is the flat rate sum of $25 plus a percentage amount. The latter is 37½ percent of the sum her husband would have received at age 65 calculated on the rate of his average earnings prior to death. No benefits are payable to widows under age 35 who have no dependent children. Where widowhood occurs between 35 and 45 years, however, benefits are the previously described widow's benefits reduced by one-twentieth for each month that she is short of her 45th birthday. An important aspect of the supplementary payments under the plan is the disability benefit for persons who become incapable of taking employment. The benefits for such persons are the flat rate payment of $25 monthly prior to adjustment in addition to 75 percent of the retirement pension which would have become payable at 65, given a continuation of the same average earnings level by the contributor.

Commencing January 1, 1966, virtually all employees are required to contribute 1.8 percent of their earnings between the exempted amount of $600 a year and the maximum of $5,000 a year, with equal matching contributions by the employer (self-employed persons make both payments). The reserves over and above immediate requirements are to be made available by the Federal Government for the purchase of provincial securities in the same proportion as the funds are contributed by the people in the respective Provinces. (The exception is the Province of Quebec which operates a plan comparable to the Canada Pension Plan and in which reserves are provincially controlled.)

Contributions to the Canada Pension Plan for the first 20 years are expected to provide a gradual accumulation of funds. Intermediate cost estimates, assuming a 3 percent per annum average increase in earnings, indicate that by 1985 the fund will amount to $7.1 billion. With a 4-percent increase per annum, the figure will be $8 billion. Thereafter, the reserves are expected to decline and disappear by about the year 2000. In permitting the allocation of reserves to the purchase of provincial securities, the expectation is that the funds will be used for Provincial Government investment in schools, hospitals, and other development projects. After the first 20 years, the funds should be withdrawn gradually from use by the Provinces. Analysis of the implications of this or other economic aspects of plan funding are not undertaken in this paper.

The indications are that the contributions bear most heavily on persons of moderate income—that is approaching $5,000 per annum—beyond which point contributions decline as a percentage of earnings. The contribution structure under the plan is such that below the maximum earnings the contributions are progressive in character.

Based on simple and quite imperfect criteria of potential needs and levels of adequacy provided by the benefits, the Canada Pension Plan has both important limitations and, as well, its own obvious advantages as a piece of social welfare legislation. The fact that the demogrant continues and provides the basic old-age pension in the country and that a simply administered and apparently acceptable guaranteed supplement are important features of old-age security during and beyond the transitional period of the Canada Pension Plan leads one to wonder, aside from important political considerations, whether these obviate the necessity for having another supplementary benefit system on a contributory basis. On economic grounds, the importance of the