associated with social justice. In addition, they tended to emphasize compulsory rather than voluntary contributions. Oddly enough only the CCC, the CCL and the Canadian Welfare Council pushed special
taxes. In this they either wittingly, or unwittingly, favoured a lesser degree of downward redistribution of the wealth than those favouring financing from current revenue (this will be discussed in detail in Section IV). All, however, tacitly conceded pensions as 'of right'.

The recommendations of the Joint Committee reflected many of these different positions. The Committee concluded that "all things considered . . . the most suitable old age security plan for Canada under present circumstances" would be a universal, pay-as-you-go program applicable to all persons 70 years of age and over. Administration should be under the jurisdiction of the federal government. A flat rate benefit of $40 a month should be provided to all those who have satisfied a suitable residence qualification. In addition, the Committee recommended, there should be an old age assistance program which would provide pensions of $40 a month to all those between 65 and 70 on a means tested basis (Ibid., 80). While the Committee did not feel competent to "do more than indicate possible forms of . . . raising of revenues", it did suggest that the system might be financed through a tripartite arrangement in which employers, individuals, and the state would all contribute some portion of the costs (Ibid., 110-111).

By recommending the two programs the Committee had effected a nice compromise which incorporated both the universal principle and the means test procedure. The
financing arrangements recognized in part, the contributory principle. Most of the organizations which had submitted proposals could find in the recommended program some part of their suggestions. In its compromise position, which was to become the basis of the 1951 legislation, the Joint Committee reflected the competing positions of the various interest groups. These became consolidated within the report of the Joint Committee.

III: The Political Process

Development of the 1951 legislation, like that of the 1927 version, reflected competitive politics. The legislation was heavily influenced by the emergence of a third political force in Canada. This time it was the formation of, and degree of electoral support enjoyed by, the Co-operative Commonwealth Federation, a national political party whose avowed aim was to "eradicate capitalism and to erect a Co-operative Commonwealth of Canada" (Young, 1969:44).

At the formation of the party in 1933, the CCF had accused the current order of condemning the great mass of the people to poverty and insecurity (Ibid., 3-4). It declared the traditional parties in Canada "instruments of capitalists interests . . ." and incapable of serving as agents of social reconstruction (Ibid.). It, the CCF, alone was a truly democratic movement (Ibid., 305). Despite the
fact that the CCF was to enjoy only limited success at the
national electorate polls, it provided the federal govern-
ment with the same form of incentive for social welfare
legislation as had Woodsworth and the Ginger group in a
previous decade.

Three years after Mackenzie King's Liberal Party
had put into effect old age pension legislation, the
Conservative Party under the leadership of R. B. Bennett,
formed the federal government. Bennett had been a strong
supporter of voluntary contributory pensions. He felt that
the government annuity system adopted in 1908 could form the
basis of a satisfactory method of providing old age pen-
sions. This system had the advantage of avoiding the con-
stitutional problems associated with compulsory contributory
pensions, (a purely compulsory system would intrude upon
provincial jurisdiction), while emphasizing the need for
individual self-help and thrift.

In 1930, Bennett opened his federal election cam-
paign by pledging to put into effect a national old age
pension system. This pledge was repeated later in Nova
Scotia where he promised to pass a pension bill "by which
the Federal Treasury will provide all the money required"
(Bennett Papers, File: 4252). He not only failed to
elaborate on this system but, once elected, he failed to
change the pension act except to raise the federal part of
the pension costs from 50 to 75 percent.
Several years after his election, Bennett had a confidential memo prepared which detailed a scheme designed to replace the 1927 legislation gradually over a period of years (Bryden, 1974:106). This plan involved federal encouragement of the purchases of government annuities through a bonus system whereby every purchaser of a deferred annuity was given a bonus annuity (Ibid.). Simultaneously, and no doubt as an added incentive to purchase government annuities, the then current pension benefits would be phased out by the gradual reduction of the maximum benefit until no benefit remained.

This plan was never put into effect although the following year it was reported by the *Winnipeg Free Press* that Bennett planned to replace the old pension legislation with a new federal annuities scheme. Bennett was quoted as saying that "in place of being a pensioner an old person, in the decline of life, would have social security with the satisfying circumstances that, basically, it was bought with his own money" (*Winnipeg Free Press*, 1935). The report went on to say that the costs of the annuities would be reduced through contributions from the Dominion Treasury. It was claimed that the costs of the annuities would become so low nobody would need to be without a $20 per month income at age seventy. Those who failed "to make the slight contribution required in order to purchase the annuity will be held to be so lacking in thrift as to deserve no consideration
other than is ordinarily given to indigents by municipalities" (Ibid.).

Despite pressure from the provincial governments to have the federal government ease mounting pension costs, Bennett never acted on this proposal. The day after the publication of the Winnipeg article Bennett received a letter from the department responsible for the sale of government annuities. Immediate confirmation that Bennett had made the reported statements was requested. The department was particularly upset with the statement that "the cost of a $20 per month annuity to a person between say 55 and 65 years of age will be cut down to a few cents per month . . .". It was suggested to Bennett that "if the public are led to believe that annuities will be very much cheaper in the near future, it is only reasonable to expect that they would withhold buying at the present time" (Department of Health and Welfare, 1935, File: 612:3:6). Whether the letter influenced Bennett or, as Bryden states, the scheme was too complicated, no mention was made of pensions when Bennett presented his 'new deal' legislation to parliament.

Bennett's interest in social reform had been minimal until 1935 at which time he attempted to sell his 'new deal' legislation to the Canadian people. Bennett had presented a corporate image, acting very much like the Chairman of the Board. Earlier in his administration he had denounc-
ed all socialists and communists, advocating the "crushing of these Reds under 'the iron heel of capitalism'" (Neatby, 1972:63). When he announced his intention to initiate major social reforms sufficient to provide a "radical transformation of Canadian society" (Ibid., 64), his motives became suspect. When he publicly declared that reform meant "Government control and regulation" and the "end of laissez-faire", the startled electorate explained his 'conversion' by the fact that there had to be a federal election that year (Ibid., 65). Obviously "Bennett was a demogogue, desperately trying to avoid certain defeat" (Ibid.).

Bennett had become too closely associated with the more privileged groups in society and this belated attempt to support the tenets of social justice and equality rather than individual self-interest came too late and were ineffectual. In 1935 "the result was a devastating repudiation of Bennett's party" (Ibid., 68). The Liberals under the leadership of King were returned. The Conservative Party was left in a state of shattered disorganization. They were unable to provide any serious threat to King's future administrations.

King had inherited from the Conservative regime several problems, the depression, the rise of the CCF and the constitutionality of welfare legislation. Bennett, in his attempt to have his 'new deal' passed had intruded into
provincial jurisdiction. In 1935, all of his welfare legis­
lation had been declare *ultra vires*, outside the jurisdic­
tion of the federal government, by the Supreme Court of
Canada. While King personally favoured some form of compul-
sory contributory pensions, he was aware of the constitu-
tional problems associated with this. Any attempt by the
federal government to collect taxes designed as contribu-
tions for a pension scheme would be subject to the scrutiny
of the Supreme Court and chances were that they would be
declared *ultra vires*. Two political solutions were pos-
sible. One was an amendment to the British North American
Act making pensions a federal matter. The other was an
agreement among the provinces to hand over their rights to
levy income tax to the Dominion. King tried the latter
solution.

In doing so King was clearly responding to politi-
cal pressure. The CCF, formed at the lowest point of the
depression, offered a competing socialist philosophy which
provided both an explanation and a solution for the economic
crisis (Neatby, 1976:28). King was worried that liberal-
minded Canadians might be forced to support the CCF if no
acceptable alternative was offered. He immediately launched
his counter-attack, the 'new liberalism'. This liberalism
was designed to show the Canadian people that opposition to
socialism and a socialist state was not opposition to
"social or humanitarian reform" (Ibid., 37). King contended
that "unrestricted competition could be controlled without suppressing individual initiative" and social reform accomplished without the upheaval implicit in the Regina Manifesto of the CCF (Ibid.).

At the federal-provincial conference in 1941, King's government attempted an exchange of 'rights' with the provinces. If the provinces agreed to renounce their rights to levy income tax and succession duties, the Dominion government would assume the provincial debts and abolish provincial subsidies (Birch, 1955:138). This would open the door for welfare legislation initiated and administered at the federal level. However, the proposal needed the approval of all the provinces if the constitutional problems were to be avoided. Ontario, Alberta and British Columbia rejected the deal (Ibid., 140).

During the war years the CCF expanded its support. In September, 1943, the Canadian Institute of Public Opinion announced that 29 percent of the respondents in a poll, excluding the uncommitted, had favoured the CCF. This was in comparison with 28 percent for the Liberals and the Conservatives (Bryden, 1974:112). King now recognized that the CCF had become a serious threat to his government (Pickersgill, 1960:9). He feared that the CCF, in combination with the Quebec Liberals, would make "an alliance which will cause them to have control of power in the next administration" (Ibid., 382).
In 1944 King passed the Family Allowances Act which provided allowances on a universal basis to all children under the age of sixteen. In his Speech from the Throne, he "held out hope 'for federal assistance in a nation-wide system of health insurance, and for a national scheme of contributory old age pensions on a more generous basis than at present in operation'" (Bryden, 1974:114). He personally moved that a House of Commons Committee be established to examine and report on a comprehensive social security plan (Ibid., 113). In cabinet he argued for "the desirability of having Old Age Pensions reduced from 70 to 65 years of age" (Pickersgill, 1975:14). He emphasized the necessity of having the cabinet settle on a more generous form of pension legislation, for "when it came to an election in the country it would be fought largely on the issue of Old Age Pensions" (Ibid.).

When the election was called in June of 1945, King was prepared to show consideration "for those who were suffering a certain social injustice . . .". Anything less, he felt, would be "fatal to the Government and playing into the hands of the C.C.F. . . ." (Ibid., 29). During the campaign the Progressive Conservative's platform pushed the need for conscription for the Pacific War. The Liberals and the CCF fought over the need for better social security. The Liberals based their platform on a pension without means test to everyone 70 years of age and over to be administered
by the federal government and based on compulsory contributions. The CCF advocated a system of universal pensions. Once more the Liberals were returned handily taking 125 of the 245 seats. The Progressive Conservatives won 67, while the CCF won 28 (Campbell, 1977:87).

In the December following his re-election, King’s government presented its pension proposals to a Conference on Reconstruction. The brief urged a nation-wide scheme "capable of immediate implementation . . . based to some extent at least on the contributory principle . . . on flat rates . . . with provision . . . made for more generous scales of payment and a lower age of eligibility than heretofore" (Dominion-Provincial Conference, 1946:97). The submission added that payment of pensions were to be seen as "of right to people of this age", i.e. 70 and over, in order to remove the fear of destitution and provide a minimum subsistence (Ibid., 98). The removal of the means test, it was argued, would enable pensions to be fully financed and administered by the federal government.

For those in the 65-70 years of age group, the government proposed a means tested assistance program similar to that already in force. The federal government would contribute 50 percent of the costs of this provincially administered program (Ibid., 15). It was argued that the determination of pensions for such persons required a local administration adapted to local conditions and individual
circumstances (Ibid., 98). Overall, the federal position was designed to "give tangible expression to the national interest in the matter" and to relieve the provinces of some of their financial burdens (Ibid.). It also represented a weakening in the contributory position of Mackenzie King as well as the adoption of the principle of 'right' over 'privilege'.

Unfortunately, the pension proposals were imbedded in a package including such items as income maintenance provisions for the employable unemployed not covered by unemployment insurance and health insurance. Because all of the proposals were presented to the provinces as a complete package and not as separate items, they failed to gain sufficient provincial acceptance "to make it feasible to pursue them" (Bryden, 1974:116). The social security proposals, including those concerning old age pensions, "fell into the discard" (Ibid.).

Following the conference, opposition M.P.'s and the trade unions attempted to have the proposals revived (Ibid., 16). T.C. Douglas, CCF premier of Saskatchewan, called on the government to hold a new conference on social security (Ibid.). In 1947, M.J. Caldwell, leader of the federal CCF, started a petition for universal pensions of $50 a month at the age of 65 (Ibid.). However, little action was forthcoming from King who at this point appeared to be consumed with his own imminent retirement. In 1948,
he resigned from active politics and was succeeded by Louis St. Laurent.

There seems to be little doubt that the rising fortunes of the CCF, first in the depression years and later in the war years, provided a goad to King and resulted in some of his welfare legislation, including unemployment insurance and family allowances. The depression had led many workers to see laissez-faire capitalism as incapable of providing for the common good and social justice (Crysdale, 1961:42). They began to demand a greater control by government of the economy (Ibid.). During this period, Marxist principles became more widely studied and accepted not only by many of the labour leaders and churchmen (Ibid., 43) but others.

In 1932 the League for Social Reconstruction was established under the auspices of a group of professors, professional people, and some business men from Toronto and Montreal (McNaught, 1959:257). When its formation was announced in the Forum it was stated: "The experience of the last two years has produced a growing number of men and women in Canada who have become very sceptical about the ability of our capitalistic system to produce an efficient or happy society . . ." (Ibid.). Its first president was F. H. Underhill, a professor of history who later was to produce the first draft of the Regina Manifesto for the CCF. Its honorary president was J. S. Woodsworth who was to
become the first leader of the CCF. The League was formed "to render constructive criticism more effective . . . ." (Ibid.). It was designed to be the Canadian version of the Fabian Society of England. Although it was dissolved at the beginning of the Second World War, its "primary significance lay in the intellectual prestige it lent to the C.C.F. as a party, and to collectivist planning as a doctrine" (Ibid., 257-8). Its membership and its close relationship with the CCF and the Forum "implied the interest, if not the whole-hearted support, of a considerable section of teachers and professional people in Canada" (Ibid., 258). Its manifesto was social democracy with an emphasis on central planning. Although King wished to avoid "any precipitous moves, not wishing to alienate his Quebec supporters by either tinkering with the constitution or launching conditional-grant schemes" (Guest, 1980:90), evidence indicates that he did not take long to respond to "the thunder from left" (Neatby, 1976:28).

With the war years providing "a marked rise in the support for the C.C.F. . . . ." (Pickersgill, 1960:453) and the need for war-time manpower raising concern for the maintenance of morale, King instituted a Dependents' Allowances program for the families of the men and women of the armed forces (Guest, 1980:104). Homes were built for the war workers, rationing, wage and price control and rent control were implemented. The initiation of the War Measures Act
"... converted Canada overnight from a confederation into a unitary state. The government over-rove or supplemented most of the normal procedures of peace; it ... used its fiscal and monetary power to effect maximum war production ..." (Wilfred Eggleston cited in Guest, 1980:104). The concept of government involvement became acceptable and familiar.

Shortly after the outbreak of war, King had formed a committee to oversee the smooth transition from war-time to peace-time economy both in terms of industrial and social welfare. He knew that if the government failed to prepare a program in advance the country would run the grave risk of facing mass unemployment and social unrest following the war (King Papers, File:3993:3). In a nation-wide radio broadcast King pledged that one of his post-war objectives was "social insurance against privations resulting from ... old age" (Ibid.).

While many of King's reform measures were a response to the situational rise of the CCF, as well as the effects of the depression and war years, it also must be noted that King's sympathies had always lain in the direction of social betterment (Young, 1969:251). King admitted to being stimulated by the Beveridge report on unemployment and social security in Great Britain and the subsequent visit by Beveridge to Canada. He felt that much of the thought within the report had been anticipated in his own
book *Industry and Humanity* published in 1919 (Pickersgill, 1975:564). In King's mind both of their lives had "been given over very largely to life-long study of social problems" (Ibid.). It is perhaps more accurate to conclude along with Young that "the CCF provided an excuse for venting of the pent-up radicalism trapped in the soul of that strange little man" (Young, 1969:251). Through his hold on the Liberal Party, and the Canadian electorate, King prepared the way for the reform of old age pensions. It was up to his successor to effect the actual legislation.

Louis St. Laurent was not persuaded that universal pensions were an adequate solution to the problem of the means test. Shortly after becoming the Prime Minister St. Laurent affirmed that the "Liberal aim is a contributory scheme in which everyone can pay in something during his working years to help provide security for his old age" (Bryden, 1974:117). He "later quoted this to the House of Commons as a definitive statement of government policy" (Ibid.). Aware that there now existed strong pressures for a universal system, St. Laurent argued that pensions "which were not contributory would turn every general election into an auction for the votes of the elderly" (Pickersgill, 1975:135). He was also aware of the constitutional difficulties involved in legislating a non-voluntary contributory scheme.

By 1950, the pressure for immediate action in the "abolition of the means-test for old age pensions was begin-
ning to embarrass the government" (Ibid.). George Drew, leader of the Conservative opposition, moved to censure the government because it had failed to take steps to inaugurate a national contributory system of old age pensions without a means test" (Ibid.). Stanely Knowles, parliamentary spokesman for the CCF, excoriated the government for its many delays and the "breaking of solemn promises" (Knowles, 1950:1). St. Laurent knew that to oppose the abolition of the means-test was politically inexpedient. He undertook to have the issue discussed at the federal-provincial conference scheduled to be held later that year (Pickersgill, 1975:135). In the meantime, he appointed another Joint Committee of the Senate and the House of Commons to examine the problem.

At the opening of the federal-provincial conference, St. Laurent urged the provinces to give priority to the topic of old age pensions (Ibid.). The government was willing to accept the recommendations of the Joint Committee if the federal system were to be financed from a special "earmarked levy which would to some extend represent the actuarial cost of the system" (Bryden, 1974:123). This attempt to retain a portion of the contributory principle required an amendment to the constitution. St. Laurent presented the necessary amendment urging the unanimous agreement of the provinces. If this was achieved, the federal government was prepared to take immediate steps to implement
its part of the plan (Proceedings, 1953:8). It had been felt that the major obstacle to the amendment might be Quebec. However, M. Duplessis, Premier of Quebec, stated early in the proceedings that he was willing to co-operate with Ottawa and to consider any modifications of the constitution appropriate in the circumstances (Ibid., 27).

By May 1951 all the provinces had approved the proposed amendment and in June it was in force. St. Laurent immediately announced "that the government proposed to introduce legislation to enable the government to make agreements with the provinces to provide pensions for persons in need between the ages of 65-70, and also to authorize the registration of all persons over 70 for the universal old age pensions so that these pensions could be paid from January 1952 (Pickersgill, 1975:138). Both the Old Age Security Act and the Old Age Assistance Act received unanimous approval in the House of Commons. From January 1, 1952, old age pensions were paid 'as of right' without a means test to all Canadians 70 years of age and over. Means tested assistance was provided for those 'in need' between the ages of 65-70.

Evidence demonstrates the degree to which competitive politics influenced the emergence of universal pensions. Mackenzie King was forced to avoid the fatal mistakes of R. B. Bennett who for too long concentrated on the privileged groups of Canadian society and then was forced to
enact legislation which was beyond the jurisdiction of the federal government. More importantly, King was forced by political necessity and public pressure to adopt many of the social policies of the CCF. The fact that pensions once again became an electoral issue allowed the public to clearly endorse the principle of universality. Sheer popular support for universal pensions, initiated and encouraged by the CCF, persuaded St. Laurent to abandon his own support of the contributory principle and go with the compromise solution offered by the Joint Committee a year earlier. Thus the interplay of three national parties allowed the social issue of pensions to evolve from a means tested basis to a universal basis. While the first basis had stressed the value of amelioration of poverty, the second now stressed the concepts of minimum income for all, pensions as a right, and the collective nature of need among the elderly. Only the availability of specially ear-marked funds kept alive the principle of contribution. This was the one concession to the freedom of self-interest and self-reliance which formed the competing value orientation within liberal-democratic ideology. Priority had been given to social justice.

IV: The Legislation

The 1951 legislation reflected to a very large degree those values associated with equality and social
justice. Those values associated with the freedom of the individual were all but lost. It was apparent neither St. Laurent nor Mackenzie King favoured a universal system. The 1948 Liberal leadership convention had "affirmed the party's commitment to 'a national social security' which would 'include a steady extension of insurance on a contributory basis . . . to provide for [citizens'] old age" (Bryden, 1974:117). However, the exigencies of time combined with mounting public pressure prevailed. By 1950 the issue of pensions had become once more politically urgent. St. Laurent, forced to act, contrived a partial compromise between the contributory and the universal position. The first part of the new pension system, The Old Age Security Act, provided a basic pension of $40 a month to all Canadians who had attained the age of seventy. The only qualification was that the recipient had to have resided in Canada for the twenty years immediately preceding the day on which application for the pension had been approved. If the pensioner had not so resided, he/she had to have been present in Canada prior to those twenty years an aggregate period of at least equal to twice the aggregate periods of absence from Canada during the twenty years, and had to have resided in Canada for at least one year immediately preceding the day on which application was approved (Statutes of Canada, 1951:181).

These pensions were to be administered by the Minister of National Health and Welfare, who was entitled,
"for the purpose of ascertaining the age of any pensioner or any applicant for pension, to obtain from the Dominion Bureau of Statistics any information respecting age of a recipient that is contained in the returns of any census taken more than thirty years before the date of application for such information" (Ibid., 182).

If the recipient left Canada payment of the pension was suspended. In addition it was suspended if the pensioner was convicted of an offence and sentenced to a term of imprisonment exceeding thirty days. Payment was resumed upon the return of the pensioner to Canada or his/her release from imprisonment. All regulations regarding pension procedures were under the jurisdiction of the Governor in Council.

The system was completely under the jurisdiction of the federal government. However it was financed by a special social security tax comprised of a 2 percent tax on the sale price of all goods, 2 percent of the taxable income for a year of every individual liable to tax, or $60, whichever was the lesser, and 2 percent of the taxable income for a year of every corporation liable to pay tax (Ibid., 185). An account called the Old Age Security Fund was established in the Consolidated Revenue Fund from which all pensions were paid (Ibid., 186). This was a calculated attempt to make the public aware of the relationship between 'contribution' and benefit.
The Old Age Assistance Act was basically the same as the old 1927 Pensions Act except it was now limited to those between the ages of 65 and 70. The federal government agreed to pay 50 percent "of forty dollars monthly or of the amount of assistance paid by the province monthly to the recipient, whichever is lesser" (Statutes of Canada, 1950-1951:342). The recipient had to be at least 65 year of age with 20 years residence immediately preceding the date of the commencement of assistance payments. If this was not the case, the recipient had to fulfill the same residence qualifications as those applicable for the Old Age Security pension. To qualify a single recipient (which included the unmarried, widow/widower, divorced, and those living separately from their spouse) had to have an income, inclusive of assistance, of not more than $720 a year (Ibid., 342). If married, the recipient and spouse could have a total income, inclusive of assistance, of not more than $1,200 a year. If the recipient was married to a spouse who was blind the total income was raised to $1,320 a year (Ibid.).

Administration was in the hands of the provinces, with the provincial authority having many of the same rights as the federal authority under the Old Age Security Act, i.e. access to census data, etc. If the recipient had lived most of his life prior to application for assistance in another province, then this province had to reimburse the province in which the recipient was now residing to the ex-
tent of fifty percent of the amount of the assistance. If a recipient moved from one province to another after receiving assistance, then the original province had to continue its payments even if the new province failed to have an agreement in force.

The Governor in Council (i.e. the federal government) set all the regulations governing time, manner and form of making an application, information and evidence to be submitted, procedure to be followed by the provincial authority for investigation into application and the eligibility of the recipient, definition of residence, income and the determination of the amount to be received in both acts. In addition, the Governor in Council determined the time of commencement of assistance, the circumstances requiring suspension and resumption of payments, and the recovery of assistance payment from a pensioner's estate (Ibid., 345-6). In order to facilitate this an advisory board was set up consisting of two representatives of the Government of Canada and two from each of the provinces with which agreements had been made. All of the above were to be appointed by the Governor in Council.

In general the elimination of the means-test and the provision of universal pensions for those over the age of 70 tended to favour the liberal-democratic values of equality, particularly that of the equality of reward, and justice over those of the freedom of the individual self-
initiative and the equality of opportunity. In fact with this added reflection of the equality of condition and group right, the provision of universal pensions served to reflect a new definition of the abstract values of liberal-democratic ideology and a new content. It could be argued that liberal-democratic ideology had reached some form of 'watershed' or crisis. In addition, pensions were now a group phenomenon and a right rather than a privilege. The removal of the means test for those 70 years and over eliminated the need for stigmatization. The potential now existed for all those within this age category to be treated as essentially equal cases with equal status. The provision of a universal basic pension benefit to all those above 70 meant that the elimination of poverty among the elderly was now possible. Of course, the realization of this depended on the amount of benefit legislated. Finally, the universal nature of the plan guaranteed geographic mobility within the borders of Canada, uniform administration and the removal of any need for regulations governing retirement. Outside of the need to demonstrate age and residence, which remained the burden of the applicant, the applicant had little need for recourse to appeal boards. The administration of the actual pension became greatly simplified.

The question of the redistribution of wealth can be viewed from two perspectives, the extent to which the receipt of benefits provided a greater transfer of payment
to one group versus another and the extent to which the provision of this transfer fell upon one group more than another. The first perspective considers pension benefits apart from the fiscal system (see Titmuss, 1976a:19). From this perspective it is clear that the 1927 pension legislation was designed to provide income solely to the elderly in need. However, the 1951 legislation, based on the principle of universality, was designed to provide pension income to all above the stipulated age. Thus an equality of reward was achieved. However, when the 1951 system is examined from a fiscal perspective, it can be seen that its universal benefits still provided a degree of downward redistribution of wealth. The financing of the plan was designed to transfer wealth from those who had it to those who did not despite the universal nature of the benefits. In fact the financing of the universal system did just this. In order to assess its redistributinal effects it is necessary to correlate the sources of the federal government's revenues with its pension payments (Bryden, 1974:206). The revenue for this portion of the pension program came from three sources, individual income tax, sales tax, and corporate income tax. While it is possible to calculate the effects of individual income taxation on the redistribution of wealth, it is not easy to accurately duplicate this information at the level of either sales or corporate income tax (Ibid., 208).
Table 4-7 illustrates the variation in the proportion of gross annual income paid in tax on behalf of pensions at various income levels by a two-child family. It can be noted that the proportion increases up to a gross annual income of over $5,000. However it decreases sharply beyond that point. At the $7,000 income level a smaller proportion of the taxpayer's income was taken by the government than at the $5,000. At the $20,000 level the proportion was much smaller than at the $3,000. In sum, the effect of the ceiling was to shift the burden of taxation to those whose incomes were at or slightly above the $5,000 a year level. While Bryden suggests that this was the 'lower middle income range', in 1951 the average annual income among families and unattached individuals was only $3,185 and the median income $2,703. In fact the upper limit for the four lowest quintiles was $4,320 a year (Perspectives Canada III, 1980:103). At least 60 percent of families and unattached individuals fell below the point where the proportion started to decrease.

According to Bryden, even if the sales tax had been progressive, and many argued at the time that this was not the case (Hougham, 1959:26), it would not have changed the picture to any great extent. The effect of the corporate income tax was deemed insignificant. Table 4-8 presents the percentage of revenue paid into the pension fund by the three sources for selected years. At no time did the pro-
TABLE 4-7

PROPORTION OF GROSS ANNUAL INCOME PAID IN TAXES FOR PENSIONS, 1951

<table>
<thead>
<tr>
<th>Gross Annual Income</th>
<th>Percentage Paid in Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 2,000</td>
<td>nil</td>
</tr>
<tr>
<td>3,000</td>
<td>0.47</td>
</tr>
<tr>
<td>5,000</td>
<td>1.08</td>
</tr>
<tr>
<td>7,000</td>
<td>0.86</td>
</tr>
<tr>
<td>10,000</td>
<td>0.60</td>
</tr>
<tr>
<td>15,000</td>
<td>0.40</td>
</tr>
<tr>
<td>20,000</td>
<td>0.30</td>
</tr>
</tbody>
</table>

### TABLE 4-8

**CANADIAN OLD AGE SECURITY FUND REVENUES: PERCENTAGE DISTRIBUTION**

1952-53 to 1957-58

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income Tax</td>
<td>14.0</td>
<td>26.8</td>
<td>28.6</td>
<td>28.0</td>
<td>33.0</td>
<td>28.5</td>
</tr>
<tr>
<td>Corporation Income Tax</td>
<td>11.4</td>
<td>16.4</td>
<td>13.0</td>
<td>14.6</td>
<td>17.8</td>
<td>12.8</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>43.8</td>
<td>43.3</td>
<td>40.6</td>
<td>43.8</td>
<td>47.3</td>
<td>37.1</td>
</tr>
<tr>
<td>General Revenues</td>
<td>30.8</td>
<td>13.5</td>
<td>17.9</td>
<td>13.7</td>
<td>2.0</td>
<td>21.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Hougham, 1959.
portion collected from corporate income tax exceed 18 percent. The percentage coming from general revenues represents the proportion that was 'borrowed' from the government in order to provide sufficient funds to pay the pension benefits.

On the basis of the above information, it would seem that there was some downward redistribution of the wealth. Those at the very top may have escaped paying their full share of the support for those at the bottom of the income ladder. Those in the $5,000-$10,000 income levels however, were disproportionately subsidizing those in need. Thus, although the tax burden was shared and a downward trickle effect realized, redistribution was disproportionately dependent on those in the middle income ranges.

Finally, the management of an individual's income was left in his own hands since no account was to be taken of income, either in the form of property or cash. Past savings also would be irrelevant to the granting of the universal pensions. Also pensions now could be considered a right, they no longer constituted the 'debt' to be paid upon the demise of the pensioner required by the 1927 legislation.

However the second part of the legislated program, The Old Age Assistance Act, was in essence identical to the original Old Age Pension Act except that its application was restricted to those in the 65-69 years of age bracket. All
of the problems and all of the values inherent in the early legislation (see Chapter Three) remained in this portion of the 1951 legislation. Pensions, under this legislation, remained dependent on means testing procedures and all that went with them. They remained for this group an 'earned privilege' and not a right.

The combination of an Old Age Security Act and an Old Age Assistance Act formed a compromise pension system. It satisfied, at one level, the principle of universality; at another level it satisfied the principle of means testing. The compromise neatly blended together the various perspectives offered by the competing interest groups. If the Old Age Security Act alone is considered then one must conclude that the proponents of the universality principle, the various labour and welfare groups, won an outstanding victory. However, the elimination of the means test, although not achieved through the provisions of a contributory principle, was not in total contradiction to the demands of the various business organizations. The financing of the universal system allowed benefits to have a degree of relationship to 'Contributions' even if they were not dependent on the contribution made. This was a partial concession to the contributory principle. All in all no one fraction appeared to have gained a total victory or conceded a total surrender.

Finally, the new legislation reflected the degree to which the Canadian state was prepared to respond to the
needs and wishes of the Canadian people. Twice the issue was successfully transformed from a group interest to an electoral issue. This occurred in both the 1945 and 1950 elections. In fact, pensions were to continue playing an important part in subsequent elections as well. In a report commissioned in 1959, it is revealed that public opinion polls and other evidence clearly indicated that public opinion was overwhelmingly in favour of a basic minimum pension for everyone beyond a certain age who met stipulated residence requirements (Hougham, 1959:37).

The rise of a third national party allowed competitive pension policy to emerge. The contributory principle favoured by the traditionalist parties became pitted against the universal principle favoured by the CCF. The resulting legislation can be looked upon as a victory for the CCF despite their limited success at the election polls. Certainly as Young argues, the "success of the CCF as a movement was ... measured by legislation enacted by the Liberal government, which reflected the ideas, if not the ideology, of the CCF (Young, 1969:301).

In sum, the new legislation, and in particular the initiation of a universal pension system reflected the emphasis placed on the values of social justice and equality. This is summarized in Table 4-9. These values were presented to the Canadian people under the guise of a 'new liberalism'. Unquestionably the effects of the years
<table>
<thead>
<tr>
<th>Factors</th>
<th>1951 Old Age Security Act</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

### I Socio-Political Factors:
- a. Demonstration of need among the elderly  x
- b. Evidence of competing interests  x
- c. Evidence of competing political alternatives  x
- d. Evidence of support of general public  x
- e. Emphasis on individual rather than group need  x

### II Legislation:
- a. Rules and regulations reflect competing interest  x
- b. Absence of rules
  - demanding mandatory retirement  x
  - restricting inter-provincial mobility  x
  - providing stigmatizing means-testing  x
- c. Presence of rules
  - relating benefits to previous earnings  x
  - providing for voluntary participation  x
  - placing burden of proof of eligibility on pension authority  x

### III Administration:
- a. Equitable administration  x
- b. Separate appeal boards  x

### IV Effect:
- a. Alleviation of poverty  x
- b. Limited downward redistribution of wealth  x
- c. Management of income in hand of individual  x
- d. Pensions a privilege not a right  x
of depression followed by a major world war influenced this. The liberal-democratic ideology expanded to incorporate within its boundaries 'the ideas' of the left. Once in effect the 1951 program became a new venture which effectively eliminated pensions as a political issue for the time being and proved almost impossible to dislodge (Bryden, 1974:127). Until the 1980s, no politician was prepared to attack the universal aspects of what was apparently an extremely popular program.

V: Administration of the 1951 Legislation

As anticipated, the enactment of universal pensions eliminated many of the administrative problems associated with a means tested system. There was little difficulty in implementing this part of the plan. It was primarily a matter of obtaining the requisite information from the provinces concerning the pensioners already on their rolls and of registering the rest of those in the 70 years and over group (Bryden, 1974:124). All of this was completed by the beginning of January 1952. Thus, in general, uniformity of administration was reflected in the new legislation.

The program was administered by the Family Allowances and Old Age Security Division of the Department of National Health and Welfare in conjunction with the Department of Finance. Ten regional offices were established
which administered both Family Allowances and Old Age Security (Hougham, 1959:34). The biggest problems became the establishment of age and residence. Pensioners were obliged to prove their age with adequate documentation. Despite the fact that census documents were available, the thirty years limit provided some degree of impediment to those applicants without adequate birth documentation, in particular those not born in Canada but having immigrated from other countries where such documentation was not as readily available or had been destroyed during the war years.

Uniformity of administration was potentially possible since administration fell within the jurisdiction of one national organization. However, uniform effects were limited by two considerations. Although a uniform benefit was provided it did not take into account the regional differences in the cost of living. The $40 a month benefit was actually worth more, or less, depending on the region in which the recipient was living. In addition Newfoundland declined to enter the program until April of 1952 and kept its maximum benefit level at $30 a month until 1956 at which time it raised it to the $40 a month then in effect in the rest of Canada (Bryden, 1974:124).

The Old Age Assistance Act fell easy prey to all the difficulties associated with the administration of the old age pension legislation of 1927 on which it was model-
led. Since it was administered provincially, the amount and conditions under which assistance was given varied from province to province. In addition, some provinces had instituted supplementary payments to their elderly. The amounts and manner of calculating these also varied considerably. In those provinces where pensioners' organizations were highly active, such as British Columbia, the treatment of pensioners was more favourable than in others (Ibid., 126). By the mid-fifties Alberta and British Columbia were paying a means tested supplement of $15 a month, Saskatchewan was offering a minimum of $2.50 and a maximum of $10 a month, while the Yukon had abandoned its supplement entirely (Ibid., 125). Ontario had initiated a plan under which it reimbursed any municipality which undertook to pay a supplement of up to $20 a month for 60 percent of the cost (Ibid.). Thus despite the universality of federal pensions, pensioners between the ages of 65 and 70 once more were receiving varying amounts of benefits according to where they lived and how the individual province set up its supplementary payment system.

Some of the provinces incorporated the supplementary payments within their pensions schemes. Others used their general welfare programs to provide the necessary funds. Eventually the federal authorities deployed the Unemployment Assistance Act of 1956 under which they undertook to reimburse the provinces for half the cost of welfare
benefits (Ibid.). This resulted in all the provinces merging their old age supplements into their general welfare programs. However, it did not eliminate the differential payments offered by the various provinces. Instances of special treatment of pensioners merely continued within the general welfare framework (Ibid.).

At the federal level, then, uniform administration was achieved. At the provincial level, the entrenched provincial rights ensured that all within an individual province received uniform treatment and income, although these varied from province to province. Thus, what appears at the federal level to be a lack of uniformity, became acceptable at the provincial level. In order for a federal reflection of uniformity to be achieved, provincial rights would have to be transgressed. In other words, within the liberal-democratic ideological system provincial rights become competitive with federal ones. This has been reflected in the contradictory nature of the realization of pension uniformity.

Conclusions

In Chapter One the liberal-democratic pension model indicated that pension legislation would reflect certain values and their derived expressions. In Chapter Three it was discovered that the 1927 pension legislation did reflect some of these values but failed to reflect others.
It was concluded that it was important to estimate the extent to which these same liberal-democratic values became reflected in subsequent pension legislation, whether additional values were utilized or whether changes in priorities occurred. This has been done in the preceding pages. Evidence (collected under the guidance of the liberal-democratic taxonomy) indicates that the new legislation tended to further shift the emphasis from the values of freedom to those of social justice and equality. This was exemplified by the replacement of the means test principle with that of universality. However, while the Old Age Security Act reflected this shift, the Old Age Assistance Act retained the value system reflected in the 1927 legislation. It was, however, reserved for those between the ages of 65-70.

In Section I, it was demonstrated that, despite the initiation of public pensions, many of the elderly in Canada were still in need. However, it was noted that the definition of need began to change from that of dire poverty to that of a lack of a social minimum, or desirable, standard of living. Concern for the values of self-reliance and thrift, which the earlier legislation had attempted to preserve to some degree, gradually gave way to those of social justice and the right of all the elderly to expect income security as 'of right'.

In Section II evidence indicated that the value of competition was realized in the articulations of competing
interest groups. The extent to which their proposals were incorporated in the new legislation attests to the degree to which competition and neutrality were reflected. The recommendations of the Joint Committee of 1950 and the ensuing legislation reflected to a large measure the interests of both labour and business organizations, even to the inclusion of a modified 'contributory' mode of financing. However, clearly 'labour' won a major victory over big business since it attained its goals of universal pensions, a lower age of eligibility for the means-tested pensions, and a mode of financing which included a degree of downward redistribution of wealth. In its struggle for contributory pensions, the CMA was the loser.

Section II further demonstrates that competition between the national political parties was sufficiently present to affect what might be considered more 'traditional' pension thought. The rise of a third national party and its degree of electoral success allowed the full expression of both the contributory and universal principles. That the universal principle gained the support it did, is due in large measure to the successful transformation of pensions from a group interest to an electoral issue. Public opinion polls indicated that by 1950 the majority of the respondents (55 percent) favoured a universal pension system. This became a "huge majority" in 1951 when the poll showed that 81 percent of the respondents expressed approval of the
principle of universality (Bryden, 1974:249). Much of this public support reflected the changing value structure which emerged following the depression and the Second World War. King, in order to maintain his electoral successes, was forced to adopt pension policy which reflected the ideas of his most feared rival, the CCF. St. Laurent, despite his personal feelings had to continue along the path forged by King but in fact directed by the CCF. In short, the political situation once again reaffirmed the values of equality of citizenship, competitive political parties, and participatory democracy.

Examination of the new legislation in Section III provides a less clear reflection of all liberal-democratic values. The fact that the OAS portion of the pension program was based on the principle of universality reflects the priority given the values of social justice and some of those of equality. In fact, it can be said to exceed that level of those values which might legitimately be expected within the ideology. Equality of opportunity was no longer restricted by imposed income ceilings. Interprovincial mobility also was free of the inhibitory factors inherent in a lack of uniform administration. However, international mobility was restricted by the loss of benefits if the recipient left Canada. While the equality of status was upheld by the removal of stigmatizing means-testing procedures, the equality of similar cases was lacking. Dis-
similar cases were treated the same as equality of results became more prominent. All those above the age of 70 were treated as if their circumstances were identical. In actual fact they were not. Some had no other source of income other than the new pensions, others had varying amounts of outside income.

Freedom of self-interest is that value most notably lacking in the universal system. There was one pension 'reward' for all, those who had been 'thrifty' and those who had not. Previous circumstances were irrelevant. Need had become perceived as a group phenomenon. Literally all those over 70 were assumed to be in a state of economic need.

The financing arrangements recognized in part the contributory principle. The specially ear-marked taxes did provide some degree of relationship between 'contribution' and benefit, although not as much as either St. Laurent or business organizations would have like. As explained in Section IV a degree of downward redistribution of wealth was achieved. It was limited, however, by the imposition of an upper limit to the tax 'contribution'. This meant that ability to pay did not fully govern the amount contributed. In addition, the inclusion of corporate revenue in the form of corporate income tax, rather than a tax on the basis of payroll, went against the value of equality. Under a payroll system all employers would have been obliged to 'contribute'. Under the legislated system, less than half
of the employers had to contribute in any one year (Hougham, 1959:26). The inclusion of a sales tax, on the other hand, meant that one of the basics of the contributory principle was lost. This was the awareness of the relationship between contribution and benefit. The people simply had no way of knowing how much they had paid into the fund and therefore could not connect their 'payments' with the benefits received (Ibid.). Yet another element of self-reliance was missing.

Flat-rate benefits failed to reflect the freedom of self-interest. Regardless of the amount contributed, the benefit received remained the same. In addition, they failed to reflect the equality of similar cases because of regional differences. Since some regions had higher costs of living than others, some recipients received greater 'purchasing power' from their benefit. In this way, inequalities were maintained and the 'uniform administration' assumption became questionable.

The removal of the means test meant that pensions no longer could be construed as a debt owed. The freedom to own and manage private property was enhanced since there were no income regulations or property considerations to be satisfied.

Finally, the application of the principle of universality removed all need to resort to appeal boards, etc. All those over 70 could expect a minimum income in their
retirement years, as a right. For those in dire circumstances, poverty was alleviated. In addition, inequalities were lessened because those in the lowest income groups received a larger proportionate benefit than did those in the higher ones.

The Old Age Assistance Act was based on the means-tested principle found in the 1927 legislation. The only difference between the two was that the new legislation was applicable to those in the 65-69 age group while the earlier one had been applicable to all above the age of 70 who qualified. In this sense, the principle of means-testing in the assistance program had been downgraded and restricted to a much smaller group. Since the principle remained the same, this program contained all the liberal-democratic values outlined in Chapter Three. Its administration was susceptible to all the problems which had plagued the earlier system. In short, Canada now had two forms of pension legislation. One incorporated the principle of means-testing and one the principle of universality. There is no question that the more important was the latter.

In general, the introduction of universal public old age pensions in Canada presents a complex, if not contradictory, reflection of values. Not only did the legislation fail to reflect all of the values associated with the liberal-democratic ideology, it tended to reflect some values which cannot legitimately be associated with either
that ideology or the marxist-critical. The provision of a universal flat-rate benefit, in fact, tends to reflect the broader social welfare values more commonly associated with a socialist or populist perspective. In one sense then, the use of one perspective can be considered an oversimplification of the development of pensions. Clearly, the pension issue cannot be confined to just one perspective. It should be noted, that universal pensions, even if only for a brief moment, exceeded even those expectations found within the liberal-democratic ideology. How the marxist-critical perspective deals with this aberration will be discussed more fully in Chapter Seven. The liberal-democratic ideology, on the other hand, has a more difficult time interpreting the situation.

With the introduction of universal pensions, the contradictory nature of liberal-democratic values becomes apparent. By emphasizing those values associated with equality, and to some extent social justice, universal pensions are unable to accommodate either the laissez-faire basis of liberal democracies or its associated values of individualism. This means that pension policy has reflected only selected values. No one policy is able to encompass all of the values professed in the liberal-democratic ideology. Furthermore, liberal-democratic ideology, by itself, is unable to explain why, or on what basis, one value should take priority over another. In other words, it
cannot fully describe why pension policy should shift from the needs-testing principle to that of universality. This can only be understood through a re-examination of the development of pension policy which uses a different set of values, asks different questions, and suggests different issues. This study has elected to use those values, questions, and issues found in the marxist-critical ideology because that ideology is firmly based on a challenge of the liberal-democratic assumption of the actualization of those values. A fuller, even more comprehensive, analysis might want to call upon yet another set of values and assumptions. This study, however, has chosen to remain within the confines of what has been argued are the two major ideologies in Canada. The re-examination of pension policy then will not be presented until Chapter Seven, at which point the marxist-critical review will be carried out. In the meantime, Chapter Five will continue the liberal-democratic analysis with an examination of the third major piece of pension legislation in Canada, the Canada Pension Plan.
In Chapters Three and Four the examination of the development and content of pension policy in Canada revealed a general shift in the priority of values from those supporting the principle of means testing to those supporting the principle of universality. Need among the aged, defined as those 70 years and over, became recognized as a collective phenomenon amenable to collective solutions. The legislating of a universal pension system with flat rate benefits payable to all over a stipulated age effectively eliminated the need for any form of means testing procedures. The inclusion of these procedures in the Old Age Assistance Act, applicable to those between the ages of 65-69, signified that the principle had not been abandoned entirely. It became reserved for the meeting of residual needs and special circumstances. As a result, all those over the age of 70 came to expect that their ordinary requirements would be met by benefits to which they were entitled as a matter of right (Senate Committee on Aging, Report, 1966:17).

Once implemented the principle of universality proved highly popular. By 1966 it was declared "utterly
unacceptable" that the older people of Canada should be expected to depend on public assistance after a needs test (Ibid.). Not only had universal benefits eliminated the stigma formerly attached to the application for public pensions, they were encouraged by the belief that government should be responsible for the provision of a basic minimum subsistence income for all over 70 year of age, regardless of need. The flat rate benefit had been designed to remove some of the inequities which had emerged within the social system. These had become less tolerable in the light of the post-depression, post-war years (see Titmuss, 1976b:82-83 for the effects of war on social welfare policy). Thus, in 1927 the federal government acknowledged its responsibility toward the needy elderly by providing a means tested pension at age 70. In 1951, it extended this responsibility through the introduction of universal, flat-rate pensions as of right (Guest, 1980:151).

However, the debate which emerged in the late 1950s and which resulted in the enactment of the Canada Pension Plan reflected yet another issue. The concept of a subsistence minimum was gradually being broadened to include maintenance of a previous standard of living. In addition, the pension debate now reflected concern about the responsibility of government to provide pensions which were sufficient to meet the needs of the retired at some socially acceptable level. "The social minimum for the aged had
moved, therefore, from the provision of an old age pension at a bare subsistence level toward a concept of maintaining living standards following retirement" (Ibid., 151) and the provision of a "fair share" of the national wealth.

The liberal-democratic pension values which were reflected in this debate were the equality of flat-rate benefits versus that of earnings-related ones, the extent to which self-initiative and self-interest were inherent in a universal plan versus the extent to which they were integral to a contributory one, and the definition of minimal subsistence versus that of a social minimum and the maintenance of previous living standards.

This chapter will discuss how the development of new pressures for pension reform were reflected in the resultant legislation. Section I will examine the changing definitions of need which emerged during the period between the enactment of the Old Age Security Act in 1951 and the Canada Pension Plan in 1965. Section II will evaluate the extent to which the contribution of various competing interest groups became reflected in pension policy. This will include discussion of the various briefs and presentations made to two government committees, the Senate Committee on Aging, 1963-1966, and the Joint Senate and House of Commons Committee on Bill C-16, 1964-1965. The first was established in 1963 "on the initiative and under the chairmanship of David Croll" (Bryden, 1974:153). It was commissioned to
examine "the broad spectrum of social and economic problems associated with aging" (Ibid.). Unlike the earlier Commons Committee set up in 1924, the Croll Committee heard submissions from representatives of business organizations and welfare associations as well as those from labour unions. The second committee was appointed by the federal government to elicit information concerning its proposed bill for contributory pensions. Section III will discuss the political process and the political interest groups and their reflection in pension policy. Section IV will analyze the new legislation itself in order to determine the extent to which it reflected the various positions already detailed. All of the evidence and analysis furnished will be guided by those considerations listed in the liberal-democratic taxonomy in Chapter One.

I: Changing Perceptions of Need.

Liberal-democratic ideology holds that the needs-response thesis is actualized within liberal democracies and reflected in their social policies. That is, a liberal-democratic government initiates and formulates social welfare legislation in response to the articulated needs of various groups within the society, both powerful and powerless. Canadian pension legislation, it has been argued, has reflected a perceived need for income maintenance of the elderly. In Chapters Three and Four evidence indicated that
during the periods in which pension legislation was introduced a substantial number of elderly were perceived to be unable to secure adequate income for their retirement years. In the earlier period this was seen to be primarily a result of the loss of previous support mechanisms. In the later period it became more a matter of the adequacy of the public pension benefits themselves and available alternatives. Before the introduction of pensions in 1927, the financial position of many of the elderly in Canada had become eroded through the loss of traditional occupations, available employment opportunities, and family support. This loss led to the expectation, that in a liberal democracy, the national government was responsible for the support of those no longer able to support themselves.

In Chapter Four, it was demonstrated that even after the implementation of public pensions many of the elderly were still perceived to be lacking adequate income maintenance. This led to a growing concern that the provision of public benefits was inadequate and their coverage too restricted. The effect of the years of depression followed by a major world war had resulted in the belief that it was the government's responsibility not only to support those unable to support themselves but to do so in a manner which provided an adequate standard of living without stigmatization. While the problem of what constituted an adequate benefit was never resolved, the problem of stigma-
tizing effects was resolved by the introduction of a universal plan covering all those over the age of 70 who had satisfied the residence qualifications.

Certainly there was no doubt that the grinding poverty experienced by the elderly prior to the introduction of public pensions had been alleviated. The 1927 legislation had provided a new source of income. The 1951 legislation had extended this universally to all above the age of 70 and to those 'in need' between the ages of 65-69. The income of thousands of elderly people in Canada had improved measurably in absolute terms. By 1961 government transfers were the major source of income for 48 percent of the males and 72 percent of the females over the age of 65 (Ibid., 1258). At that time 904,906 persons were receiving benefits under the Old Age Security program (Statistics Canada, 1978:271).

The improvement in the financial position of the elderly can be seen also in the drop in the proportion of those 65 and over in the lower income groups. In 1951, 84 percent of this age group had annual incomes of less than $2,000. By 1961 the proportion had dropped to 74. Furthermore, in 1961 the median annual income for this age group had increased by $317 from $643 in 1951 to $960 (Bryden, 1974:41).

Of course it must be noted that this increase represented an increase in purchasing power in part only.
While the median income increased by 49 percent, the consumer price index increased by 14 percent, from 113.7 in 1951 to 129.2 in 1961 (1949=100). Therefore, the real median income increase was limited to just over 30 percent or $199.

However, by the 1960s there was still considerable debate over the financial position of the elderly in Canada. Some viewed their income as far from adequate. It was declared that "there is every indication that . . . a gap remains between the budgetary needs of many elderly . . . and the income they have to meet these needs" (Senate Committee on Aging, Evidence and Testimony, 1964b:1038). Others, such as the Canadian Life Insurance Officers Association, presented a different view. The Canadian Life Insurance Officers Association argued that the elderly were, on the average, better off than many in the younger age groups. They presented data which revealed that: fewer older families, i.e. families with heads aged 65 and over, had no liquid assets than families with younger heads, 22 percent versus 30; more older families had no consumer debt than younger families, 75 percent versus 35; the average liquid assets were higher in older than in younger families, $4,500 versus $1,200; the average consumer debt was lower in older than younger families, $320 versus $500; a greater proportion of the homes owned by older families and unattached individuals were free of mortgage debt than
the homes owned by younger families and individuals, 90 percent versus 50 (Senate Committee on Aging, 1964a:886). Furthermore, older households were more likely to own their home, to live in less crowded conditions, not to have lodgers and to be free of mortgage debt than younger households (Ibid.).

W. M. Anderson, Chairman of the North American Life Assurance Company, assembled evidence indicating that the average person in Canada aged 65 and over had a disposable income from private sources, Old Age Security, or Assistance programs which was above the level of the disposable income of the population as a whole (Ibid., 887). He concluded: "When one takes into account the cost involved in raising and educating young families and the 'cost of working' (for example, transportation, suitable clothing and meals on the job) as against the cost of living in retirement, it is quite possible that, on the average, the aged may be better off financially than the younger population" (Ibid.). He acknowledged that averages can be deceptive and that further research was necessary to ferret out that group among the elderly which was most in need of help. He was of the opinion that research would confirm that those in their later years of retirement were in more need than those just newly retired or about to retire. It was to this group, then that the government should address its provisions.

During this period, private pension plans also had experienced considerable growth. Between 1951 and 1957, the
percentage of establishments with such plans had increased from 37 to 63 (Hougham, 1959:51). By 1961, there were an estimated 9,000 such plans in operation in Canada (Senate Committee on Aging, 1964a:621). However, it must be remembered that not all employees of firms with pension plans were necessarily included in the coverage. In 1961 it was estimated that as many as 14 percent of workers in firms with pension plans were temporarily ineligible for membership, 7 percent permanently ineligible, and a further 11 percent were eligible but had chosen not to participate (Ibid.).

Approximately one third of the private plans had provisions which made eligibility subject to a maximum age combined with either years of service or a minimum age, or a combination of both. These provisions tended to discriminate against the older worker limiting his/her opportunity for benefits as well as for employment (Ibid., 618). Other plans were of the 'top-hat' variety. These were designed exclusively for executives and other highly paid personnel (Bryden, 1974:39). Coordinated with income tax regulations, they were, in effect, tax free bonuses which excluded the average wage earner.

In addition, the proportion of female membership in private plans was restricted. Some of the plans excluded female employees entirely. Others made membership optional. Where the latter was the case, young women expecting to
work only until marriage frequently chose to abstain from membership in order to avoid the necessary income deduction and thereby retain a higher level of income. Married women also tended to choose against joining, particularly if their husbands already belonged to an adequate scheme (Senate Committee on Aging, 1964a:622).

All in all, despite the rapid growth in private plans, their coverage remained somewhat restricted. Women and older employees too often were excluded. Although there were approximately 1.8 to 2 million wage and salary workers who were members of private pension plans in 1961, this represented only 30 percent of the estimated 6.5 million workers in Canada (Based on figures in Perspective Canada II, 1977:112).

Although evidence suggests that some of the elderly had achieved absolute gains in their income maintenance, the problem of satisfactory income provisions remained. It is true that some had reaped the benefit of new private plans, others the benefit of rising incomes which permitted better preparation for retirement years, and still others the benefit of an expanded public system. However many of the aged had had little opportunity to participate in these advantages. For them even the provisions of the new universal legislation had not provided an unequivocal increase. Since the universal benefit of 1951 was set at the same amount already provided under the Old Age Pensions Act in
1949, those who had been receiving it since 1949 had seen the real purchasing power of their benefit fall with the rise in the cost of living. These pensioners then were "substantially worse off than they had been in 1949" (Bryden, 1974:126). It was not until a $6 increase was legislated in 1956 that they began to gain back some of their lost purchasing power.

In addition, debate arose over the definition of benefit adequacy. Several estimates of what constituted a "modest standard of living for older people" were presented to the Senate Committee on Aging. The United Senior Citizens of Ontario Inc. suggested that $100 a month would provide a satisfactory living. (The then current benefit was set at $75.) The Canadian Institute for the Blind Acquaintance Club recommended $125, while the Ontario Welfare Council felt that $80 to $90 was sufficient. One older citizen testified that nothing less than $100 a month would do, while $125 would permit one to live "comfortably" (Senate Committee on Aging, Final Report, 1966:77).

In actual fact, there was no systematic estimate of a specific minimum budget for a typical Canadian retired couple, let alone one which reflected the older generation's pattern of tastes and preferences (Ibid., 78). Studies from the U.S. had reported a minimum budget for a one-person family of $1,700 a year. If this was compared with the average annual income of the older unattached individual in
Canada, which at that time was $1,458, or the median annual income, which was $829, it was apparent that "old people who were dependent entirely on their own resources were not in a position to satisfy their basic needs" (Ibid., 79). However, there was no evidence that U.S. data could be transferred successfully to the Canadian scene. Furthermore, the committee felt that whether any of the amounts cited could be considered a "fair share" of the national income remained purely hypothetical.

It was becoming clear, however, that some, if not all, the elderly were in a position of need, however defined. These included the very old, the widowed, and the divorced. Evidence suggested that single females were not significantly worse off than single males (Ibid., 75). Married women were viewed as not in need since they were supported partially or completely by their husbands. Any income accruing to them was considered supplementary (Ibid., 74). Widowed and divorced women, however, were clustered in the lower income levels (Ibid.). Their predicament became more pronounced when it was revealed that in the age group 65 and over, only 20 percent of the men were widowed whereas this was the condition of approximately one half of the women (Ibid.).

The Senate Committee on Aging in its report concluded that, while the briefs submitted contained "long sections" on the economic needs of the aged, "in most cases
we are confronted with assumptions regarding priorities which are unsupported by scientific knowledge . . . " (Ibid., 78). This, it added, was a reflection of the lack of studies on minimum adequate income levels in Canada. The question of whether public incomes were sufficient for the older person was dependent on the definition of adequacy. Very few surveys were available to provide estimates of socially defined minima in a form which would allow the observer to specify adequate income in the particular case of older people. As a result, no definite conclusions could be reached. The committee ended up recommending that the income maintenance programs for the aged be assessed in the light of Canada's overall social and economic policies. This, it conceded, would not be an easy task (Ibid., 79).

Evidence indicates that during this period there were some elderly who had achieved absolute gains from the implementation of public pensions. Some had also gained from an expanded private system while others were gaining from rising wages and salaries. Yet despite the optimistic evidence produced by the insurance industry, it was apparent that some of the aged population failed to have an adequate income whether this be defined in terms of subsistence minima or socially defined standards. Thus, while the committee declined to come to any concrete conclusions regarding the income status of the elderly in general, it did affirm the growing belief that the standard by which such
maintenance should be measured should reflect in part the social conditions of the country at large. The definition of minimum income was expanded to include both absolute and relative standards.

Concomitant with this growing awareness of the relativity of standards of living was the growing awareness of a new group of 'needy'. These were the workers whose incomes during their working years had been above subsistence but not high enough to permit the acquisition of supplementary pensions (Bryden, 1974:129). For this group retirement meant a sharp reduction in their standard of living. They were not satisfied with the provision of a subsistence minimum. They were demanding a retirement income which was more closely related to their pre-retirement level. Social justice was beginning to be seen by some as not only a "fair share" of the national wealth, but the maintenance of pre-retirement income levels into the post-retirement years. While a universal program might be capable of providing the first, it lacked the necessary facility for the provision of the second. A flat-rate benefit could provide a socially acceptable standard of living for many but it could not necessarily maintain previous income levels for most. Only an earnings-related system could do this.

Therefore, in spite of the controversy over the definition of adequacy, various organized groups perceived the existence of need. It was felt by most of them that
only the federal government could redress this need. This will be discussed more fully in the next section. The demand for pension reform rose once more. It took two directions. The first was the ever present demand for reform of the universal and assistance programs. This included the reduction of the age of qualification for the first and the increase in benefits for both. The second direction was the demand for an additional program capable of providing earnings-related benefits. In accordance with liberal-democratic expectations, the government was asked to respond to this two-pronged need. Various competing interest groups and individuals began to register their recommendations.

II: Competing Interests.

Liberal-democratic ideology postulates the necessity of competing interest groups and party politics within a liberal democracy. Public policy is seen to reflect this interplay between these groups and the various political parties. The government is expected to provide the forum in which the various competing positions are aired publicly and melded into an acceptable compromise which reflects the general interests of the society. Through this mechanism the general will of the majority is seen to be expressed. As policy becomes shaped by differing demands and the interplay between them, it becomes more an expression of the general will than one of the dominance of one group over
another. Through the mechanism of general elections, the accepted policy can be 'ratified' by the electorate at large.

Immediately after the implementation of the 1951 pension legislation three problems were encountered. One was the escalation of the costs of public pensions. Between 1951 and 1961, the number of pensioners under the Old Age Security program rose 41 percent from 643,013 to 904,906. Payments under the program rose 105 percent from an estimated $304,265 million to $625,108 million. (Calculations based on figures in Statistics Canada, 1976:527, 537.) The rise in costs was due in part to the rising numbers of elderly now eligible for both universal and assistance benefits, in part to legislated increases in both, and in part to escalating administrative costs. Because rises in the benefits were not always matched by similar changes in the tax formula, the fund was forced to borrow from the general revenues of Canada. Business interests began to question the economic efficiency of the new system, although no formal organization, government or otherwise ever went so far as to recommend that it be dismantled.

St. Laurent had hoped that special earmarked taxes would restrict future demands for increased benefits on the ground that any increase would have to be matched by a similar increase in the tax formula. This was not to be. The pressure began early and remained persistent throughout the period under discussion. Finally, in response to mounting
public demands, the Liberal Finance Minister, Walter Harris, included a $6 a month increment in his pre-election budget of 1957. This increase had been considered by St. Laurent to be an example of fiscal responsibility (Bryden, 1974:127). However the public interpreted it otherwise. In a public opinion poll it was reported that 76 percent of the respondents considered the increase too small (Ibid.).

In the election campaign that followed the meagre rise in pension benefits, John Diefenbaker, newly chosen leader of the Progressive Conservatives, took to calling the members of the Liberal Party the "six buck boys" (Newman, 1973:307). He promised an immediate increase in the maximum benefit payable. St. Laurent's feared 'auction' had begun. Diefenbaker's promise helped to give his party sufficient support to eke out a minority victory over the Liberals. Even though Diefenbaker was quick to honour his pledge, the demands were not satiated. The clamour for higher pension benefits rose with greater force and unswerving predictability. Each subsequent increase was greeted with a demand for more. By 1963, when the Liberals raised the benefit from $65 a month to $75, Judy LaMarsh, the Minister of Health and Welfare, complained:

". . . we received no credit for it then, nor ever. Most people forgot about it, for when it was introduced, at once the clamour to make it $100 per month began" (LaMarsh, 1968:85).

This clamour, according to LaMarsh, was led by "Stanley Knowles in the House, and groups of little old retired
ladies and gentlemen who had nothing else to do but hold meetings, and ask for bigger benefits for themselves outside the House . . ." (Ibid.). With each increase, the cost of the program soared. Many business groups, as well as government personnel, were becoming alarmed. They started looking for a way to keep down pension costs and stem the increasing tide of demands.

The second problem was the growth of the new group of 'deprived' consisting of workers whose pensions fell short of their pre-retirement incomes. Because this group was comprised largely of lower income workers, it was able to draw on the support of the trade unions. Its demands became embedded in the proposals of the TLC and the CCL (later to merge into the Canadian Labour Congress). These organizations demanded pension reform which took into consideration the ratio between pre-retirement and post-retirement income levels, as well as the relationship between post-retirement income and the current standard of living accessible to the average worker.

The third problem concerned the lack of portability of private pensions. Many workers, even though members of private plans, found themselves in a position of losing their pension benefits because they had moved from one employer to another. When these workers transferred to a new employer their pension benefits usually were cancelled. Regulations requiring long periods before vesting rights
could be achieved meant that rights accumulated under one plan were not transferable to another. Workers, in conjunction with labour organizations, began to demand the introduction of a suitable public pension plan which would allow the accumulation and retention of benefit rights even when employers were changed (Bryden, 1974:129).

Organizations, such as the Old Age Pensioners of British Columbia and the United Senior Citizens of Ontario, became involved primarily in the demand for increased pension benefits and a lower age of qualification within the already established old age security system. Labour organizations also supported these demands (Ibid., 138). In addition, they pushed for the establishment of a new earnings-related system. It was argued by the CLC that such a system would enable the worker to receive benefits which were calculated on the basis of previous earnings, and thereby would reduce the gap between pre- and post-retirement income. If the plan was administered federally, full portability could be achieved. This would allow the worker complete occupational mobility, that is the freedom to go from one place of employment to another without impairment of pension benefits. Business and government groups, with the notable exception of the insurance industry, also were supportive of a contributory pension system based on earnings-related benefits. They viewed such a system as cost efficient since contributions could be designed to cover benefit costs.
Furthermore, it was felt in government circles, that such a system might take some of the pressure off the universal and assistance programs.

None of the above groups suggested that the universal principle be abandoned. Instead, it was recommended that pensions incorporating the contributory principle be added on to the universal system already in place. Public pensions then could provide greater stimulus to individual initiative and self-interest without restricting those values of equality and social justice already achieved. It was generally accepted that the elimination of universal pensions was not only politically inexpedient, but contrary to the values of the Canadian public. It had now become "clear that account must be taken also of the accepted values of our society and the implication of these for social policy" (Senate Special Committee on Aging, 1966:71). Furthermore, business and government tended to view the establishment of contributory pensions as a means of limiting any future expansion of the universal system and thereby keeping costs down. Labour saw it as a means of complementing the established Old Age Security system and establishing better retirement income for those who fell into the gap between public pensions and private plans. In short, there arose a demand for a pension system which reflected the values associated with the freedom of the individual as well as those associated with equality and social justice.
Organizations representing the elderly were among the earliest to demand pension reform. By the 1960s "broadly based pensioners' associations were actively bringing the needs of their constituency to the attention of Parliament" (Bryden, 1974:148). Clearly, the introduction of pension benefits had resulted in the 'liberation' of the elderly from dire poverty. One ultimate effect of this was the emergence of the aged as an interest group, able and willing to lobby on their own behalf. Although some of these organizations had started to form as early as 1932 to complain about the application of the means test, there is little evidence that they had had any significant influence on federal pension policy (Ibid., 196). However, when the topic of contributory pensions began to be discussed, a national federation of pensioners' organizations began to undertake "extensive lobbying at Ottawa" (Ibid.). Contributory pensions had nothing to offer those already in their retirement years. The elderly were far more concerned with the level of benefits and age qualifications associated with the universal and assistance plans. They sensed, and probably rightly, that a shift in emphasis from the universal program to a contributory one presented a threat to their demands. Many pensioners' organizations formed as a result of the impetus supplied from trade union retirement clubs (Ibid., 195). They were still receiving substantial leadership from this direction in the 1960s. In addition they had
gained vocal support in the House of Commons in the person of Stanley Knowles. Knowles, a CCF-NDP member of parliament had retired from the House in the Conservative landslide of 1958, but returned in 1962 to become "the inveterate champion of the pensioner" (Ibid., 148). His efforts resulted not only in gains for the elderly, but, according to LaMarsh, in a contributory system being introduced. "His unremittent nagging in the House . . . helped me keep the Prime Minister from wavering when the legislation was under heavy attack . . . (LaMarsh, 1968:96).

And he was not alone in the House. During this period "all opposition parties espoused the cause of the pensioner . . ." (Bryden, 1974:196). There is evidence that the vigor of the campaign waged by the pensioners' associations resulted in substantial changes being made in the universal plan, changes which had not been originally contemplated by the government (Ibid.).

Pressure for the adoption of a contributory system based on earnings-related benefits also emanated from two government studies. The first was a study done by the Department of Public Welfare in Ontario of the then current American system, the Federal Old Age and Survivors Scheme (OASI), later to become the Federal Old Age Survivor and Disability Insurance (OASDI). The second was a report by R. M. Clark, commissioned by the Diefenbaker government, in which the viability of transferring such a system to Canada was investigated.
The Department of Public Welfare was strongly in favour of the American system. It claimed that such a system provided greater funds to its beneficiaries than had any Canadian system. Although this claim was not completely substantiated by the Clark report, it was evident that the U.S. program had a wider coverage. Survivor and disability benefits as well as old age benefits were available. In addition, the American program provided benefits at an earlier age, as early as 65 for males and 62 for females, subject to a retirement test. However, in 1957 the OASDI only covered 68 percent of those in the 65 and over age group as compared with 72 percent covered by public pensions in Canada.

There was also a favourable disposition toward a contributory system in Ontario, based on the Ontario government's perception that the Canadian system failed to provide sufficient funds to maintain persons unable to participate in the labour market (Department of Public Welfare, Ontario, 1954-55:4). Coverage was seen to be too restrictive and the flat-rate benefit inequitable. The solution, according to the Department, was the adoption of a pension system based on the insurance principle. People then would receive benefits as an "earned right" and not as charity. Under the insurance principle, wage earners provided from their own resources, for their needs when they were no longer in a position to do so through their own efforts (Ibid., 1955-56:5).
The Department argued that private pensions could be used to supplement the basic social security provided by the public system. If desired, the individual could add additional amounts from savings in order to maintain established standards of living beyond retirement. Since the social security system would provide the necessary base for retirement funds, the problem of portability would be irrelevant. In short, the Department envisaged a contributory system which would provide pensions on the basis of individual initiative. However, the benefit provided would be restricted to a basic minimum. The maintenance of pre-retirement income would have to be provided by private plans. The Department merely wanted to remove the 'inequities' of a flat-rate universal system.

Labour organizations were more interested in the establishment of a better relation between earnings and pension benefits. As early as 1950, the CCL had recommended a two level pension system. The first level would provide pension benefits on a universal basis while the second would provide benefits on the basis of contributions (see Chapter Four, Section II). Once the 1951 legislation was introduced, though, the Congress had concentrated its efforts on the elimination of the means tested plan by the reduction of the qualifying age for universal pensions to 65 (Bryden, 1974:137-8). It was not until 1960 that the newly formed CLC (1956) began to call for contributory earnings-related
pensions which would be both compulsory and universal (Ibid., 138).

In its brief to the Senate Committee on Aging, the CLC emphasized the 'relative' needs of the elderly. It was argued that "in a relatively prosperous country like Canada . . . the elderly should be able to anticipate a standard of living which includes more than mere necessities" (Senate Committee on Aging, 1964:94). While it was acknowledged that the primary need of older people was for adequate income maintenance, mere subsistence no longer was adequate. A two-pronged reform of public pensions was recommended. First, the current benefits under the universal and assistance programs should be raised to provide a retirement income for those over the age of 70 which reflected a fair share of the national wealth. In addition, the qualifying age for such benefits should be reduced to 65. Second, an earnings-related compulsory contributory pension should be provided as "a promise for those whose retirement is still some years away" (Ibid.). This position, as well as those to follow, and the liberal-democratic values they reflected are summarized in Table 5-1.

In its submission to the Joint Senate and House of Commons Committee of 1965, the CLC was more specific. This committee had been convened to investigate the government's proposed Bill C-136 which was eventually to become the Canada Pension Plan. At this time the CLC argued that
### Table 5-1
**Summary of the Values Reflected in the Pension Positions Held by Various Organizations, 1960-1965**

<table>
<thead>
<tr>
<th>Value</th>
<th>CLC</th>
<th>CMA</th>
<th>Social Workers</th>
<th>Insurance Industry and CCC</th>
<th>Elderly</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position:</strong></td>
<td>Contributory pensions plus reform of current system</td>
<td>Contributory pensions plus reform</td>
<td>Contributory pensions plus reform</td>
<td>No contributory pensions Reform of selected assistance</td>
<td>No contributory pensions Expansion of OAS</td>
</tr>
<tr>
<td><strong>Equality:</strong></td>
<td>Yes - Lower age limits</td>
<td>Yes - Flexible retirement</td>
<td>Yes - Flexible retirement</td>
<td>No - Pensions restricted to need</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Yes - Elimination of all needs-testing</td>
<td>Yes - Through supplements</td>
<td>Yes - Through supplements</td>
<td>No - Means-testing emphasized</td>
<td>Yes - No means-testing</td>
</tr>
<tr>
<td><strong>Freedom:</strong></td>
<td>Yes - Earnings-related benefits</td>
<td>No - Limitation of contribution</td>
<td>Yes - Increased self-responsibility</td>
<td>No - Benefits restricted by need</td>
<td>No - Everyone gains</td>
</tr>
<tr>
<td></td>
<td>No - Compulsory pensions</td>
<td>No - Compulsory pensions</td>
<td>No - Compulsory pensions</td>
<td>No - 'Contributions' compulsory</td>
<td>No - 'Contributions' compulsory</td>
</tr>
<tr>
<td><strong>Justice:</strong></td>
<td>Yes - Absolute and relative</td>
<td>Yes - Absolute only</td>
<td>Yes - Through both contributory benefits and reform of others</td>
<td>For selected pensioners</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Yes - Reform of current system; indexation of Benefits; inverse income-benefit ratio</td>
<td>No - Positive ratio; no subsidization; no indexation.</td>
<td>Yes - Through reform of old system</td>
<td>Yes - For selected pensioners</td>
<td>Yes - For all</td>
</tr>
</tbody>
</table>

290
wage-related benefits should be available to the labour force on a universal scale. Benefits should bear an acceptable ratio to the prior earnings of the worker so that the recipient would not suffer a disastrous reduction in post-retirement income. The proposed rate of 25 percent of previous earnings, it contended, was far too low. The Congress favoured a ratio no lower than 75 percent (Joint Committee on Bill C-136, 1966:1636). In addition the ratio should vary inversely with previous income so that low wage earners would retire with a rather higher, and high wage earners with a rather lower, ratio of benefit to earnings (Ibid., 1637).

The Congress repeated its belief that it was the right of the elderly to receive their fair share of the nation's prosperity. This could be accomplished by raising the present maximum benefit, reducing the age of qualification for universal pensions to 65, and by adding an adjustment factor which would automatically adjust pension benefits to changes in the average earnings in the economy as a whole. In this way, it was argued, the elderly would be able to maintain to some degree the real purchasing power of their pension benefits (Ibid., 1635).

Thus, the CLC argued that public pensions should not only provide a level below which the individual is not permitted to fall, but they should provide the individual with a post-retirement income which reflects in large
measure his/her pre-retirement income. Such an earnings-related program would form a base on which private plans could add supplements in order to further reduce any gap between pre- and post-retirement income.

Finally, the Congress strongly favoured a pay-as-you-go financing of the contributory system. It was argued that there was no need to have a public system based on as sound an actuarial basis as that of the private plans. Since the government had unlimited taxing powers, a source of revenue was always guaranteed. The establishment of a reserve fund was seen to create more inequities. Such a fund, it claimed, was usually drawn from those in society who are least able to provide for it, that is the lower income groups.

However desirable the social insurance approach was, the Congress recognized it contained features which were less than equitable. It sought to eliminate as many of these as possible. One method suggested was contributions from the government be established to supplement those made by employers, employees and the self-employed. In this manner, and to the extent to which the general system of taxation was progressive, the 'part-financing' of benefits from general revenues would mitigate against the more 'regressive' aspects of social insurance.

In short, the CLC favoured a compulsory contributory pension scheme in which benefits were earnings-related,
as well as reform of the current programs. In the view of the Congress social justice became more than the amelioration of extreme poverty. It became a concentrated effort to remove inequity and to provide a relative standard of retirement income. This standard was to be relative to that enjoyed by the majority of the workers in the society.

The Canadian Manufacturers' Association also favoured the introduction of a contributory pension system. It was insistent that any government plan requiring contributions should be on a shared basis with employees paying their full contributory share, i.e. no government subsidies. For the Association this was the sine qua non of the contributory principle. All contributors, it argued should contribute on the basis of their actual earnings matched by equal contributions by their employers. There should not be an income level below which employees were exempt from contributions (Ibid., 1418).

In addition, the Association felt that the function of the government was to provide 'basic' pensions. The function of private plans "thereafter is to provide such variable supplements as equity for all employee groups may suggest and as the means of employers and employees will permit" (Ibid., 1417). The Association had serious reservations about pension benefits which amounted to 25 percent of pensioner's previous average earnings. This, it was suggested, stretched the concept of a 'basic pension' to its
limit and when added to the Old Age Security benefit went somewhat beyond what the Association found to be acceptable (Ibid.).

Like the CLC, the CMA felt that the need to establish an advanced pension fund from which benefits could be drawn was virtually unnecessary, in the cases of pensions provided by taxing authorities such as provincial or federal governments (Ibid.). It favoured a plan based on a pay-as-you-go financing. This latter had two benefits. The proposed wage rate tax, or input, could be reduced for both the employee and the employer "at least during the early years of the Plan" (Ibid.) and the government would be prevented from amassing huge pension funds.

All suggestions that future pension increases be "precommitted" on the basis of an index were rejected. It was declared that "even with intended safeguards it will feed on itself since the increased costs will in most cases have to be passed on to the consumer" (Ibid., 1419). The Association was afraid that indexing would lead to questions of equity in all other types of pensions. The problems associated with the War Time Cost of Living Bonus were cited. This, it contended, demonstrated clearly the pressures such automatic increases generate.

Most of the recommendations offered by the CMA were designed to keep all contributions at a minimum and thereby limit the subsequent benefits to the provision of a
subsistence minimum. Thus, while both labour and business agreed on the general contributory principle, they differed widely when it came to the specifics of how the principle should be applied, or what values it exemplified.

Both business and labour upheld the value of the provision of a minimum standard of living. Both saw public pensions as the means for fulfilling this. However business felt the 25 percent ratio of benefits to earnings to be too high, while labour felt it to be far too low. A ratio of 75 percent was deemed more suitable to labour. The one (CMA) was more concerned with costs and saw contributory benefits as a method of stimulating self-reliance and independence, while the other (CLC) saw them as an addition to the established universal system and an extension of social justice. While the CMA interpreted contributory pensions as self-initiative, the CLC interpreted them as the expression of "fair share" and therefore of equality. Much of the ideological thinking behind the CMA's approach to contributory pensions emphasized the value of freedom, and in particular that of differential rewards and individualism. Much of the ideological thinking behind the CLC's demands emphasized the equality of opportunity, the equality of status, and in particular the value of social justice and a social standard of living.

Other groups supporting the contributory principle included the Canadian Association of Social Workers, the
Canadian Federation of Agriculture and even the Communist Party. The general consensus was that the contributory approach represented a significant advance toward achieving security for large groups of wage and salary earners (Ibid., 1629). The social workers felt that such a system might assure both higher levels of retirement income and greater flexibility in retirement age and living standards. In addition, it was suggested that contributory pensions would provide the opportunity for most wage earners to assume greater responsibility for their future financial security and prevent drastic changes in their standards of living on retirement (Ibid.). It was felt, though, that inequities in the plan, such as the possible exclusion of those earning marginal or substandard wages, or whose employment was irregular, would have to be redressed by some form of pension supplementation (Ibid., 1630). Under a contributory plan, it was argued, the major benefits tended to accrue to the higher income groups. This perpetuated a distinction between those who were "self-supporting" and those who were not. If this problem was to be overcome, the full integration of the flat rate benefit principle with the contributory approach would have to be achieved. Provision would have to be made to provide for the substantial groups of low income earners whose benefits would be below a desirable minimum level (Ibid., 1631).

The Canadian Federation of Agriculture wanted to insure that any contributory plan included compulsory cover-
age of the self-employed, in particular the farmer. Everyone should be credited with their income for pension purposes. There should be no basic exemption below which individuals were not to be credited with pensionable earnings. Farmers, in addition, should be allowed to average their annual income in order to "smooth out" fluctuations and thereby allow them a larger pension than if it were not done that way (Ibid., 710).

Those not favouring the contributory principle consisted of the insurance industry and the Canadian Chamber of Commerce. The opposition of the insurance industry was based on the argument that adjustments in the Old Age Security programs would better meet the demands and needs of Canadians (Ibid., 710). It was pointed out that those not in employment, those with low incomes, and those already in retirement would gain nothing from a contributory plan. Such a plan could never be considered universal. Its benefits could not be geared to the needs of the aged because these needs were normally greater for those persons whose earnings were the least during their working years. Contributory pensions only offered greater benefits to those whose earnings were higher. The result of the implementation of such pensions then would be the exclusion, or deprivation, of a large part of the population. In addition, it was suggested that nearly one-half of the population would have little incentive to supplement by private savings the
retirement income provided by the government (Ibid.). Contributory pensions would represent a "large scale surrender of individual initiative and responsibility" (Ibid., 711).

Representatives of the insurance industry also argued that the fundamental aim of a compulsory social security scheme was to provide protection for persons who specifically needed help, or for everyone in a population group where need was widespread (Ibid., 712). They produced evidence indicating that those who had been retired for some time were more in need than those either newly retired or about to retire in ten years or more. They contended that the best help for those in most need would be the provision of an assistance benefit not the implementation of a contributory system. What was needed, it was argued, were benefits related to needs rather than earnings. Excessive benefits which would be available for some under a contributory system should be replaced by equitable benefits for all in need.

This position was zealously promulgated by D. E. Kilgour, an associate of the Canadian Life Insurance Officers Association. He was of the opinion that "our present old people and their families have the legitimate charge that from $600 million of new taxes they get virtually nothing, and that the biggest benefits go to the generation now in power, who are already the beneficiaries of higher incomes, and, in many instances, better pensions"
(Ibid., 1323). While the new system may seem to be equitable, it not only discriminated against the current retired but against women as well. Working women, Kilgour contended, will be required to make contributions equal to those of male workers, but since women tend to work at younger ages and then withdraw from the labour market to raise a family, their benefits would be considerably lower. For these women, contributory pensions would be unattractive. Besides, if the husband was a low income earner, he may never be a contributor. The wife, again, would gain no benefits from the plan. Finally, "the married woman who devotes her life to her family, her home and her community, can look forward to an old age in which she will have a much smaller income than the couple next door who have no children and both work, even if both families earned identical gross income" (Ibid., 1324).

For Kilgour, contributory pensions placed "a final seal of approval on a completely mercenary appraisal of the individual's contribution to society" (Ibid., 1326). Thus, "the lowest ranking occupation, since no cash earnings are derived, is that of a wife and mother who stays at home" (Ibid.). In contrast, the Old Age Security program was seen to treat old age as a condition and people as individual human beings who have made some contribution to society and thereby are entitled to a measure of support. The best way then to help all Canadians who are truly in need, he con-
cluded, was the broad expansion of the Old Age Security Act. This expansion should include retirement benefits at an earlier age than 70, widows' and orphans' benefits, and disability income to be provided immediately for all those who now qualify as well as those who will qualify in the future (Ibid., 1327).

The Chamber of Commerce supported the stand taken by the insurance industry. It avowed that the proposed contributory plan offended the "principle of fairness". Earnings during the working years were recognized instead of needs during retirement. The continuation of flat benefits avoided the inequities of the contributory system by providing the largest relative amount of assistance to those in the greatest need (Ibid., 1307). It argued that it was necessary "in our modern society to enable people during their working years to accumulate the resources to produce income after their retirement, so as to live with a minimum of dependence upon Government welfare or private charity" (Ibid., 1303). Therefore, public retirement income should be supplemental to private pensions, personal savings, and profit-sharing plans. Government operated plans were best restricted to flat-rate benefits. Along with the insurance industry, the CCC stressed the proposition that "all Canadians should be encouraged to make their own provision for financial security in their old age ..." (Ibid., 1305).
During the period three distinct positions emerged. The elderly supported the need to increase and expand the old age security benefits. They were concerned primarily with the values of social justice. Labour and many of the business organizations favoured the implementation of a contributory system in addition to the old age security program. Labour, in addition, supported the elderly in their push to have the current system expanded. Its concern was with an expanded definition of social justice. The insurance industry, supported by the Chamber of Commerce, was adamantly against any implementation of a contributory program. Needless to say they were accused of opposing government plans in this direction because of the competitive threat implied. Some denied this accusation of vested interest, claiming that the development of public awareness of the need for retirement funds would result in positive effects which would offset the negative ones. "As the result of the Canadian Pension Plan most Canadians would become more conscious of the value of pensions and financial security and therefore the climate for future sales of life insurance and annuities would likely be improved (Ibid., 1307). They claimed concern for the values of equality and fairness. Business favoured the contributory system in the interest of the value of the freedom of self-initiative.

The competing interests of the various groups were aired in the public forum provided by two committees, the
Senate Committee on Aging, which sat from 1963 to 1966, and the Joint Senate and House of Commons Committee on Bill C-136 which met in 1965. Both committees resulted from the persistent public pressure for pension reform during this period. This pressure was exerted by business, labour, and welfare organizations. It resulted in the Liberal Party including pension reform as a leading issue in its election campaigns of 1962 and 1963 (Bryden, 1974:204). However, although the Pearson government had become publicly committed to a contributory pension policy, it had failed to produce a feasible plan (Ibid.). It became necessary to appoint a fact-finding committee capable of ironing out the many difficulties the federal government was encountering in coming up with pension legislation that was practical, understandable, and acceptable. Many of the pension positions it ultimately adopted were first expressed in the Joint Committee. While this will be discussed in more detail in the next section, it can be noted that these two committees provided a public arena in which the opposing positions were heard and considered. They, thus, reflected the liberal-democratic value of competitive interest groups. The extent to which the interests of each became reflected in the eventual legislation will be further analyzed in Section IV.
III: The Political Process and Political Interest Groups.

Liberal-democratic ideology also specifies that the party system within liberal democracies permits the development of competitive political policies. Through the transformation of these policies, or interests into national issues, the electorate are given the opportunity of selecting that policy which most closely represents the will of the majority. In addition, the emergence of a third party, especially in conjunction with minority governments, allows those issues of concern to the less powerful groups in society to become expressed and debated within a public forum. "Minority governments make all parties exceptionally sensitive to minority views and interests, and in this sense more responsive to needs that may otherwise go undetected or at least unresponded to" (Meisel, 1975:246). All of these issues ultimately became reflected in the ensuing legislation.

Chapter Three demonstrated the extent to which the 'third party' of Woodsworth et al, in combination with the Ginger Group, was able to persuade the minority government of Mackenzie King to enact pension legislation. Similarly, Chapter Four demonstrated how the Liberal party, "badly scared by a CCF-comforting wartime Gallup poll, . . . adopted a general stance promoting the slow expansion of the welfare state" (Ibid., 232). For the period between 1957-58 and 1962-68, minority governments almost came to be viewed as "normal" (Ibid., 245).
Between the years 1957 and 1963, four federal elections took place. These resulted in three minority governments as well as the largest majority government in the history of Canada. While minority governments, at least minority Liberal governments in Canada, usually provide an opportunity for a third party to hold the balance of power and thereby exert unusual influence over policy, this was not exactly the case during this period. Two of the three minority governments only lasted a year each. The first was followed by a strong majority position for the Conservatives. During the second and third, the CCF, which was re-organized as the New Democratic Party in 1961, fell to the position of a weak fourth party. Its traditional third party position was taken over by the Social Credit Party. This party, however, was not a unified force. From 1961 to 1963, it had been organized under two leaders, Robert Thompson representing the anglophones, and Real Caouette the francophones. In 1963, the Quebec wing, the Ralliement des Créditistes split from the anglophone section. Because of this split, it was unable to perform as effectively as a third party as had the CCF in an earlier period.

In effect, the Liberals and Conservatives held center stage. Elections became not so much a matter of competing policies as competing leaders. By 1962 "policies and platforms had little to do with the electoral decisions . . . for voters, then and for the next four years, the
dominant issue seemed to be the contrasting personalities of John Diefenbaker and his Liberal opponent, Lester Pearson" (Murray Beck, cited in Morton, 1977:34).

In the 1957 election, the Conservatives led by John Diefenbaker, were preparing to meet their "destiny" of a greater Canada. This included a Canada "with equality . . . for every citizen" (Newman, 1973:51). Equality, this time, included an increase in the pension benefits as well as a pledge to investigate the then current U.S. system. Although all the opposition parties had tried to capitalize on the pension situation and Harris' disastrous budget, Diefenbaker "was able to exploit it most tellingly" (Bryden, 1974:127).

After his election, Diefenbaker kept both his pledges. One of the first bills he introduced in the House of Commons was an amendment increasing both the universal and the maximum means tested benefit by a further $9 to $55 a month. In addition, he cut the residence requirements in half to the immediately preceding 10 years. This was a gesture of gratitude for the ethnic support shown his party (Ibid.). In the following year he commissioned R. M. Clark to investigate the OASDI. Clark's report appeared to convince Diefenbaker that any federal contributory plan would have to include much of what was already in the American system. "For reasons which are not now clear, the government apparently made a firm decision that the inclusion of
survivor and disability benefits was a **sine qua non** of any action in the field" (Ibid., 142). This led once more to constitutional difficulties.

The 1951 amendment to the BNA Act introduced by St. Laurent had specified "old age pensions". No mention had been made of either survivors or disability benefits. Constitutional experts were of the opinion that to include these would require an additional amendment (Ibid., 143). However, Diefenbaker delayed consulting the provincial premiers on a possible amendment until late 1962. At that time he wrote requesting their concurrence on the necessary legislation. Eight of the ten provinces responded favourably. Newfoundland did not reply affirmatively until much later and Quebec did nothing until the following January, at which time it issued its refusal. In the meantime Diefenbaker's government had been reduced to a minority position in the election of 1962. The following year it was defeated by the Liberals.

During this period, the CCF-NDP had followed its own position on contributory pensions. Influenced by the British Labour Party, the CCF became sold on a contributory pension system in conjunction with a universal one. In January 1958 it issued a policy statement that became part of the party's election program of that year (Ibid., 140). The policy proposed a two level pensions system with a first level universal pension of $75 a month at the age of 65,
financed out of general revenues, and a second level earnings-related pension with survivors' benefits. This latter was to be financed out of employer-employee contributions with optional coverage for the self-employed (Ibid., 141). This policy, with the survivors' benefits removed, became part of the NDP platform after its formation in 1961.

The Liberals, who in 1958 had been reduced to their smallest House of Commons representation in history, were desperately trying to restore their image of a reform party (Ibid., 143). During the leadership convention at which Pearson was chosen to lead the Liberals, a resolution was passed which promised "immediate consideration of a national contributory pension scheme coordinated with existing provisions for retirement and old age security" (Ibid., 143). In 1962, the party issued its policy endorsing an earnings-related pension system. This became the major plank for the Liberal's 1962 and 1963 election platforms (Newman, 1978:308). In short, by 1960 all three national parties favoured the principle of contributory pensions as a supplement to the existing universal system. In the House, "only the Ralliement des Créditistes opposed it . . ." (Bryden, 1974:162). Outside of the House, contributory pensions were opposed by the insurance industry and the provinces of Quebec and Ontario.

If only the situation within the House is considered, contributory pensions did not gain any real impetus
from the minority government situations which had occurred. Since all three of the major national parties were agreed on the principle, the public failed to be presented with competing contributory policies. However, the amount of universal benefits was to increase as a result of both the competition over the implementation of contributory pensions and the minority House situation.

Once elected as a minority government in 1963, Pearson tabled a proposed contributory plan as part of his "sixty days of decision" (LaMarsh, 1968:78). The plan included contributory pensions to be compulsory for employees, but voluntary for the self-employed. They were to be financed on a pay-as-you-go basis with benefits of 30 percent of the average adjusted earnings of the contributor at age 70. Proportionate reductions for lower ages to a minimum of 20 percent at age 65 were included. In addition, and contingent on the passage of the above system, was a proposed increase in the universal benefit to $75 a month (Bryden, 1974:156-8).

This proposal was greeted negatively in several quarters. Diefenbaker, leader of the opposition, demanded an immediate increase in the universal benefit (Newman, 1978:308). Jean Lesage, Premier of Quebec, declared that he was not prepared to accept any national system but instead intended to legislate his own pension system. Ontario, which had just completed legislation requiring all employers
with fifteen or more employees to institute and/or maintain plans providing not less than prescribed minimum benefits levels, felt that any federal system would be in conflict with its legislation (Bryden, 1974:166). In fact, the legislation had been presented as an alternative to a public contributory plan as a means of making earnings-related pensions more widely available (Ibid.) and probably to placate an aroused insurance industry.

Between the years of 1963 and 1965, Pearson was forced to alter and change his pension proposals in an attempt to find some combination which was acceptable to either Quebec or Ontario, or hopefully both. At the federal-provincial conference in 1964, Quebec presented its own proposals for a contributory plan. These proved to be "far superior to [those] of the federal government" (Ibid., 167). According to Newman, "Pearson quipped weakly: 'Maybe we should contract into the Quebec plan'" (Newman, 1978:309). Evidently, "Premiers Robarts [Ontario], Roblin [Manitoba] and Smallwood [Newfoundland] said as much without intending it as a joke" (Ibid.). The Quebec plan had extensive provisions for survivor, death, and disability benefits, higher maximum old age benefits, and greater provision for funding (Bryden, 1976:168). In order to satisfy the other provinces, any federal plan would have to match these provisions. The difficulty however was that the federal plan needed an amendment to the BNA Act if survivors
and disability benefits were to be included in its system. Quebec was refusing to provide the necessary consent.

In addition, Ontario had now adopted the position that, if Quebec could have its own plan, then Ontario should be able to do so as well. Because the bulk of the people concerned in any federal pension system outside of Quebec were from Ontario, the federal government in the interest of national unity was adamant that the co-operation of Ontario be obtained (LaMarsh, 1968:84).

Eventually a compromise was reached. Quebec was allowed to have its own pension system but coverage, eligibility, contributory benefits and funding were to be identical to those in any federal plan. Lesage pleased with his victory proclaimed:

"I worked for my province as no man has ever worked before. I used all the means that Providence has given me so that Quebec, in the end, would be recognized as a province with a special status in Confederation. And I have succeeded (Newman, 1978:315)."

Ontario was not so quick to capitulate. Robarts continued the fight, vowing that Ontario would not join any national plan in which Quebec was not a partner (Ibid., 310). What the Ontario negotiators really wanted was a closer relationship between benefits and contributions (Bryden, 1974:175). If public benefits were made too attractive they might provide undesirable competition to private plans. Robarts, along with Duff Roblin, Premier of
Manitoba, appeared to be under great pressure from the insurance companies to resist any federal proposals. "Roblin was told, if he couldn't already see, where lay his own political interests" (LaMarsh, 1968:89). However, in the fall of 1964, Robarts finally conceded the battle, announcing that Ontario would accept both a federal plan and federal administration (Bryden, 1974:175). This sudden capitulation on the part of Robarts occurred simultaneously as his chief pension negotiator, Laurence Coward, was delivering a sharp attack on the newly devised Ottawa-Quebec plan, Bill C-136. This plan, negotiated in secret with Quebec in the spring of 1964, was publicly tabled in the House of Commons in July of that year. It provided Quebec with its own system and gave such an option to any other province. In addition, it gave Ontario a veto over any future changes in a federal system if it opted to join Ottawa (Simeon, 1972:61). If Ontario were to set up its own pension system it would gain much political credit and diminish Quebec's 'special status'. In addition, it would gain complete control over pension funds and future changes. Yet, a committee studying the pros and cons of such a separate system argued that "the machinery would be costly to establish; it would be extremely difficult to devise a plan which both met the conservative viewpoint Ontario had espoused and gave benefits comparable to those in the Ottawa-Quebec plan; and Ontario's participation in
the national plan could be interpreted as a contribution to national unity" (Ibid., 63). The committee urged Ontario to join the CPP. Robarts' cabinet was quick to agree. With great reluctance, Robarts made it clear that Ontario "would not push its criticisms further" (Ibid., 64). However, he admitted to his colleagues that the decision to join "was one of the most difficult decisions he ever made" (Ibid.).

The debate over the establishment of a federal contributory pension system illustrated the extent to which the actions of Quebec and Ontario put restraints on those of the federal government as well as the extent to which the actions of Ottawa and Quebec "put a great constraint on Ontario's freedom of action" (Ibid., 63). In the spring of 1965, the Canada Pension Plan was enacted. Pearson and Lesage were "hailed as heroes" (Newman, 1978:315). Tommy Douglas of the NDP called the plan a "real victory for national unity" and even Diefenbaker proclaimed it "a step forward" (Ibid.).

However, the development of the CPP did not reflect the same degree of party competition seen in the earlier pension legislations. All three major parties were agreed on the desirability of contributory pensions. All were agreed that they were to be provided as a supplement to the universal system already functioning. Debate in the House tended to focus more on the details than on the principle. However, it was used as an attempt to limit
increases in the benefits of the universal system. Oddly enough this resulted eventually in the introduction of a new supplementary measure, GIS. Still, it is difficult to conclude that the public was presented with a true choice in pension policy or that party competition at the federal, and in particular the third party situation, resulted in the contributory policy finally endorsed. In this respect contributory pensions did not conform to one expectation of the liberal-democratic taxonomy which sees competitive political policies as a necessary antecedent to the expression of the general will. The pension situation did reflect, however, the growing competitive interests between provincial and federal governments. In this sense, competitive political parties still provided competing policies and the dissenting interests of the provinces were clearly influential in the shaping of the 1965 legislation. This is not to say that the public were not in favour of contributory pensions. It merely indicates that the choice between contributory pensions and an alternative system, such as increased universal benefits and coverage, was not really offered.

Of course, the development of the CPP was not totally without its competitive elements. As already discussed, at least two provincial governments were instrumental in the final shaping of the federal plan. This has resulted in the need to analyze pension policy at two levels, the federal and the provincial. In addition, the
demand for greater universal and assistance benefits became reflected in policy via the tenuous position of the minority government. Originally Pearson had tied any potential increases in the universal benefit to the implementation of an earnings-related plan (Bryden, 1974:148). Both the Conservatives and the NDP demanded immediate increases with no strings attached. In addition, Robarts in Ontario and Roblin in Manitoba supported these demands of the Conservatives and the NDP, by raising the issue in their respective provinces. Knowles publicly predicted that the government would be defeated on the issue when Parliament resumed in 1963 (Ibid., 148-9). The predicted defeat, however, was averted. Judy LaMarsh, the Minister of Health and Welfare, managed to persuade the Liberal cabinet that the old age increase should be split-off from the contributory plan and paid as soon as possible (LaMarsh, 1968:84). Legislation increasing the benefit to $75 a month was passed, effective October 1963.

However, no sooner was this done than the rallying cry became "$100 a month" (Bryden, 1974:150). All the opposition parties joined in the demand. The NDP and the Ralliement des Creditistes also were actively pressuring the government for a reduction in the qualifying age to 65. Pearson, on the verge of an election, introduced an amendment reducing the qualifying age for the universal old age security progressively over a five-year period. In addi-
tion, he announced the government's intention to introduce the Canada Assistance Plan. This plan, CAP, was designed to restrain further demands for increased pension benefits. It was claimed, by the government, that CAP would provide "a pensioner . . . with whatever additional income was required to meet his needs . . . (Ibid., 152).

Thus, while the development of the CPP does not reflect the degree of party competition seen in the earlier periods preceding pension legislation, increases and changes in the universal old age security program reflect the pressures typically exerted on a minority government. In these, the opposition parties were able to bring forth issues which might otherwise have been neglected. There is no doubt that Pearson's government was reluctant to raise pension benefits. He certainly was resistant to the "$100 a month" cry. However, because he was in a tenuous position, he and his government were forced to seek alternatives which would satisfy both the fiscal concerns of his party and the demands of the combined opposition. CAP was one such attempt. In short, the CPP exemplified the tension which exists between the federal and provincial governments but failed to provide the full reflection of political party competition and availability of electoral choice. On the other hand, changes in the universal system and the introduction of CAP reflected the 'normal' interaction between minority governments and opposition parties which allows the interests of minority groups to be actualized.
IV: The Canada Pension Plan

Liberal-democratic ideology suggests that public policy will reflect the various demands of competing interest groups and not favour the interests of one group (Galper, 1975:76). In particular, the interests of less powerful groups can be expected to be reflected in public policy at least as often as those of the more powerful ones. In other words, public policy is seen to reflect the interests of the majority as well as those of a powerful minority.

The Canada Pension Plan of 1965 was intended to provide comprehensive protection of all workers, in order to give them a more financially secure future (The Canadian Pension Plan, 1966:1). Contributions began on January 1, 1967, survivor benefits in 1968, and disability benefits in 1970. Since there was a 10 year transition, or build-up, period full benefits were not available until January 1976. In other words, until that time contributors would receive only partial benefits.

All employees earning more than the basic exemption of $600 a year, ($800 for the self-employed), and between the age of 18 and 70 were compelled to contribute 1.8 percent of their pensionable earnings each month. However, benefits could be drawn between the ages of 65-70 if retirement or disability occurred. Contributions, then would automatically cease. Exceptions included those groups
making less than the basic exemption, individuals working for their spouses, those earning their living by odd jobs, and transient and casual employees in agriculture, horticulture, fishing, hunting, trapping, forestry, logging and lumbering (Canada Pension Plan, 1978:8). Employers were required to contribute an amount equal to that of the employee, i.e. 1.8 percent of all their employees' pensionable earnings (Ibid., 11).

Pensionable earnings were limited to a maximum of $5,000 a year (Ibid., 19). This amount was subject to an upward adjustment on the basis of changes in the "pension index". However, all increases had to be a multiple of $100 and were subject to a 2 percent ceiling on changes in the index. All changes under 1 percent were also ignored. The pension index was based on the average of the consumer price indices for each month of a twelve-month period. This period at first covered the calendar year. Since the basic exemption was set at 12 percent of the maximum earnings ceiling, it too was subject to the same upward adjustments. Thus, while contributory pensions were partially "indexed" to the rate of inflation, they were not fully indexed. As a consequence, when the rate of inflation rose more than 2 percent in any given year, the pensioner suffered a loss in the purchasing power of his/her pension benefit. Even if such pensions started out being equitable and just, if inflation increased rapidly, they would shortly become less so.
The qualifying age for the pension was to be progressively reduced from 70 to 65 years over a five-year period. In 1967 it would be 68 and in 1970, 65. Until then, applicants for a contributory pension between the ages of 65-70, were subject to a retirement test (Bryden, 1974:135). While the lower age limits provided more equality for those 65-70, the retirement test tended to reintroduce the notion of means-testing as well as mandatory retirement.

The amount of the benefit was calculated on the basis of 25 percent of the "average monthly pensionable earnings" of the contributor (Canada Pension Plan, 1978:48). Calculations were based on the contributor's pensionable earnings for each year contributions were made, subject to the maximum ceiling for that year. This amount was then averaged and aggregated into "total pensionable earnings." The resultant sum was divided by the total number of months in the contributory period or by the basic number of contributory months, whichever was the greater (Ibid., 48).

The contributory period consisted of the period commencing when contributions were first levied, i.e. January 1, 1966, or when the contributor reached the age of 18, whichever was later. It ended when the contributor reached the age of 65, or ceased to make contributions if these were continued after 65 (Ibid., 49). However, the
number of months could never be less than 120. This restricted the benefit levels during the transition period and prevented those who were about to retire, but who had paid literally nothing into the plan, from receiving unwarranted pension benefits. However, the restriction on pensionable earnings and contributory periods were to result in further inequities. This will be discussed in more detail later on.

The program was partially funded. Contributions in the early years far exceeded benefits payable. It was expected that there would be an accumulated fund of $4.5 billion by the end of the transition period. These excess monies were to be made available for the purchases of securities of the provinces (Canada Pension Plan, 1978:95). In other words, each province was allowed to 'borrow' from the federal pension fund. This amount was proportional to the contributions paid by the residents of that province.

Applicants, or other beneficiaries, dissatisfied with any decision, or determination, could appeal it by writing to the Minister of Health and Welfare within 12 months. If still not satisfied, the appellant could appeal the decision to a Review Committee consisting of three members resident in Canada, one to be appointed by, or on behalf of, the applicant, one to be appointed on behalf of the Minister, and one to be appointed by the two members already appointed, who shall be the 'Chairman' (Ibid., 74). If the applicant was dissatisfied with the decision of the
Review Committee, he/she then could "with the leave of the Chairman or Vice-Chairman of the Pension Appeals Board" appeal this decision. The Pension Appeals Board consisted of "a Chairman and a Vice-Chairman, each of whom must be a judge of the Federal Court of Canada or a Superior Court of a province, not less than one and not more than eight other persons, each of whom shall be a judge of the Federal Court of Canada or of a superior, district or county court of a province". All of the above were to be appointed by the Governor in Council. This Board was entitled to sit and hear appeals at any place or places in Canada (Ibid., 75).

It can be seen that the final draft of the Canada Pension Plan represented a fine meld of many of the demands and pressures put upon the federal government. The Canadian Congress of Labour could feel satisfied that the workers of Canada now had a contributory earnings-related pension on which to draw in addition to the basic universal old age security and the means-tested assistance program. The inclusion of the adjustment features was a direct response to the "persistent representations by the Canadian Labour Congress" (Bryden, 1974:160). Business organizations, on the other hand, had "tended to oppose adjustment factors of any kind, because of the unpredictability of their cost implications" (Ibid.). In this respect they were the losers.

The 10 year transition period had been favoured by the federal government, the CCL, and the NDP. It had been
opposed by Quebec, Ontario, business organizations and the federal Conservatives. These had favoured a longer transition period based on the actualization of the principle of "individual equity" (Ibid., 172). Under this principle the pension benefit of each individual is "strictly related to contributions made by him and on his behalf" (Ibid.). However, if this were to be actualized a transition period of between 40 to 45 years would be required. Business organizations and the political groups mentioned above felt that such a long period could be justified by the fact that universal pensions were already in existence. These could be used to guarantee a basic minimum for everyone during the transition period by "effecting transfers among individuals" (Ibid.). Such groups felt that the further transfers required by a shorter transition period would be inequitable.

If the longer transition period was in effect, it would be many years before full benefits would be payable. Those in the middle age groups (around 50) would never qualify for full benefits, and those in the older age groups would receive at best very small benefits. The federal government, along with the CLC and the NDP, argued that any "new plan should offer meaningful benefits to these people" (Ibid.). This was the view that was to prevail.

The CLC unquestionably lost out in regards to the ratio between earnings and benefits. The 25 percent legislated was far below the 75 the Congress had demanded. In
this aspect business organizations and the province of Ontario were to come out ahead.

The retreat by the government from a pay-as-you-go financing to partial funding was heavily influenced by the provinces (Ibid., 1973). Business, welfare, labour groups, and all the federal parties had been against funding on the ground that it was "inimical to both cost minimization and benefit maximization" (Ibid.). The accumulation of a fund available for use in the provinces "arose out of provincial hunger for investment capital" (Ibid.). It was a major victory conceded to them.

Although Quebec won the right to have its own pension system, Ontario won the right to veto any amendments to the federal provisions. Since an amendment required the consent of at least two-thirds of the provinces where the federal plan was in force having at least two-thirds of the aggregate population of those provinces, and since Ontario had well over one-third of the Canadian population outside of Quebec, it could by itself block any proposed amendments.

Finally, compulsory coverage of the self-employed emerged in response to the Canadian Federation of Agriculture. For many years, it had argued that many farmers would not take advantage of the opportunity for voluntary coverage and would therefore be disadvantaged when they reached retirement age (Bryden, 1974:160). Under the regulations of the final draft of the CPP, farmers were forced to contri-
bute if their earnings were over the $800 basic exemption. However, the Federation failed to gain an elimination of the basic exemption as well as the averaging of annual income.

As a result, the CPP, like the previous two forms of pension policy, represented some gains and some losses for most of the organized groups involved in its development. In as much as it represented a compromise between the demands of business, labour, welfare and agricultural groups, as well as those of the provincial premiers of Quebec and Ontario, it reaffirmed the liberal-democratic values of both competitive interest groups and a responsive federal government. It is quite clear that the federal government was willing to negotiate. Not only pensions but federalism itself was an issue. In fact, the CPP went through at least three different formulations before it was finally enacted in 1965. The initial formulation was presented by the Liberal Party in the spring of 1963. At that time, the proposed pensions were to be financed on a pay-as-you-go basis, there was to be no basic exemption, the rate of benefit was to be 30 percent of earnings at 70, and there were to be no adjustments of the amount of pension once it was awarded. The second formulation was presented in the spring of 1964, in Bill C-75. It was to be partially funded with a benefit rate of 20 percent. The third formulation was that of Bill C-136. This was presented to the Joint Committee for investigation. It included a larger
partial fund, an employee contribution rate of 1.8 percent, a benefit rate of 25 percent and adjustments to earnings ceiling, average earnings, and the amount of pension after it was awarded. The Joint Committee was set up "to give a forum to the provinces and interested periods to air their views freely" (LaMarsh, 1968:93).

In short, the above analysis provides concrete evidence that the federal government was willing to consider and evaluate the various demands presented to it. These included demands from the various interest groups in Canada as well as those from the various provinces. All gained something in the end. The only real losers became the insurance spokesmen who saw their only support dissipate when the Chamber of Commerce finally "appeared ready to acquiesce to the inevitable" (Bryden, 1974:162). It can only be concluded that the liberal democratic values of a neutral state, participatory democracy and competing interest groups were adequately reflected in pension policy at this time.

Conclusions

When the Canada Pension Plan was introduced in 1965 its stated purpose was to provide workers with a graduated pension based on the pattern of their previous earnings (Special Senate Committee, 1979:55). The intent was to provide reasonable minimum levels of income to contributors on
In this, it reflected accepted liberal-democratic values. However, not all of its regulations did so. The extent to which the development and enactment of the CPP reflected the values of the liberal-democratic ideology are summarized in Table 5-2. Evidence indicates that many of the values of equality were confirmed. The neutrality of the state was most evident in the various proposals and amendments the Canadian government offered throughout the entire developmental process. Participatory democracy in the form of the transformation of pensions from a group interest to an election issue allowed the public to express its agreement but not necessarily its choice. Because all three national parties supported contributory pensions in principle the element of choice was limited. Contributory pensions, however, added to both geographical and occupational mobility by providing most of the Canadian labour force with pensions which were portable. However, portability could be considered restricted in as much as part-time and casual workers were excluded from the plan. The lack of any means-testing procedures meant that the contributory plan confirmed the equality of status and the dignity of the individual. Again, this was limited to the extent that some workers were excluded. Those excluded now were in a different category from those included. They became dependent on the other forms of pension help offered, i.e. old age security, and thereby suffered a new loss of
### TABLE 5-2

**EXTENT TO WHICH THE CANADA PENSION PLAN REFLECTED LIBERAL-DEMOCRATIC CONCERNS AND VALUES**

<table>
<thead>
<tr>
<th>Factors</th>
<th>Canada Pension Plan, 1965</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>I Socio-Political Factors:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Demonstration of need among the elderly</td>
<td>x</td>
</tr>
<tr>
<td>b. Evidence of competing interests</td>
<td>x</td>
</tr>
<tr>
<td>c. Evidence of competing political alternatives</td>
<td></td>
</tr>
<tr>
<td>d. Evidence of support of general public</td>
<td>x</td>
</tr>
<tr>
<td>e. Emphasis on individual rather than group need</td>
<td></td>
</tr>
<tr>
<td><strong>II Legislation:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Rules and regulations reflect competing interest</td>
<td>x</td>
</tr>
<tr>
<td>b. Absence of rules</td>
<td></td>
</tr>
<tr>
<td>demanding mandatory retirement</td>
<td></td>
</tr>
<tr>
<td>restricting inter-provincial mobility</td>
<td>x</td>
</tr>
<tr>
<td>providing stigmatizing means-testing</td>
<td>x</td>
</tr>
<tr>
<td>c. Presence of rules</td>
<td></td>
</tr>
<tr>
<td>relating benefits to previous earnings</td>
<td>x</td>
</tr>
<tr>
<td>providing for voluntary participation</td>
<td></td>
</tr>
<tr>
<td>placing burden of proof of eligibility on pension authority</td>
<td>x</td>
</tr>
<tr>
<td><strong>III Administration:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Equitable administration</td>
<td>x</td>
</tr>
<tr>
<td>b. Separate appeal boards</td>
<td>x</td>
</tr>
<tr>
<td><strong>IV Effect:</strong></td>
<td></td>
</tr>
<tr>
<td>a. Alleviation of poverty</td>
<td>x</td>
</tr>
<tr>
<td>b. Limited downward redistribution of wealth</td>
<td>x</td>
</tr>
<tr>
<td>c. Management of income in hand of individual</td>
<td></td>
</tr>
<tr>
<td>d. Pensions a privilege not a right</td>
<td>x</td>
</tr>
</tbody>
</table>
dignity. In addition, the CPP could be viewed as more equitable than earlier pensions because it took into account the regional variations in both income and living standards. Those in higher income regions, which also tended to have higher standards of living, were obliged to surrender higher contributions but in return received higher benefits. Of course, this equality was limited by the ceiling placed on pensionable earnings.

Unquestionably the CPP reflected the value of freedom. It was the epitome of the freedom of self-interest in as much as benefits were related to contributions. However, even this was qualified by the imposition of a pensionable earnings ceiling which served to restrict the amount of contributions and thereby possible benefits. Freedom of competition was evident in the minority situation prevalent during the years the CPP was undergoing its final formulation. This obviously allowed pressures to be exerted on the federal government forcing concessions. These not only involved some aspects of the contributory plan, such as pre-committed adjustments, but changes in the universal system. The final formulation of both displayed a genuine compromise of interests. Each of the major contenders won some aspects and lost others. No one group saw its interests totally reflected in the ensuing legislation. If any group lost entirely, it was the insurance lobby which was so adamantly opposed to the contributory principle.
However, even this group gained a minor victory. Many of the restrictions, in particular those involving contributions and benefits, made public pensions non-competitive with those offered in the private sector. Nevertheless, the fact that contributions were compulsory meant that the freedom of the management of income was violated, as well as the freedom of choice.

A contributory pension system also did little to expand the social justice available. Since its prime directive was the maintenance of a previous standard of living, it was not concerned with either a minimum standard of living or the amelioration of inequities. In fact, by maintaining a previous standard, those inequities associated with pre-retirement income were carried into the post-retirement period. The provision of a minimum standard of living was left ostensibly to the Old Age Security system.

Impartiality of pension appeals was upheld through the separation of the appeals system from that of the pension administration. Although the pensioner appealing a pension determination or decision, first had to lodge an appeal with the Minister of Health and Welfare, who was also responsible for the pension system, a further appeal could be placed with an outside group. However, the Minister did retain some control over the entire process until the level of the Pension Appeals Board. This included the determination of whether the appellant could go that far. Nonethe-
less, the opportunity for impartial appeal decisions was enhanced by the "three step" appeals system, by the inclusion of a representative of the applicant on the Review Committee, and by the composition of the Pension Appeals Board.

A regressive pension system, it is argued, is one which transfers a disproportionate amount of wealth to those with higher permanent incomes (Pesando and Rea, 1977:131). Bryden argues that such regressivity results from the method of financing employed. Basically, Bryden sees the CPP as financed from two contributions, a payroll 'tax' and an earnings 'tax' (Bryden, 1974:209). He then demonstrates that the proportion of gross income taken for the earnings 'tax' from a married man with a family of two dependent children varies at various income levels. This variation is shown in Table 5-3. In this table, it can be seen that the proportions grow progressively less once the income level reaches the $5,000 ceiling. It is those in the $2,000 to $5,000 income levels who appear to be bearing most of the proportional tax burden. This results in an apparent net gain for those in the higher income brackets.

Bryden further argues that while the incidence of a payroll tax is as difficult to calculate as that of the corporation income tax for the earlier legislation, it cannot be ignored. It is important since it provides about half the revenue accruing from the CPP contributions
<table>
<thead>
<tr>
<th>Gross Annual Income</th>
<th>Net Percentage Paid in Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000</td>
<td>1.25</td>
</tr>
<tr>
<td>3,000</td>
<td>1.28</td>
</tr>
<tr>
<td>5,000</td>
<td>1.34</td>
</tr>
<tr>
<td>7,000</td>
<td>0.91</td>
</tr>
<tr>
<td>10,000</td>
<td>0.60</td>
</tr>
<tr>
<td>15,000</td>
<td>0.33</td>
</tr>
<tr>
<td>20,000</td>
<td>0.23</td>
</tr>
</tbody>
</table>

However, according to Bryden "it is commonly assumed on theoretical grounds that, over all, about half of a payroll tax used for social security is shifted to employees - this is, half of an employer's contribution to employee benefits are in fact a form of wages - and that the other half is shifted to consumers as a disguised sales tax: (Ibid.). This tax, then, is seen to be regressive as well. The remaining contributions are seen to be regressive because they are in effect a general sales tax "without exemption of even basic necessities" (Ibid.). From this, Bryden concludes that any redistributational effects of the CPP are limited to the transference of wealth from those in the middle income ranges and below to those "who have been reduced by age to the bottom of the income scale" (Ibid.).

Pesando and Rea contend that any consideration of redistribution should include "jointly the redistribution impact of the CPP contributions and benefits" (Pesando and Rea, 1977:131). (Emphasis mine.) When benefits are analyzed "one can show that the basic retirement benefit provisions in the CPP are regressive if the plan is not actuarially sound" (Ibid.). This, the authors add, has been the case. However, if contributions were to be increased so that the plan became actuarially sound, that is if contributions were fully related to benefits, they feel that the CPP would have to be considered progressive. That is, those with low permanent incomes would actually receive positive
net benefits and those with higher permanent incomes would receive negative net benefits (Ibid.).

Finally, it can be argued that any evaluation of regressivity in the CPP should take into account the other public pension systems also in effect. In fact, when these programs are considered, analysis indicates that the system as a whole is "probably progressive at low income levels" (Ibid., 132).

Interestingly enough, Pesando and Rea suggest that any regressivity found in the CPP could be removed by running the program as a pension system for those within the moderate income brackets or subsidizing low income workers through the provision of contributions made on their behalf from a general revenue fund. The first implies that if the CPP were more individualistic, i.e. more accurately reflected the values of individualism, it would become more progressive. The second, implies that if it were to become more just, i.e. provide a greater degree of social justice, the outcome again would be increased progressivity. In addition, the latter suggestion would have the advantage of encouraging those with low earnings to remain in the labour force. Thus, while the CPP as it has been described in this chapter was not designed to provide downward redistribution via its benefits, its fiscal regressivity could be remedied by the implementation of a specific mode of financing. Furthermore, it can be concluded that the CPP, taken in con-
junction with the OAS and assistance programs not only provided limited downward redistribution of wealth through GIS benefits, but appears to be progressive to a limited degree in its financing.

In sum, Canada now had a three-tiered pension system. The first tier provided pensions on the basis of age and residence. This tier might rightfully be said to reflect the values associated with equality and social justice. The second tier provided pensions on the basis of need. This tier reflected again some of the values of equality and social justice, in particular those associated with the amelioration of poverty. The third tier provided pensions on the basis of previous earnings. This tier more accurately reflected the values associated with the freedom of the individual and in particular those of individualism. One might say that this represented the zenith of public pensions in Canada.

On the surface, no tier appeared to be favoured over another. However, the addition of contributory pension brought attention to those values which emphasize individualism and the *laissez-faire* (contributory) basis of liberal democracy. Because these values are contradictory to some of those reflecting equality and justice there is the possibility that as each system matured in its own way, one aspect might become dominant over another. Such a shift in emphasis, in fact, is what happened as the Canadian
government vacillated between the conflicting principles of contribution, universality, and/or need. In particular, a tension arose between the last two principles. These developments, the pressures exerted on the government to increase one tier rather than another and the resulting pension crisis of the 1980s will be discussed in Chapter Six. As in the previous chapters, the discussion will be limited to those concerns found within the liberal-democratic taxonomy.
CHAPTER SIX
THE PENSION DEBATE
1966-1983

In the last three chapters it has been shown how the federal government responded to, and participated in, the changing definitions of need and social justice as they related to the provision of retirement income for the elderly. This resulted in a three-tiered system which provided pensions on the basis of universality, need, and contributions. On paper such a combination appears to reflect as fully as possible those values which a liberal-democratic ideology is said to profess. In reality, the reflection became somewhat less than perfect. The problem of need tended to persist among particular groups of the elderly reducing the extent to which pension policy reflected the value of social justice. In addition, there developed a certain tension between the three principles, that of universality, selectivity (need) and contribution. At different times, one or another of these principles tended to become stressed at the expense of the others. In particular, the principle of universality tended to suffer from concerted attention on aspects of the other two. This tension, and the obvious fact of persistent need, led to the development of a
'pension debate' in the late 1970s and early 1980s. By 1983, some were expressing hope that this controversy over public pensions "may at last be approaching a resolution" (Anderson, 1983:82). This chapter will discuss the changes in pension legislation which led up to the emergence of this current debate. Section I will analyze the continuing need among the elderly. Much of the relevant data will be taken from three government reports, the Special Senate Committee's report on poverty in 1976, the Parliamentary Task Force's report on retirement income policy in 1979, and the federal government's green paper, Better Pensions for Canadians, 1982. Section II will detail the legislative changes during this period as well as the pressures associated with them. Section III will deal with the value positions adopted by those interest groups and organizations which became part of the public pension debate. Data for this section will come primarily from the briefs presented at the federal government's National Pensions Conference in 1981 and those submitted to the Parliamentary Task Force on Pension Reform in 1983. As in the previous chapters, all the data and analysis will involve only those concerns found within the liberal-democratic ideological taxonomy.

I: The Persistence of Need.

Despite 50 years of public pension programs which were ostensibly designed to alleviate poverty among the
elderly in need and to "help and/or require people to divide their lifetime consumption in some appropriate way between their work years and their retirement years" (Parliamentary Task Force on Retirement Income Policy, 1979:25), need among some of the elderly has persisted. However, a clear picture of that need was clouded by the fact that there still was little consensus regarding what constituted 'need'. During this period several attempts were made to produce 'better' and 'more realistic', measuring devices, or 'poverty lines'.

The measure which was to become the most widely used in Canada was the "low-income cut-offs" employed by Statistics Canada. These 'cut-offs' were derived from a formula developed by Podoluk in 1961. The formula, based on the expenditure patterns of randomly-selected families, established that the average family, at that time, spent roughly half of its total income on the basic necessities of food, clothing, and shelter. The low-income cut-off then was arbitrarily set at the income level where households, on average, were spending an additional 20 percent of their income on these items. Any family, or individual, with an income at, or below, this level was considered to be living in poverty. When the low-income cut-offs were first established, those households which on average spent 70 percent or more of their income on the basic necessities were judged by Statistics Canada to be experiencing financial hardship.
However, over time the average percentage of total income spent on necessities changed. At the time of the latest revision of the low-income cut-offs, 1983, the average Canadian household was estimated to be spending 38.5 percent of their income on food, shelter, and clothing. Therefore, the low-income cut-offs currently in use are presently set at the level where households on average spend 58.5 percent of their incomes on these necessities. The most frequent criticism levelled at the low-income cut-offs is the arbitrary nature of the selection of a 20 percent differential to indicate poverty level income (Ibid.). This, it has been argued, is insufficiently sensitive to changes in national incomes and family size.

A second measure, that recommended by the Senate Committee on Poverty, was also based on expenditure patterns. It used budgetary standards developed by the Department of National Health and Welfare. These standards were assessed against average consumer expenditure data and an income floor for basic necessities established. The initial level of adequacy for a family of four in the year 1969 was deemed to be $3,500, or about 12 to 14 percent above the comparable amount used by the low-income cut-offs for that year. The Senate Committee's poverty lines were adjustable for family size and included an escalator mechanism which incorporated both changes in average disposable incomes (after taxes) and changes in average family size (Ibid., 4).
A third formula, developed by the Canadian Council on Social Development, was based on a measure of income inequality. Those families and individuals living on incomes less than half that of the average family were deemed to be living in poverty (Ibid., 3). The CCSD approach began by establishing 50 percent of the average family income as the poverty line for a household of average size. A weighting system of family size income units was applied to adjust for households of different sizes. This method involves "centering" the poverty line around a particular household unit and adjusting for different sized units. Prior to 1982, the CCSD used a four person family as the average family. In 1982, the three person family household became the average.

Table 6-1 presents the three poverty lines as they were estimated for 1982. These are compared with the amount of income received in that year by a single pensioner who had no other income outside of OAS and GIS payments. (It will be noted that the Old Age Assistance benefits have been replaced by a new program, the Guaranteed Income Supplement. This change, which occurred in 1966, will be discussed in greater detail in Section II.) From the data presented in Table 6-1, it can be concluded that single pensioners with no outside income were living below all three poverty lines. In other words, by themselves, the OAS and GIS payments failed to alleviate poverty.
### TABLE 6-1

**ESTIMATED 1982 POVERTY LINES**

<table>
<thead>
<tr>
<th>Family</th>
<th>Statistics Canada</th>
<th>CCSD</th>
<th>Senate</th>
<th>OAS &amp; GIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>$ 7,303</td>
<td>$ 7,975</td>
<td>$ 8,932</td>
<td>$6,120</td>
</tr>
<tr>
<td>Three</td>
<td>13,506</td>
<td>15,850</td>
<td>17,864</td>
<td></td>
</tr>
<tr>
<td>Five</td>
<td>17,958</td>
<td>21,266</td>
<td>23,818</td>
<td></td>
</tr>
<tr>
<td>Seven</td>
<td>21,615</td>
<td>26,583</td>
<td>29,773</td>
<td></td>
</tr>
</tbody>
</table>

1 Based on metropolitan families.


"How Do We Define Poverty?", R. Chittack, Benefits Canada, August, 1983a.
However, it might be argued that the use of poverty lines are not appropriate as a criterion for adequate income among the aged. These poverty lines do not necessarily take into account the specific variation in expenditure patterns which might be found among the older population. A better measure might be one which has been designed with these specific patterns in mind. Tables 6-2 and 6-3 present sample budgets which have been based on a one person 'family' of an elderly homeowner and a two person family of elderly renters. These also indicate that the combined OAS and GIS benefits for the single pensioner are below the gross income needed. The combined pension benefits for a pensioner couple may be more adequate, but by themselves do not raise such persons much above the poverty line.

However, a simple comparison of OAS/GIS benefits with poverty lines and estimated budgets may not necessarily tell the whole story. The incomes of the aged come from a variety of sources. The federal government lists these as: employment, government transfer payments, pensions, savings and investments, inheritances, lump sum settlements of property and life insurance plans, and the "occasional windfall gain" (Government of Canada, 1982b:11). Table 6-4 indicates the relative contribution of the different income sources to the incomes of those aged 65 and over in 1979. In that year, only 15 percent of the elderly received income from employment. This contributed 12 percent of the total aggre-
TABLE 6-2

SAMPLE FAMILY BUDGET 1981

One person household (elderly homeowner):  

Man - Average activity

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount</th>
<th>Percent of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Month</td>
<td>Year</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Food (at home and away)</td>
<td>147.34</td>
<td>1,768.06</td>
</tr>
<tr>
<td>Housing (mortgage free)</td>
<td>202.59</td>
<td>2,431.09</td>
</tr>
<tr>
<td>Homefurnishings &amp; Equipment</td>
<td>36.59</td>
<td>438.79</td>
</tr>
<tr>
<td>Household Operation</td>
<td>6.87</td>
<td>82.46</td>
</tr>
<tr>
<td>Clothing</td>
<td>26.25</td>
<td>315.04</td>
</tr>
<tr>
<td>Health Care</td>
<td>15.30</td>
<td>183.57</td>
</tr>
<tr>
<td>Personal Care</td>
<td>11.69</td>
<td>140.31</td>
</tr>
<tr>
<td>Recreation, Reading, Gifts and Contributions, and</td>
<td>100.77</td>
<td>1,209.27</td>
</tr>
<tr>
<td>Communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alcohol and Tobacco</td>
<td>18.70</td>
<td>224.43</td>
</tr>
<tr>
<td>Transportation</td>
<td>35.70</td>
<td>428.41</td>
</tr>
<tr>
<td>Contingency Fund</td>
<td>17.00</td>
<td>204.00</td>
</tr>
<tr>
<td>TOTAL BUDGET REQUIREMENT</td>
<td>618.80</td>
<td>7,425.61</td>
</tr>
</tbody>
</table>

Estimated Income Tax less Tax Credits: -45.83 -550.00 -7.4
Estimated Gross Income Required: 572.97 6,875.61

### TABLE 6-3

**SAMPLE FAMILY BUDGET 1981**

Two person family (elderly renters):

- **Man** - Average activity
- **Woman** - Average activity

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Amount</th>
<th>Percent of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month $</td>
<td>Year $</td>
<td></td>
</tr>
<tr>
<td>Food (at home and away)</td>
<td>258.08</td>
<td>3,096.96</td>
</tr>
<tr>
<td>Housing (one bedroom)</td>
<td>276.00</td>
<td>3,312.00</td>
</tr>
<tr>
<td>Homefurnishings &amp; Equipment</td>
<td>35.70</td>
<td>428.37</td>
</tr>
<tr>
<td>Household Operation</td>
<td>11.88</td>
<td>142.61</td>
</tr>
<tr>
<td>Clothing</td>
<td>53.92</td>
<td>646.42</td>
</tr>
<tr>
<td>Health Care</td>
<td>27.53</td>
<td>330.39</td>
</tr>
<tr>
<td>Personal Care</td>
<td>41.96</td>
<td>503.49</td>
</tr>
<tr>
<td>Recreation, Reading, Gifts and Contributions, and Communication</td>
<td>142.51</td>
<td>1,710.11</td>
</tr>
<tr>
<td>Alcohol and Tobacco</td>
<td>37.40</td>
<td>448.86</td>
</tr>
<tr>
<td>Transportation</td>
<td>49.41</td>
<td>592.91</td>
</tr>
<tr>
<td>Contingency Fund</td>
<td>17.00</td>
<td>204.00</td>
</tr>
<tr>
<td><strong>TOTAL BUDGET REQUIREMENT</strong></td>
<td><strong>951.34</strong></td>
<td><strong>11,416.12</strong></td>
</tr>
</tbody>
</table>

| Estimated Income Tax less Tax Credits         | -50.00     | -600.00                 | -5.3                        |
| Estimated Gross Income Required               | 901.34     | 10,816.12               |                             |

TABLE 6-4

RELATIVE IMPORTANCE OF VARIOUS SOURCES
OF INCOME TO THE ELDERLY, 1979 (%)

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Males</th>
<th>Females</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Income</td>
<td>18.1</td>
<td>4.3</td>
<td>12.0</td>
</tr>
<tr>
<td>Investment Income</td>
<td>30.7</td>
<td>36.0</td>
<td>33.0</td>
</tr>
<tr>
<td>Pensions &amp; Annuities</td>
<td>15.3</td>
<td>8.5</td>
<td>12.4</td>
</tr>
<tr>
<td>CPP/QPP</td>
<td>9.7</td>
<td>5.0</td>
<td>7.7</td>
</tr>
<tr>
<td>GIS</td>
<td>5.3</td>
<td>11.8</td>
<td>8.2</td>
</tr>
<tr>
<td>OAS</td>
<td>18.7</td>
<td>33.6</td>
<td>25.2</td>
</tr>
</tbody>
</table>

gate income of both sexes, 18 percent of that of the males and 4 percent of that of the females (Ibid., 9). It can be concluded then that, as a source of income, employment is severely limited among those 65 years of age and over and undoubtedly becomes more so the older the individual. Most will require an alternate source of income maintenance.

Although investments accounted for 35 percent of the total aggregate income received, income from this source tended to be concentrated among a small proportion of higher income individuals. Over 40 percent of all the investment income of the elderly accrued to the wealthiest 4 percent (Ibid., 9). When this 4 percent is excluded, investment income accounts for only 25 percent of the total aggregate income (Ibid.). Furthermore, it is argued that investment income is "overstated due to inflation" (Ibid.). A large element of reported investment income represents "inflationary earnings" rather than real earnings. If rough account is taken of this, and the wealthiest 4 percent still excluded, the relative importance of investment income drops to about 15 percent (Ibid.).

Pensions and annuities accounted for a further 12 percent of the aggregate income of the elderly. However, private pension benefits are restricted largely to full-time male workers. By 1983, about 4.5 million Canadians belonged to the 15,000 employer-sponsored pension plans. Three million of these were men, only 1.4 million were women
This represented around 44.3 percent of the paid workers in Canada (Statistics Canada, 1982:14). Despite earlier indications of growth in the coverage of private pension plans, little change occurred after 1978. While there was an increase in coverage of 6.7 percent between 1978 and 1980, this was matched by an identical 6.7 percent growth in the labour force (Ibid., 5). If this current trend continues little significant expansion can be expected in the future.

Male participation in private plans continues to be considerably higher than that of the female. This is explained in part by the fact that a large proportion of women work part-time and thereby are excluded from such plans. In addition, female workers tend to be concentrated in trade and community, business and personal service industries where pension plan coverage is significantly lower than in such male dominated industries as mining, construction, and most manufacturing industries (Ibid., 15). In sum, private pension plan coverage remains limited with large numbers of female and part-time workers excluded.

For those retirees who are receiving in-pay benefits from private plans, inflation has tended to diminish their income. In 1980, only 1.6 percent of all pension plans in the private sector were fully indexed with the CPI. Ninety-eight percent had no form of indexing at all. While some in-pay benefits were subject to increases on an
ad hoc basis, the extent of this practice is not known (Ibid.). (An ad hoc adjustment is a single increase in the current monthly payments to the pensioners with no commitment that increases will be awarded in the future.) A worker who left a job at age 35 in 1951 could find that the purchasing power of his/her benefit had shrunk to less than one-third of its original purchasing power by retirement age (Canadian Labour Congress, 1983:19).

Other requirements further restricted the availability of full pension coverage to some workers. For example, a sizable proportion of private pension plans have a 'vesting period', which stipulates that there must be a minimum length of employment and contributions by the employee before he or she is eligible for pension benefits. In 1980, 12 percent of all pension plans still demanded 20 years or more of service before the employee was eligible for full pension benefits. However, the most common vesting period in Canada was 10 years of service. Forty-five percent of all plans had a requirement of 10 years or less, and sixty-seven percent of all members of private plans were in plans that provided persons on the basis of 10 or fewer participating years. Only 13 percent of all private plans provided benefits without stipulating a participation, or vesting, period (Government of Canada, 1982b:51).

One implication of this, is that a worker could be covered by some form of pension plan throughout his/her
working life and still get no benefits at age 65 if he/she changed jobs every nine years or less (Canadian Labour Congress, 1983:18). Furthermore, the Report of the Royal Commission on the Status of Pensions in Ontario estimated that a male worker with an average rate of job turnover, who was continuously covered by private pension plans with 10 year vesting periods from age 20 to 65, would be likely to accumulate only 29.4 years of pensionable service (Ibid., 18-19) during these 45 years of labour.

Finally, portability arrangements are still rare among employer-sponsored plans. Where they do exist, they normally deal with changes of jobs within a particular industry or economic sector (Ibid.).

The percentage of elderly living off inheritances, lump sum settlements and "occasional windfall gain" are probably sufficiently small to be ignored. Such sums most likely are invested and therefore turn up under the investment portion. As a result, it can be seen that a significant portion of the income of the elderly in Canada has come from government sources. These provided almost 34 percent of the income of all elderly males in 1979 and more than 50 percent of that of elderly females (Government of Canada, 1982b:11). When CPP benefits are excluded, the percentages drop to 24 and 45 respectively. Thus, 24 percent of elderly males' income and 45 percent of that of elderly females is derived solely from OAS and GIS benefits. It has previously
been noted that this source fails to provide an acceptable annual income to single pensioners.

However, the provinces of Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia provide additional supplements for those pensioners receiving a limited income. Eligibility is usually tied to eligibility for GIS, and recipients in most of the provinces must be 65 years of age to qualify. (British Columbia has a qualifying age of 60.) These programs increase the amount of retirement income available to low income pensioners. In most cases benefits are income-tested and reduced by $1 for every $2 of outside income (Government of Canada, 1982b:22). A pensioner living in Ontario in 1983, with no income other than OAS/GIS benefits, would receive $48.88 a month under the current Guaranteed Annual Income System for the Aged (GAINS-A Rate Tables, July, 1983). This, in combination with the OAS and GIS payments, would result in an annual income of around $6,968.76. However, this is still well below the Council's poverty line and only slightly above that suggested in the 1981 budget.

It also should be noted that the elderly receive income from non-monetary sources. The contribution from these sources is extremely difficult to assess. Some pensioners fail to take full advantage of the transfers-in-kind offered. Others fail to qualify because of technicalities. At least one pair of analysts have considered income from
these sources to be 'significant'. They estimated that receipts-in-kind and the provision of housing and other services by children and relatives can add up to as much as 30 percent more of the reported income of the aging (cited in Stone and Fletcher, 1980:87). In Ontario, pensioners receive a wide range of benefits designed to help "compensate for the drop in income in retirement" (Ontario Task Force, 1980:19). These include tax grants of up to a maximum of $500 a year depending on property taxes or rent paid, waiver of premiums on health insurance worth $240 per person, free prescription drugs, and assisted housing. This latter averaged an estimated $187 per household in 1981 (Ibid., 20). However, some of these 'extras' are limited by specific regulations. The property tax grant, for example, is not available unless "the property is subject to municipal and school tax" and "the resident's costs are not subsidized by any program". Prescription drugs must be prescribed by generic and not 'brand name'.

In addition, the elderly receive benefits in the form of lower transportation costs, lower costs for some forms of entertainment, and even lower costs for education, if desired. Finally, it is argued, that because the elderly frequently own their homes, or if holding mortgages have very small ones at low interest rates, this also can be considered an additional source of wealth available to them. The problem with this latter argument is that the ownership
of property does not always constitute cash income, although it may lessen cash outflow. In 1980, it was estimated by the Ontario Government, that the elderly residents of Ontario held approximately $25 billion in property assets (Personal communication, John Niewening, 1983). However, they were still living "in" them rather than "off" them. If the 30 percent assumption were to hold true in Ontario, a hypothetical single pensioner with no outside income could have his/her annual income increased by as much as $2,927.63 a year. This would result in an annual income equivalent to about $9,876.39, a figure very close to the poverty line adopted by the National Council of Welfare. However, it must be noted this income level is based on assumptions which may not hold true in all cases. In addition, those pensioners who do not own homes or do not have families offering support would not have as large a transfer-in-kind as that estimated above. Therefore, it can be concluded that the most deprived group among pensioners would most likely be the single elderly renter dependent on government transfer payments.

All of which leads to the conclusion that some of the elderly in Canada still receive a questionable level of income. Judged by the most parsimonious of standards, many single pensioners, and probably some pensioner couples, live in poverty. A spokesman for the Canadian Council of Retirees has declared the treatment of many seniors "in
practice, a form of euthanasia" (Financial Post, 1978). In 1979, the Toronto Star announced that "shopping on a pensioner's budget meant picking every bone" (Toronto Star, December 3, 1979). It declared in 1981 that almost 600,000 elderly women in Canada were unable to afford the basic necessities of life (Ibid., November 23, 1981).

In addition, the provision of provincial supplements has promoted further inequities. Provincial supplements result in variations, according to the province of residence, in the amount of the public pension received. If a single pensioner lived in Ontario in 1981, and had no private income, his/her monthly income would have been $186.60 from the OAS, $153.50 from GIS and $48.80 from the GAINS-A program, or a total of $388.75. If this pensioner lived in Alberta or Manitoba, the total would have been $347.77, in Saskatchewan $364.95, and in British Columbia $378.83. In all the other provinces, the total would have been only the basic OAS and GIS, or $340.10. In Ontario in that year, a two pensioner couple without private income would have received $758.06 a month. A similar couple would have received $723.02 in Alberta, $662.34 in Manitoba, $673.62 in Saskatchewan, and $728.28 in British Columbia (Globe and Mail, April 14, 1980).

Another peculiarity arises when those receiving the OAS, GIS, and provincial supplements are compared with those receiving OAS and CPP benefits. If two retired
couples living in Ontario, one in which neither spouse has ever worked and one in which one has, are compared the first family would be eligible to receive OAS, GIS and GAINS-A, or provincial supplementary, benefits, while the second would receive CPP, OAS and a partial GIS but no GAINS-A. Couple One would have had an income of $10,486 in 1980, while Couple Two would have received $10,510.50 (Globe and Mail, March 1980). In spite of the fact that the worker in Couple Two had contributed to the CPP from 1966 until retirement in 1980, the difference in the income of the two couples would only have been $24 a year. Therefore, under the current pension system it is possible to make a lifetime of contributions to either the CPP, or a private plan, and still experience no increase in income upon retirement. In this case, the real winner is the government since the cost of the federal and provincial supplements will be reduced where CPP or private contributions have been made.

Clearly, some of the elderly, and in particular those dependent on government transfer payments, are still living in poverty. The provincial supplement programs, while they may relieve some of the poverty, also introduce new inequities at the national level. In addition, a sense of injustice is encouraged when workers who have contributed to earnings-related programs fail to receive increased income over those who rely solely on the universal benefit and selective supplements.
Furthermore, a second stated function of the Canadian pension system is the replacement of previous income. This has been primarily the responsibility of the CPP, although the OAS benefit could be said to contribute as well. The C/QPP, in conjunction with private savings, annuities, and investments, were designed to replace the main source of pre-retirement income (Parliamentary Task Force, 1979:27). The targeted groups were those workers in the middle-income range. According to the Task Force of 1979, this replacement has not been achieved. Table 6-5 presents a schedule of replacement ratios which result from government payments at various levels of income and marital status. The figures have been based on the following assumptions. Only standard tax deductions were applied, the Ontario Tax Credits were calculated on a monthly rental cost of $220 for category A, $330 for category B, and annual property taxes of $1,320 for category C, the average industrial wage was $16,300 and the CPP matured at 25 percent of the AIW (Metropolitan Toronto Board of Trade, 1981: Schedule B, 3).

Two observations can be made from this table. First, the public pension system will more or less maintain the pre-retirement living standard of the one-earner and two-earner couples who had low incomes during their working years and no private retirement income. This is due in part to the greater relative importance of the OAS and GIS to
## TABLE 6-5  NET REPLACEMENT RATIOS PROVIDED BY GOVERNMENT PROGRAMS
### 1981

<table>
<thead>
<tr>
<th>MARITAL STATUS - Single</th>
<th>Gross Income</th>
<th>Taxes</th>
<th>Pre-Retirement</th>
<th>Ontario Tax Credit</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>OHIP Premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. 8,150</td>
<td>1,035</td>
<td>240</td>
<td>168</td>
<td></td>
<td>7,043</td>
</tr>
<tr>
<td>B. 16,300</td>
<td>3,457</td>
<td>240</td>
<td>41</td>
<td></td>
<td>12,644</td>
</tr>
<tr>
<td>C. 32,600</td>
<td>9,473</td>
<td>240</td>
<td>0</td>
<td></td>
<td>22,887</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Post-Retirement</th>
<th>Net Replacement Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 2,272</td>
<td></td>
</tr>
<tr>
<td>B. 2,272</td>
<td></td>
</tr>
<tr>
<td>C. 2,272</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARITAL STATUS - Married with Non-Working Spouse</th>
<th>Gross Income</th>
<th>Taxes</th>
<th>Pre-Retirement</th>
<th>Ontario Tax Credit</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>OHIP Premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. 8,150</td>
<td>400</td>
<td>0*</td>
<td>244</td>
<td></td>
<td>7,994</td>
</tr>
<tr>
<td>B. 16,300</td>
<td>2,692</td>
<td>480</td>
<td>117</td>
<td></td>
<td>13,245</td>
</tr>
<tr>
<td>C. 32,600</td>
<td>8,307</td>
<td>480</td>
<td>0</td>
<td></td>
<td>23,813</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Post-Retirement</th>
<th>Net Replacement Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 4,544</td>
<td></td>
</tr>
<tr>
<td>B. 4,544</td>
<td></td>
</tr>
<tr>
<td>C. 4,544</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARITAL STATUS - Married - Two Spouses Earning Identical Wages</th>
<th>Gross Income</th>
<th>Taxes</th>
<th>Pre-Retirement</th>
<th>Ontario Tax Credit</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>OHIP Premium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. 8,150</td>
<td>198</td>
<td>0*</td>
<td>291</td>
<td></td>
<td>8,243</td>
</tr>
<tr>
<td>B. 16,300</td>
<td>2,070</td>
<td>480</td>
<td>168</td>
<td></td>
<td>13,918</td>
</tr>
<tr>
<td>C. 32,600</td>
<td>6,914</td>
<td>480</td>
<td>41</td>
<td></td>
<td>25,247</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Post-Retirement</th>
<th>Net Replacement Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 4,544</td>
<td></td>
</tr>
<tr>
<td>B. 4,544</td>
<td></td>
</tr>
<tr>
<td>C. 4,544</td>
<td></td>
</tr>
</tbody>
</table>

* Premium Assistance Program

Source: The Board of Trade of Metropolitan Toronto. Submission to the Select Committee on Pensions, August 1981: Appendix B.
those with low incomes. (Table 6-6 shows the relative importance of the OAS and GIS to the different income levels.) Second, those who have pre-retirement income in the middle-ranges (category C), will encounter significant reductions in levels of well-being when they retire if they are dependent solely on public pensions. While the maturation of the C/QPP programs may improve the situation somewhat, it is clear that a significant proportion of middle-income groups now in the labour force will encounter reductions in their living standards in retirement.

In general, the current pension system in Canada appears to leave gaps in the extent to which it reflects the alleviation of poverty and thereby social justice. Those single pensioners who are dependent on income received from the universal and needs tested programs are still living in a state of absolute poverty according to the three poverty lines currently in use. Those who once enjoyed a middle range income during their labour force years, are still experiencing a drastic drop in their income upon retirement, if they are dependent solely on CPP and OAS benefits. This group can be said to be suffering from a relative need. Thus, despite more than 50 years of public pension policy, both absolute and relative need still exists among some of the elderly. Furthermore, the introduction of provincial supplements designed to relieve the first situation has resulted in interprovincial inequities. Some pensioners are
**TABLE 6-6**

**PERCENTAGE CONTRIBUTED TO GROSS POST-RETIREMENT INCOME BY OAS, GIS, AND CPP AT SELECTED INCOME LEVELS 1980***

<table>
<thead>
<tr>
<th>MARITAL STATUS - Single</th>
<th>OAS</th>
<th>GIS</th>
<th>CPP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>41</td>
<td>23</td>
<td>37</td>
<td>100</td>
</tr>
<tr>
<td>B.</td>
<td>34</td>
<td>4</td>
<td>62</td>
<td>100</td>
</tr>
<tr>
<td>C.</td>
<td>34</td>
<td>4</td>
<td>62</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARITAL STATUS - Married with Non-Working Spouse</th>
<th>OAS</th>
<th>GIS</th>
<th>CPP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>50</td>
<td>28</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>B.</td>
<td>45</td>
<td>15</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td>C.</td>
<td>45</td>
<td>15</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARITAL STATUS - Two Spouses Earning Identical Wages</th>
<th>OAS</th>
<th>GIS</th>
<th>CPP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>50</td>
<td>28</td>
<td>22</td>
<td>100</td>
</tr>
<tr>
<td>B.</td>
<td>45</td>
<td>15</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td>C.</td>
<td>36</td>
<td>0</td>
<td>64</td>
<td>100</td>
</tr>
</tbody>
</table>

* Calculations based on Table 6-5.*
receiving greater pension income than others. The reflec-
tion of individual provincial rights, thus conflicts with
the reflection of national uniformity. Furthermore when
those dependent on CPP benefits are compared with those
receiving supplementary payments, the former, despite years
of contributions, can be seen to be relatively deprived
vis-a-vis the latter.

In terms of the liberal-democratic value system,
the current pension system has failed to reflect fully
aspects of the values of equality, freedom, and justice.
Equality at the national level, it was argued, required that
all recipients of pension benefits who shared basically the
same status received the same pension treatment. Yet pro-
vincial rights, reflected in differential provincial supple-
ments, have made this impossible. Freedom, on the other
hand, was seen to require that those who contributed the
most, receive the most. In monetary terms, it had now
become possible for an individual who had contributed to the
CPP throughout his/her entire working years to receive
little more than the individual who having never contributed
was dependent on some combination of OAS, GIS and provincial
supplementary payments. Finally, social justice was said to
require the amelioration of poverty and inequities. Yet it
has been demonstrated that public pensions have not ameli-
orated the poverty of some of the elderly. These three
factors alone, persistent poverty, inadequate CPP benefits
and differential provincial supplements have in effect precluded the full realization of at least three liberal-democratic values.

II: Political Processes.

It can be argued that the current pension debate has further reflected the competitive nature of the Canadian political processes as well as the vulnerability of the minority government situation. Once the Pearson government had enacted the C/QPP programs in 1965, his government undoubtedly hoped that the issue of public pensions would gradually fade from the political scene. This wish was only partly realized. Since the C/QPP programs required provincial consent before any changes could be made, this part of the pension system became effectively removed from the domain of federal electoral politics and after 1965 was conspicuously absent from election platforms. With one exception, Canadian federal parties became silent on any proposed changes in the CPP (Banting, 1982:72). This is not to say that exchanges regarding the programs have not taken place between the federal and provincial governments. The programs simply have been removed from public debate. Presumably, "without the various vetos, we would certainly see more federal election platforms with CPP items" (Ibid., 72). As it was, federal electioneering was forced to focus on the OAS and its associated programs.
The first demand for pension change arose even as the CPP was being legislated. As previously noted, the CPP provided nothing for the thousands of pensioners already out of the labour force. If their lot were to be improved, changes would have to be made in the OAS programs. In order to expedite these changes, the elderly began to organize into provincial, and even federal, associations. Some of these began to actively lobby Ottawa for pension changes. The vigour of this lobbying has been attested to by the then Minister of National Health and Welfare, Judy LaMarsh. It resulted in substantial changes being made to the OAS program and the subsequent introduction, in 1966, of a new supplement program, the Guaranteed Income Supplement (GIS) (Bryden, 1974:196).

The Guaranteed Income Supplement (GIS) program at first supplied benefits on the basis of demonstrated need for recipients of the universal pension who had already qualified for that pension, or would do so, before 1976. This was the first year that full benefits under the CPP would become available (Ibid., 131). The maximum benefit was set at $30 a month in 1967, and thereafter 40 percent of the OAS benefit. This meant that the GIS benefit would increase proportionally to increases in the universal one. The maximum was payable only to those pensioners whose income consisted exclusively of the OAS benefit. Other 'outside' income was averaged on a monthly basis and the
supplement reduced by $1 for each full $2 of such income (Ibid.). Outside income, then would have to be double the maximum supplement before the pensioner became totally disqualified (Ibid., 131-132). Eligibility was established by an annual income declaration furnished by the applicant.

At first the GIS was considered to be a transitional program. It was felt that once the CPP matured there would be no need for any further supplements. All workers would be covered by the earnings-related benefits and these would provide adequate supplementation to the OAS. In actual fact, the universality principle had received its first serious challenge. It was argued that universality "diverted resources from those who were genuinely in need to those with more than adequate incomes" (Ibid.). Allan MacEachen, Minister of National Health and Welfare, suggested that the problem was whether it was just to transfer tax moneys from present wage earners, many of them supporting young families, to those whose incomes in many cases would be higher than the incomes of those workers who would be financing the benefits (MacEachen, 1966:3). He contended that the pensioners really wanted a system where "the poor gets more and the rich gets nothing" (Ibid., 5). While pensioners were undoubtedly happy to receive any form of higher benefits, the GIS program represented a new force in the pension field. Ultimately it was to become an integral part of pension planning, supplanting the earlier focus on universality.
This shift in emphasis away from the principle of universality was to become more apparent as the 1970s approached. It was given impetus by the newly elected leader of the Liberal Party, Pierre Elliot Trudeau. When Trudeau became leader of the Liberals he was in a unique position. Unlike previous leaders, he had not risen from within the party ranks but was almost an outsider to the party. In addition, he was 'forced' to be the leader (Meisel, 1975:232). As a consequence he was able to bring to the party a new set of attitudes. Moreover, he consciously tried "to free himself of the influences of the Liberal establishment" (Ibid., 235). In the past the Liberal style had been one of the "gentle interventionist" (Ibid., 232). The "smug paternalism" which had been started by Mackenzie King and which had been carried on, seemingly by its own momentum, into the administrations of both St. Laurent and Pearson, was attacked by Trudeau. In his election campaign in 1968, Trudeau declared himself an outspoken opponent of the universal principle. He promised the electorate that there would "be no more of this free stuff" (Bryden, 1974:176). Universality was seen to "militate against the realization of the 'just society'" to which the Liberal party now was to be committed (Ibid.).

In actual fact, pensions were not to be a burning issue in the 1968 election. The economy had started to emerge as an important electoral issue (Meisel, 1975:20).
The issue of unemployment became second only to the general desire on the part of the public to see a majority government (Ibid.). Trudeau was swept to a victorious majority government position.

During the years between 1968 and 1972, Trudeau attempted to put into effect his new brand of welfare policy, a brand which was eventually to result in a diminishing role for universal pensions, and the values of social justice, and greater emphasis on the roles of selectivity and contribution in pension policy, or the liberal-democratic values of individualism and freedom. This was outlined in a government white paper, *Income Security for Canada* (1970). In this paper the government established its proposed re-ordering of pension priorities. From now on it intended to concentrate available resources on those people in the greatest need (Munro, 1970:5). From now on, it was declared, "the demigrant technique will become less central to income security in general" (Ibid.). Demogrants are universal flat-rate payments made to individuals or families, solely on the basis of demographic characteristics, such as age, rather than on the basis of proven need (Banting, 1982:7). Prime examples in Canada of such demogrants have been the Family Allowance payments and the Old Age Security pensions. Social justice was no longer to be served by greater equality. Instead it was to be limited to the principles of selectivity and need-testing. In short, the
principle of universality was being replaced by a clearer expression of the freedom or right of the individual to differential rewards.

In keeping with this policy, the Liberal government proceeded to freeze the OAS benefit at $80 a month and increase the required residency period before eligibility could be established. Simultaneously, the maximum GIS payment was increased to $55 for a single pensioner and $95 for a two pensioner couple. In addition, the requirement that the pensioner be born on or before December 31, 1910 was removed. These changes and other changes made in the OAS, the GIS and the CPP programs are summarized in Tables 6-7, 6-8, and 6-9. One result of the 1970 changes was the 'downgrading' of the OAS pension benefit relative to that of the GIS. In the early 1960s the OAS benefit had been equal to 20 percent of the average wages and salaries. By 1979, despite legislated increases, it was equal to approximately 15 percent (Parliamentary Task Force, 1979:7-8). On the other hand, the GIS maximum benefit had been equal to some 7 percent of the average wages and salaries in 1967. In 1979, it had risen to around 11 percent (Ibid.).

This change in policy was not necessarily well-received. It was reported in the press that "Health minister John Munro will long rue the day he let the bureaucrats talk him into 'rounding off' the frozen universal old age security pension at $80 a month. For doing so involved a practi-
1951  Old Age Security Act effect January 1, 1951.
1957  OAS pension increased to $45 monthly.
1957  OAS increased to $55 monthly.
1959  Tax formula increased to 3-3-3.
1960  Pension payable outside Canada.
1962  OAS increased to $65 monthly.
1963  Effective October 1, 1963.
       OAS increased to $75 monthly.
1965  Minimum eligible age lowered one year at a time to 65.
       OAS pension indexed to Pension Index with ceiling of 2 percent.
       Monthly Guaranteed Income Supplement (GIS) for pensioners born on or before December 31, 1910, whose income is below a specified amount. Monthly maximum set at $30.
1967  Increased maximum OAS tax on personal income from $120 to $240.
1970  OAS pension frozen at $80 monthly.
       Residence requirement increased.
       Monthly maximum GIS increased to $55 for a single pensioner, $47.50 for a two-pensioner couple.
       Escalation according to Pension Index to be applied only to combined OAS/GIS and added to Supplement.
       GIS requirement that pensioner to be born on or before December 31, 1910 removed.
1971  OAS tax of 3 percent on sales repealed.
       OAS tax of 4 percent on personal taxable income and 3 percent on corporate income repealed. Supplement made non-taxable.
1972  OAS increased by full increase in the CPI and thereafter to be escalated annually by full increase in CPI.
       GIS increased to $67.12 (single) and $59.62 (couple).
       GIS to be escalated annually for full increase in CPI.
1973  OAS increased to $100 monthly.
       Effective October 1, OAS and GIS to be escalated in accordance with full increase each quarter in the CPI.
1975  Spouse's Allowance to persons 60-64 inclusive married to and living with pensioners.
       OAS fund dissolved. Payments of benefits from Consolidated Revenue Fund.
TABLE 6-7 (Continued)

1978 OAS and Spouse's Allowances increased by $20 monthly for single pensioner and $10 monthly for each spouse. Spouse's Allowance to continue 6 months after death of a pensioner spouse.

1979 Extended eligibility for Spouse's Allowance to the surviving spouses of deceased OAS pensioners based on the income of the surviving spouse, to age 65, remarriage or death, where residence and income criteria are met. Repealed provision suspending OAS benefits for pensioners sentenced to prison for more than 90 days.

1980 GIS and Spouse's Allowance increased by $35 monthly for each pensioner household receiving supplement.

1982 Increases in OAS and GIS limited to 6 and 5 percent for the next two years respectively.

TABLE 6-8

CHRONOLOGY OF OLD AGE ASSISTANCE

1951 Effective January 1, 1951.
Provision for federal sharing with the provinces on a 50-50 basis of the cost, assistance to persons aged 65 to 69, set at a maximum of $40 monthly for those who have resided in Canada 20 year immediately preceding the date of the proposed commencement of assistance. Persons not able to meet this requirement had to have been present in Canada prior to the 20-year period for periods totalling twice the length of the gaps in the 20-year period. Total income limit, including assistance, set at $720 monthly for single person and $1,200 for married couples.

1957 Effective July 1, 1957.
Maximum assistance increased to $46 monthly.

1957 Effective November 1, 1957.
Residence requirement reduced to 10 years immediately preceding date of commencement of assistance, or periods totalling twice the length of the gaps in the 10-year period.
Maximum assistance increased to $55 monthly.

1962 Effective February 1, 1962.
Maximum assistance increased to $65 monthly.

1963 Effective December 1, 1963.
Maximum assistance increased to $75 monthly.

1965 Supplementary agreements under which provinces participating in federal-provincial Old Age Assistance program would assume full responsibility for administration and financing authorized.

1966 Effective April 1, 1966.
Old Age Assistance Act amended to allow provinces to discontinue receipt of applications under the Old Age Assistance Act.

Old Age Assistance Act operations terminated. Eligible age for OAS lowered to 65 years.

1975 Old Age Assistance Act repealed.

TABLE 6-9

CHRONOLOGY OF CANADA PENSION PLAN

1964  BNA Act Amendment. Parliament of Canada authorized to make laws in relation to supplementary benefits, including survivors' and disability benefits.

1965  The Canada Pension Plan enacted.

Yearly Maximum Pension Earnings (YMPE) increased from $5,600 to $6,600 for 1974 and to $7,400 for 1975.
Yearly Basic Exemption (YBE) increased from $600 to $700.
Retirement and other benefits adjusted in accordance to full annual increase in the Consumer Price Index (CPI).

Retirement and employment earnings tests eliminated for individuals 65-70 inclusive.
YMPE to be increased annually by 12.5 percent until it is equal to the adjusted 12-month average of the wages and salaries of the Industrial Composite.
Thereafter YMPE adjustments based on changes in Industrial Composite.
YBE reduced from 12 percent to 10 percent of YMPE.

Employment of a person by his spouse considered pensionable employment.

cally useless monthly increase of 42 cents in the old age security allotment — and all sorts of one-sided carping criticism ever since". This one-sided carping arose primarily from the pensioners themselves.

In the general election of October 30, 1972, the Liberal government failed to maintain its majority position. It was reduced to 109 members in a 264-seat House of Commons. The Liberals in fact had only two more seats than the Conservative opposition. As a result, they became dependent once more on the NDP for support in the House. As noted previously, minority governments make all parties exceptionally sensitive to minority views and interests (Meisel, 1975:235). In order to retain NDP support, the government twice amended the Old Age Security Act during 1973, "in ways which represented significant backtracking from the philosophy of the 1970 white paper" (Bryden, 1974:177). Universal old age security benefits were raised from $80 to $100 a month. In addition, the guaranteed income supplement was also increased and both were fully indexed to the cost of living index on a quarterly basis. While this was a reversal of the policy put into effect in 1971, the changes were still not entirely in the direction of universality.

In 1973, Marc Lalonde released the government's new working paper on social security. In this paper, he stressed the need for government to consider the values of
independence, interdependence and fairness as guiding principles of social security (Lalonde, 1973:6). He argued that social security must assure those who cannot work a "compassionate and equitable guaranteed annual income" (Ibid., 17). But it must not do so at the expense of the promotion of individual initiative. Lalonde was once more expressing the priority of freedom and individualism over the values of either equality or social justice. Pension policy was now to emphasize the rights of the individual to provide for his or her differential pension reward. Public pensions, it was argued, should "encourage people to save to meet the contingencies of life and to provide for retirement (Ibid., 27). The OAS-GIS was merely "a base on top of which any guaranteed income plan for the aged would be built" (Ibid., 30). Social insurance was to be the first line of defence against unforeseen losses of income. The second, and supplementary line, was to be private pension arrangements (Ibid., 20).

To better secure the social insurance 'line of defence', Lalonde suggested that the yearly maximum pensionable earnings (YMPE) of the CPP be increased year by year until it equalled the average industrial wage, at which level it would be maintained (Guest, 1980:188). (By 1983, this level had yet to be attained.)

These suggestions again failed to satisfy everyone. In particular, the United Church of Canada suggested
to the government in a formal brief that the implication in Lalonde's paper was that the have-nots of Canada were in a fortunate position because of their hard work, initiative, and self-dependence while the have-nots were in their unfortunate position because of their lack of these characteristics (United Church of Canada, 1973:2). The brief argued that most of the Canadian poor were hard-working people who were poor because of health, age, and other such factors (Ibid.). As had the Senate Committee on Poverty in 1967, the United Church called on the federal government to introduce a general guaranteed annual income program which would eliminate poverty once and for all.

In fact, there is some evidence that the federal government had briefly entertained thoughts in this direction. In 1972, the federal government had the Research Branch of the Parliamentary Library prepare an evaluation of the social welfare programs in Canada and possible alternatives. In their report, the researchers found that the "main criticism of the CPP was the relatively low protection it afforded for dependent survivors and the disabled (Research Branch of the Library of Parliament, 1972a:24). In addition, it was suggested that the contributory earnings ceiling had not kept pace with the rapid rise in wages and this had had a depressing effect on the whole benefit structure (Ibid.). Furthermore, the plan was criticized for its failure to provide for the transition of a housewife into
the labour force. If she made the transition late in life, her pension suffered. If she divorced, or was divorced by, her husband, she lost all her rights to the widow's pension. Finally, it was concluded that too many Canadians were excluded from the plan for one reason or another, that the plan failed to provide for early retirement, and that it was "remarkably liberal towards the affluent" (Ibid., 27-8). The OAS and GIS programs were criticized for failing to provide adequate benefits, in particular when these were the only sources of income for the beneficiaries (Ibid., 43).

The following year, the Research Branch of the Library of Parliament presented its alternative approaches. The basic approach considered was the implementation of a guaranteed annual income program which would include under one 'umbrella' such diverse programs as the Family Allowances, the Unemployment Insurance Fund, and the Old Age Security programs. Whether it was the complexity of the program offered, the constitutional impediments which would have had to be overcome before such a program could be implemented, or other factors which led to its rejection is not clear. In 1975 an 'experiment' involving a guaranteed annual income was initiated in Manitoba (see Gilbert, 1980:444-458). Called "Mincome Manitoba", the experiment suffered from an inability to stay within its research mandate of $17.3 million, escalating costs, internal problems
and an overall climate of fiscal restraint (Ibid., 453-4). Consequently, it was shelved in 1976. However, the concept was to turn up again from time to time. Eventually, it became part of the presentation made by the Canadian Association on Gerontology to the Parliamentary Task Force on Pension Reform in 1983 (see Section III). In the meantime, the federal government remained content to reform public pensions one piece at a time.

Around this time, business also began to exert pressure on the government regarding pension reform. William M. Mercer Limited, pension consultants, reminded the government that any change in the pension system must be kept within limits. It was feared that any potential changes in the OAS would involve large outlays of money (William M. Mercer Ltd., 1973; Vol. 23, No. 9:1). The government, it was suggested, should confine most of its reforms to the restoration of uniformity between the CPP and the QPP. Both of these systems should be brought "reasonably into line with current cost and wage levels" (Ibid., 2). This plea for uniformity, coupled with an expressed need for financial restraint was to be repeated many times over the years.

As the economy declined and unemployment rose, the call for restraint became increasingly prominent in government statements on pensions. Nevertheless, the federal government, largely in response to the criticism of the
Royal Commission on the Status of Women, in 1975, provided a spouse's allowance to persons aged 60-64 who were married to and living with a pensioner. In addition, the provinces and the federal governments agreed to allow pension credits earned by one spouse to be divided equally with the other spouse upon divorce (Guest, 1982:188). This was a direct response to the request by the Royal Commission on the Status of Women that some provision be made for spouses who work in the home.

In 1979, the Liberals were replaced by a Conservative minority government headed by Joe Clark. During the election campaign, Clark had indicated that he was prepared to include homemakers in the CPP "as soon as conditions in the country allow" (House of Commons Debates, 1982-3:1730). Of course, this provision was not his to give and as a result the sum total of his concessions to pension legislation was an extension of the spouse's allowance to include the surviving spouses of deceased pensioners until they reached the age of 65, remarried, or of course died. In addition, the provision which suspended OAS benefits for pensioners sentenced to prison for more than 90 days was repealed. These additions, according to Stanley Knowles of the NDP were "a small step". In fact while he was prepared to support the legislation, since it "does something for about 180 persons a month, and anything that does something for six persons a day is worth taking the time of Parliament
to pass" (House of Commons Debates, 1979:461), he wondered whether the step was so small that the Minister (David Crombie) might "really have been embarrassed in putting it forward" (Ibid.).

The Canadian Advisory Council on the Status of Women was even more acerbic. A more satisfactory solution, it claimed, would have been to abolish the allowance entirely and to have extended OAS/GIS benefits to all the needy people between the ages of 60 and 65. As it stood, the current legislation, it was argued, led to the following absurd situation

of three penniless widows aged 63 living next door to each other, one would be entitled to the Spouse's Allowance because she was receiving it before her husband died, one would not be entitled because her husband died when she was 59 and not yet eligible for the Allowance, and a third, who had been the right age when her spouse died, would not be eligible because her husband's income prevented her from being entitled to the Allowance when he was alive (Canadian Advisory Council on the Status of Women, n.d.1). (Emphasis mine.)

During this period, pensioners' organizations, organized labour, and social welfare groups were all pressuring the government to expand both the OAS and GIS benefits. In 1974, a Canadian Council on Social Development survey indicated that a majority of the respondents felt that the old age pension was not high enough and that eligibility for the pension should be reduced to age sixty (Banting, 1982:130). In 1975, the CLC recommended that the following changes be made in the CPP system: pension bene-
fits should be gradually increased to 75 percent of earnings and retirement age lowered from 65 to 60 by 1981; the YMPE should be abolished so that pension benefits and contributions would be based on a person's full earnings; contributions should be shared with one-third from employee, one-third from employer, and one-third from government; the CPP should be administered by a pension council composed of a wider range of the general public, including farmers, employees, employers and government (Labour Gazette, 1975:214-19).

However, the government was increasingly subject to other pressures. The first was the decline in economic conditions that prevailed during this period. The second was the escalating cost of public pensions. This latter made most business organizations concerned about the long-range cost implications of pension provision (Banting, 1982:38). In a 1977-78 survey of social policy attitudes, 600 of the senior decision-makers in Canadian government, business, labour, agricultural organizations, the media, and the academic community indicated that business and labour leaders now occupied polar positions. Labour leaders were supportive of existing or higher welfare expenditures, business leaders opposed (Ibid., 38-39). The public income security system, according to business concerns, had grown out of all proportion. During the 1970s income security payments, including pensions, rose steadily both as a pro-
portion of total government expenditures and of the gross national product (Ibid., 7). This, it was argued, had been the result of the decisions made in the 1970s to enrich the OAS and index federal benefits during a period of accelerating inflation, the coming on-stream of full retirement benefits under the C/QPP plans and a protracted economic stagnation in which the growth in the GNP had slowed dramatically (Ibid., 17). The result was an 'inexorable' growth in federal deficits. Income security became more controversial than at any time since the 1930s. Attempts were made to cut back on welfare expenditures. These attempts included a limit on the indexation of OAS and GIS benefits in 1982. Now that the pension system had been established, conflict began to centre around its maintenance and expansion. This conflict formed the core of the 'great pension debate'.

Prime Minister Trudeau, re-elected to a majority government position in 1980, initiated what were hoped to be the final rounds of the debate. In the speech from the throne, it was announced that it was his government's intention to convene a National Pensions Conference, as soon as possible. This conference was to be followed in short order by the federal government's green paper, Better Pensions for Canadians (1982) and the appointment of a Parliamentary Task Force to further investigate pension reform. At stake was the expansion of the public system, the OAS, the GIS and/or
the CPP, versus mandatory expansion of the private one. By 1980, it was clear that the government was beginning to favour a greater emphasis on better private pension solutions. In that year, Monique Begin, Minister of National Health and Welfare, castigated private plans for "delivering only about 14 percent of the income of retired Canadians" (Begin, 1980:3). On the eve of the National Pensions Conference, she publicly stated that her top priority was employer pension plans (Globe and Mail, March 28, 1981). And in the following year, 1983, in an address delivered at the annual meeting of the Canadian Pension Conference, she urged more cooperation between private and public pension authorities if "real pension reform" was to be achieved (Begin, 1982:13). It was almost as if the government had come around full circle from need-tested pensions in the 1920s and 1930s, to universal pension in the 1950s, contributory pensions in the 1960s, back again to need-tested pensions in the 1970s and now a new emphasis on private solutions for the 1980s.

In short, pension policy began with a limited reflection of the values of the liberal-democratic ideology, those reflected in the 1927 Old Age Pension Act. These included limited reflections of equality and social justice but little or no reflection of freedom. This was followed by an expanded, or even exaggerated, reflection of the two first values in the introduction of universal pension
policy. The culmination was reached in the formulation of a three-tiered system, the combination CPP, OAS, GIS policy of 1966. At this point all three values, equality, freedom, and justice were reflected, albeit to varying degrees, in pension policy. However by the 1980s policy reform was rapidly being confined to the selective and contributory aspects. It placed a new emphasis on the values of freedom, especially individualism and secondarily social justice or the amelioration of poverty. Throughout these changes pension policy reflected to a large degree the competitive nature of the Canadian political process, the influence of a competitive party situation, the contribution of minority governments, and the availability of electoral choice. This latter value, however, has been limited in the case of the CPP at its inception and its possible future changes. Electoral choice has been largely restricted to the provincial arena and national political competition replaced by federal-provincial tension.

III: Interest Groups.

The pension debate of the 1980s included a multitude of participants and topics. It clearly reflected the competing nature of the many interest groups involved. The topics emerged from five major pension studies conducted during this period, the Quebec Government's Cofirentes Plus report on the QPP, the report of the Senate Committee on
Retirement entitled *Retirement Without Tears*, a report by the Economic Council of Canada - *One in Three: Pensions for Canadians to 2030*, the federal Task Force on Retirement Income Policy report, and the report of the Ontario Royal Commission on the Status of Pensions. The Cofirentes report's main thrust was the financing of the QPP. It recommended a doubling of the QPP benefits on the first half of covered earnings as well as a doubling of contribution rates and basing employer contributions on an employee's entire salary (Slocum, 1981:B-5). In other words, it urged greater emphasis on individual rights and differential rewards.

The Senate's study, on the other hand, probed the values of social justice. It had concluded that the pension system in Canada had "serious shortcomings with respect to coverage, benefits, vesting, portability, and indexing, as well as its treatment of particular groups in the population such as women and part-time workers (Ibid., 13). The public system, it was advanced, provided inadequate benefits, demanded inadequate contributions, and discriminated against women. Social justice, it was suggested, began with the progressive abolition of mandatory retirement based on age (Ibid., 13). Next, additional income support of the C/QPP in the form of an immediate increase in contributions and a more gradual increase in benefits should be legislated. Contributors should be permitted, if they wished, to take
actuarially reduced pensions beginning at age 60. The Yearly Maximum Pension Earnings (YMPE) should be raised to 1.5 times the average industrial wage. Because pensions available to women were seen to be "pitifully small", the Committee recommended that all private schemes be obliged to provide adequately for survivors, that the CPP adopt a program in which there was a reciprocal and equal sharing of its benefits during marriage as a method of providing pensions for housewives, and that there should be an equal sharing of any pension entitlements earned by either spouse during any period of marriage (Ibid., 16). Rules barring women employed by their husbands in unincorporated enterprises from contributing to the C/QPP should be eliminated. The Committee further stressed the need for the retirement system to facilitate the freedom of choice and to eliminate any "unfair" discrimination against women (Ibid., 13, 16).

The ECC study emphasized the rights of the individual in its analysis of the implications of pension increases and population trends on economic growth. While it called for higher contributions to reduce burden on future taxpayers, it also suggested that the GIS be expanded. The ECC concluded, however, that even with the increasing population of older Canadians and the rising costs of income security, there was "considerable scope for improving benefits over present levels without huge increases in the required proportion of GNP" (Economic Council of Canada,
However, the Council warned that the anticipated lower rate of population growth in general would provide less scope for improvements in the future. "Canadians will face hard choices in setting priorities for improvement" (Ibid.). The most critical period was estimated to be between 2010 and 2030. It further recommended that any change in the system of income security for the aged "be announced well in advance so that people can take them into account when planning for their retirement" (Ibid.).

The report issued by the Parliamentary Task Force on Retirement Income Policy focussed on greater universal coverage, i.e. equality. It suggested four options for pension reform. Options I and II called for a mandatory inclusion of better portability provisions, protection against inflation, and better treatment of spouses in private pension plans. Employers could continue to choose whether or not to offer a plan, but those plans offered would have to incorporate the above reforms (Ibid., 63). Options III and IV called for the implementation of mandatory earnings-related pensions. In Option III all employers would have to offer, and all employees join, employer-sponsored pension plans (Ibid., 45). Option IV called for the expansion of the C/QPP plans. These two programs would be expanded to 45 percent of the average pre-retirement earnings up to 1.5 times the average wages and salaries (Ibid., 46). Employers prepared to provide comparable benefits could
'contract-out' of the public plan and their employees would not have to contribute to the C/QPP. However, these employer's plans would have to be closely regulated and a high degree of comparability between their contracted-out plans and the government plans would be required. In other words, the Task Force called for greater government regulation of the private pension system.

The Ontario Royal Commission, in its concern with the freedom of the individual, opposed expanding either the OAS benefits or the CPP. Instead, it called for a provincial universal money purchase system (PURS) to supplement present government programs. While it endorsed the inclusion of a child-rearing drop-out provision in the CPP, it strongly urged no extension of CPP benefits to unpaid workers i.e. housewives, no extension of existing survivor benefits, and no credit-splitting on the dissolution of marriage (Royal Commission on the Status of Pensions in Ontario, 1980:24). PURS, it was argued, could accommodate the special needs of particular groups of workers, was more equitable, and provided better individual rights with greater protection (Ibid.). In other words, Ontario still preferred to go its own direction in the field of public pensions.

These reports summarized the various issues at stake. Both the Quebec and Ontario reports indicated that these provinces intended to be full participants in any
changes in pension legislation. The Senate report indicated that considerations of social justice should be discussed, while both the ECC and the Parliamentary Task Force stressed the need to consider the rights of the individual as they related to pension costs, population growth and any extension of the private system. The CLC, and assorted labour groups, were those most concerned with issues of equality and justice, while business groups became obsessed with the rights of the individual. In essence, then the debate centered on three key issues: the conflict between provincial and federal jurisdiction, the need for extended social justice and equality, and the demand for increased individualism even to the point of limiting any further expansion of the public pension system and supplementing it with private plans. The major protagonists were the provinces, labour and business.

In 1981, the federal government called a National Pensions Conference to invite consideration of the pension issues by the "men and women representing business, labour, the pension industry, current pensioners and those who will benefit in the future from pensions reform" (National Pensions Conference, 1981:11). Monique Begin, the Minister of National Health and Welfare, assured the attendees that the federal government had not already made up its mind about what it was going to do to reform the system (Globe and Mail, February 25, 1981). Neither, it was affirmed, was
the conference "just window dressing" or "a prelude to an already approved program of government action" (Ibid.).

Discussion at the conference focused on four major topics: pension coverage, women and pensions, vesting and portability, and protection against inflation. The last two items referred to private pension plans. The positions reflected in the briefs presented are summarized in Table 6-10. The only real consensus reached at that conference was that pension coverage should provide senior citizens with incomes above the Statistics Canada poverty line and that the government should be responsible for this basic floor coverage (Mercer Actuarial Bulletin, 1981a). In essence, all participants left it up to the government to redress the problems found in the current pension system.

The next year, 1982, the government published its green paper, Better Pensions for Canadians. This paper outlined the federal government's proposals for pension reform. The principles behind these reforms were stated to be: a guarantee of adequate income, fair opportunities for individuals to provide for their own retirement, and the avoidance of a serious disruption of pre-retirement living standards (Government of Canada, 1982a:25). While the government promised that the minimum income of single pensioners would "be improved as soon as resources permit it" (Ibid.), (Emphasis mine.), no mention was made of the means by which this would be accomplished. Presumably, the GIS program would be considered the appropriate vehicle.
<table>
<thead>
<tr>
<th>ISSUE AND ASSOCIATED VALUE</th>
<th>SUPPORTED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of OAS Benefit</td>
<td>Canadian Centre for Policy Alternatives</td>
</tr>
<tr>
<td>- Equality of Status</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>- Social Justice</td>
<td>Canadian Council on Social Development</td>
</tr>
<tr>
<td>Increase of GIS Benefit</td>
<td>Canadian Centre for Policy Alternatives</td>
</tr>
<tr>
<td>- Individual Freedom and Differential Reward</td>
<td>Canadian Chamber of Commerce</td>
</tr>
<tr>
<td>Based on Principle of Need</td>
<td>Canadian Federation of Independent Business</td>
</tr>
<tr>
<td>- Pensions Privilege to be Earned</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td></td>
<td>City of Regina</td>
</tr>
<tr>
<td></td>
<td>Louise Delude</td>
</tr>
<tr>
<td></td>
<td>National Action Committee on the Status of Women</td>
</tr>
<tr>
<td></td>
<td>Royal Canadian Legion</td>
</tr>
<tr>
<td></td>
<td>Towers, Perrin, Forster &amp; Crosby</td>
</tr>
<tr>
<td></td>
<td>Board of Trade of Metropolitan Toronto</td>
</tr>
<tr>
<td></td>
<td>Canadian Life and Health Insurance Association</td>
</tr>
<tr>
<td></td>
<td>Canadian Manufacturers' Association</td>
</tr>
<tr>
<td></td>
<td>Province of Saskatchewan *</td>
</tr>
<tr>
<td>No Change in Either</td>
<td>Employers' Council of British Columbia</td>
</tr>
<tr>
<td></td>
<td>National Council of Women of Canada</td>
</tr>
<tr>
<td></td>
<td>Railway Association of Canada</td>
</tr>
<tr>
<td>ISSUE AND ASSOCIATED VALUE</td>
<td>SUPPORTED BY</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Canada Pension Plan:</strong></td>
<td></td>
</tr>
<tr>
<td>Increase in Replacement Rate</td>
<td>Canadian Labour Congress, increase to 50% of average wage.</td>
</tr>
<tr>
<td>- Equality</td>
<td>Louise Dulude, to 50% of earnings up to 0.5 AIW.</td>
</tr>
<tr>
<td>- Freedom of Individual</td>
<td>Royal Canadian Legion, to 50% of average wage.</td>
</tr>
<tr>
<td>- Social Justice</td>
<td>Canadian Council on Social Development, to 50% pre-retirement earnings in conjunction with OAS.</td>
</tr>
<tr>
<td></td>
<td>Province of Saskatchewan *, to 40-50% of pre-retirement earnings.</td>
</tr>
<tr>
<td>Increase in YMPE</td>
<td>City of Regina, to level of AIW.</td>
</tr>
<tr>
<td>- Freedom of Individual</td>
<td>Canadian Council on Social Development, to 1.5 times AIW.</td>
</tr>
<tr>
<td></td>
<td>Canadian Life and Health Insurance Association, to AIW.</td>
</tr>
<tr>
<td></td>
<td>Consumers' Association of Canada, no level specified.</td>
</tr>
<tr>
<td></td>
<td>Province of Saskatchewan *, to 1.5 times AIW.</td>
</tr>
<tr>
<td>Inclusion of Homemakers</td>
<td>Louise Dulude</td>
</tr>
<tr>
<td>- Equality of Status</td>
<td>Canadian Federation of Independent Business</td>
</tr>
<tr>
<td></td>
<td>National Council of Women of Canada</td>
</tr>
<tr>
<td></td>
<td>Province of Saskatchewan *</td>
</tr>
<tr>
<td>ISSUE</td>
<td>SUPPORTED BY</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Child-Rearing Drop-Out Provision</td>
<td>Canadian Chamber of Commerce</td>
</tr>
<tr>
<td>- Equality of Status</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td></td>
<td>Louise Dulude</td>
</tr>
<tr>
<td></td>
<td>National Action Committee on the Status of Women</td>
</tr>
<tr>
<td></td>
<td>National Council of Women of Canada</td>
</tr>
<tr>
<td></td>
<td>Board of Trade of Metropolitan Toronto</td>
</tr>
<tr>
<td></td>
<td>Canadian Council on Social Development</td>
</tr>
<tr>
<td></td>
<td>Canadian Life and Health Insurance Association</td>
</tr>
<tr>
<td></td>
<td>Canadian Manufacturers' Association</td>
</tr>
<tr>
<td></td>
<td>Consumers' Association of Canada</td>
</tr>
<tr>
<td>Increased Survivors' Benefits</td>
<td>Canadian Chamber of Commerce</td>
</tr>
<tr>
<td>Remarriage</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>- Social Justice</td>
<td>Board of Trade of Metropolitan Toronto</td>
</tr>
<tr>
<td>- Equality of Status</td>
<td>Canadian Council on Social Development</td>
</tr>
<tr>
<td></td>
<td>Province of Saskatchewan *</td>
</tr>
<tr>
<td>Increase in Contributions</td>
<td>Association of Canadian Pension Management</td>
</tr>
<tr>
<td>- Freedom of Individual</td>
<td>Canadian Chamber of Commerce</td>
</tr>
<tr>
<td>- Differential Rewards</td>
<td>Railway Association of Canada</td>
</tr>
<tr>
<td></td>
<td>Royal Canadian Legion</td>
</tr>
<tr>
<td></td>
<td>Canadian Council on Social Development</td>
</tr>
<tr>
<td></td>
<td>Canadian Life and Health Insurance Association</td>
</tr>
</tbody>
</table>
TABLE 6-10 (Continued)

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>SUPPORTED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Changes in CPP</td>
<td>Robert L. Brown, University of Waterloo</td>
</tr>
<tr>
<td></td>
<td>Financial Executives Institute of Canada</td>
</tr>
<tr>
<td></td>
<td>Towers, Perrin, Forster &amp; Crosby</td>
</tr>
</tbody>
</table>

* Saskatchewan has had a change in government since the National Council Conference therefore these positions may no longer be representative of the pension ideas of the present government of that province.

Source: Summary of Submissions, National Pensions Conference, Ottawa, March 31, April 1 and 2, 1981.

List of Contributors:

- Association of Canadian Pension Management
- Robert L. Brown, University of Waterloo
- Canadian Centre for Policy Alternatives
- Canadian Chamber of Commerce
- Canadian Federation of Independent Business
- Canadian Institute of Actuaries
- Canadian Labour Congress
- City of Regina
- Co-operative Union of Canada
- Louise Dulude
- Employers' Council of British Columbia
- Financial Executives Institute of Canada
- National Action Committee on the Status of Women
- National Council of Women of Canada
- Railway Association of Canada
- Royal Canadian Legion
- Towers, Perrin, Forster & Crosby
- Board of Trade of Metropolitan Toronto
- Canadian Council on Social Development
- Canadian Life and Health Insurance Association
- Canadian Manufacturers' Association
- Consumers' Association of Canada
- Province of Saskatchewan
Although the paper discussed the inclusion of homemakers in the CPP benefits and several methods of accomplishing this were evaluated, it was concluded that the best method of providing homemakers with public pension benefits was through an extension of the credit-splitting provision. Voluntary contributions from homemakers had "important shortcomings", among them the belief that only those with higher income spouses would receive benefits since the low income spouse might choose not to make the necessary contributions. Many spouses would still be left with no more protection than they already had (Ibid., 33). Mandatory or subsidized contributions, it was felt, would lead to inequities if similar benefits were not offered to those with earned income.

Other possible changes discussed included the elimination of the termination of survivor benefits upon remarriage, the extension to married couples of the credit-splitting arrangements which were currently available only upon application after divorce, and an enhanced package of post-retirement survivor benefits. This latter proposal included a lifetime pension for those over 65 years of age 60 percent of the benefits earned at the time of a spouse's death after credit splitting, removal of the limit on combined retirement and survivor's pensions, and the replacement of survivor's benefits for those under the age of 65 with a two-part structure incorporating a "bridging benefit" and a lifetime "continuing benefit" (Ibid., 75-8).
At the end of its paper, the federal government announced that it would ask the House of Commons to establish a task force, comprised of members from all parties, to hold hearings throughout Canada (Government of Canada, 1982a:53). This committee was expected to report its findings and recommendations on the "reforms the Government of Canada should pursue" by December 31, 1983 (Ibid.). The Parliamentary Task Force was subsequently appointed and commenced its hearings in the spring of 1983.

Public response to the Task Force was "overwhelming". Table 6-11 summarizes some of the briefs according to the issue supported and value position reflected. These briefs indicated that pension consensus was still a long way off. (Appendix A provides a more detailed list of the various positions held by interested groups and organizations during this period.)

Most of the submissions agreed that some change in the pension system was necessary. According to the Canadian Labour Congress, "No one had the temerity to argue that the status quo was acceptable" (Canadian Labour Congress, 1983:12). The real issue became the nature of the reform.

For years the CLC had been promoting increased public pension benefits (Canadian Labour Congress, 1983). It had called for increases in the OAS and GIS benefits "in order to insure that all of Canada's elderly will have indexed incomes above the poverty line" (Ibid., 2). In add-
### TABLE 6-11

**SUMMARY OF SELECTED PROPOSALS SUBMITTED TO PARLIAMENTARY TASK FORCE, 1983**

<table>
<thead>
<tr>
<th>ISSUE AND VALUES REFLECTED</th>
<th>SUPPORTED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in OAS</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>Principle of Universality and Social Justice</td>
<td>The Canadian Association on Gerontology</td>
</tr>
<tr>
<td></td>
<td>Canadian Chamber of Commerce</td>
</tr>
<tr>
<td>Increase in GIS</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>Principle of Selectivity and Social Justice</td>
<td>Canadian Advisory Council on the Status of Women</td>
</tr>
<tr>
<td></td>
<td>Board of Trade of Metropolitan Toronto</td>
</tr>
<tr>
<td></td>
<td>Canadian Chamber of Commerce</td>
</tr>
<tr>
<td><strong>Canada Pension Plan:</strong></td>
<td></td>
</tr>
<tr>
<td>Increase in Replacement Rate</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>Principle of Individualism</td>
<td>Canadian Advisory Council on the Status of Women</td>
</tr>
<tr>
<td>Increase in YMPE</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>Principle of Individualism</td>
<td>Board of Trade of Metropolitan Toronto</td>
</tr>
<tr>
<td></td>
<td>Canadian Chamber of Commerce</td>
</tr>
<tr>
<td></td>
<td>Canadian Manufacturers' Association</td>
</tr>
</tbody>
</table>
TABLE 6-11 (Continued)

<table>
<thead>
<tr>
<th>ISSUE AND VALUES REFLECTED</th>
<th>SUPPORTED BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclusion of Homemakers</td>
<td>The Canadian Association on Gerontology</td>
</tr>
<tr>
<td>Equality of Status</td>
<td>Canadian Advisory Council on the Status of Women</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Expanded Credit-Splitting</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>Equality of Status</td>
<td>The Canadian Association on Gerontology</td>
</tr>
<tr>
<td></td>
<td>Canadian Advisory Council on the Status of Women</td>
</tr>
<tr>
<td></td>
<td>Board of Trade of Metropolitan Toronto</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in Survivors' Benefits</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>Equality of Status</td>
<td>The Canadian Association on Gerontology</td>
</tr>
<tr>
<td></td>
<td>Canadian Advisory Council on the Status of Women</td>
</tr>
<tr>
<td></td>
<td>Board of Trade of Metropolitan Toronto</td>
</tr>
<tr>
<td></td>
<td>Canadian Chamber of Commerce</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing Spouses' Benefits After Remarriage</td>
<td>Canadian Labour Congress</td>
</tr>
<tr>
<td>Equality of Status</td>
<td>Canadian Advisory Council on the Status of Women</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ition, the Congress wanted a doubling of the C/QPP benefits "so that the OAS and C/QPP would insure that all middle and low income earners could maintain their standard of living as they move from work to retirement" (Ibid.). Finally, the Congress had urged that public pension plans in Canada be reformed to take account of the needs of women, immigrants, and the disabled (Ibid.).

In its brief to the Parliamentary Task Force, the CLC urged expansion of all three pension programs (the CPP, OAS and GIS). The Congress contended that every worker "should be able to look forward to a period at the end of their working life when they no longer have to rely on employment for wages or salaries in order to enjoy an adequate retirement income" (Ibid., 5). It was stressed that it was the right of every worker to enjoy a full and active family, social and community life. Society, it claimed, had the responsibility to make sure "that arrangements are in place that will allow people to have an active and satisfying period of retirement" (Ibid.). This responsibility included the necessity of providing retirement income which was above the poverty line, "regardless of . . . pre-retirement earnings or any other circumstances in . . . life", and which was large enough in relation to pre-retirement earnings "so that a person can move from work to retirement without suffering a decline in their standard of living: (Ibid., 5-6). It also argued for the inclusion of pension benefits which
were fully "indexed to the cost of living" (Ibid.). Clearly, the CLC favoured public pension reform which would maximize the realization of the values of social justice, equality and individualism. However, the CLC had a problem knowing what to do with the inclusion of housewives in the CPP. This it found to be "one of the most controversial and difficult issues" connected with pension reform (Ibid., 44). After due consideration of the various methods of implementing such a provision, it still had substantial reservations. However the only proposal for inclusion of homemakers which it stated would be categorically opposed was the implementation of a system of voluntary contributions (Ibid.).

Women's organizations, on the other hand, tended to support the inclusion of homemakers. Their briefs argued that the C/QPP were based on a "triple fiction", the fiction of the traditional family, the dependent woman, and the fiction that only the paid worker supports the economy (Canadian Advisory Council on the Status of Women, 1983:5). The Canadian Advisory Council on the Status of Women suggested, that the traditional family no longer exists "as a norm", women are "persons in their own right", and "homemakers are producers of goods and services" (Ibid., 5-6). It was argued that, if full equality and social justice were to be realized, then the value of the work performed by homeworkers must not be ignored. The Council, therefore
recommended the immediate inclusion of homeworkers in the C/QPP at a level no less than one-half the average industrial wage (Ibid., 5). The brief submitted by the YWCA supported the CACSW in this recommendation (YWCA, 1983), as did that from Pensioners Concerned (Canada) Incorporated.

Pensioners Concerned (Canada) Incorporated was formed in the late 1960s to lobby Ottawa for better pensions. It was one of the first pensioner organizations to encourage individual and group lobbying on a continuing basis. Included in their education symposium in 1981 was a paper by political scientist, Paul Fox, entitled "Structure of Government and How to Lobby". In 1969, this group had actively sought greater tax deductions for pensioners. In 1972 it appealed for better indexation of pensions. By the 1980s it had adopted as its priorities the neglect of the elderly single woman as well as the precarious position of women between the ages of 55-64 (Pensioners Concerned Incorporated, 1983). At this time it began to work closely with the Council on Pension Reform for Singles, the National Advisory Council on the Status of Women, the Canadian Council on Social Development, the National Council of Women and the National Advisory Council on Aging.

In its brief to the Parliamentary Task Force, Pensioners Concerned tended to emphasize the values of individualism. It believed that universal pension coverage should be made possible through the CPP and not the OAS.
This would require that the CPP be divided into two parts. One section would comprise the contributions made by employers and employees. The other would consist of the personal contributions made by those citizens who were not in the labour force. This latter group, which would include housewives, would be supported by tax credits and contributions from tax funds to build retirement pensions (Ibid., 19). It was argued that all individuals should have the dignity of knowing that they have helped to provide for themselves in their old age (Ibid., 6-7).

Any expansion of the GIS and/or OAS was considered a short term expediency, necessary in the case of the single elderly who currently were living below the Statistics Canada poverty line. Such selective action, it was felt, could more appropriately be applied through the expansion of the GIS program. In addition, though, Pensioners Concerned suggested that the process of application for the GIS be reviewed to ensure that those eligible did in fact apply and those abusing the program were removed from it. While Pensioners Concerned favoured expansion of the present system, their support was within the context of the values typically associated with the freedom of individualism.

Business organizations, on the other hand, only with great reluctance favoured the limited expansion of the GIS program. The Canadian Manufacturers' Association argued that "any expansion of government programs should be direct-
ed to individuals with an inadequate minimum living standard, particularly single persons in rental accommodation" (Canadian Manufacturers' Association, 1983a:7). Obviously, this could best be accomplished through selective increases in the GIS benefit and, where they existed, provincial supplements. It was argued that greater benefits then could be provided, at a lower cost, to the elderly who were most in need.

Business organizations feared that any expansion of the C/QPP would result in a massive transfer of funds from the private sector to the public. This, it claimed, would result in the drawing away of funds which might otherwise have been available for investment in the private sector to increase productivity, competition, and job creation (Ibid., 32). Furthermore, it was felt that the accumulation of such funds would "augment the current dominance of governments in the Canadian pension system and give them too much influence in the economy" (Ibid.). Finally, it was argued, increases in the public earnings-related system could result in a huge transfer of pension costs to future generations. These generations, it was argued, "may be unwilling or unable to pay" such costs (Ibid., 32).

The Business Committee on Pension Policy (BCPP), consisting of the Association of Canadian Pension Management, The Business Council on National Issues, the Canadian Bankers' Association, the Canadian Chamber of Commerce, the
Canadian Federation of Independent Business, the Canadian Manufacturers' Association and the Canadian Life and Health Insurance Association, had already issued a 'consensus statement' to the government before the task force convened. In it the BCPP had argued that the first priority of government was to assure that the incomes of retired Canadians were not less than an appropriate poverty line (BCPP, 1982b). Beyond this, it was claimed that retirement income responsibility rested with individuals and employers (Industrial Relations Bulletin, 1982:2). It recommended that the GIS, and similar provincial, payments be increased only for those single persons in need (Mercer Communique, 1982:1). Since these payments were no longer means-tested, it was declared that no stigma could be attached to them.

In its brief to the Task Force, the BCPP emphasized the future cost of any expansion of public pensions. It clearly stated that the government had greatly underestimated these and the BCPP was adamantly against any increases other than that mentioned above (BCPP, 1983a; 1983b).

In addition to the possible expansion of the public pension system, the future financing of the CPP became the centre of some debate. While most parties agreed that the pay-as-you-go system was preferable to a fully funded one their reasons varied. As noted previously, the C/QPP was originally set up as a partially funded system. Early contributions exceeded payable benefits. By the 1980s a
fund of approximately $19 billion had been accumulated under the CPP and $8 billion under the QPP (CLC, 1983:66). However, at the 3.6 percent contribution rate (1.8 percent by each of employees and employers) it was apparent that the accumulated 'fund' would be exhausted shortly after the turn of the century. At that time, even if benefits were to continue at their present level (i.e. no increases made) the rate of contributions would have to be raised or benefits lowered. Rather than experience an abrupt change in the contribution rate, the federal government had suggested that gradual increases in the contribution rate be implemented immediately. However, the presence of any substantial pension fund in the hands of the federal government was an anathema to both business and labour organizations.

Business concerns, as previously noted, were wary of any significant transfer of funds from the private sector to the public. Such a transfer signified the loss of investment capital as well as the loss of investment control. It was construed as unwarranted and undesired intervention which violated the individual's right to manage his/her private property. On the other hand, labour interests supported the 'pay-go' financing because, in their opinion, it minimized the unequal burdens imposed on the contributing population while guaranteeing adequate benefits to the retiree. The CLC argued that the 'pay-go' system was both more equitable and just. It was able to give rise to
lower contribution rates in the short run, had a high probability of demanding a lower contribution rate for the foreseeable future (i.e. to 2010), and was likely to give rise to a lower contribution rate over an indefinite period of time (Ibid., 72).

The major problem with the 'pay-go' system, according to most, was its potential for abrupt, and often unforeseen, changes in the contribution rate leading to intergenerational inequities. Even if there was no increase in the current level of benefits, contribution rates would have to increase in the next century due to the "aging" of the Canadian population. Any increases legislated at the present time would also have to be paid for by a future generation of workers. This, it was argued, gave rise to a questionable transfer of intergeneration wealth.

Various solutions to this problem were offered. One suggested that the concept of guaranteed benefits at an undefined cost be changed to a concept of adjustable benefits in accordance with changes in costs (Maynard, 1983:11). In this way future costs might be kept lower but future benefits could also decrease. However that could result in a pensioner who contributed at a higher contributory level, receiving benefits at a lower level. The CLC, on the other hand, saw the inequity of intergenerational transfers as largely a transitional one that has stemmed from the phasing-in of new benefits over a period of time.
As the pay-go plan matures, it suggested, the net transfer of wealth from one generation to another will tend to disappear. To expedite this, the Congress proposed that increased benefits be phased in quickly and a reserve fund amounting to at least two years' estimated benefits and administrative expenses be maintained (Ibid.). In this way the current generation of workers will be contributing to the costs of increases they will receive when they retire.

The Canadian Association on Gerontology presented a third view of the intergenerational problem. Its Task Force argued that the discussion of such problems stemmed from an individualist conception of social need (see Tindale, Edward, and Neysmith, 1983b). It was claimed that this has led to an income security program "based almost exclusively on the principle of conditional welfare for the few, and minimum rights for the many" (Ibid., 18). The former principle can be seen in the GIS and provincial supplements, while the latter in the OAS and CPP. Instead, the Association argued, the guiding principle should be "distributional justice for all" (Ibid., 2). Under this principle "need, not merit, gender, ability or class membership, would be the basis upon which social resources are distributed" (Ibid., 2). The Association further argued that "people have a right to those resources which can move them above the poverty line" (Ibid., 4). In order to
achieve this distributional justice, the Association suggested that a guaranteed annual wage be implemented so that all Canadians would be able "to remain in, or move into, the mainstream Canadian lifestyle" (Ibid., 4). In effect, the Association has argued that pensions are neither the problem nor the solution. The focus on age and/or gender simply covers up a basic inequality that exists because of the lack of equal opportunity throughout the individual's life cycle. Reform of pension legislation, under this perspective, can never achieve equality or social justice. Nevertheless the Association made several specific suggestions for pension reform which might be implemented "in the interim" (Ibid., 11). These tended to follow along the same lines as those found in the labour and social welfare presentations.

In December 1983, the Parliamentary Task Force tabled its report in the House of Commons. Its members had sought to base their report on the "widest possible consultation" (Parliamentary Task Force on Pension Reform, 1983:5). It was suggested that the job of the politician was "to interpret the public will . . . in the face of conflicting advice and contending interests" (Ibid., 9). In total, the Task Force reviewed over 500 written submissions and heard testimony from approximately 160 witnesses. In this, it reflected the value of participatory democracy found within the concept of equality.
In its report, the Task Force argued that any reform of the pension system should reflect those "claims arising from participation in society" as well as those "arising from individual property ownership" (Ibid., 4). In other words, those who had failed to accumulate retirement income were entitled to pension consideration on the basis of their status as members of Canadian society. In this the report reflected the equality of status.

However, this equality was to be tempered by considerations of economic reality. A "proper balance" was to be found between "compassion" and "realism" (Ibid.), between a response to real needs and a sensitivity to the economic climate (Ibid., 5). Thus, while the Task Force reflected a concern that pensions provide a "reasonable living standard for the elderly" this standard was to be calculated within the context of economic performance. The report further challenged the private sector and the individual to "provide for the maintenance of living standards beyond agreed minimum levels" (Ibid., 8). The responsibility of the government was stated to be the provision of a basic safety net to ensure an adequate level of income (Ibid.). Any amount above that fell within the jurisdiction of the individual or the private sector.

In short, the Task Force minimized the reflection of such values as equality and social justice by minimizing the responsibility of the government. In so doing, it maxi-
mized the responsibility of the individual and the associated values of freedom. The provision of a retirement income beyond that which allowed for the bare necessities of physical existence was to be obtained "through personal effort and individual decisions" (Ibid.). Those who wished to maintain or continue their personal living standards into retirement were to do so by their own initiatives.

In summary, the participants in the pension debate tended to fall into three categories, the individual provinces anxious to reform pensions to their own advantage, labour and social welfare organizations anxious to remove the remaining vestiges of social injustice, and business groups anxious to promote greater individual initiative by restricting expansion of the public system and concentrating on possible private solutions. In fact, Manitoba, tired of waiting for provincial consensus, took "the bull by the horns" and amended its Pension Benefits Act by introducing a number of private pension requirements not yet found in any other provincial legislation (Benefits Canada, September/October, 1983:14). Although the more optimistic anticipated early legislation (see Anderson, 1983), the possibility of a federal election in 1984 and a change in the government ruling party could delay legislative action. Furthermore it is not known what, if any, changes in the retirement system would be favoured by a Progressive Conservative government (Anderson, 1983).
Conclusions

Two general conclusions can be drawn from the analysis presented above. First, the current pension debate reflects the government response to pressures from the electorate, as well as its provision of a public forum within which the debate could proceed. On several occasions in recent years the federal government has provided such an arena. In other words, the great pension debate of the 1980s clearly reflects the participatory nature of pension policy as well as the degree to which competitive policies have been presented for public and governmental scrutiny. It is only in the case of potential reform of the CPP that the electorate at large has been denied a degree of participation. The provision of provincial vetos on any proposed change in this program has largely removed the subject from election platforms. Possibly, public pressure at the provincial level might result in needed changes in this system. These, however, will be mediated by provincial concerns. While this may not have been a step toward greater participatory democracy, it cannot be said to have been a total denial of it either.

Also, evidence reflects the extent to which federal governments, at least Liberal federal government, in a minority position, are susceptible to the pressures of particular minority interest groups, including those representing labour and the elderly. Liberal governments, and
possibly that of Clark as well, have clearly enacted legislation which was contrary to their stated principles and which favoured minority interest groups. Certainly, the pension legislation enacted during these periods was not welcomed by business interests. They saw it as fanning the flames of inflation and uncontrolled government deficit spending. However, the minority situation, combined with the obvious extent to which competitive interest groups were provided with forums to express their concerns, reflects the degree to which those values associated with the equality of citizenship and competitive politics have become associated with pension policy in Canada.

However, it also has to be concluded that not all the values which might have been reflected in the new three-tiered system received equal emphasis. Clearly, the federal government has attempted to encourage those which are more closely associated with the freedom of the individual as well as those associated with means-tested or selective pension. The former values have been emphasized to the point where public policy could become dependent on the private sector to take on the burden of pension reform. This could be said to represent a negation of liberal democracy and an affirmation of the market ethos. The emphasis of the latter can be seen in the declining relationship experienced by the OAS relative to the GIS. In the process of this decline some of those values of equality and
social justice associated with the principle of universality became reduced, but not eliminated by any means. The current period, then, reflects a juggling of the priorities of the values to be reflected in public pension policy in Canada. Some became accentuated and encouraged, others were left to decline, and even perhaps to wither away.

Table 6-12 summarizes the main values given priority during the four major periods when public pensions were under discussion or debate. The table indicates that when pensions were first introduced in 1927, the prime consideration was the provision of a minimum standard of living for those elderly most in need. This concept of public pensions became expanded in the 1950s to include an emphasis on the values of equality of status and similar cases as well as the amelioration of inequities. These became reflected in the principle of universality which guided the formulation of the 1950 legislation. By 1965 the emphasis was shifted to the need for the provision of public pension benefits which reflected the differential nature of each individual's contribution. Thus the value of differential rewards became incorporated within the contributory principle and the CPP. However, 1983 represents a return to the principle of selectivity as seen in the 1927 legislation. The major concerns of both business and labour organizations have tended to focus once again on that group still living in a poverty condition.
### TABLE 6-12

**PRIORITY OF VALUES IN THE FOUR MAJOR PUBLIC PENSION PERIODS**

<table>
<thead>
<tr>
<th>DATE</th>
<th>VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>EQUALITY</strong></td>
</tr>
<tr>
<td>1927</td>
<td>-</td>
</tr>
<tr>
<td>1950</td>
<td>Of Status and Similar Cases</td>
</tr>
<tr>
<td>1965</td>
<td>-</td>
</tr>
<tr>
<td>1983</td>
<td>-</td>
</tr>
</tbody>
</table>
In addition, public pension policy proposals have tended to favour a future trend in which the freedom of the individual would take priority over considerations of either equality or social justice (see Parliamentary Task Force, 1983). This is not to say that either of the latter was to be eliminated. Proposed pension policy still was concerned with the elimination of the indignities of means-testing, the need for a responsive state, participatory democracy, geographic mobility, and similar treatment for similar case situations. In large measures all of these concerns were reflected in the current legislated policy. There was also indication that competitive interest groups were providing an element of choice. Only time will tell the extent to which the various options proposed will be incorporated in future policy.

However, there is evidence as well that the current system has failed to reflect some liberal-democratic concerns. It has failed to provide a minimum standard of living for all the needy elderly or to ameliorate some of the inequities found within society. Some elderly still suffer greater distress than others, be it absolute or relative. In addition, decision-making in pension appeals has been anything but prompt. One study indicates that the average length of time of proceedings concerning the CPP program was approximately 2 years and some months (Law Reform Commission, 1979:302).
These, then, are the factors that the liberal-democratic ideology argues should not be reflected in pension policy. First, after over 50 years of public pension policy, there should not be some elderly still experiencing a condition of need. Second, there is no reason offered within liberal-democratic ideology why some values should have become reflected at one time, while others at another, or why some values have become emphasized at one time and others become de-emphasized almost to the point of obliteration.

Chapter Seven, then, will re-examine the development of the Canadian pension policy from the counter ideological position, the marxist-critical. The analysis in this chapter will utilize only those values and data which are suggested by the marxist-critical taxonomy as it is outlined in Chapter One. This examination will address the three problems which have emerged from the liberal-democratic analysis: why has poverty, or need, persisted among some of the elderly despite stated attempts to alleviate it, why have some values been given priority over others, and what further factors might be associated with the development of pension policy in Canada.
CHAPTER SEVEN
THE MARXIST-CRITICAL PERSPECTIVE

Liberal-democratic ideology argues that liberal democracies "provide the necessary conditions for equality, material prosperity, and personal freedom" (Marchak, 1981:3). One of the 'conditions' has been the introduction of public old age pensions designed to relieve the need for income maintenance found among the elderly in Canada. When this particular 'condition' is examined through the use of a liberal-democratic ideological taxonomy the extent to which the values of equality, freedom, and justice have been reflected can be evaluated. However, several issues remain unresolved. First, the liberal-democratic perspective fails to reflect all the possible factors which might be associated with the development of pension policy in Canada. Second, it fails to explain the inclusion or exclusion of certain values in particular pension legislation. In other words, it fails to explain the priority of selected liberal-democratic values. Finally, the liberal-democratic explanation fails to account for the persistence of a discernible degree of poverty even after more than 50 years of public pension policy.
The marxist-critical ideology is based on a negative evaluation of the ability of liberal democracies to achieve those values which they have espoused. Because of this, it provides an additional explanation for pension development. Although equality, freedom, and justice are still assumed to be the proper values upon which to base social welfare policies, the marxist-critical perspective judges the Canadian state as "deficient in providing for their realization" (Ibid.). According to this ideology pensions are at best a minor "triumph of the 'political economy of the working-class over that of the middle class'" (Mishra, 1977:73). At worst, they are but a "'logical' extension and consolidation of capitalism" (Ibid.). Whichever position is adopted, the marxist-critical perspective sees the development of public old age pensions in Canada as basically a response to the needs of the capitalist state and not primarily to those of the elderly.

This chapter will focus on the marxist-critical perspective of the development of public pensions in Canada. **Section I** will discuss its explanation of the introduction of the various pension policies, and analyze the extent to which empirical data tend to confirm its position. This will include an analysis of the relationship between the needs of the Canadian state, the introduction of different pension policies and the priority given to selected values. **Section II** will discuss the relationship between
the needs of the Canadian state and the effects of specific pension regulations. Section III will present the marxist-critical explanation for the persistence of poverty among particular groups of the aged. Section IV will discuss the extent to which pension appeal boards reflect the 'rule of law'. All of the data and analysis presented will be directed by those concerns which form an integral part of the marxist-critical taxonomy as it was outlined in Chapter One (see pp. 35-48).

I: The Canadian State and Pension Policy

The marxist-critical taxonomy proposes that the introduction of public old age pension policy in Canada was primarily a response to the needs of the Canadian state rather than to those of the elderly. These needs, it argues, arise from the assumption that the motivating force behind capitalist production is the renewed accumulation of capital. As a consequence of this, capitalist production is seen to require a state capable of fulfilling three functions, the accumulation of capital, the legitimation of the capitalist state, and the establishment of social harmony (O'Connor, 1973; Poulantzas, 1973; Gough, 1979; Marchak, 1981). Whether the capitalist state gains this capacity as a result of its instrumental relationship with the capitalist class (Miliband, 1969) or as a result of its "relative autonomy" from that class (Poulantzas, 1973; Miliband,
1977; Gough, 1979), is largely irrelevant to the following analysis. Marxist-critical ideology accepts as given the capability and inclination of the capitalist state to represent the interests of the whole bourgeoisie rather than to reflect impartially the interests of pluralist groups in society (Miliband, 1969; Gough, 1979:42).

Capitalist production, then, is said to be directed toward the accumulation of capital. This process of accumulation, however, is dependent on the availability of 'surplus value'. In fact, it is argued that the availability of surplus value is the sine qua non for the achievement of accumulation (Gough, 1979:25). Surplus value, according to this perspective, is made possible only through the exploitation of the worker by the capitalist. Such exploitation is seen to arise from the fact that the worker has the ability to produce a greater 'value' than that which is required for his own reproduction, i.e., the value of his wages. This surplus is expropriated by the capitalist and converted into capital in the form of new factories, machinery, transport, or other infrastructure necessary for the further expansion of production and thereby surplus value.

It is further argued that the expansionary process depends on several factors. First, it is argued that production must have a suitable environment for the renewed accumulation of capital. This includes an environment free
of unwarranted disruptive social unrest. Social unrest, and in particular worker resistance, is seen to take many forms. These include the development of organized labour groups, or unions, the emergence of political organizations promulgating an alternative ideology to that supporting the capitalist system, and participation in strikes and protest activity. Strike activity is seen to be a particularly potent form of unrest since it is directed solely at the disruption of production. The formation of alternative political organizations, on the other hand, is seen to be directed primarily at the disruption of the political status quo. Three empirical measures of social unrest, then, would be significant strike activity, effective union organization and the development of counter-political parties.

Marxist-critical ideology suggests that social welfare is a response on the part of the capitalist state to the need to contain such social unrest. Given this, a marxist-critical explanation of pension policy would attempt to demonstrate that the rise of and changes in pension policy coincides with an increase or change in the potential for social unrest. It would follow that, if the marxist-critical perspective has any explanatory power, the introduction of public old age pensions in Canada should be associated with empirical evidence of increased, or threatening, social unrest as measured by the above factors.
In fact, the organization of labour unions' development of pension legislation in Canada historically have been closely related. It was organized labour which provided the first impetus for public pensions. This impetus only gained some strength after two developments within the labour movement, i.e., the integration and radicalization of labour. When labour first initiated its demands for pensions, there was little state response. Although the TLC recommended in 1905 that legislation be debated making provision for the maintenance of the deserving old who were unable to maintain themselves (TLC, 1905:44), it was to be two more years before the topic was introduced even briefly in the House of Commons. Even as late as 1911, the Congress had to admit that a "sickening silence in parliament follows every request for old age pensions" (TLC, 1911:56).

This ineffectiveness to influence state policy on the part of organized labour can be attributed to two factors. During its early years of organization, there was an inclination on the part of organized labour to indulge in "partyism". Partyism is characterized by the co-optation of organized labour leaders by the traditional political parties of Canada. During this period, the traditional political parties were successful in luring labour leaders into their folds through their ability to act as "patronage distributors" (Robin, 1968:2). From 1900 up to the election
of J. S. Woodsworth in 1920, "all . . . labour M.P.s had been unable or unwilling to withstand the pressures of political conformity" (Ibid., 27). Many maintained close personal and political ties with the federal parties. Others were willing to become "out and out supporters of the government" (Ibid., 115). As a consequence, organized labour simply did not constitute a major threat to the established political system.

In addition, during this period of its history organized labour was subject to many splits and schisms. A major split occurred between so-called labour and socialist candidates running for office at both the provincial and federal levels. Frequently they were to be found opposing each other in the same constituency. Up to the start of the First World War, the dominant characteristic of organized labour was that of sectarianism. This not only led to a lack of unity but to a lack of demonstrable electoral strength and organized strike activity. In short, up to the start of the First World War organized labour failed to make a serious impact on the policies of the Canadian state. It failed to provide a serious threat, either political or productive, to the Canadian establishment.

The war years changed much of this. The issue of conscription which arose at that time gave labour its first common cause around which its members could rally. A greater degree of unity now became possible. Simultaneously the
socialist wing of labour began to exert itself and to gain some prominence. "Under the pressing war conditions the T.L.C. drifted further away from the safe anchor of the Liberal and Conservative Parties" (Ibid., 119). Workers were encouraged to see the war effort as the "repudiation of labour and the abrogation of traditionally won rights" (Ibid.). It was impressed on them that the burden of sacrifice was falling on the worker while the benefits were accruing to the capitalist. Furthermore it was suggested that the war was a capitalists' war and of little concern to the worker. Workers began to fear that conscription would be used by the employers to interfere with union labour and the establishment of open shops. As the workers began to rally around organized labour, the TLC adopted a more militant stance. It no longer felt it had to talk to the government "in whispers" (Ibid., 129).

This militant stance was further reinforced in 1919 by the Russian Revolution. The integration of the labour and socialist movements was encouraged. By this time all the radical sections of labour began to abandon the old orthodoxies in favour of international communism (Ibid., 145). By the end of the war in 1918 a communist movement had emerged in Canada. It was to culminate in the formation of the Communist Party of Canada (CPC) in 1921.

Both of the above trends of integration and radicalization were exacerbated by the post-war economic condi-
Canadian soldiers had been reassured that the world they had risked their lives to save was a happy place in which to live. Instead they found themselves returning to unemployment, cramped living quarters, high living costs and overt evidence of wartime profiteering (Lipton, 1973:186). Membership in organized labour began to increase dramatically. At the beginning of 1919, union membership was 248,887. By the end of the year it had risen over 50 percent to 378,047 (Ibid., 185).

Strike activity also began to increase. Table 7-1 indicates that in 1918 there was a total of 230 strikes and lockouts involving 79,743 workers and a loss of 647,942 man work days. In 1919, there were 336 strikes and lockouts involving 148,915 workers and a loss of 3,400,942 man work days. Even more telling, these strikes and lockouts represented 0.60 percent of the estimated working time of that year. Unfortunately the percentage of estimated working time devoted to strikes and lockouts during 1918 is not available for comparative purposes. However, it can be noted that a percentage approaching that reached in 1919 was not attained again until 1946, or the year following the cessation of World War Two.

Furthermore, evidence indicates that organized labour also was attempting to consolidate its forces under the rubric of the 'One Big Union'. In 1919 it successfully called its first 'general strike' in Winnipeg. Although
TABLE 7-1
STRIKES AND LOCKOUTS IN CANADA, SELECTED YEARS, 1901-1973

<table>
<thead>
<tr>
<th>Year</th>
<th>Number Beginning During Year</th>
<th>Number</th>
<th>Workers Involved</th>
<th>Man Work-Days</th>
<th>Percentage of Estimated Working Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>97</td>
<td>99</td>
<td>24,089</td>
<td>737,803</td>
<td>-</td>
</tr>
<tr>
<td>1911</td>
<td>99</td>
<td>100</td>
<td>19,285</td>
<td>1,821,084</td>
<td>-</td>
</tr>
<tr>
<td>1914</td>
<td>58</td>
<td>63</td>
<td>9,717</td>
<td>490,650</td>
<td>-</td>
</tr>
<tr>
<td>1918</td>
<td>228</td>
<td>230</td>
<td>79,743</td>
<td>647,942</td>
<td>-</td>
</tr>
<tr>
<td>1919</td>
<td>332</td>
<td>336</td>
<td>148,915</td>
<td>3,400,942</td>
<td>0.60</td>
</tr>
<tr>
<td>1920</td>
<td>310</td>
<td>322</td>
<td>60,327</td>
<td>799,524</td>
<td>0.14</td>
</tr>
<tr>
<td>1921</td>
<td>259</td>
<td>168</td>
<td>28,257</td>
<td>1,048,914</td>
<td>0.22</td>
</tr>
<tr>
<td>1922</td>
<td>89</td>
<td>104</td>
<td>43,775</td>
<td>1,528,661</td>
<td>0.32</td>
</tr>
<tr>
<td>1923</td>
<td>77</td>
<td>86</td>
<td>34,261</td>
<td>671,750</td>
<td>0.13</td>
</tr>
<tr>
<td>1924</td>
<td>64</td>
<td>70</td>
<td>34,310</td>
<td>1,295,054</td>
<td>0.26</td>
</tr>
<tr>
<td>1925</td>
<td>86</td>
<td>87</td>
<td>28,949</td>
<td>1,193,281</td>
<td>0.23</td>
</tr>
<tr>
<td>1926</td>
<td>75</td>
<td>77</td>
<td>23,834</td>
<td>266,601</td>
<td>0.05</td>
</tr>
<tr>
<td>1945</td>
<td>196</td>
<td>197</td>
<td>96,068</td>
<td>1,457,030</td>
<td>0.19</td>
</tr>
<tr>
<td>1946</td>
<td>223</td>
<td>226</td>
<td>138,914</td>
<td>4,515,030</td>
<td>0.54</td>
</tr>
<tr>
<td>1947</td>
<td>231</td>
<td>234</td>
<td>103,370</td>
<td>2,366,340</td>
<td>0.27</td>
</tr>
<tr>
<td>1948</td>
<td>147</td>
<td>154</td>
<td>52,820</td>
<td>885,790</td>
<td>0.10</td>
</tr>
<tr>
<td>1949</td>
<td>130</td>
<td>135</td>
<td>46,867</td>
<td>1,036,820</td>
<td>0.11</td>
</tr>
<tr>
<td>1950</td>
<td>158</td>
<td>160</td>
<td>192,083</td>
<td>1,387,500</td>
<td>0.15</td>
</tr>
<tr>
<td>1960</td>
<td>268</td>
<td>274</td>
<td>49,408</td>
<td>738,700</td>
<td>0.06</td>
</tr>
<tr>
<td>1961</td>
<td>272</td>
<td>287</td>
<td>97,959</td>
<td>1,335,080</td>
<td>0.11</td>
</tr>
<tr>
<td>1962</td>
<td>290</td>
<td>311</td>
<td>74,332</td>
<td>1,417,900</td>
<td>0.11</td>
</tr>
<tr>
<td>1963</td>
<td>318</td>
<td>332</td>
<td>83,428</td>
<td>917,140</td>
<td>0.07</td>
</tr>
<tr>
<td>1964</td>
<td>327</td>
<td>343</td>
<td>100,535</td>
<td>1,580,550</td>
<td>0.11</td>
</tr>
<tr>
<td>1965</td>
<td>478</td>
<td>501</td>
<td>171,870</td>
<td>2,349,870</td>
<td>0.17</td>
</tr>
<tr>
<td>1966</td>
<td>582</td>
<td>617</td>
<td>411,459</td>
<td>5,178,170</td>
<td>0.34</td>
</tr>
</tbody>
</table>

this was not a nation-wide strike, it did command much sup-
port from the western provinces of Manitoba, Alberta, and
British Columbia. Labour was overtly attempting to "disrupt
the means of production and distribution . . . ." (Robin,
1968:176). This obviously instilled terror in the heart of
the federal government.

The first response to this apparent radicalization
and consolidation of organized labour was the growth of "an
irrational anti-socialist hysteria" (Penner, 1977:70). Socialism and bolshevism were seen to be "rampant in
Vancouver, Calgary and Winnipeg" (Ibid.). The Winnipeg
strike of 1919 was seen as "an attack on the very existence
of the system" (Ibid.). Any concessions to the strikers, it
was argued, "would only kindle the fires of revolt all over
Canada" (Ibid., 28). In order to gain control of the situa-
tion the RCMP were ordered to ride their horses into the
marching strikers. The strike leaders were arrested, tried
and imprisoned. Meighen, the then Minister of Labour, felt
that in giving the above orders he was saving his country
from "perfect Bolshevism". By this he meant the "combi-
nation of all organizations of labour in the Dominion taking
part in and determining the event of every dispute as to
labourers' conditions and wages here, there, at any other
point . . . ." (Ibid., 70-1). What really frightened Meighen
and his colleagues in Ottawa was the threat implied in the
radicalization of organized labour in conjunction with its
unification and growing support.
One indirect result of Meighen's reaction was the election to the federal parliament of two of the arrested labour leaders, J. S. Woodsworth and William Irvine. As already discussed in Chapter Three, these two were to become instrumental in the introduction of old age pensions in Canada. In addition, "out of the strike, the trials, and the jail sentences grew an intensified class feeling, deepened suspicion of the elite-controlled state violence, a fresh drive for an independent labour political party, and thus a principal tap-root of the CCF-NDP" (McNaught, cited in Penner, 1977:28).

Mackenzie King, as noted earlier, adopted a different position from that of Meighen. He read the mood of the Canadian working class more accurately and concluded that if strife, disorder, and industrial upheaval were to be avoided, "an effort had to be made to satisfy some of their claims . . ." (Ibid.). Using the unrest of the West to his own advantage, King successfully argued the case for labour and social reform at the 1919 Liberal Party Convention. He was not only chosen leader of the Liberal party but subsequently became Prime Minister and, under pressure from the two labour representatives, the initiator of the first public pension policy in Canada.

In addition, King was forced, at least temporarily, to woo the newly formed Communist Party through the promise of liberal social policies such as expanded pen-
At first the CPC had attempted to organize workers into trade unions which were in opposition to those of the TLC. Although it made some gains amongst the miners of Nova Scotia and British Columbia, the workers in the needles trades and forestry workers (Marchak, 1981:119), its popularity remained limited. In the early depression years it also attempted to organize the unemployed. It was hampered in this activity by laws prohibiting unlawful assembly, the infiltration into its ranks of RCMP officers, and the general surveillance to which it was subjected (Ibid.). As a result, its successes in this activity were limited also. Moreover the CPC at this time opposed the more traditional left political organizations denouncing the CCF as a "twin of fascism" and a "traitor to the working class" (Ibid.). J. S. Woodsworth was branded "one of the most dangerous elements in the working class" and the CCF program "liberal-laborism and the bourgeois revision of Marxism" (Ibid., 121).

In 1932, the secretary-general of the CPC, Tim Buck, was arrested and imprisoned along with several other leading Communists in Canada. The publicity surrounding his trial resulted in an increased membership in the Party (Ibid., 120). By the middle of the 1930s, the CPC and the CCF discovered that they were fighting a common enemy - fascism. By 1936 they formed a united front. In order to facilitate this unity, the CPC abruptly disbanded its trade organization in favour of that of the TLC (Ibid., 120-121).
In addition, the CPC became the only organization during this period prepared to give expression to the discontent of the depression. It began to initiate imaginative, militant, and effective extra-parliamentary activity on a whole host of domestic and foreign policy questions (Penner, 1977:170). For the first time in its history, it was winning adherents and sympathizers from the Canadian academic community (Ibid.). Its members were becoming actively involved in cultural activities as well as the building of the trade union movement. They were "partly responsible for making this period the most momentous in Canadian labour history" (Ibid.). Their activities began to help the CCF in the federal parliament. Communist parliamentary groups took up the issues of concern to the CCF and "fought for them in the various legislative bodies across the country" (Ibid.). The CPC, in effect began to accept as its own policy, "liberal-labourism". In doing so it played a major role in the undermining of Bennett's political support and the provision of support for King's social policies. In 1944, it became an open supporter of Mackenzie King. Evidence indicates that King was not altogether oblivious of this support from the left.

Although the CPC at no time had a membership that exceeded 8,000, its significance for the Canadian political scene at this time is better measured by the "fear it generated in federal and provincial governments" (Marchak,
This fear, which at times approached paranoia, is evident in the political responses of the Canadian state in the 1920s, the 1930s, and the 1940s. These responses were always expressed in terms of the capacity of the CPC and its communist adherents to take over Canada.

In the 1920s, King responded to the radicalization of labour and the introduction of communism with the initiation of public old age pensions. In the 1930s, the response of the Canadian people was the repudiation of Bennett's apparent pro-capitalist policies. In the 1940s, a series of by-elections resulted in the election of one Labour Progressive (formerly CPC) and several CCF candidates. Public opinion polls indicated that there existed a major threat from the CCF to the Liberal government (McBride, 1983:501). King, always moving towards the defusing of working class discontent, responded with measures which ultimately led to the initiation of universal pensions in 1951.

Mindful of the working class discontent which followed the end of the First World War, King set up a cabinet committee shortly after the Second World War was declared. This committee, which was eventually to become a full parliamentary committee, was convened to prepare for the reconstruction of Canadian economic and social life following the conclusion of the war. King obviously was aware of the need for his government to have a prepared program of social reforms ready for immediate implementation. If he did not,
it was apparent that the government would run grave risks of facing mass unemployment, social unrest, and a chaotic industrial situation which no amount of ad hoc improvisation could master (King's Papers, File 3993). Prominent among King's post-war programs was the implementation of specific welfare state measures (McBride, 1983:510). These included the consideration of a new social security system designed to improve the pension situation of Canada.

It is no coincidence, then, that the period in which organized labour and its political arms, the CCF and the CPC, experienced their 'finest hour' was also that period in which public pensions were introduced and extended to their 'finest status', that of universality. Neither is it a coincidence that the decades in which labour parties were enjoying their greatest support were also those in which pension policy more fully reflected the need for equality and justice. Not only were the 1940s and the early 1950s the zenith years for labour and left wing political activity, they were also the zenith years for the development of public pension policy. Priority was given to the expansion of the values of equality and social justice, the very values which were most prominently advocated by the leftist elements of Canadian society. In other words, the state responded to the needs of capital as well as its own need for legitimation by introducing and advocating the appropriate values in pension policy.
It can be concluded, then, that social unrest and class struggle associated with the radicalization of labour and the development of more effective left wing political action was closely associated with the introduction of public pension policy in 1927 and the reforms which led to the adoption of the principle of universality in 1951. It also can be concluded that the same social unrest was closely associated with the priority given to the values of equality and justice. These were eventually to be reflected in the implementation of universal old age pensions, and the growth of the 'welfare state' in Canada.

Furthermore, the lessening of left-wing radical activity within organized labour and political organizations, along with a diminished support for leftist political parties, can be seen to be associated with the growing emphasis on the value of individual freedom within pension policy and the subsequent down-grading of the principle of universality. Once the war was over, public support at the federal level for both the CCF-NDP and the CPC-LPP decreased noticeably. In the federal election of 1945, the CCF's portion of the popular vote had reached over 15 percent (Campbell, 1977:87). This had resulted in the election of 28 Members of Parliament. By 1953, its portion had dropped to 11.3 percent and in 1958 it was only 9.5 percent (Ibid., 88). Despite a modest resurgence in its proportion of the popular vote in 1965, the NDP still was able to win
only 22 federal seats (Ibid., 89). In other words, the change in the value orientation and which value gets priority is affected by forces outside of those found within the liberal-democratic ideology.

The CPC had been all but snuffed out during the war years. In 1940 it was banned under the War Measures Act. Several of the communist newspapers were closed, property belonging to communist organizations was confiscated, and communist activists were arrested (Marchak, 1981:121). Although the Party re-emerged in 1943 under the name of the Labour Progressive Party (LPP), it was not to be a "major political force in Canada" (Ibid., 122). While it still dominated Marxist thought in Canada up to 1957, its numbers were small and its influence never as great as it had been in the thirties and forties (Penner, 1977:170). The LPP, like the CPC was plagued by two problems. At no time were either parties able to attract the non-communist socialists who rejected their revolutionary solution. This of necessity kept their membership and political power limited. Neither was the LPP able to sustain a bond of unity with the CCF. Like the CPC in its earlier years, the LPP tended to see the CCF as being made up of "misleaders" and "betrayers". As a consequence, the impact of communism on public policy in the years following the early 1950s became negligible.

Added to this attenuation of political power in leftist organizations was a transition within organized
labour. Shortly after the Second World War, organized labour adopted what McBride calls "the traditional collective bargaining role" (McBride, 1983:511). This model of labour relations, McBride suggests, was first established by public policy at the end of the Second World War. At that time the Canadian state began to implement Keynesian economic management goals and techniques. Organized labour responded to this with a publicly stated willingness to consult, to debate and to negotiate economic and social goals (William Dodge, executive vice-president of the CLC, cited in McBride, 1983:511). In other words, labour adopted a 'corporatist stance' vis-à-vis business and government. Adversarial and confrontation techniques were replaced by labour-management co-operation. Labour developed a way of thinking which became characterized by co-operation and collaboration. This stand, McBride argues, prevailed until the late 1970s at which time unfavourable economic conditions led to a reversal of labour's position. However, in spite of this reversal, "1976 was not to be 1944 revisited" (Ibid., 514).

Despite, or perhaps because of, labour's conciliatory overtures there was little attempt on the part of the Canadian state to integrate organized labour into the political process in ways which would have enhanced its powers and responsibilities (Ibid., 514). Instead, in the field of social welfare policy, there appears to have been a favour-
ing of the values associated with the freedom of the individual and a lessening of those associated with equality and social justice. This is clearly reflected in the introduction of contributory pensions which stressed differential earnings-related rewards and the Guaranteed Income Supplement program based on the selectivity of income-testing, as well as the down-grading of the universal OAS.

It can be seen that the very years during which the values of individual freedom were becoming accentuated and those associated with the principle of universality diminished, were also the very years in which labour and its political organizations were experiencing diminished support, less radical activity, and thereby offering less of a threat to the established Canadian state. Not only had the unions adopted a publicly expressed corporatist stance in the 1960s but the percentage of estimated working time lost due to strikes and lockouts reached a low of 0.06 in 1960, and 0.07 in 1963. It was not until 1966, the year following the introduction of the CPP, that the percentage reached a startlingly high of 0.34 (see Table 7-1, p. 391). It was in these years that, in accordance with the marxist-critical perspective, reform of the pension system did not reflect so much the need to contain social unrest as the need to advance certain hitherto neglected ideological values. The support organized labour gave to the further entrenchment of these neglected values then would have derived from its
newly acquired stance of co-operation and collaboration. Marxist-critical ideology would argue that it was no coincidence that labour, government and business were able to see "eye to eye" regarding the direction of pension policy during the 1960s. Both the introduction of a contributory system and the subsequent downplaying of universal pensions can be seen to have occurred in the context of a lack of effective social unrest as well as a lack of threatening competition from leftist political groups, and a corporatist-minded organized labour.

In short, marxist-critical ideology sees the introduction of public old age pensions and their reform as related to several additional factors to those suggested by the liberal-democratic ideology. These include the relationship between social unrest and pension policy. Clearly, in Canada there has been a close relationship between the nature of organized labour and its activities and the formation of pension policy. The more radical and adversarial the stance of labour, as seen in the 1920s and 1930s, the more the values of equality and justice became emphasized. The more co-operative labour was, as seen in the 1960s, the more the emphasis appeared to shift in favour of the value of individual freedom. In addition, there appears to be a close relationship between the formation and activity of leftist political parties and the formulation of pension policy. Clearly the Canadian state has used pension policy
as a means of providing a more stable environment for the renewed accumulation of capital. When social unrest has reached the point of threatening the stability of either production or effective government control, pensions (among other things) have been offered as a gesture of good-will. The provision of public pensions, in addition, have served to promote the view that the Canadian state acts in the general interests of the public, in the interests of the impoverished elderly, in addition to acting in the interests of capital. In short, there is ample evidence to support this aspect of the marxist-critical perspective on pension policy in Canada. Pensions, according to this perspective, have not been just a response to the elderly or even just a minor victory for the working classes, but a means of extending and reproducing the established capitalist system. In this pensions not only reflect those values found within the liberal-democratic ideology but also some of those found in the marxist-critical interpretation.

II: The Canadian State and Pension Regulations

Marxist-critical ideology also argues that the threat of social unrest can result from a lack of economic and ideological control over particular groups in society. Cuneo (1979) has suggested that the working population within a capitalist society is controlled by the economic and ideological forces which bind it to the capitalist
employers. The need to work and earn a wage exerts a large measure of control over the behaviour of the individual and thereby the working class in general. However, once the worker leaves the labour force these controls tend to diminish or weaken. If adequate social harmony is to be ensured, the state must also "help maintain and control the non-working population" (Gough, 1979:53). One way of effecting this control is through the rules and regulations incorporated within the various forms of social legislation. These would include measures which would discourage the non-worker from participating in radical activities which might upset the status quo. Such a measure might be pensions themselves since radical change might involve the loss of known income security. A further measure of marxist-critical ideology, then, would be the presence of restrictive clauses within the legislated pension policy. If the marxist-critical perspective is correct, these clauses can be expected to be in the interests of capital.

Furthermore, where the physical means of subsistence is below the average standards of society, the possibility of opposing ideologies emerging is increased. Those in a position of acute deprivation, it is argued, constitute a threat to the maintenance of the capitalist economic system and its 'ethic of work'.

This threat can take two forms. First, there is the threat that the elderly themselves, left in a position
of deprivation, will become radicalized. More importantly, there is the threat that the working force, faced with the sure anticipation of poverty in retirement, also will become radicalized. As a result, argues the marxist-critical perspective, the capitalist state has a compelling reason to see that the elderly do not remain in a state of dire deprivation. However, those relief measures introduced must also not intrude upon the capitalist state's need to fulfill its functions of accumulation. This implies that social welfare transfers within a liberal-democracy will be designed to alleviate poverty among the elderly but only within the parameters of existing class relations. This can be effected by pension policies which ensure different levels of allowance and income in accordance with the pre-retirement class positions of the recipients.

The downward redistribution of wealth that is necessary for the successful transfer of income to the non-working elderly can be expected to emanate from within the confines of the working class and not those of the capitalist class. It also can be expected that the transfer of such funds will not adversely affect the income gap which has become entrenched over time between the worker and the capitalist. This suggests two further empirical measures required by the marxist-critical ideology, evidence that any downward redistribution of wealth occurs entirely within the working class and that the established income gap between
those within the highest income categories and those within the lowest is maintained despite social welfare legislation.

In short, additional empirical measures related to the need of the capitalist state to fulfill its functions of accumulation and control are the presence of restrictive measures in public pension policy, restricted downward redistribution of wealth, and the persistence of an inequitable income gap.

An examination of public pension policy in Canada indicates that the effect of some of its regulations has been the restriction of certain activities of the elderly. This has been more apparent in the earlier legislation than the later. First, it can be argued that the very existence of public pensions provides a form of control. Public pensions can be seen to bind the pensioner to the interests of the state in a manner somewhat similar to that by which the wage-earner is bound to the capitalist. The pensioner becomes dependent on the 'charity' of the state and the probability of the radicalization of this group as a whole becomes more remote. This dependency is perhaps greater with means-tested pensions than with contributory or universal pensions; nonetheless an element of it exists in all three types of policy. The effects of this dependency can also spread beyond the population of current pensioners. The promise of state help in one's later years can serve to neutralize possible anti-state activity and thought among
the older workforce. The state becomes viewed as benevolent, desirable, and necessary for the well-being of both the pensioner and the older worker.

Moreover specific clauses can directly result in some restriction of the activities of some pensioners. This again is more apparent in the earlier legislation than in the later acts. Table 7-2 summarizes the extent to which marxist-critical expectation of particular restrictions are reflected in pension policy.

In the 1927 pension legislation a form of control over the number of applications for pensions resulted, inadvertently or otherwise, from the administration of regulations governing the transference of real property to the pension authority and the recovery of property from the estates of the deceased pensioners. During this period of time the possession of private property was seen to be important not only for one's economic well-being but for one's self-esteem and pride. The threat implicit in the above regulations frequently resulted in eligible applicants refraining from applying for public pensions. Some of the elderly were more prepared to suffer the hardships of poverty than the loss of dignity and pride.

Regulations governing citizenship requirements for eligibility restricted some women from ever becoming pensioners. Under these rules all male British subjects were eligible for benefits. Women, on the other hand, if they
<table>
<thead>
<tr>
<th>EXPECTATION</th>
<th>1927 Legislation</th>
<th>1950 Legislation (OAS)</th>
<th>1965 Legislation (CPP and GIS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equality:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Control of Social Unrest</td>
<td>Pensions Tie Pensioner to Status Quo.</td>
<td>Same</td>
<td>Same</td>
</tr>
<tr>
<td></td>
<td>Separation of Deserving Poor From Undeserving Poor by Means-Testing</td>
<td>Eliminated</td>
<td>Re-introduced in GIS</td>
</tr>
<tr>
<td>Control of Employment Opportunities</td>
<td>Income Ceilings</td>
<td>Eliminated</td>
<td>Re-introduced in GIS</td>
</tr>
<tr>
<td>Control of Number of Applicants</td>
<td>Means-Test Procedures</td>
<td>Eliminated</td>
<td>Re-introduced in GIS</td>
</tr>
<tr>
<td></td>
<td>Recovery of Pensioner's Estates</td>
<td>Eliminated</td>
<td>Eliminated</td>
</tr>
<tr>
<td></td>
<td>Citizen and Residence Requirements</td>
<td>Reduced</td>
<td>Reduced</td>
</tr>
</tbody>
</table>
TABLE 7-2 (Continued)

<table>
<thead>
<tr>
<th>EXPECTATION</th>
<th>1927 Legislation</th>
<th>1950 Legislation (OAS)</th>
<th>1965 Legislation (CPP and GIS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Control of Geographic Mobility</td>
<td>Residence Requirements</td>
<td>Reduced</td>
<td>Reduced</td>
</tr>
<tr>
<td>Control of Class Mobility</td>
<td>-</td>
<td>-</td>
<td>Replication of Class Situation in CPP</td>
</tr>
<tr>
<td>Control of Status-Dignity</td>
<td>Stigmatizing Means-Test (Poverty Due to Personal Factors)</td>
<td>Eliminated</td>
<td>Re-introduced in GIS</td>
</tr>
<tr>
<td>Justice:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Control of Activities of Aged and Near-Aged</td>
<td>Residence Requirements</td>
<td>Reduced</td>
<td>Reduced</td>
</tr>
<tr>
<td></td>
<td>Restriction re Criminal Activity</td>
<td>Same</td>
<td>Same</td>
</tr>
<tr>
<td>Control of Class Situation (Maintenance of Poverty)</td>
<td>Limited Pension Benefits</td>
<td>Same</td>
<td>Same</td>
</tr>
</tbody>
</table>
had been, or were married, to a non-British subject were ineligible unless they had been British subjects before their marriage. This meant that the wife of a non-British subject "may have enjoyed wedded life for one month, on the decease of her husband have become naturalized in her own right, and lived as a naturalized citizen for fifty years" and still not have been eligible for an old age pension (Cohen, 1926:19). The only ways in which a female non-British subject could become eligible for pensions were to become a British subject before marriage, or marry a British subject. Male applicants born outside of Canada simply had to become naturalized citizens some time before applying for old age pensions.

Residence clauses restricted both inter-provincial and extra-national movement. Because eligibility depended on a provincial residence of 5 years prior to application, a potential pensioner moving from one province to another during this period stood to lose, at least temporarily, his/her pension benefits. Any movement outside of Canada during the 20 years prior to application or after receipt of benefits had more or less the same result. In effect, the Canadian state had gained some control over the geographical mobility of many older residents.

Means-testing procedures resulted in two effects. The first was a limiting effect on the number of applicants for old age pensions. In order to receive benefits, the
applicant had to prove his/her need. The second effect was the creation of an 'outcast class' of dependent poor. Piven and Cloward, in their study of the introduction of welfare measures in the United States, argue that while social welfare legislation arose out of civil unrest, once the unrest subsided the initiated programs remained, "ostensibly to provide aid to the aged . . . and such other unfortunates as may be without economic utility" (Piven and Cloward, 1971:33). They suggest, that the manner in which these aged were treated indicates that the relevant measures served an additional purpose than the remediation of destitution. This purpose, they argue, was the reinforcement of the ethic of work. The provision of welfare measures then can result in the creation of an outcast class. The degradation of this class at the hands of the relief officials serves to "celebrate" the virtue of work. The elderly dependent pensioner is seen to be a symbol of what happens to those who are foolish enough to be imprudent, profligate and/or lazy in their younger years. In addition this degradation redirects the attention of the public away from the weaknesses of the social organization to the badge of failure worn by the individual pensioner.

Although means-testing procedures were removed from public pensions with the introduction of universal pensions, the limited benefits provided under the OAS, it might be argued, keep the dependent pensioner in sufficiently
restricted economic straits that the symbol remains undisturbed. In addition, the advent of a contributory pension system can be seen as providing a further contrast between those who work and thereby are eligible for C/QPP benefits and those who do not and become dependent on the combination OAS-GIS program. It has been demonstrated already that those in this latter group are the least well-off of all pensioners.

Finally, the restriction on the amount of income allowed pensioners receiving old age pensions can be viewed as having constituted mandatory retirement. Only the most lowly of occupations could allow the pensioner to both work and receive a public pension. The change to universal pensions in 1951 removed this restriction, along with many other restrictive regulations, from public pensions. However it did not eliminate it. The mandatory retirement effect was simply shifted down to those in the 65-69 age group. The effect of the 1951 legislation though, was to discourage those within this new age cohort from precipitously contemplating early retirement. The effect of the introduction of contributory pensions further encouraged the older worker to remain within the labour force. Changes in pension policy then can be seen to affect the concept of retirement.

Graebner (1980) argues that the introduction of old age security in the United States in 1935 was in
response to the need of American capitalists to be rid of those elderly workers who were taking up unwanted space in the labour force. At that time the young worker was seen to be more efficient, more flexible and more desirable. Through the enactment of social security the concept of retirement became economically feasible and socially acceptable. In many aspects the 1927 pension legislation in Canada might be viewed as accomplishing the same purpose.

However in Canada by 1951 the economic climate, and in particular the employment situation, had changed dramatically. Table 7-3 indicates that at that time unemployment was exceedingly low. (Compare with Table 7-4 which indicates that unemployment rates might have been considerably higher in the years preceding the 1927 legislation.) Labour was enjoying what might be termed a "sellers' market". It could be argued that at this time capital was urgently in need of more workers in order to expand production. But such workers were in short supply. This led to a growing demand for higher wages. Although many strategies were devised to rectify this situation, including policies supportive of high immigration, pensions can be seen to also have served in two ways. First, universal pensions meant that the older worker could work and receive public pensions simultaneously. He no longer had to 'retire' from the labour force. Moreover universal public pensions, it might be argued, served to remove the topic of pensions from the
<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Average Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>3.4</td>
</tr>
<tr>
<td>1947</td>
<td>2.2</td>
</tr>
<tr>
<td>1948</td>
<td>2.3</td>
</tr>
<tr>
<td>1949</td>
<td>2.8</td>
</tr>
<tr>
<td>1950</td>
<td>3.6</td>
</tr>
<tr>
<td>1951</td>
<td>2.4</td>
</tr>
<tr>
<td>1952</td>
<td>2.9</td>
</tr>
<tr>
<td>1953</td>
<td>3.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage Unemployed as of December</th>
</tr>
</thead>
<tbody>
<tr>
<td>1915</td>
<td>7.9</td>
</tr>
<tr>
<td>1916</td>
<td>2.0</td>
</tr>
<tr>
<td>1917</td>
<td>2.5</td>
</tr>
<tr>
<td>1918</td>
<td>2.5</td>
</tr>
<tr>
<td>1919</td>
<td>4.3</td>
</tr>
<tr>
<td>1920</td>
<td>13.2</td>
</tr>
<tr>
<td>1921</td>
<td>15.1</td>
</tr>
<tr>
<td>1922</td>
<td>5.3</td>
</tr>
<tr>
<td>1923</td>
<td>7.2</td>
</tr>
<tr>
<td>1924</td>
<td>11.6</td>
</tr>
<tr>
<td>1925</td>
<td>7.9</td>
</tr>
<tr>
<td>1926</td>
<td>5.9</td>
</tr>
</tbody>
</table>

labour-management bargaining table (Murphy, 1982). This, it can be argued, would effectively stop labour from taking undue advantage of its more favourable position. Viewed from the marxist-critical perspective pensions simply became one more way by which capital was able to gain control over the fluctuations of the labour market.

The introduction of universal pensions eliminated many of the elements of control found within the earlier legislation. Restrictions governing inter-provincial mobility were removed while those governing extra-national mobility became more liberalized. Control over the pensioner's estate was eliminated along with means-testing procedures. However, the introduction of the GIS program re-introduced these procedures to the extent that income-testing can be seen to be the same as means-testing. However, much of the stigmatization was removed. Still, at no time did universal pension provide sufficient benefits to allow the elderly to live off them alone. Those who had been "imprudent", "profligate" or "lazy" still became separated from the more virtuous others by dint of the necessity to apply for the assistance benefits, or supplements.

The introduction of the C/QPP did very little to change this situation. The contributory program served to replicate in retirement years the income distribution experienced in the labour force years. The limitations put upon the maximum pensionable earnings within the CPP had the
effect of limiting the benefits received. Those expecting to more fully enjoy their retirement years were forced to resort to private pension plans. Not only did this keep public pensions non-competitive with private ones, but it meant those dependent on public pensions alone remained at the bottom of the retirement income ladder. They were the poor who could not afford private pensions. Moreover according to the marxist-critical perspective, none of the three programs contributed to any fundamental change in the prevailing class relations. All three, are seen to have merely reinforced those relations deemed necessary for capitalist production.

This suggests that the transference of wealth which took place as a result of the introduction of public old age pensions was confined to the parameters of the working class. Empirical data have already been presented in Chapters Four and Five indicating the extent to which a downward redistribution of wealth was associated with the financing of the pension policy of 1951 and 1965. From this, it must be concluded that the burden of pension taxation fell on the lower middle income groups and not the higher ones. Bryden in his analysis of pension taxation suggests that each expansion of the public pension program added significant elements of regressivity to the tax structure (Bryden, 1974:210). The regressivity of the tax structure associated with means-tested pensions was replaced
with the more regressive earmarked taxes associated with universal pensions. These were augmented by the even more regressive contributions in 1965. As a result, Bryden argues, the "real effect of . . . tax changes has been that those in the lower middle income range and below have been required to assume a disproportionate share of the income maintenance for those who have been reduced by age to the bottom of the income scale" (Ibid.). In other words, the transfer of pension funds to the elderly has not resulted in any fundamental changes in the redistribution of wealth.

Furthermore empirical data suggest that the distribution of wealth in Canada has remained remarkably stable throughout the period under discussion. One measure of the inequality found within the distribution of income is the Gini coefficient. The Gini coefficient measures the ratio between the so-called Lorenz curve and that 'curve' which results if a perfect equality of income distribution occurs. The Lorenz curve is formed by plotting the income ranking of family units, whether they receive 10, 20, 30 percent of the total national income and the proportion of the total population they form. A perfect curve occurs when each successive percentage group of similar families receives the same percentage of income: the first 20 percent getting 20 percent of the income, the first 40 percent, 40 percent of the income and so on (Heilbroner and Thurow, 1978:226). Under this condition of perfect equality, the
Gini coefficient equals zero and each quintile of population would be expected to receive 20 percent of the total income. Under conditions of perfect inequality, it equals one. The higher the value, then, the greater the degree of inequality within the distribution of income. Table 7-5 indicates that in absolute terms income increased in Canada between the years of 1951 and 1971. However, the Gini coefficient indicates that the distribution between quintiles remained markedly stable. The lowest quintile received no more that 4.4 percent in any given year while the highest consistently received around 42 percent. All of this suggests that the degree of income inequality in Canada has remained stable. In other words, the introduction of social welfare measures, including that of public pensions, has failed to contribute to the closing of the income gap between the wealthy and the poor.

However, there are at least two reasons why pensions should not be expected to close the income gap. First, the OAS and CPP programs were not designed to close the gap by the provision of benefits. In the former case, the benefits were equally distributed among the recipients. In the second, since benefits were earnings-related, they were designed to maintain the current distribution. Second, the transference of benefits to a small group of elderly, such as those qualifying for GIS, might well be 'hidden' in the larger grouping of quintiles and the effect unnoticed,
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Income</td>
<td>$3,185</td>
<td>$4,815</td>
<td>$6,519</td>
<td>$8,845</td>
<td>$10,694</td>
<td>$13,805</td>
<td>$16,764</td>
</tr>
<tr>
<td>Median Income</td>
<td>$2,703</td>
<td>$4,262</td>
<td>$5,859</td>
<td>$7,832</td>
<td>$9,441</td>
<td>$12,179</td>
<td>$14,969</td>
</tr>
<tr>
<td>Gini Coefficient</td>
<td>0.3904</td>
<td>0.3679</td>
<td>0.3789</td>
<td>0.4001</td>
<td>0.3924</td>
<td>0.3917</td>
<td>0.3878</td>
</tr>
</tbody>
</table>

or offset, by other factors. A better method of evaluating the contribution of pensions to the redistribution of wealth, then, is a combination of the estimates of 'fiscal incidence' and the Lorenz grouping of family units (Gillespie, 1980:41). Fiscal incidence is a measure of change in the relative income positions of family units in response to taxation and public expenditure policies (Ibid., 25). It is calculated by subtracting the taxation rate of family units, in particular income brackets, from the public expenditure rate of that bracket. A positive fiscal incidence indicates that the family units within that income bracket are net gainers from the redistributive mechanisms of the government (Ibid., 41). The Lorenz grouping categorizes family units according to the Lorenz curve, that is their ranking according to income and percentage of the population.

In Gillespie's comparison of the redistributational effects between 1961 and 1969 these two measures were used. From these measurements he concluded that in 1969 there was some evidence that the public sector did redistribute income from the upper-middle and richest income classes toward the poorest and lower-middle income-classes (Ibid., 44). However during the period under consideration "the net contribution of the representative rich Canadian family fell and the net contribution of the representative upper-middle-income Canadian family unit rose" (Ibid., 46) (Emphasis in
original). While the representative poor family unit gained, it did not gain nearly as much as the representative rich family. "In short, the Canadian public sector during the 1960s did not become substantially more redistributive from the rich towards the poor; it became somewhat more beneficial towards the poor, and considerably more beneficial towards the rich" (Ibid.).

From similar data to that provided in Table 7-6 and his examination of the estimates of fiscal incidence, Gillespie concludes that "evidence does not support the belief that over time governments have been successful in increasing the degree of redistribution from the rich to the poor such that the 'share' of command over resources of the poor has increased significantly" (Ibid., 49). Given that the poorest fifth of Canadian family units, in terms of relative command over resources, was slightly worse off in 1974 than in 1969, Gillespie further argues that "Canada is still a long way from providing the poor with a standard of living which 'allows for dignity and decency'" (Ibid.).

In short, many of the more restrictive regulations found within the early pension legislation have been removed from the later acts. However, pension policy in Canada still offers restricted benefits, still contains elements of stigmatization, has failed to provide downward redistribution of wealth and has failed to close the income gap. Furthermore, such policy can serve, if necessary, as a mech-
TABLE 7-6

PERCENTAGE DISTRIBUTION OF TOTAL PRE-TAX INCOME OF FAMILIES AND UNATTACHED INDIVIDUALS
BY QUINTILES, 1951-79

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>4.4</td>
<td>11.2</td>
<td>18.3</td>
<td>23.3</td>
<td>42.8</td>
<td>100</td>
</tr>
<tr>
<td>1954</td>
<td>4.4</td>
<td>12.0</td>
<td>17.8</td>
<td>24.0</td>
<td>41.8</td>
<td>100</td>
</tr>
<tr>
<td>1957</td>
<td>4.2</td>
<td>11.9</td>
<td>18.0</td>
<td>24.1</td>
<td>41.6</td>
<td>100</td>
</tr>
<tr>
<td>1959</td>
<td>4.4</td>
<td>11.9</td>
<td>18.0</td>
<td>24.1</td>
<td>41.4</td>
<td>100</td>
</tr>
<tr>
<td>1961</td>
<td>4.2</td>
<td>11.9</td>
<td>18.3</td>
<td>24.5</td>
<td>41.1</td>
<td>100</td>
</tr>
<tr>
<td>1965</td>
<td>4.4</td>
<td>11.8</td>
<td>18.0</td>
<td>24.5</td>
<td>41.4</td>
<td>100</td>
</tr>
<tr>
<td>1967</td>
<td>4.2</td>
<td>11.4</td>
<td>17.8</td>
<td>24.6</td>
<td>42.0</td>
<td>100</td>
</tr>
<tr>
<td>1969</td>
<td>4.3</td>
<td>11.0</td>
<td>17.6</td>
<td>24.5</td>
<td>42.6</td>
<td>100</td>
</tr>
<tr>
<td>1971</td>
<td>3.6</td>
<td>10.6</td>
<td>17.6</td>
<td>24.9</td>
<td>43.3</td>
<td>100</td>
</tr>
<tr>
<td>1972</td>
<td>3.8</td>
<td>10.7</td>
<td>17.6</td>
<td>25.0</td>
<td>42.9</td>
<td>100</td>
</tr>
<tr>
<td>1973</td>
<td>3.9</td>
<td>10.7</td>
<td>17.6</td>
<td>25.1</td>
<td>42.7</td>
<td>100</td>
</tr>
<tr>
<td>1974</td>
<td>4.0</td>
<td>10.4</td>
<td>17.7</td>
<td>24.9</td>
<td>42.5</td>
<td>100</td>
</tr>
<tr>
<td>1975</td>
<td>4.0</td>
<td>10.6</td>
<td>17.6</td>
<td>25.1</td>
<td>42.6</td>
<td>100</td>
</tr>
<tr>
<td>1976</td>
<td>4.3</td>
<td>10.7</td>
<td>17.4</td>
<td>24.7</td>
<td>42.9</td>
<td>100</td>
</tr>
<tr>
<td>1977</td>
<td>3.8</td>
<td>10.7</td>
<td>17.9</td>
<td>25.6</td>
<td>42.0</td>
<td>100</td>
</tr>
<tr>
<td>1978</td>
<td>4.1</td>
<td>10.4</td>
<td>17.6</td>
<td>25.2</td>
<td>42.7</td>
<td>100</td>
</tr>
<tr>
<td>1979</td>
<td>3.9</td>
<td>10.5</td>
<td>17.7</td>
<td>25.9</td>
<td>42.2</td>
<td>100*</td>
</tr>
</tbody>
</table>

* Estimates only, 1979

Source: Statistics Canada, cat. nos. 13-529 and 13-207. The series includes farm and non-farm families, beginning 1965.

anism for controlling egress from the labour force. In these ways pensions further reflect the marxist-critical expectation that pensions will serve the interests of a state biased in favour of capitalist production, will provide differential opportunities, will replicate the prevailing class structure, will stigmatize certain groups of people, and will not provide significant alteration of the class-structure of liberal-democracies.

III: The Needs of Capital and the Persistence of Poverty

Marxist-critical ideology suggests that the relief of poverty through such mechanisms as public pensions can be expected to be limited. Not only will it be limited to a particular class situation but in addition it will be limited to particular groups of individuals. This is the result of the class nature of capitalist society and its mode of production. It has already been demonstrated that pensions in Canada have failed to provide significant downward redistribution of wealth or a closing of the income gap. However, they also have failed to relieve the poverty of one particular group in society, that of the elderly female pensioner.

Despite more than 50 years of public pension policy, 70 percent of all the women aged 70 and over who are living alone live in poverty (Canadian Advisory Council on the Status of Women, Fact Sheet #7, n.d.). In her
'retirement' years, the average Canadian woman can expect a pension of less than $6,000 a year. Her male counterpart will likely receive $10,000 or more (Ibid.).

This situation, viewed from a marxist-critical perspective, simply reflects the labour force experiences of women in capitalist production. Since capitalist production can expand only through the expropriation of surplus value, the issue of workers' wages is of vital concern. If the working class was to demand wages that were too high, surplus value would be all but eliminated. The problem facing capitalist production then is one of keeping the demand for wages from becoming too excessive. This problem is resolved, according to the marxist-critical perspective, by the availability of an industrial reserve army. Such an army consists of the unemployed, the marginal worker, the seasonally employed and those displaced from previous modes of production (Marx, 1967, Vol. I:640). Because the reserve army provides a competitive source of labour, it "exerts downward pressure on wages and prevents the value of labour power from rising to absorb the whole of surplus value" (Gough, 1979:26). Women, it is argued, form an especially important component of this reserve army (Ibid.).

Women are seen to be a readily available source of cheap labour from which the capitalist can draw in times of need. Because of this, women tend to become concentrated in the lower paying occupations where both wages and the oppor-
tunity for adequate pension accumulation are limited. Table 7-7 indicates that in 1976 women working in Canada were concentrated in the finance, insurance and real estate industries. Within these industries, they tended to comprise the clerical and sales staffs. This concentration in lower paying jobs has resulted in average earnings for women which are considerably less than those for men. In 1979, the average male Canadian's earnings were $24,981; those of the average female, $7,673 (CACSW, 1983:3). Moreover this discrepancy between male and female earnings has not been limited to recent years. Paul and Erin Phillips in their study **Women and Work** (1982) found that the average wages of women as a percentage of those of men have not changed markedly since the beginning of the century. In 1911, they were estimated to be 53 percent of those of men, in 1978 they were 58 percent (Ibid.). More recent data suggest, though, that this trend may be changing slightly. Taxation data for 1981 show that the average woman who filed an income tax return made $9,963, while the average male made $20,282 (Globe and Mail, November 18, 1983:12).

This discrepancy has resulted in lower occupational (private) pensions for some women and none for others. Because many female workers are concentrated in the lower-paying sectors of the labour force, including those small retail businesses employing less than 100 employees (CACSW, 1983:3), only a third of all female workers are participants
### TABLE 7-7

**EMPLOYER-SPONSORED PENSION PLAN COVERAGE BY INDUSTRY AND SEX, 1976**

<table>
<thead>
<tr>
<th>Industry</th>
<th>% of Paid Workers Who Are Women</th>
<th>% of Workers Who Are In Employer-Sponsored Pension Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>28.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Mines, Quarries, Oil Wells</td>
<td>7.9</td>
<td>47.0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>26.7</td>
<td>28.0</td>
</tr>
<tr>
<td>Construction</td>
<td>6.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Transportation, Communications</td>
<td>20.2</td>
<td>56.0</td>
</tr>
<tr>
<td>Trade, Commerce</td>
<td>41.4</td>
<td>11.0</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate</td>
<td>59.2</td>
<td>46.0</td>
</tr>
<tr>
<td>Services</td>
<td>60.3</td>
<td>22.0</td>
</tr>
<tr>
<td>Public Administration</td>
<td>32.6</td>
<td>98.0</td>
</tr>
</tbody>
</table>

| All Industries                               | 38.1                            | 31.0                                                    |

in employer-sponsored pension plans (CACSW, Fact Sheet #7, n.d.). Table 7-7 presents the percentage of women who were employed in the various sectors as well as the percentage who were participants in employer-sponsored pension plans in 1976. While women comprised 38 percent of the labour force, only 31 percent participated in such plans. Furthermore those participating within these plans tend to earn a lower pension income. For every income bracket over $3,000, the average pension for men has been higher than that for women (Ibid.).

In addition, women experience different work patterns from men. Family responsibilities and the lack of marketable skills mean that women have a higher job turnover, less sustained job tenure and greater participation in part-time work (Ibid.). In 1980 over 73 percent of all part-time workers were women (CACSW, 1981a:6). None of these were covered by private pension plans. These women become dependent in their later years on either their husband's pension income or government transfers.

Family responsibilities have meant that women experience an interrupted work force experience. Their labour force participation becomes clustered around two age periods, their pre-marriage years, usually encompassing the late teens and early twenties, and their mid-life period. At this latter time women frequently attempt to re-enter the labour force. However, they pay a penalty for having stayed
home to raise their children. Career counsellors report that a large proportion of women who stay at home for ten to fifteen years no longer have marketable skills when they return to active participation in the labour force (Ibid., 10). Those who once had such skills frequently find that these are now "too rusty". Those who still possess skills that are not too rusty are often those found in the more traditionally female fields such as teaching and nursing. These now are the fields for which there is very little new demand (Ibid.).

Many of the women returning to the labour force do so because of economic need. They frequently are either divorced, separated or widowed. In 1978, it was reported that 45 percent of divorced women were 35 years old and over at the time of their divorce (Dulude, 1978:10). Furthermore more than 50 percent of married women can expect to be widowed, a third of these before the age of 65 (CACSW, Fact Sheet #7; Dulude, 1978:20). These women must now rely on their own resources in order to provide for both themselves and their families. Yet older divorced, widowed, or separated woman are at a great disadvantage in the labour market. They must compete for jobs against the younger and better educated women. As a result a disproportionate number of the older women end up working as sales or cleaning "ladies" (Dulude, 1978:20). Those who still have young children are hampered in their search for full-time employ-
ment by the lack of accessible and low-cost child-care (Ibid.). If these women have never been in the labour force previously, or if their interruption has been a lengthy one, they often suffer a lack of self-confidence. They feel "too old to start a new career and too young to retire" (Ibid.). Those who are widowed become victims of women's greater life expectancy and their society's dictate that husbands should be older than their wives (Ibid.).

Those women who remain in their homes as full-time housewives become totally dependent on their husband's earnings and pensions. Too often these women find that both become greatly diminished after his death. In 1970 the average income of widows from employment was $4,536. If they were dependent on government transfers, their average income was $1,448. Many of this latter group are those women who have never entered the labour force and who have become widowed, divorced or separated. Furthermore while the participation rates of women in paid employment have risen steadily, some women still continue to assert their right to be fully employed in child-rearing tasks. It has been estimated that by the year 2000, there could still be as many as a million full-time Canadian homemakers between the ages of 20-64 (Ibid.). These will still be dependent on either their husband's pension benefits or government transfers. As non-contributors to the C/QPP or private pensions many of them can expect to remain among the poorer segments
of the elderly population. In addition, a "risin
ment rate, entrenched discrimination in employ... ...tices, and developing microtechnologies will continue to affect employment opportunities for women in decades to come" (YWCA, 1983:2). As a result many working women also can expect to be among the poorer pensioners of tomorrow.

This persistence of poverty among the elderly women of Canada, according to marxist-critical ideology, simply reflects the needs of capital for an industrial reserve army comprised largely of housewives (see Gough, 1979:26). Because women are an important component of this army, their work experiences differ from those of men. As a consequence of this, women have remained among the lower income groups both in their working and their retirement years. Marxist-critical ideology would argue no amount of tinkering with the pension system will resolve this problem. Such tinkering simply attempts to deal with the "symptoms" of the inequalities of age and sex while leaving the basic causes unchallenged.

IV: Pension Appeals

Social justice in the liberal-democratic ideology suggests that pension appeal boards follow the 'rule of law'. This means that the purpose of these boards is two-fold, to serve the interests of the public and to protect the legitimate rights of the individual. These, it is
argued, can be achieved through an informed public, a participatory public, the provision of speedy decisions and an independent review system. Marxist-critical ideology suggests that the rule of law in capitalist society is frequently breached. This breach is seen by this perspective to result from a practice in which legal relations replicate the inequality associated with the relations of production. Thus, from a marxist-critical perspective the expectation is that the administration of pension appeals will not always reflect the principle of justice enshrined in the rule of law.

One possible breach of this principle arises from the presumption of an informed public. An informed public requires that each citizen be aware of and understand his or her rights. In addition, a means of redress should be available when these rights are transgressed (Law Reform Commission, 1979:285). This presupposes intelligible rules and regulations. However, when the CPP legislation was formulated, no real effort was made "to render the Act intelligible to the average citizen" (Ibid., 293). The document is in effect a "practically impenetrable formulation of the law, so utterly baffling to the uninitiated" that it fails to facilitate "the citizens' comprehension of the procedures, their participation in it, or their acceptance of the final decisions" (Ibid., 294). Neither apparently has it facilitated the task of the Review Committees, whose
members are no more expert in the intricacies of legal phraseology than the claimants whose cases they are supposed to consider (Ibid.). One effect of the obfuscatory phraseology incorporated in the act has been an ill-informed public. Thus, although there is no concrete evidence of mishandling of pension cases, the potential for it exists.

In addition, information concerning appeals has not always been easy to obtain. The claimant in a pension appeal has three ways of obtaining relevant information. If the appeal concerns the rate of contributions being made, the claimant has direct access to the official in charge of preparing the file (Ibid., 296-7). But when the topic of concern involves benefits, all contact between the applicant and the Department must take place through the mediation of an assigned agent (Ibid., 297). This agent is not a part of the decision-making process. His/her job is simply to transmit information from the claimant to the Department and vice versa. Frequently, the agent does not possess, or have access to, all of the relevant documents. As a result, the claimant, who has no direct contact with the officials involved, has no real way of knowing about all the relevant documentation.

Finally, information concerning the appeal board's decision is sent to the applicant via a form letter. This letter does not have to give any reason why a particular decision was made. In other words, the administrative
authorities are not obliged to justify their decisions with a written explanation (Ibid., 298). The effect of this can be "ill-informed and dissatisfied" claimants (Ibid.).

The decision-making process itself is also plagued by a lack of information. Rules and regulations are set in two ways. First, by their inclusion within the appropriate act and second, by "caselaw", or by the previous decisions made by the Pension Appeals Board. The PAB is guided in its current decisions by those made previously. However these previous decisions are not necessarily available to all of those concerned with a particular appeal (Ibid., 296). In addition, when cases involving disability payments are heard, there is no first hand observation of the claimant. Information concerning the claimant's health and ability to work is available only through the medical records provided by the examining physician. These often fail to apply to the claimant's condition the criteria of disability specified by the Act and by caselaw (Ibid., 302). Nor is there allowance made for any discrepancy between the legal and medical definitions of disability. In effect then, neither the public nor the PAB can be said to be sufficiently well informed.

Two further measures of the rule of law are the presumption of innocence and the expectation of a speedy decision. Although members of the public have every opportunity to participate in the appeals process at every stage
of the procedures, at the pre-litigation phase the burden of proof rests with the individual on the grounds that he/she requested a decision. This means the claimant has first to demonstrate his/her entitlement to the pension by providing conclusive proof of this. Otherwise he/she will be turned down for an appeal (Ibid.).

Furthermore, while the litigation phase is informal and designed to encourage the participation of the public, it is definitely slow. The average length of time of proceedings which have concerned CPP contributions has been 2 years and 2 months from the initiation of the procedure to the final decision (Ibid.). For those appealing CPP benefits, the average length of time has been 2 years and 9 months (Ibid.). As a result, participation may have occurred but speedy decisions certainly are not the general rule.

In short, although currently there is a separation of appeal boards and pension administration, a separation found lacking in the earlier administration of pensions, there still remains an inadequate flow of information and provision for speedy decisions. The effect is that pension appeal boards do not always provide 'justice' designed to serve the interests of the individual pensioner or public. Instead they may provide 'injustice' to the extent that their procedures serve the interests of those involved in the decision-making process.
Conclusions

Evidence indicates that at least some of the values suggested by the marxist-critical perspective are reflected in pension policy in Canada. These are summarized in Table 7-8. There is evidence of an association between the need of the Canadian state to control social unrest and the introduction of various forms of pension policy. Pensions have been at least in part a response to the radicalization of organized labour, an apparent growing support for more radical leftist political organizations and unacceptable strike activity. In this, pensions can be said to be in the interests of both the Canadian state and capital. Inasmuch as this is so, it can be argued that pensions reflect a biased response on the part of the Canadian state as well as a measurement of the extent to which class struggle is a potent factor within Canadian society. This implies that pension policy reflects the inequality of differential power and the extent to which the working classes must organize if their demands are to be heard and acted upon. (See Myles, 1980:338).

In addition, the inclusion of particular clauses in pension legislation has had the effect of violating certain aspects of equality and freedom. The inclusion of a limited allowable income in earlier legislation had the effect of providing mandatory retirement requirements. The removal of this limit in universal pension policy had the


<table>
<thead>
<tr>
<th>Values:</th>
<th>1927 OAP</th>
<th>1951 OAS</th>
<th>1965 C/QPP, OAS, GIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs of the State to Fulfill Its Function</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Mandatory Retirement Requirements</td>
<td>Yes</td>
<td>No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>Graduated Benefits</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Stigmatization of Recipient</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Similarity of Party Policy</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Legal Inequalities in Appeals Process</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>No Closing of Income Gap</td>
<td>_</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>No Downward Redistribution</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Restriction of Mobility</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Poverty Seen as Individual Failure</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
opposite effect of encouraging the elderly to remain within the work force. It can be argued that the inclusion, or removal, of such restrictions constitutes a form of control over the exit of the older worker from the labour force in the interests of capital and not necessarily those of the worker.

The inclusion of means-testing procedures in the earlier legislation had the effect of creating an outcast class of dependent elderly as well as limiting applications for benefits. Although this latter effect was removed with the introduction of universal pensions, the former was retained with the initiation of contributory pensions. The contributory form of pension policy separated those dependent elderly who relied solely on the beneficence of the state from those who had worked and 'contributed' to their income maintenance. The state of poverty associated with the first group has become their badge of dishonour. Moreover the graduated benefits associated with contributory pensions have had the effect of replicating in retirement the class relations found in production. To the degree that this class system contains inequalities, the perpetuation of it among the elderly might also be seen to be inequitable.

Regulations which have resulted in a form of control over the geographical mobility of the elderly and near-elderly were largely removed by the introduction of universal pensions. Certainly inter-provincial mobility was
not deterred by this form of federal policy, although the fact that some provinces added supplements to the federal benefits might be construed as a degree of mobility control. Furthermore, universal pensions largely eliminated the differential administration associated with the means-tested policy. However, the fact that a need for public old age pensions has persisted means that the element of social control associated with dependency upon the state for income maintenance in retirement has not been eliminated. Thus, while many of the aspects of control found within the earlier legislation have been successfully removed, the inequality of dependency has not.

Moreover, the fact that those dependent on the state for income maintenance after retirement are kept in a state of relative poverty, allows poverty in old age to be explained in terms of individual factors rather than societal ones. This constraint on the freedom of the individual to live in dignity and relative comfort diverts attention away from those structural factors which are associated with poverty not just in later life but throughout the entire life cycle. This is particularly so when the case of the elderly woman is considered. In this case, the failure of pensions to alleviate the poverty associated with being old and being female suggests that pension policy treats symptoms and not causes. The marxist-critical perspective argues that the persistence of poverty among
Canada's older women is but a symptom of the deeper social cause, the role women play in capitalist production.

Finally social justice is not fully reflected in Canadian pension policy according to the marxist-critical ideology because the rule of law is not always followed and social justice is not always realized. The rule of law in pension appeals requires an informed public, and informed applicant as well as speedy decisions. None of these apply to the current application of the appeals system. In addition, social justice suggests that some form of downward redistribution of wealth should occur with the introduction of pension policy as well as some closing of the income gap. As already noted empirical data suggest that neither of these has occurred in Canada. Thus it can be concluded that at least some of the values expected by the marxist-critical ideology are reflected in Canadian pension policy. Table 7-8 summarizes the extent to which these values have been reflected in the three major pieces of pension legislation. It suggests that only the universal system is largely free of those negative values the marxist-critical perspective attributes to liberal democracies.
CHAPTER EIGHT
TOWARD ALL OUR TOMORROWS

This study began by asking two questions. First, it questioned the extent to which public old age pension policy in Canada has reflected the dominant liberal-democratic ideology. Second, it asked to what extent were those characteristics not explained by this dominant ideology explained by its most obvious opposite, the marxist-critical ideology? These questions were addressed by a methodology which was introduced in Chapter One. That methodology specified the collection and analysis of empirical data guided by a model of those characteristics one would expect to find in a pension system which arose within a society guided solely by a liberal democracy. In order to ensure that the research did not become trapped in a self-proving hypothesis, a second model was constructed based on the features of pension policy one would expect to find if marxist-critical explanations of the role of the state in a liberal democracy were valid. The first model was intended to demonstrate how the values of the dominant liberal-democratic ideology were reflected in pension policy. The second model was expected to focus on the failure of public
pension policy to reflect liberal-democratic values, and to
demonstrate the extent to which they reflected alternative
ideological considerations. The empirical data utilized
included the legislated pension acts themselves, the social,
political, and economic factors associated with their intro-
duction and formulation, and evidence of pressures exerted
by the public and specific interest groups to shape pensions
in various ways.

Chapter Three presented the empirical data related
to the introduction of public old age pensions in Canada in
1927. Using these it was concluded that the prime 'value'
reflected in the legislation was that of social justice as
shown by the alleviation of poverty among a selected group
of aged. Chapter Four detailed the pressures that resulted
in a shift in the value emphasis from a focus on the minimal
needs of a few, to a focus on the expansion of the values
associated with equality and social justice as reflected in
the concept of universality. Chapter Five outlined the
factors associated with the further addition of those values
more closely associated with freedom which were implicit in
the contributory principle. Chapter Six examined the shift
in value emphasis away from that of universality to that of
selectivity and individualism. This was exemplified in the
positions held by the protagonists in the 'great pension
debate' of the 1980s as well as those summarized in the
report tabled in 1983 by the Parliamentary Task Force on
Pension Reform. Chapter Seven analyzed three problems which were found to be inadequately explained by the earlier data. These included other possible factors which might also be associated with the development of pension policy, the setting of priorities of values, and the persistence of poverty among certain groups of the elderly. This re-examination of pension policy utilized the marxist-critical ideological model in an attempt to assess the empirical validity of this "counter-ideology" as an explanation of the nature and origin of Canadian pension policy.

There are two levels of conclusions which can be drawn from this analysis. At the more specific level are those conclusions related to the nature of pension policy in Canada and to the extent to which such policies reflect fundamental ideological orientations and their concomitant values. These will be presented and examined in the section which immediately follows. However, there are also more general conclusions which can be made about the relationship found between pension and ideology, the nature and utility of the methodology used in this study, its applicability to other similar studies, and the possibilities for future research both on the subject of pension policy in particular and ideology in general. These broader considerations will briefly be examined in the final pages of this chapter.
The Ideological Basis of Canadian Pension Policy: Some Conclusions.

The most obvious conclusion that can be made about Canadian pension policy is that, contrary to the opinions of some radical marxists, public pension policy in Canada has reflected to a very large degree the values found within the liberal-democratic ideology. In other words, this model, to a large extent is capable of explaining the development and nature of public old age pensions in Canada. This has been demonstrated in Chapters Three, Four, Five and to a limited extent Six, and this finding has been summarized in Tables 3-1 (page 93), 4-9 (page 222), and 5-2 (page 296). These tables indicate the extent to which the liberal-democratic model has provided a 'good fit' with the empirical evidence we have examined. From these, it is clear that public old age pensions have reflected liberal-democratic beliefs, values, and expectations as they have been articulated in Canada.

However, while there clearly has been a good fit between the model and the data, one must also conclude that this fit has not been perfect. Particularly at certain historical periods, there appear to have been features which do not correspond to the tenets of the liberal-democratic ideology. It has been shown that these anomalies can be explained, and perhaps may only be explained, by the challenges of the marxist-critical ideology. Furthermore,
there are strong indications of the specific historical events which generate these anomalies. These have included the nature and membership of organized labour as well as the nature and membership of left-wing political groups and the 'third party' political situation. Thus, it can be concluded that public pension policy in Canada has not only reflected some of the tenets of the liberal-democratic ideology, but that it has also reflected some of the challenges of the marxist-critical. The extent to which these challenges have been reflected is summarized in Table 7-8 (page 437).

From this, it is appropriate to conclude that the development and formulation of public pension policy in Canada reflects a synthesis of values and challenges highlighted by the two ideological models. A more comprehensive description of pension policy, then, would be one in which aspects from both the liberal-democratic and marxist-critical ideologies are reflected. Such a model is suggested in Table 8-1 which combines specific features of both ideologies as they are exemplified in Canada's current pension policy. This table depicts the extent to which the three values of equality, freedom, and justice, as exemplified by the liberal-democratic ideology, are embedded in pension policy and limited by those challenges which reflect marxist-critical descriptions of how these three values are reflected in a liberal-democratic country such as Canada.
### TABLE 8-1

**EXTENT TO WHICH CURRENT PENSION POLICY REFLECTS VALUES OF BOTH LIBERAL-DEMOCRATIC AND MARXIST-CRITICAL IDEOLOGICAL POSITIONS**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>EXPLANATION</th>
<th>POLICY FEATURES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equality of Citizenship</td>
<td>Responsive State</td>
<td>L-D: Responds to Needs of Elderly</td>
</tr>
<tr>
<td>Differential Power</td>
<td>Responsive State</td>
<td>M-C: Responds to Needs of Capital</td>
</tr>
<tr>
<td>Equality of Opportunity</td>
<td>Employment Opportunities</td>
<td></td>
</tr>
<tr>
<td>Differential Wealth</td>
<td>Differential Employment</td>
<td>L-D: No Mandatory Retirement Rules</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M-C: Flexible Retirement Rules</td>
</tr>
<tr>
<td>Equality of Status</td>
<td>Dignity of Individual</td>
<td></td>
</tr>
<tr>
<td>Differential Status</td>
<td>Loss of Dignity</td>
<td>L-D: No Stigmatizing Means-Test</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M-C: Dependent Differentiated From Non-Dependent Elderly</td>
</tr>
<tr>
<td>Equality of Cases</td>
<td>Uniform Treatment</td>
<td></td>
</tr>
<tr>
<td>Differential Cases</td>
<td>Lack of Uniformity</td>
<td>L-D: Uniform Administration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M-C: Differential Supplements</td>
</tr>
<tr>
<td><strong>Freedom</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freedom of Self-Interest</td>
<td>Differential Rewards</td>
<td>L-D: Earnings Related Benefits</td>
</tr>
<tr>
<td>Limitations on Freedom</td>
<td>Same Rewards</td>
<td>M-C: Replication of Class Status</td>
</tr>
<tr>
<td>Freedom of Individualism</td>
<td>Rights and Privileges</td>
<td>L-D: (OAS) Pensions a Right (GIS/CPP) Pensions an Earned Privilege</td>
</tr>
<tr>
<td>DESCRIPTION</td>
<td>EXPLANATION</td>
<td>POLICY FEATURES</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Freedom of Competition</td>
<td>Competing Interests</td>
<td>L-D: Alternative Policies Offered</td>
</tr>
<tr>
<td>Lack of Competition</td>
<td>Similar Interests</td>
<td>M-C: (CPP) No Alternative Offered</td>
</tr>
<tr>
<td>Freedom of Management</td>
<td>Disposal of Private Property</td>
<td>L-D: No State Intervention</td>
</tr>
<tr>
<td>State Limitations</td>
<td>State Disposes</td>
<td>M-C: Public Pensions Compulsory</td>
</tr>
</tbody>
</table>

**Justice**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>EXPLANATION</th>
<th>POLICY FEATURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule of Law</td>
<td>Impartial Decisions</td>
<td>L-D: Separate Appeal Boards</td>
</tr>
<tr>
<td>Inequities of Law</td>
<td>Biased Decisions</td>
<td>M-C: Inadequate Information; Delays; Guilty Until Proven Innocent</td>
</tr>
<tr>
<td>Social Justice</td>
<td>Amelioration of Poverty</td>
<td>L-D: Absolute Poverty Relieved</td>
</tr>
<tr>
<td>Absence of Justice</td>
<td>Persistence of Poverty</td>
<td>M-C: Persistence of Poverty Among Some Elderly</td>
</tr>
<tr>
<td>Absence of Justice</td>
<td>No Amelioration of Inequities</td>
<td>M-C: No Significant Downward Redistribution of Wealth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>M-C: No Closing of Income Gap</td>
</tr>
</tbody>
</table>
Thus, the value of equality may reflect an equality of citizenship as well as that of its challenger, differential power. Both of these have led to an expectation of a state that is responsive to both the needs of the elderly as well as those of capital. In other words, the needs of the elderly have tended to be interpreted, or mediated, by those of capital, and vice versa. In similar manner, the equality of opportunity has taken on the dual expectation of differential power and equal employment opportunities. Both of these have been reflected in pension policy which has not incorporated mandatory retirement clauses but which has allowed restrictions in other areas to influence retirement decisions. This influence has been to the advantage of both the elderly and capital but not exclusively to the advantage of one over the other. The equality of status has also combined the dual values of equal and differential status. Pension policy has largely eliminated the stigmatizing aspects of needs-testing and thereby actualizing some of the values of dignity and equality. However, since some pensions are not universal, they differentiate between the dependent and the non-dependent elderly. This leads to some level of stigma and a certain loss of dignity. Finally, the equality of cases has been largely reflected in the ability of pension policy to be uniformly administered across Canada. Yet the provision of differential provincial supplements challenges the realizability of this value.
The liberal-democratic value of freedom also has a similar dual nature in Canada's pension policy. Self-interest is reflected in the earnings-related pension system which bases benefits on contributions. However, pensions which incorporate the contributory principle effectively replicate in retirement that class situation attained during the working years. In addition, the limitations on pensionable earnings results in some retirees actually suffering a reduction in their proportional retirement income. On the other hand, the liberal-democratic value of freedom of individualism seems to be fully incorporated without the restraints which one would expect if one adhered solely to the marxist-critical perspective. Because of the nature of Canada's pension system, benefits can be viewed both as an earned privilege (CPP and GIS) and a right (OAS). However, the future emphasis seems to be more on the privilege aspects rather than those constituting a right. The freedom of competition reflected in the development of the Old Age Pension Act of 1927 and the universal plan of 1951, was noticeably absent in the introduction of the C/QPP programs. In this latter case no clear alternative policy was made available for public endorsement. Furthermore, the CPP has been effectively removed from the public electoral arena. This more accurately reflected marxist-critical interpretations. Finally the freedom of the management of private property has been well reflected in pension policy
by the elimination of regulations governing the disposition of pensioners' estates and property. However, as long as pension policy remains compulsory, the marxist-critical values and interpretation appear to have some legitimacy.

Justice has also been reflected in a dual way in current pension policy. The rule of law has been offset by inordinate delays in the appeal process and the assumption of guilt. Social justice has tended to reflect primarily those challenges explained by the counter-ideology. Furthermore, current pension policy has failed to eliminate poverty or to close to any significant degree the income gap between the wealthy and the poor. Those among the elderly who are single, do not own their place of residence, and who are dependent upon government transfers for retirement income have not had their poverty alleviated. Indeed, measures of inequality support the challenge that over the past 30 years, or ever since universal pensions were introduced, the gap between the wealthy and the poor has stayed remarkably stable with little evidence of any significant downward redistribution of wealth.

However, this analysis of the past and present also has implications for the pension policy of tomorrow. Despite the plethora of current discussion about what to do about pensions in Canada, pension reform will be constrained by economic conditions, the position of labour and its relative impotence during a period of high unemployment, and the
absence of an effective federal third party situation. Offsetting this is the possibility that pension policy may be a key issue in the next federal election campaign thus opening the policy process to public validation, the degree to which labour and social welfare groups may be able to provide influential input to the various commission and task forces currently at work, and the extent of public awareness of the needs of certain types of elderly persons.

Following the comprehensive model based on past pension policy development, it might be expected that both the needs of the elderly and those of capital will be incorporated in future pension legislation. Those of the elderly will likely result in selective increases in the GIS while those of capital will likely lead to a restriction on the amount of pension funds allowed to accumulate in the coffers of the federal government. In keeping with the needs of capital, as balanced against the needs of the elderly, there likely will be a limitation in the amount of accumulated savings allowed to flow into the CPP. It has been argued that such savings effectively bypass the capital market (Anderson, 1983:B2) and result in a depression of both personal and aggregate savings in the economy, the lessening of the availability of investment capital and thereby the needed expansion of industry and employment opportunities. Clearly, the Parliamentary Task Force report (1983) reflects an awareness of this. Given the present support of the
Progressive Conservative Party of such measures, and its current high level of public support such 'reforms' may well become policy after the next election.

The increased emphasis on individual initiative, evident in the Parliamentary Task Force report, should also be reflected in future pension policy which will place greater reliance on the effectiveness of private pension plans and the C/QPP. The OAS as a source of pension income can be expected to become less significant except for those among the lowest income groups. Even among these, the GIS is likely to gain greater prominence. However, the political repercussions of repealing measures such as universal pensions may prevent the Conservative Party from eliminating the OAS entirely, though its effectiveness can be expected to deteriorate.

Finally, past history gives little reason to expect that either downward redistribution of the wealth or a closing of the income gap will be the result of anticipated reforms. At best social justice will be reflected through the raising of the incomes of selected elderly persons to the poverty line. Anything more is unlikely.

In short, it would appear that future pension policy will reflect a resurgence of the principle of selectivity in pension legislation, along with the curtailing of universal benefits and the expansion of the contributory principle. Should that occur pension policy might be said
to have come full circle from a modest and selective beginning in 1927, through an expansionary period in the 1950s which culminated with the incorporation of the contributory legislation of the 1960s, to the retrenchment of the 1980s. This process is depicted in Table 8.2.

**Toward a New Ideology.**

Evidence presented in the analysis of pensions in Canada indicates that ideologies are dynamic entities, constantly in a state of flux. The analysis further suggests that within the Canadian version of the liberal-democratic ideology there has occurred, over time, a struggle of competing principles. The principle of need, dominant in the pension legislation of 1927, was challenged and overcome by that of universality. This, in its turn, was challenged and joined by that of contribution. Currently, the principle of need has tended to re-emerge, supported by the concept of 'economic performance'. Each of these principles has been associated with particular values found within the liberal-democratic ideology. Each in its turn has reflected some values to the exclusion, or diminution of others. Each has resulted in priority being accorded to its associated values.

Fundamental to the competition reflected in the emergence of these principles is the conflicting nature of the values which they reflect. In 1927, the principle of
TABLE 8-2

THE IDEOLOGICAL EXPANSION AND CONTRACTION OF PUBLIC PENSIONS IN CANADA, 1927 - 1983

<table>
<thead>
<tr>
<th>Year</th>
<th>Selectivity</th>
<th>Universality</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1927</td>
<td>X</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1951</td>
<td>-</td>
<td>X</td>
<td>-</td>
</tr>
<tr>
<td>1966</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>1983</td>
<td>X</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
need resulted in the conflict between pensions as a right and pensions as a privilege. The desire to separate the deserving 'needy' from the non-deserving resulted in the introduction of means-testing procedures. However, these procedures were equally useful in reminding the pensioner that pensions were a privilege to be earned through the declaration of lack of self-worth. Need became an expression of 'unfitness' and 'failure'. Thus the procedures designed to ensure that the needy received pensions and to reflect pensions as a right, in fact stigmatized the pensioner and reflected pensions as a privilege.

In 1951, the introduction of universal pensions reflected the conflict between the value of equality of opportunity, which was more closely associated with differential rewards, and the value of equality of rewards which demanded universality as its expression. The introduction of pensions based on the contributory principle initiated the conflict between the freedom of the individual to obtain pensions related to previous earnings and the right of the individual to equal rewards on the basis of participation in society. The ultimate result of this struggle was the downgrading of the principle of universality, the re-introduction of that of need and the maintenance of that of contribution. Thus, the analysis demonstrates the extent to which the liberal-democratic ideology is itself comprised of differing and competing values, the extent to which it is
not internally consistent and the extent to which it is con-
stantly in a process of flux. In effect, these conditions,
alone, preclude the full reflection of such an ideology.

However, ideologies are not merely vessels of
competing ideas, principles, or values. The analysis of
pensions in Canada indicates that ideologies are living,
changing entities and not merely 'lifeless dogmas' (Lodge,
1977:20). Over time ideologies undergo modifications and
distortions. It has been argued that when these modifica-
tions are sufficiently extreme as "to flaw dramatically the
original logic of consistency or design", the ideology can
be said to have changed in nature and perhaps have evolved
into a new ideology (Ibid.).

The introduction of public pensions in Canada
represented the abandonment of an ideology in which the
"atomistic notion that the community is no more than the sum
of the individuals in it" (Ibid., 10) predominated. They
were to reflect a newer ideology in which many of the values
were to be changed, augmented, even supplanted by those
based on a more collectivistic principle. By 1951, this
principle had reached its zenith. The equality of opportu-

ity, more closely associated with the former sense of
individualism, became replaced by the more 'socialist' or
collectivist right to an equality of reward. Individual
failure was replaced by group or 'collective' failure
resulting not from the unfitness of the individual but the
unfitness of societal conditions. Individual survival was expanded to include group survival and the right of the aged to enjoy a certain standard of living. Furthermore, the state, now, was expected to plan and co-ordinate social issues. The role of the government itself became expanded to that of the "setter of our sights and the arbiter of [our] needs" (Ibid., 21). The proliferation of interest group activity 'freed' the government from partisan politics and let it rise above the battle and competition to assume the role of the ultimate arbiter. The notion that the marketplace was able to provide the necessary utilization of resources without government interference became replaced by a strong sense of community need with the state as the major planner.

The 1951 pension legislation reflects the apex of this transition as individualistic notions gave way to the belief in the collectivity and the rise of the 'welfare state'. Pensions were merely one part of this wider process of change involving health, baby allowance, and unemployment insurance. At this point, it could be argued that liberal-democratic ideology had reached a crisis point during which a new form of ideology, social welfare, had emerged.

Lodge argues that once such a transition from one ideology to another has been made, there can be no going back (Ibid., 21). To his mind, the above process was but a part of a general transition from individualism to communi-
tarianism reflected not only in public policy but in business organization as well. However, he also argues that ideologies that do not accurately reflect changes in the real world tend to lose their meaning (Ibid., 21).

Thus, the development of economic crises in the last few decades can be seen to be related to the changing values currently being reflected in potential pension policy. What appears at first glance to be a return to the ideology of pre-1927, is more likely to be a further transition capable of assimilating those social democratic values introduced in the 1950s, those introduced in the 1960s, and the real world of experience. The analysis suggests that the direction of ideological change has been one of greater consensus rather than individualism, of equality of result, i.e. income, status and power, rather than opportunity, of justice as fairness available to all and to everyone's advantage rather than absolute poverty. Furthermore, this direction has reflected the state as 'The Planner' whether it be the reform of public pensions or the regulation of private ones. Any future transitions unquestionably will be directed by these concerns. The extent to which they form the basis of future ideology, though, probably will be constrained by the social, economic, and political circumstances which prevail. And these would include the needs of capital and the ongoing class struggle. Thus, both the liberal-democratic ideology and the marxist-critical have
provided insights into potential ideological transitions, as it becomes clear that "western civilization has moved more or less unconsciously through a series of ideological frameworks, each building upon the one that went before" (Ibid., 34). The one has indicated the extent to which its values have been, and might be, reflected in pension policies. The other indicates those factors which have served, and might still serve, to limit such a reflection.

Methodological Implications and Directions for Further Research.

In addition to providing insight into the ideological basis of Canadian pension policy, the analysis which has just been concluded also has implications for the way in which future analyses of policy and ideology should take place. It appears evident that the conclusions reached in the previous section are only possible through the consideration and employment of more than one ideological frame of reference. Drastically different conclusions would have been reached had the empirical data been collected and analyzed from only one of the two perspectives utilized here. This indicates that the use of a multi-perspective framework of analysis is virtually mandatory if a comprehensive and valid explanation of the nature and role of public policy is to be achieved. It may also be true that an analysis of this sort might also benefit from the inclusion
of other ideological perspectives which may be developed, particularly if they come to have considerable popular appeal or if they highlight significant interests which are not adequately considered in the two approaches utilized here. Furthermore with appropriate modifications, the model might be able to accommodate social settings where other values and components of ideology have become idiosyncratic, for example the People's Republic of China. This study, then, has implications that can go beyond the explication of public pensions in Canada to provide a useful analytical tool with which other forms of social welfare might be analyzed.

However, it should also be noted that there are several limitations to the analysis and model presented here. While this study has indicated that certain social events and structural characteristics may limit or expand the influence of liberal-democratic ideology, no direct consideration has been given the extent to which ideologies evolve or change as a result of the introduction of particular social welfare measures. In other words, the ideologies used in this analysis are in one sense unidimensional and static. They have been expressed as the ideologies that existed in Canada during the development of pension policy. No allowance has been made for the dynamics of ideological change. While it has already been shown that ideologies are dynamic entities which change or evolve according to some
pattern, future research might take this into account and explore the ways in which the development of social welfare policies such as public old age pensions are instrumental in this change or evolution. Such an analysis would essentially be investigating the extent to which a 'social welfare ideology' with its own unique configuration of values developed in Canadian society.

Second, little has been said about the role of the individual in the process of social change and ideological formation. There have been tantalizing hints that the ideas of such men as Mackenzie King have played a substantial part in the formation of ideology, its direction and its effect on social policy. However it has been beyond the scope of this analysis to pursue these to the point where concrete conclusions could be drawn. Future research might consider a more thorough examination of the relationship between the ideas of certain key individuals and the evolution of ideology.

Finally, as already noted, the methodology advanced in this study has been used to draw conclusions exclusively about public old age pensions in Canada. However, with appropriate modifications this methodology might be expanded to draw conclusions about the ideological values reflected in other social welfare programs in Canada. It, then, could be used to draw comparative conclusions about other forms of social welfare legislation such as family
allowances, or unemployment insurance, and the extent to which each reflects, or has reflected, either the dominant or counter ideology, or some combination of the two. Indeed, the methodology might also be used to compare Canadian policies and programs with those in other liberal-democratic countries.
APPENDIX

SUBJECT: SURVIVOR BENEFIT LEVEL

Proposal: The general design of pensions should be in the form of joint and last survivor with at least 50% payable to the surviving spouse.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retail Ccl.(2) Assn. of Pens. Mgt. C.P.(2)</td>
<td></td>
</tr>
<tr>
<td>Other special-interest groups or organizations</td>
<td>Angl. Ch. Trustees(2) Can. Ccl. on Soc. Dev. C.A.P.S.A.(2)</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. Supported a proposal substantially consistent with the one stated.
2. Proposal supported is in the spirit of the one stated; but it embodies a major qualification, often calling for higher benefits.


463
SUBJECT: SPLITTING OF PENSION CREDITS BETWEEN SPOUSES

Proposal: Credit splitting of pensions between spouses should be automatic either when the younger spouse reaches age 65, or upon divorce or other form of marriage breakdown.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major businesses and business associations</td>
<td>Can. Mfg. Assn.(2)</td>
<td>C.P.</td>
</tr>
<tr>
<td>Major unions, union federations incl. professional associations</td>
<td>A.U.C.C., C.L.C.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C.N.T.U., C.U.P.E.</td>
<td></td>
</tr>
<tr>
<td>Federal government bodies</td>
<td>Govt. of Can.</td>
<td></td>
</tr>
<tr>
<td>Provincial government bodies</td>
<td>Ont. Royal Cmn. on Pens.(1)</td>
<td></td>
</tr>
<tr>
<td>Other special-interest groups or organizations</td>
<td>C.A.C.</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(1) Supported a proposal substantially consistent with the one stated.
(2) Proposal supported is in the spirit of the one stated; but it embodies a major qualification.
(3) Supported a position that is substantially inconsistent with the one stated.

SUBJECT: CONTINUITY OF SURVIVOR BENEFITS

Proposal: Survivor benefits should not be reduced or denied in the event of a change in marital status of the survivor.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>C.P.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Retail Ccl.(2)</td>
<td></td>
</tr>
</tbody>
</table>

| Major unions, union federations incl. professional associations | |
| | P.S.A.C. | |
| | Gvt. of Can. | |

| Federal government bodies | |

| Provincial government bodies | |
| | Ont. Select Cte. on Pens.(1) | |

| Organizations specializing in the status of women | |

| Other special-interest groups or organizations | |
| | Angl. Ch. Trustees | C.A.C. |

Notes:
(1) Supported a proposal substantially consistent with the one stated.
(2) Proposal supported is in the spirit of the one stated; but it embodies a major qualification.
(3) Supported a position that is substantially inconsistent with the one stated.

SUBJECT: GUARANTEED INCOME SUPPLEMENT BENEFIT RATE

Proposal: Increase in the Guaranteed Income Supplement by 25% for singles and 11 1/2% for couples.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major businesses and business</td>
<td>Life Ins. and Hlth. Assn. (2)</td>
<td></td>
</tr>
<tr>
<td>Major unions, union federations incl.</td>
<td>C.U.P.E.</td>
<td></td>
</tr>
<tr>
<td>professional associations</td>
<td>C.L.C.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ont. Fdn. Lab. (2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N.B. Fdn. of Lab.</td>
<td></td>
</tr>
<tr>
<td>Federal government bodies</td>
<td>Ont. Royal Cmn. on Pens. (2)</td>
<td></td>
</tr>
<tr>
<td>Provincial government bodies</td>
<td>Ont. Select Cte. on Pens. (2)</td>
<td></td>
</tr>
<tr>
<td>Organizations specializing in</td>
<td>Nat. Ccl. of Wmn. (2)</td>
<td></td>
</tr>
<tr>
<td>the status of women</td>
<td>N.A.C.S.W. (2)</td>
<td></td>
</tr>
<tr>
<td>Other special-interest groups or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>organizations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(1) Supported a proposal substantially consistent with the one stated.
(2) Proposal supported is in the spirit of the one stated; but it embodies a major qualification.
(3) Supported a position that is substantially inconsistent with the one stated.

SUBJECT: INDEXATION OF O.A.S., G.I.S., AND C.P.P. BENEFITS TO THE AVERAGE INDUSTRIAL WAGE

Proposal: O.A.S., G.I.S., and C.P.P. benefits should be indexed to the A.I.W. rather than the C.P.I.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major businesses and business associations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.A.U.T.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major unions, union federations incl. professional associations</td>
<td>C.I.C.</td>
<td>P.S.A.C.</td>
</tr>
<tr>
<td>Federal government bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ont. Royal Cmn. on Pens.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial government bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations specializing in the status of women</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metro, Tor. Soc. Pl. Ccl.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other special-interest groups or organizations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(1) Supported a proposal substantially consistent with the one stated.
(2) Proposal supported is in the spirit of the one stated; but it embodies a major qualification.
(3) Supported a position that is substantially inconsistent with the one stated.

SUBJECT: OLD AGE SECURITY BENEFIT RATE

Proposal: Old Age Security benefits should be increased to 25% of the Average Industrial Wage.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major businesses</td>
<td>Can., Chamb., of Comm., (2)</td>
<td></td>
</tr>
<tr>
<td>and business associations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major unions, union</td>
<td>Prof. Inst., of Pub. Serv., (1)</td>
<td>Fin. Exec., inst.,</td>
</tr>
<tr>
<td>professional</td>
<td>C.U.,P.,E., (1)</td>
<td></td>
</tr>
<tr>
<td>associations</td>
<td>C.L.,C.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C.N.T.U., (2)</td>
<td></td>
</tr>
<tr>
<td>Federal government bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations</td>
<td>N.S., Assn., of Wmn., (2)</td>
<td></td>
</tr>
<tr>
<td>specializing in the status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of women</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other special-interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>groups or organizations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(1) Supported a proposal substantially consistent with the one stated.
(2) Proposal supported is in the spirit of the one stated; but it embodies a major qualification, usually relating to combined increases of OAS/GIS benefits to bring income above a poverty line.
(3) Supported a position that is substantially inconsistent with the one stated.

SUBJECT: CANADA AND QUEBEC PENSION PLAN CONTRIBUTION RATES

Proposal: Contribution rates for the Canada and Quebec Pension Plans should be increased immediately and gradually.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life ins. &amp; Hth. Assn. (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major businesses and business associations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Und. Assn. (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major unions, union federations incl. C.L.C. (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>professional associations C.U.P.E. (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ont. Fdn. of Lab. (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Railway Lab. Assn.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sen. Cte. (Ret. Age) (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal government bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COFIRENTES (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ont. Roy. Cmn. on Pens. (3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial government bodies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ont. Min. (T.E.I.G.A.) (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ont. Select Cte. on Pens. (3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations specializing in the status of women</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ont. Welf. Ccl. (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nat. Ccl. of Welfare (3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other special-interest groups etc. (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royal Can. Leg. (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.P.P. Adv. Cte. (2)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(1) Supported a proposal substantially consistent with the one stated.
(2) Proposal supported is in the spirit of the one stated; but it embodies a major qualification.
(3) Supported a position that is substantially inconsistent with the one stated.

SUBJECT: CANADA AND QUEBEC PENSION PLAN BENEFIT RATE

Proposal: The Canada and Quebec Pension Plans should be expanded to give benefits equal to 50% of earnings up to the Average Industrial Wage.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major businesses and business associations</td>
<td>Prof. Inst. of Pub. Serv.</td>
<td>A.U.C.C.</td>
</tr>
<tr>
<td>Provincial government bodies</td>
<td>COFIRENTES(2)</td>
<td>Ont. Select. Cte. on Pens.</td>
</tr>
<tr>
<td>Other special-interest groups or organizations</td>
<td>Can. Ccl. on Aging</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(1) Supported a proposal substantially consistent with the one stated.
(2) Proposal supported is in the spirit of the one stated; but it embodies a major qualification.
(3) Supported a position that is substantially inconsistent with the one stated.

**SUBJECT: COVERAGE OF HOMEMAKERS IN THE C.P.P.**

Proposal: The federal government should provide a mechanism with which homemakers can voluntarily contribute to the C.P.P./Q.P.P.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major businesses and business associations</td>
<td>Fdn. of Indep. Bus.(1)</td>
<td>Can, Chamb. of Comm.</td>
</tr>
<tr>
<td>Major unions, union federations incl. professional associations</td>
<td>Ont. Bus. &amp; Prof. Wmns. Clubs</td>
<td>Fdn. of Bus. &amp; Prof. Wmns. Clubs(3)</td>
</tr>
<tr>
<td>Federal government bodies</td>
<td>Prov. of Sask.</td>
<td>Ont. Royal Cmn. on Pens.</td>
</tr>
<tr>
<td>Provincial government bodies</td>
<td></td>
<td>Ont. Select. Cte. on Pens.</td>
</tr>
<tr>
<td>N.S. Assn. of Wmn.</td>
<td>Can, Adv. Ccl. on Stat. of Wmn(1)</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. Supported a proposal substantially consistent with the one stated.
2. Proposal supported is in the spirit of the one stated; but it embodies a major qualification.
3. Supported a position that is substantially inconsistent with the one stated.

**SUBJECT: AGE OF ELIGIBILITY FOR ACTUARILY REDUCED PUBLIC PENSION BENEFITS**

Proposal: Actuarially reduced Canada Pension Plan Benefits should be available to persons retiring at age 60.

<table>
<thead>
<tr>
<th>Interest Categories</th>
<th>Declared supporters</th>
<th>Alleged opponents</th>
</tr>
</thead>
</table>

**Major businesses and business associations**
- C.N.T.U.

**Major unions, union federations incl. professional associations**
- C.L.C.

**Federal government bodies**
- B.C. Min. (Prov. Secy. & Serv.)(1)
- Ont. Select Cte. on Pens.(3)
- Ont. T.F. on Emp. Bens.(2)
- Ont. Min. (T.E.I.G.A.)
- Ont. Royal Cmn. on Pens.(3)

**Organizations specializing in the status of women**

**Other special-interest groups or organizations**
- C.A.P.S.A.(1)

---

**Notes:**
1. Supported a proposal substantially consistent with the one stated.
2. Proposal supported is in the spirit of the one stated; but it embodies a major qualification.
3. Supported a position that is substantially inconsistent with the one stated.

GLOSSARY OF ORGANIZATIONS

A.U.C.C. (The Association of Universities and Colleges of Canada)
Angl., Ch., Trustees (Anglican Church of Canada Trustees)
Assn., of Pens., Mgt. (Association of Canadian Pension Management)
B.C., Lab., Rel., Bd. (British Columbia Labour Relations Board)
B.C., Min., (Prov. Secy & Serv.) (British Columbia Ministry of Provincial Secretary and Government Services)
Bankers Assn., (Canadian Bankers Association)
Bus., Ccl., on Issues (Business Council on National Issues)
Bus., Cte., on Pens. (Business Committee on Pension Policy)
C.A.C., (Consumers Association of Canada)
C.A.P.S.A. (Canadian Association of Pension Supervisory Authorities)
C.A.U.T. (Canadian Association of University Teachers)
C.L.C. (Canadian Labour Congress)
C.N.T.U. (Confederation of National Trade Unions)
C.P. (Canadian Pacific)
CPP., Adv., Cte. (Canada Pension Plan Advisory Committee)
C.U.P.E. (Canadian Union of Public Employees)
Can., Assn., of Soc., Wkr.s., (Canadian Association of Social Workers)
Can., Ccl., on Aging (Canadian Council on Aging)
Can., Ccl., on Soc., Dev., (Canadian Council on Social Development)
Can., Chamb., of Comm., (Canadian Chamber of Commerce)
Can., Mfg., Assn., (Canadian Manufacturers' Association)
Can., Teach., Fdn., (Canadian Teachers Federation)
Can., Welf., Ccl., (Canadian Welfare Council)
Ccl., of Fin., Analysts (Canadian Council of Financial Analysts)
COFIRENTES (Le Comité d'étude sur le financement du régime de retraite du Québec)
Constr., Assn., (Canadian Construction Association)
E.C.C. (Economic Council of Canada)
Fed., Min., (Health & Wel.), (Ministry of National Health and Welfare Canada)
Fed., Min., (Stat., of Wmn.), (Minister of State (Mines and Minister Responsible for the Status of Women)
Fdn., of Bus., & Prof., Wmn.s., (Canadian Federation of Bus. & Prof. Women's Clubs)
Fdn., of Indep., Bus., (Canadian Federation of Independent Business)
Fin., Exec., Inst., (Financial Executive Institute Canada)
Graphic Arts Pens., Trustees (Graphic Arts Multi-Employer Pension Trustees)
Gvt., of Can., (Government of Canada)
Imperial Oil
Inst., of Actuaries (Canadian Institute of Actuaries)
Inst., of Relig., & Geron. (Canadian Institute of Religion and Gerontology)
Life Ins., & Hlth., Assn., (Canadian Life and Health Insurance Association)
Life Und., Assn. (Life Underwriters Association of Canada)

Glossary of Organizations

Man. Pens. Cmn. (Pension Commission of Manitoba)
Metro. Tor. Bd. of Trade (Board of Trade of Metropolitan Toronto)
Metro. Tor. Soc. Pl. Ccl. (Social Planning Council of Metropolitan Toronto)
N.A.C.S.W. (National Action Committee on the Status of Women)
N.B. Fdn. of Lab. (New Brunswick Federation of Labour)
N.S. Assn. of Wmn. (Nova Scotia Association of Women and the Law)
N.S. Royal Comm. on Pens. (Nova Scotia Royal Commission on Pensions)
N.S. Senior Cit. Adv. Cmn. (Nova Scotia Senior Citizens Advisory Commission)
Nat. Ccl. of Welf. (National Council of Welfare)
Nat. Ccl. of Wmn. (National Council of Women of Canada)
Ont. Adv. Ccl. on Seniors (Ontario Advisory Council on Senior Citizens)
Ont. Bus. & Prof. Wmn. Clubs (Ontario & Prof. Women's Clubs of Ontario)
Ont. Econ. Ccl. (Ontario Economic Council)
Ont. Fed. Agr. (Ontario Federation of Agriculture)
Ont. Fdn. Lab. (Ontario Federation of Labour)
Ont. Inst. of Ch. Accts. (Institute of Chartered Accountants of Ontario)
Ont. Min. (TEIGA) (Ontario Ministry of Treasury, Economics and Intergovernmental Affairs)
Ont. Nurses Assn. (Ontario Nurses Association)
Ont. Pens. Cmn. (Pension Commission of Ontario)
Ont. Royal Comm. on Pens. (Royal Commission on the Status of Pensions in Ontario)
Ont. Select Cte. on Pens. (Ontario Select Committee on Pension)
Ont. Welf. Ccl. (Ontario Welfare Council)
Org. Small Bus. (Canadian Organization of Small Business)
P.S.A.C. (Public Service Alliance of Canada)
Pr. Sector T.F., on Ret. In. (Private Sector Task Force on Retirement Income Issues)
Prof. Inst. of Pub. Serv. (The Professional Institute of the Public Service of Canada)
Prov. of Sask. (Province of Saskatchewan)
Railway Lab. Assn. (Canadian Railway Labour Association)
Retail Ccl. (Retail Council of Canada)
Royal Can. Legion (Royal Canadian Legion)
Sen. Cte. (Ret. Age) (Special Senate Committee on Retirement Age Policies)
T.F., on Ret. Inc. (Canada Task Force on Retirement Income Policy (Lazar) Task Force Canada)
Trust Co. Assn. (Trust Companies Association of Canada)
Un. of Prov. Gvt. Emps. (National Union of Provincial Government Employees)

REFERENCES

Abercrombie, N., S. Hill, and B.S. Turner

Aiken, Henry and Daniel Bell
1964 "Ideology: A Debate", Commentary, xxxviii, October, 69-76.

Anderson, Ronald
1983 "Debate on Pension Reform Might be Reaching an End". Globe and Mail, December 2.

Banting, Keith C.

Baran, Paul and Paul M. Sweezy

Begin, Monique


Bell, Daniel

Bellemare, Diane
Benefits Canada
1982 May/June.
1983a July/August.
1983b September/October.

Beveridge, William H.

Birch, A.H.

Board of Trade of Metropolitan Toronto, The

Brown, Joan C.

Bryden, Kenneth

Business Committee on Pension Policy
1983a Canadian Retirement Income Policy.
1983b Cost Study.

Cameron, David R.

Campbell, Colin
Canadian Advisory Council on the Status of Women
By Louise Dulude.

1981a Pension Reform for Women.


n.d. "Bill C-6, An Act to Amend the Old Age Security
Act, Recommendations of the Canadian Advisory
Council on the Status of Women as Submitted to the
Standing Committee on Health, Welfare and Social
Affairs".


presented to the Parliamentary Task Force on
Pension Reform.

Canadian Association of Pension Supervisory Authorities
1982 "CAPSA Recommendations". Toronto: William M.
Mercer Ltd., May.

Canadian Centre for Policy Alternatives
Proceedings of the CCPA Conference on Pensions,
Series No. 1.

Canadian Chamber of Commerce, The
Know About It", September.

1983 "Pension Reform". Submission to the Parliamentary
Committee on Pension Reform, May.

Canadian Council on Social Development

Canadian Labour Congress
1983 The CLC Proposal for Pension Reform.

Canadian Life and Health Insurance Association Inc.
February 17.

Canadian Manufacturers' Association

1982 Industrial Relations Bulletin. No. 4827,
(August 20)


1983c Industrial Relations Bulletin. No. 4860, (October).

Canadian Pension Plan Advisory Committee

Carman, Francis A.
1915 "Canadian Government Annuities: A Study of Their Relations to Poverty in Old Age", Political Science Quarterly, 30, No. 3 (September), 425-447.

Chambliss, William and Robert Seidman

Clare, James L.

Clark, Robert M.

Cohen, J. L.

Crysdale, Stewart
1961 The Industrial Struggle and Protestant Ethics in Canada. Toronto: Ryerson Press.

Cuneo, Carl J.
"Reserve Labour in Advanced Capitalism". Mimeo.


Cutright, Phillips
Dawson, R. MacGregor

Deaton, Richard

Dominion Bureau of Statistics
1934-5 The Canada Year Book. Ottawa: King's Printer.

Dowsett, Robert C.
1979 "Do Private Pensions Still Have a Role?" Canadian Business Review, (Spring), 40-42.

Dulude, Louise

Economic Council of Canada

Financial Executives Institute Canada
1981 "Submission to the National Conference on Pensions".

Finkel, Alvin

Foot, David K.

Galbraith, John Kenneth
Gallup Poll

Galper, Jeffry H.

George, Vic and Paul Wilding

Giddens, Anthony

Gillespie, Irwin

Ginsberg, Norman

Gough, Ian

Government of Canada


1906-83 House of Commons Debates.


1906-7 Senate Debates. Ottawa.

1907-64 Labour Gazette. Ottawa: Department of Labour.


1964b Senate of Canada, Special Committee on Aging. Evidence and Testimony. Ottawa: Queen's Printer.


Government of Ontario

n.d. The Elderly in Ontario: An Agenda for the '80s.


1983 "July 1983 Complete GAINS Rate Tables".

Government of Saskatchewan

Graebner, William

Granatstein, J.L.

Greengarten, I.M.  

Guest, Dennis  

Heilbroner, Robert and Lester C. Thurow  

Hougham, George M.  

Howard, Roy J.  

Jordan, Bill  

Keynes, John Maynard  

King, William Lyon Mackenzie  


Klein, Rudolf  

Kubat, Daniel and David Thornton  
Lalonde, Marc

LaMarsh, Judy

LaPalombara, Joseph
1966 "Decline of Ideology: A Dissent and an Interpretation", American Political Science Review. LX, March, 5-16.

Law Reform Commission of Canada
1979 The Pension Appeals Board. Ottawa: Supply and Services Canada.

Laycock, J.E.

Lazarus, Marton

League for Social Reconstruction

Lichtheim, George

Lipset, Seymour
1966 "Some Further Comments on 'The End of Ideology'", American Political Science Review. LX, March.

Lipton, Charles

Lodge, George C.

MacDougall, John
MacEachen, Hon. Allan J.
1966 "Guaranteed Income for Older Canadians". Speech in House of Commons, December 20.

MacEachen, William
1956 Fourteen Days as an Old Age Pensioner. Toronto: Toronto Star.

MacInnis, Grace

Macpherson, C.B.

Mannheim, Karl

Marchak, Patricia M.

Marsh, Leonard C.

Marshall, T.H.

Martindale, Don

Marx, Karl

------- and Frederick Engels

Maynard, John C.

McBride, Stephen

McNaught, Kenneth

Meighen, Sir Arthur

Meisel, John
1962 \textit{The Canadian General Election of 1957}. Toronto: University of Toronto Press.

Meisel, John

Mercer Limited, William
n.d. \textit{Employer Opinions on Proposals for Reform of Canada's Pension System}.


1981c \textit{Ontario Royal Commission on Pensions}.


1982 \textit{Mercer Communiqué}. November 1.

1983 \textit{Mercer Communiqué}. August 29.
Miliband, Ralph


Michell, H.

Mishra, Ramesh

Moscovitch, Allan and Glenn Drover

Munro, John

Murphy, Barbara

Myles, John F.

National Council of Welfare

1982 *Financing the Canada Pension Plan.* December.

Neatby, H. Blair


Newman, Peter  

Niewening, John  

O'Connor, James  

O'Donnell, Nancy  

Osler, Richard  

Panitch, Leo (ed.)  

Pashukanis, E.B.  

Penner, Norman  

Pensions & Benefits  
1983a Volume 1, Issue 2, (May).  
1983c Volume 1, Issue 5, (September).  

Pensioners Concerned (Canada) Incorporated  
1983 "Brief to the Special Committee on Pension Reform". August.  

Pesando, J.E. and S.A. Rea  

Pickersgill, J.W.  
1975 My Years with Louis St. Laurent. Toronto and Buffalo: University of Toronto Press.

-------- and Donald Forster


Pinker, Rober


Piven, Frances Fox, and Richard A Cloward


Podoluk, J.R.


Pomfret, Richard


Poulantzas, N.


Rawls, John


Research Branch, Library of Parliament


Retail Council of Canada

Rimlinger, G.

Robin, Martin

Ross, David P.

Rusk, James

St. Laurent, Louis
St. Laurent Files. Ottawa: Public Archives of Canada.

Scarrow, Howard A.

Schumpeter, Joseph A.

Seliger, Martin

Shalev, Michael

Simeon, Richard
Sjoberg, Gideon and Roger Nett

Sleeman, J.F.

Slocum, Dennis

Social Planning Council of Metropolitan Toronto


1982a  A Second Brief to the Ontario Select Committee on the Status of Pensions.


-------- and the Ontario Social Development Council
1983  ... And The Poor Get Poorer. Ontario.

Splane, Richard B.

Statistics Canada

1977  Perspectives Canada II. Ottawa: Statistics Canada.


1980a Pension Plans in Canada.

Statutes of Canada
1927 Old Age Pension Act of Canada.
1951a The Old Age Security Act.
1951b The Old Age Assistance Act.
1965 The Canada Pension Plan.

Stephens, John D.
1979 The Transition from Capitalism to Socialism. London: Macmillan.

Stone, Leroy O (with the assistance of Joan Conboy, Sylvia Cote, Susan Fletcher, Renee How, William Patrick McGrath, Cynthia Neathery, Sharon Nettleton, Edward No., Wendy Wawrysh, and Dian Wilson)

-------- and S. Fletcher

Tarschys, Daniel

Taylor-Gooby, Peter and Jennifer Dale

Tindale, J., J. Edwardh, and S. Neysmith

Titmuss, Richard M.


United Church of Canada
1973 Division of Mission in Canada, Department of Church in Society. "Submission to the Government of Canada".

Urquhart, M.C. and K.A. Buckley, eds.


Wilensky, Harold L.

-------- and Charles N. Lebeaux

Young, Walter D.

Young Women's Christian Association of Toronto