

Social Consensus in the Process of Pension Reform in Canada

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Social consensus is critical in reconciling equality and freedom, including the creation and on-going modification of the welfare state. Without sufficient consensus among the major societal groups and among citizens, reforms will not occur, or at least not last for long. In the past 25 years there have been numerous efforts to reform components of the three pillars of Canada's pension regime. These pension reforms and role of social consensus in shaping outcomes are unique, reflecting the particular political and demographic conditions, and other characteristics of the nation. Nevertheless, there are three insights that can be drawn that are of value for South Korean policy makers and public administrators. First, frequent policy shifts or debates can undermine the necessary consensus and stability required for individuals, and organizations, to make longer term financial plans. Second, a modest mandatory public plan will tend to draw widespread acceptance, at least within a liberal welfare state. Third, a three pillar pension regime means that most Canadians do not rely solely on any one component of the pension regime. Consequently, social consensus can be reached more easily among the social partners and other stakeholders in under such conditions, compared to a nation with only one major pension program.

KEY WORDS Social Consensus, Pensions, Canada, Multi Pillar, Reforms

I. INTRODUCTION

Equality and freedom are the alternatives that divide citizens in democratic countries. The former choice (equality) means that government must intervene to reduce the inequalities and hazards that markets create (Alesina and Rosenthal, 1995). The latter choice (freedom) implies allowing citizens to benefit, or suffer, from the market-based distribution of rewards. The welfare state is the tool that reconciles political equality with economic freedom by altering the distribution of income from what it would be in a notional free market (Myles, 1984).

Social consensus is critical in reconciling equality and freedom, including the creation and on-going modification of the welfare state. Without sufficient consensus among the major societal groups and among citizens, reforms will not occur, or at least not last for long. This paper analyses the manner and extent to which social consensus has been attained in pension policy in Canada from 1980 to the present. It was during this time period that, due to chronic government deficits, changes in the labour market, and changing demographics, particularly dramatic reforms of pension programs were planned. These typically sought to restrict benefits and eligibility and/or increase contributions from individuals and employers, and therefore would require considerable social consensus in order to be implemented.

Canada is the world's second largest nation, with a land mass 100 times that of South Korea, yet its population of 32.6 million results in an extremely low population density of three inhabitants per square kilometer, compared to 480 for South Korea. Its cultural diversity is reflected in a constitution that explicitly recognizes the official bilingualism and linguistic duality of the nation as well as the multicultural essence of the society. The two largest groups in Canada are Anglophones and Francophones, with the latter group comprised of over six million people mainly residing in the province of Quebec. Individuals of Aboriginal descent represent nearly three and half percent of the population (1.1 million) overall but make up a significantly higher proportion in the western and northern regions of the nation. Immigrants form an important part of the country, as Canada accepts more immigrants per person than just about any nation in the world. In 2000, 18.5% of Canada's population was foreign-born, compared to only 10.5% in the United States of America (United States Census Bureau, 2003).

Demographic pressures in Canada are slightly less severe than those in many European nations. In 2000, 13% of the population was 65 years of age and older, compared to 18% in Italy and 16.4% in Germany. All the same, the Canadian change is now as rapid as that of Eurocountries, and it will be more rapid once the large baby-boom generation move into retirement ages. Whereas in Canada just over one in ten people were over 65 in 1986, fifty years later, in 2036, projections are that about a quarter of the population will be over 65. Along with a median age of 45 years, and more than 12% of the population aged 75 and over, this will make an aged society (Kerr & Beaujot, 2005).

Canada is one of the most decentralized nations in the world, particularly when it comes to social and labour market policies. Its federal structure means that governmental powers and responsibilities are divided between the federal government and ten provinces (and three northern territories). Federal powers relate primarily to economic and financial policy, international affairs, defense, immigration, and criminal law. Provincial powers are expansive in comparison to most nations including responsibility for education, health, social assistance, the workplace, municipal institutions, and other fields. Given these unique characteristics of Canada, achieving social consensus represents a particularly challenge.

The next section of the paper outlines the key elements of Canada's pension regime, followed by overview of major developments in the past 25 year (section three), and an analysis of social consensus inherent in these (section four). The last section of the paper discusses the applicability of the Canadian situation to South Korea, and draws conclusions. The focus of this paper is on public pensions, however private pensions are discussed to a lesser extent as they are a crucial component of Canada's income security system for older individuals.

II. CANADA'S MULTI PILLAR PENSION REGIME

Canada's pension regime conforms in many ways to the three pillar model advocated by the World Bank and some other organizations for the past decade (The World Bank, 1994). The first pillar is a quasi-universal flat-rate pension financed from general tax revenues composed of three separate programs: The Old Age Security program, begun in

1951, provides a modest income beginning at age 65 for all citizens and permanent residents who have lived in Canada for at least 10 years since age 18. The maximum monthly payment for 2006 was \$492 (393,600 won), while the average was close to that amount at \$463 (370,400 won). Individuals who have lived in Canada for less than 40 years receive a reduced pension, with each year of non-residency reducing the payment by 2.5%. The program is quasi-universal in that individuals with net income above \$62,000 (49,600,000 won) do not receive the entire amount, while those with income above \$101,000 (80,800,000 won) do not receive any payment at all.

The second program—the Guaranteed Income Supplement—provides additional money, on top of the Old Age Security pension, to very low-income seniors. In 2006, the maximum monthly payment was \$600 (480,000 won), while the average payment was \$410 (328,000 won). The supplement is not paid once the annual income of an individual exceeds \$14,500 (11,600,000 won) annually, with a higher cut-off threshold for a couple.

The third and much smaller program—the Allowance—provides income support for those ages 60–64 whose spouse or partner receives the Old Age Security pension and the Guaranteed Income Supplement, or has died. The vast majority of the recipients of the Allowance are women. The Allowance is determined based on the annual income from the previous tax year. At age 65, most people who receive the Allowance have their benefit automatically changed to the Old Age Security Pension and, for those with low income, also the Guaranteed Income Supplement.

The second pillar of Canada's pension regime is composed of two earnings-related pension programs: the Canada Pension Plan and the Quebec Pension Plan. The Quebec Plan is almost identical to the Canada Pension Plan but applies only to those working in the province of Quebec (the Canada Pension Plan does not apply to those working in the province of Quebec). The provinces, other than Quebec, share constitutional responsibility for the Canada Pension Plan, with any change to the plan requiring approval from two-thirds of the provinces. The plans are not of the fully-funded type, but are closer to the pay-as-you-go model. Upon retirement, the pension plans provide monthly benefits based on an employee's average earnings, up to certain maximums. The pension is designed to replace about 25 percent of the earnings on which a person's contributions were based. The replacement rate has remained unchanged since the creating of the plans 40 years ago.

With very few exceptions, every person in Canada over 18 who earns more than the basic exempted amount of \$3,500 (2,800,000 won) in employment income must pay into one of the two pension plans. The contribution rate is 4.95% for the worker, and the same for the employer, for employment income between \$3,500 and \$42,100 (33,700,000 won) to a maximum annual contribution of \$1,900 (1,520,000 won) for each party. The self-employed must pay both portions, namely 9.9% of income.

The plans allow for retirement at age 60, unlike the Old Age Security program that is only available at age 65. However, for those accessing the Canada or Quebec pension plans early, payments are reduced permanently by 0.5% for each month prior to age 65. The maximum monthly pension payment at age 65 in 2006 was \$845 (675,000 won) while the average payment was considerably less at \$463 (370,000 won).

Private pension plans are the third pillar of Canada's income security regime for older persons. Two types of private arrangements exist: employer (occupational) pension plans and individual retirement savings plans. Although these plans are private, there is a substantial cost borne by the federal treasury for the plans in terms of lost tax revenues.

Other than the mandatory participation under the Canada or Quebec pension plans, employers in Canada are not required to establish or participate in any type of pension or savings arrangement for the benefit of their employees. Nevertheless, a number of employers have established company pension plans. These plans must be registered with the appropriate federal or provincial regulatory authorities, and comply with tax and pension standards rules. The plans are funded through tax-deductible contributions by both employees and employer, while the investment income is tax-deferred.

Registered individual retirement savings plans are savings schemes for individuals, including the self-employed, that have been registered for the purposes under the federal Income Tax Act. Annual contribution limits to such an individual plan are based on earned in the previous year. The current limit is 18% of income to a maximum of \$16,500 (13,200,000 won). Contributions from individuals are tax deductible, while the investment income is tax-deferred until funds are withdrawn from the plan. The moneys in individual savings plans may be invested in a wide variety of ways, including cash and equivalents, fixed-income and equity investments.

Workers who are members of an employer pension plan can also establish an

individual retirement saving plan, but their contribution limit to their individual plan is reduced by the amount of a ‘pension adjustment’ that reflects contributions made by, and on behalf of, the employer pension plan. In other words, all workers in Canada are limited to contributing 18% of their income, to a maximum of \$16,500, towards employer or individual plans or some combination thereof.

Private pensions in Canada, as is the case with most nations, reproduce the inequalities of work life, with those in the primary labour market much more likely to be covered. In 2004, half of Canadians age 25 to 64 contributed to either an employer or individual pension plan. The percentage of workers covered by an employer plan was 39%, a decline from 45% a decade earlier. With regard to individual savings plans, 38% of workers made contributions in 2004, a percentage that has remained unchanged in the past decade. Not surprisingly, an individual’s income affects both the likelihood of participating in an individual plan and the amount contributed. In just three percent of income earners aged incomes less than (8,000,000 won) and eligible to contribute, in fact made contributions. This compares with of workers with incomes of (65,000,000 won) and over, who also made the highest average contribution: \$9,500 per person (7,600,000 won).

III. REFORM EFFORTS SINCE 1980

In the past 25 years there have been numerous efforts to reform components of the three pillars of Canada’s pension regime. The major proposals are analyzed below, while the next section of paper examines the role of social consensus in each of the reform attempts.

In 1985, shortly after gaining a large majority in the federal Parliament, the centre-right party—as a means to reduce the national deficit—proposed to partially de-index payment under the Old Age Security program. According to the government’s proposal, in response to increases in the consumer price level, benefits would only be raised to a set maximum (three percent or less). This would decrease the value of benefits paid over time. However, this proposal was abandoned within weeks after an atypically—for Canada—potent negative reaction from nearly all stakeholders, which is analyzed in the next section.

In 1989 the same government successfully introduced a policy that limited Old Age Security payments to high income individuals and eliminated these altogether for those with very high income. Moreover, the income at which the benefits were reduced was only indexed to inflation in excess of three percent, such that over time more seniors would receive lower payments. However, in 2000 full indexation of the cut-off point was restored as the government achieved a series of budget surpluses. At present only five percent of seniors are affected by the income test, so that the program does remain almost universal in character.

In 1996, after the centre-right party assumed power, it proposed to eliminate the Old Age Security and Guaranteed Income Supplement program altogether and replace these with a new 'seniors benefit' that would be based on income and thus paid to those of low and middle-income. Additionally, the new benefit was to be paid based on family income, rather than individual income as was the case for the Old Age Security program. As in 1985, a powerful wave of grass-roots opposition arose and the government was forced to completely withdraw its proposal.

The federal nature of Canada means that provinces are permitted to establish and operate their own pension plans, something that the province of Quebec has done. Both the Canada Pension Plan, which applies to the other nine provinces and three territories, and the Quebec Pension Plan become effective the same time in 1966 after many years of federal-provincial negotiation. The plans provided full benefits in 1977 following a ten year transition period, for those 65 and older.

Some reforms were made to the two pension plans in 1987, after extensive federal-provincial negotiation. The amendments extended benefits to those 60 years of age, rather than 65 as previously had been the case, payments for the disabled were increased, and premiums began to rise slowly from the 1.8% for employees and employers that had been in place since the start of the pension plans. However, by the early 1990s, it became more and more obvious that the pay-as-you-go structure of the plans was not sustainable at then current contribution levels, due to Canada's aging population and the longer life expectancy of Canadians. The impending crisis generated an extensive review by the federal and provincial governments including public consultations, academic studies and so forth.

The reforms that were proposed and implemented in 1998 were three-fold: 1) some modest reductions in benefits, 2) increases in contribution rates, and 3) changes to the pay-as-you-go model of the Canada Pension Plan. Each of these is discussed below.

The minor reductions included freezing the base level of income exempted from contributions at \$3,500 (2,800,000 won) so that, due to inflation, over time a lower real level of income would be exempted from contributions to the plans, thereby raising effective average contribution rates. As well, the calculation for benefits was altered to the average of maximum pensionable earnings in the last five years, instead of three years. Disability pensions were reduced so that applicants must have worked an extra year or two to be eligible, while retirement pensions for disability beneficiaries was calculated using the average wage at the time of disablement instead of when the recipient turns 65. Lastly, the one-time death benefit paid to all plan recipients, was reduced slightly and fixed permanently at \$2500 (2,000,000 won). The restrictions in disability benefits reduced the number of new beneficiaries by about 50 percent: from about one percent of the population to about 0.5 percent. As a result, the percentage of disability benefit recipients among older workers declined within a few years from about eight percent of the population to about six percent (OECD, 2005).

With regard to contribution rates, these were increased annually from three percent for both employees and employers in 1997 to 4.95% for each party by 2003, from which time the rate is to remain unchanged for the foreseeable future. The final element of the reforms was to move the plans further towards a hybrid structure to take advantage of investment earnings on accumulated assets. Instead of being a completely "pay-as-you-go" structure, the plans are expected to be 20% funded by 2017. The Quebec plan already had the Quebec Deposit and Investment Bank to actively manage its pension funds and thus was already operating more like a hybrid fund. The federal government created an arms-length body to do the same for the Canada Pension Plan: The Canada Pension Plan Investment Board.

Developments over the past 25 years with respect to private pension plans are not the focus of this paper, however two important reforms to the individual plans are noted briefly below. First introduced in 1992, first time home buyers (those not having owned a home in the previous five years) are permitted to withdraw up to \$20,000 as a loan from their individual plan to use as a down payment. The loan is not considered income and is

not taxed as long as it is repaid within 15 years. Second, as of 1999, individuals are also permitted to withdraw up to the cost of full-time training or education for the individual or spouse, but not children. The funds must be repaid to the pension plan within 10 years after the completion of the educational program. The impact of these reforms on social consensus is discussed in the section below.

IV. SOCIAL CONSENSUS

As noted at the beginning of this paper, social consensus is critical in ensuring the successful reform of a nation's pension regime. If sufficient consensus is not attained, reforms may not be possible at all, or may be dysfunctional in that actors may circumvent these or seek opportunities to reverse them in short order.

Canada's unique history, geography, economy and governance have created distinct routes to achieving social consensus. Unlike most other Anglo-Saxon nations, class voting in Canada has historically been weak "because the political parties are identified as representatives of regional, religious, and ethnic groupings, rather than as representatives of national class interests (Alford, 1963). Canada's socially fragmented landscape has resulted in a brokerage style of politics, where success depends on a party's ability to aggregate support from a wide range of disparate interests. The main parties nevertheless also maintain close ties to business (Cross, 2004). As a result, reaching political consensus on income security policy is less problematic than in many other nations, as the platforms and ideologies of the major political parties diverge little with regard to this policy domain.

Veto points in the decision-making process in any nation are a critical nexus for consent to be reached or withheld. Canada's atypical arrangements, reflecting its history and political economy, have shaped a particular set of veto points. Both the federal government as well as the provinces have parliamentary regimes, with a Westminster-style combination of a first-past-the-post electoral system with single-party and executive-centered, prime-ministerial government. The first-past-the-post system—in other words, whichever candidate gets the largest number of votes is elected, even if his or her vote is less than half the total—means that most

governments are majorities; while minority governments are rare. At the national level, but not at the provincial level, a second chamber—the Senate—exists, but as an appointed, rather than elected body, it does not represent a serious veto point. Elected representatives to the parliaments are subject to strong party discipline. Every province has a legislative assembly that is very similar to the House of Commons and transacts its business in much the same way.

The fusion of the legislative and executive branches—along with majority governments—results in the prime minister wielding extraordinary power. Once a decision is reached by his or her office, it is unlikely that either members of the governing party, or the legislature, will be able to block or reverse it. Issues requiring federal and provincial agreement or consensus, as described above, are typically decided after negotiation by the executive branches of the two levels of government, with often minimal involvement from the respective legislatures or other stakeholders. In summary, few impediments that face a governing party other than in policy domains requiring federal and provincial consensus. As such, grass-roots protests and/or highly organized coalitions of civil society groups are normally required to significantly alter government social policy proposals.

With regard to Old Age Security, a domain in which the provinces have no jurisdiction, in both 1985 and 1996 governing parties failed to reach sufficient consensus to reform the program. What explains this? In part, the reforms proposed were solely for the purposes of reducing the expenditures under the program. This, in and of itself, placed the governments in a precarious situation, as arguably those without the opportunity for income for employment will have the most difficulty in adjusting to lower transfer payments. This was the major argument made by the coalition of groups that arose to oppose the reforms. The partial de-indexation proposed in 1985 was seen as especially harsh since during the late 1970s and throughout the 1980s inflation had been high, with the consumer price index increasing at a rate of 10% for several of these years. Even groups that might not normally support income security programs for the elderly were convinced that targeting this group was unfair. The government's reforms in 1989 that limited Old Age Security payments for those with high incomes and eliminated it altogether for very high income earners saw little opposition as these impacted a very small group of people.

A critical factor in the mobilization of the fierce opposition to the 1985 proposal, including the mass protests by many senior citizen and age-advocacy groups that had emerged or expanded during the 1970s and 1980s. In some cases, these groups were launched with government grants during the 1970s aimed at creating senior citizen clubs and community organizations (Pratt, 1993).

The reforms planned in 1996 were more dramatic than those proposed in 1985 in that a relatively large pool of retirees would stop receiving Old Age Security payments. To avoid a backlash, the government wanted to exempt current Old Age Security and Guaranteed Income supplements recipients from the reform, as well as all those 60 and over, as well as their spouses. Nevertheless, the plan to abandon one quasi-universal program and one income-tested program was not acceptable to groups representing the interests of the elderly, but also professional associations, organized labour and investment firms (Béland and Myles, 2005). Part of their argument was that the proposed 'seniors benefit' was not a benefit, but rather a tax that would discourage individual savings. Other groups—especially those representing women—opposed the scheme because it would be based on the income of a couple, rather than individual income as was the case for the Old Age Security program. Women feared that they might lose the seniors benefit, and their financial independence, if their spouse had a high income. In any case, the use of family income was atypical for income security programs in Canada, which tend to use individual income (other than programs for children) as one would expect in a liberal welfare state.

In both the 1985 and 1996, the governments did not follow the Canadian tradition of social-policy making namely extensive consultation in advance of government announcements. Rather, the announcement of significant retrenchment came as a surprise to stakeholders, which served to engender the mass protests and rapid one-time coalition building. That the 1985 proposal had no policy rationale other than expenditure reduction, and was seen as engendering decreases in benefits 'by stealth' doomed it from the start. In 1996, the plan to abolish a long cherished program and universal program was unacceptable to its beneficiaries, especially when its planned replacement would be so different.

In developing proposals to reform the Canada and Quebec pension plans the governments did undertake the traditional and expected extensive public consultations with stakeholders and social partners, as well as academic and expert discussions across

the country (Lam, Cutt and Prince, 1997). The federal and provincial governments decided not to make major cuts in pension benefits or to increase the age of eligibility for benefits, unlikely many nations that have done so when reforming their pay-as-you-go pension systems in the past decade (Galasso, 2006). The experience with attempting to shrink benefits under the Old Age Security program had convinced politicians that a gradual rise in the contribution rates would generate less resistance, especially when coupled with reforms on how accumulated assets would be invested.

That the Canada Pension Plan Investment Board would be fully independent, had a clear and simple investment-optimizing mandate, and would have diversified assets was essential in reassuring the business community of the policy reforms, especially given that payroll tax would increase significantly over a few years (Mendelson, 2005). Indeed, the successful operation for several decades of the Quebec Deposit and Investment Bank provided a model for decision-makers in establishing the Canada Pension Plan Investment Board and reduced fears that this policy innovation might under-perform (Weaver, 2004).

Although some business groups and political parties advocated different policy directions, such as privatization of the plans, this was never a serious possibility. The province of Quebec would never agree to this, and in any case, the fact that the federal government and all provinces agreed on the reform directions—a rare situation in Canada on almost any matter—forestalled the further debate. The changes made in 1998, especially its most radical aspect—the partial marketization of the Canada Pension Plan—have been summarized as "modest" but ones that received "relatively widespread support from labour, business and social policy groups outside Quebec. Typically, no group is entirely happy with the initiative...But most agree that the reform provides greater public confidence about the financial future of the scheme" (Grover, 2005).

With regard to private plans, the consensus in Canada—dating to the first employer plans in the late 19th century—has been that whether such a plan exists at all, and its provisions, are matter to be decided between employers and workers. In the same manner, the general consensus is that households are responsible for decisions about whether to establish individual plans, and the level of contributions to these. This conforms to what would be expected in a political economy where the welfare state seeks to maximize citizens' reliance upon, and loyalty to, the free market including the labour

market, especially for working-age households. Individual plans have proven to be popular among Canadians, in part because of extensive advertising by the financial community. The option to borrow money for home ownership has been universally lauded; one third of first-time home-buyers utilize funds from their individual pension plans.

V. DISCUSSION AND CONCLUSIONS

The pension reforms undertaken in Canada during the past quarter century and role of social consensus are unique, reflecting the particular conditions and characteristics of the nation. Nevertheless, there are three insights that can be drawn that might be of value for South Korean policy makers and public administrators.

First, notwithstanding considerable economic restructuring in the past two decades—much of it the result of the Canada–United States Free Trade Agreement which came into effect in 1989 and the North American Free Trade Agreement which came into force in 1994—as well as demographic changes, the pension regime has remained surprisingly unaltered. As a result, the existing pension regime has enjoys a degree of legitimacy and popularity that it might not, had a series of significant reforms indeed taken place and created a sense of uncertainty. In contrast, in South Korea, the national pension scheme remains unpopular and a source of public mistrust (Hwang, 2006). The lesson is that frequent policy shifts or debates can undermine the necessary consensus and stability required for individuals, and organizations, to make longer term financial plans.

Second, the existence of the Canada and Quebec pension plans allow employers, particularly those of medium and small enterprises, to argue that there is no need to institute their own occupational plans. As thus, the Canada and Quebec pension plans have typically been supported by the business community, even as premiums were increased in the 1990s. At the same time, that the two plans provide only modest benefits has permitted the labour movement to press for more and improved occupational plans. Therefore, unions also, have supported the two public plans. The broad consensus of these two social partners about the public pension plans has been critical in protecting the integrity of the plans and reducing the number of policy shifts. The lesson from Canada is

that a modest mandatory public plan will tend to draw widespread acceptance, at least within a liberal welfare state.

Third, the existence of three pillars of the Canadian pension regime, and that two of the pillars (the flat-rate pension and private pension) are composed of several components, means that most Canadians do not rely solely on any one component of the pension regime. Consequently, it may well be that social consensus can be reached more easily among the social partners and other stakeholders in under such conditions, compared to a nation with only one major pension program (Schludi, 2006).

The multi-pillar pension system means that most individuals depend on a combination of income from several public and private pension schemes for maintaining their standard of living in retirement. Social consensus has not been a major sustained issue in debates on pensions in Canada, notwithstanding that during the 1980s and 1990s the Canadian welfare state witnessed some retrenchment. This is partly because the retreat of the welfare state in Canada was not as dramatic as in other Western nations, and certainly not so with respect to pension policy (Pierson, 2001). To the extent that the Canadian welfare state has become more selective, there has not been the rise of the income polarization found in other Anglo-Saxon nations. Though broadly liberal, Canada's welfare state remains more robust than that of the United States due to the presence of universal elements in its social security system (Haddow, 1993). Although the two nations appear to be similar from a European perspective, the differences between their social programs are important "especially for the poor and for marginal social groups" (Banting, 1997).

As importantly in explaining the relative absence of intergenerational or class conflict is that the liberal market economy and liberal welfare state can—and perhaps must—operate without the need for a high degree of social consensus (Foot, 2005). In other words, Canadians value individuality and freedom to a stronger extent than many European and Asian societies. Solidarity, equity and social cohesion are less important, while pluralism prevails (Dryzek and Niemeyer, 2006). The social consensus that is found in Korean society, including a tradition of an activist state—is foreign to the Canadian situation.

The planned reforms (reductions) to the eligibility and payments under the Old Age

Security program were not implemented as social consensus was not reached. The proposed reforms did not fit with the model of income security that has come to dominate in Canada: namely, a minimum guaranteed level of support for all, with additional modest support for those in greater need, supplemented by a larger role for individual savings. The sense of economic or demographic crisis that might have caused sufficient solidarity to enact the proposed changes was never felt by the majority of the population, or even the major stakeholders. On the other hand, the adjustments to the Canada and Quebec pension plans, which increased benefits paid by workers and employers—but left the major other elements of the program untouched—saw considerable social consensus.

With regard to private plans, a primary policy objective in the past two decades has been to provide equitable tax assistance for retirement, regardless of whether a worker participates in an employer-sponsored plan or an individual plan. That private plans are available to only the better off workers—and thus doing nothing to reduce inequities—fits with the liberal welfare state of the nation, particularly given the existence of the other two (public) pillars of the pension regime.

In summary, Canada's pension system reflects the diversity and pluralism of the society. A number of distinct programs have been established over the years in a relatively logical manner (Pratt, 1993). Social consensus, or at least social cohesion, has been forged and maintained with a set of programs geared to particular class and regional groups that as a whole balance equality and freedom.

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