



# Consent

## NO REFERENDUMS PLEASE

--- By Marc Emery

By the end of 1988, it is possible that many Ontario municipalities may hold REFERENDUMS on issues like Sunday shopping or free trade.

Only through "referendums", so the arguments go, can a true CONSENSUS be reached.

Indeed, the case for referendums has been championed by the prominent NATIONAL CITIZEN'S COALITION as a cure-all to what has been described as an unrepresentative, party-line dictatorship claimed to be held over us by politicians.

But referendums will only make matters worse.

Replacing the rule of politicians with the rule of the "majority" still leaves some people "ruled" by others. Let's not forget that our politicians ARE the result of a "referendum"; we call it an "election".

Referendums won't work because as long as a "majority" of people believe that the electoral system should be a lever to exercise THEIR will over the lives of others, we can expect a great deal more repressive legislation --- and guarantees of even more referendums.

Those pushing for referendums seem to believe that the "common man" or the "average man" has more "common sense" than politicians. Free from the pervasive influence of lobby groups, political patronage, and other evils associated with "professional" poli-

ticians, the "common man" is less likely to be influenced by them. Right? --- Wrong!

The "common man" DOES exhibit more common sense --- with HIS OWN life, liberty, and property. But give the "common man" a chance to tell his neighbour what to read, what school to send his children to, what religion to practice, what limits to place on his wealth, or whether his neighbour should be permitted to do anything from having an abortion to shopping on Sunday, well, just like politicians, the "common man" in most cases becomes the very tyrant he fears.

Such is the consequence of exercising UNEARNED power over his neighbours in a way only a "democracy" can allow.

Regrettably, well-organized intolerant minorities are usually the ones who have the zeal and drive to get "questions" put on a referendum ballot. And these questions reflect THEIR agenda, and thus impose unjust obligations and restrictions on those who do not share their intolerant attitudes.

To prove my point, consider the following "referendum style" questions that a "majority" would quite conceivably vote "yes" to, and that would substantially reduce our individual freedom or have a negative impact on our social well-being.

1. Should Ontario have a Board of Censors?

TO THOSE WHO CONSENT, NO INJUSTICE IS DONE



2. Should the rich (over \$75,000 annual income) pay more taxes?
3. Should corporations pay more tax?
4. Should prostitution be outlawed?
5. Should access to abortion services be more restrictive?
6. Should O.H.I.P. premiums be abolished?
7. Should the Ontario government provide universal day care?
8. Should capital punishment (the death penalty) be reinstated?
9. Should we extend affirmative action and strengthen equal pay for work of equal value to all areas of the private sector?
10. Should drug users and sellers receive harsher penalties?
11. Should strip joints be outlawed?
12. Should police have "more power" to deal with "a rising crime rate"?
13. Should obscenity laws be strengthened to prohibit explicit sexual material?

---

**"Replacing the rule of politicians with the rule of the 'majority' still leaves some people 'ruled' by others."**

---

In many localities, Sunday shopping would certainly also be banned, and who knows what other ridiculous proposals might be entertained by referendums? During the 1940s, some communities voted in plebiscites (referendums) to ban roller skating, or to approve municipal governments starting expensive tax-financed and government-regulated transit systems, while hundreds of other communities voted to ban the sale, distribution, and consumption of beer and wine in restaurants and bars.

You get the general idea.

If there's one principle I've seen in action time and time again, it's that the "majority" of people on any given issue is almost ALWAYS wrong, driven by forces that have little to do with an understanding of the issue and which have little regard for individual rights, freedoms, or responsibilities.

In times of controversy or tur-

bulence, it takes courageous, dedicated, fearless individuals to stand up to the crowd, mob, or "majority", and advocate REASON. But unfortunately, courage and reason alone are almost always futile under such circumstances. Mobs and majorities are guided by zeal, emotional fervour, and rarely by logic, compassion for individual dignity, or respect for individual freedom.

Consider how the media spends far more time reporting on polls or the antics and protests of vested interest groups than it does on dealing with issues through logic, facts, or objective analysis. Most political headlines simply report on what a given majority "wants" --- and if the majority "wants" it, all moral, legal, and ethical considerations are cast aside.

Such being the history of referendums, giving any majority even more control over others is wrong and cannot be justified on any level. Even though our bureaucrats and politicians may often act like dictators, their power at least is limited when the "majority" does not sanction their actions. Not so when the "majority" becomes both judge and executioner.

Proponents of referendums often point to California's PROPOSITION 13. But Proposition 13 was, by and large, a failure.



*"The problem, as I see it, is that the voters and the taxpayers are one and the same."*

*"Useless laws weaken the necessary laws." --- Charles de Secondat, Baron de Montesquieu*



Yes, taxes were cut on residential property, that is true, but it failed to put a cap on other government spending that simply shifted the burden of financing the state on the same individuals in other ways. Worse, government bureaucracies were kept intact and running while vital programs (like roadworks) were sacked in order to punish voters for daring to make such a rash decision as to cut taxes.

Would Ontario voters ever support a referendum to cut government SPENDING? That would probably be the most substantial and significant referendum question ever to get on a ballot. Cutting SPENDING would accomplish most of the major objectives supported by advocates of individual freedom, including reduced deficits, lower taxes, a smaller state apparatus, and better, more dependable essential services.

Still, I am convinced that the "majority" would vote AGAINST it. A majority might vote for a TAX cut if it can clearly see the benefit. But a majority would never support a SPENDING cut, because they would see themselves as losing a benefit.

The people opposed to spending cuts are not simply the welfare-state free-loaders many might expect. You can bet that teachers, civil servants, the unemployed, corporations with loans or grants from governments, artists, single mothers, crown corporations, pensioners, and just about everybody else on the government gravy train would, as a "majority", definitely vote against spending cuts. For them, terms like "fiscal responsibility", "accountability", and "deficits" just get in the way of all that unearned government cash.

Voters and politicians may TALK a great storm when they worry about "future generations", but when push comes to shove, they'll take anything the "system" will give them. Future generations can go fend for themselves as far as they're concerned.

The movement for true individual freedom may be growing, but let's face it, even now it still represents only a tiny minority of citizens. The fact

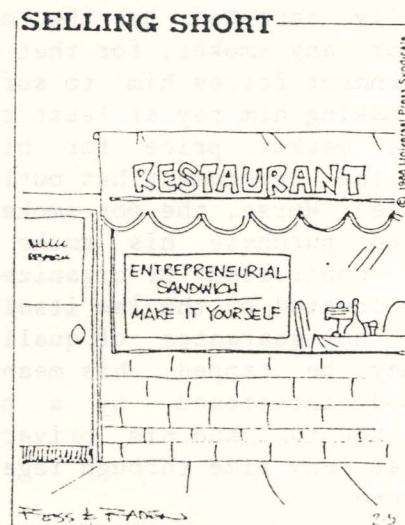
that many citizens (perhaps ironically, even a majority) may agree with Sunday shopping or free trade is not a consequence of PRINCIPLE, but of a perceived benefit or convenience to those in favour. Similarly, the opposition to these two issues is based on a perceived benefit ("protection" from competition) as well.

Deciding an issue by trying to count beneficiaries doesn't address an issue at all!

Even lobby groups like the National Citizens' Coalition, the Chamber of Commerce and the Canadian Federation of Independent Business pick issues that offer a specific benefit to their members, under the guise of principled advocacy. Now there's nothing wrong with good marketing or selecting one's issues carefully, but ask yourself how much of their advocacy is based on principle, and how much of it is simply a reaction to a bureaucratic civil service, a powerful labour movement, or a postal monopoly that continually disrupts an essential service?

These lobby groups may know how to capitalize on public anger, but can, for example, the NCC's "consensus for more freedom through less government" ever educate its members to become broader advocates of individual freedom? No, it can't.

Because without promoting the INDIVISIBLE NATURE of individual freedom, the NCC has to "re-educate" its membership on each and every campaign, since each campaign has been sold on the



*"The Corollary of the right of ownership is the right to disownership. So if I cannot sell a thing, it is evident that I do not really own it." --- F. A. Harper*



"reactionary" principle.

Referendums are a political means to direct people's ANGER at something. If they're not angry, you can't motivate them to vote. This is true enough in elections, where voters traditionally vote AGAINST parties by voting for the "lesser" of a given number of evils; this principle is even more entrenched in referendums.

Sure, most Ontarians are disgusted/fed-up/mad-as-hell --- but about what?

About THEIR pet peeve.

The little old lady down the street rages about the "evil" of Sunday shopping, another about the "filth" in magazines at variety stores, the businessman rages about taxes and regulation, the labour movement rages about "exploitation" in the workplace, housewives want government subsidized pensions, a minimum annual income, and on and on and on and on it goes.

---

**"Referendums are a political means to direct people's ANGER at something."**

---

Let's pick two unlikely, yet similar, victims of the same type of state control: the medium-sized factory owner and the individual who smokes marijuana.

In addition to the health risk voluntarily accepted by the marijuana smoker (or any smoker, for that matter), the government forces him to suffer even more by making him pay at least ten times the free market price for his habit because the government has outlawed its legal sale. Worse, the pot smoker is now forced to purchase his smoke through channels controlled by organized crime, channels created by the law itself. And he gets no guarantee of quality. His phone may be tapped, his means to his livelihood threatened by a potential criminal record, and his privacy may be invaded at any time through legal search and seizure.

Now let's look at the factory owner. The medium-sized factory owner must face the coercive legislation that grants unions the power to shut down his factory, force him to maintain lazy and unproductive employees, and impose wage and salary conditions far in excess of what a free market would allow. Thus, the cost of his manufactured goods is artificially high, and his ability to compete with others, particularly on an international scale, is severely curtailed. On top of all that, the government may force him to hire certain minorities, pay excessive taxes and tariffs, or even control the market to which he is allowed access.

So what do the factory owner and the marijuana smoker have in common? A lot more than the fact that they are both victims of government control. The great irony is that, while they are both victims, given a chance to vote in a referendum, each would likely vote to oppress the other even further.

To the factory owner, the typical pot smoker is a lazy, left-wing, unemployed drug addict who may well be part of a racial minority he is being forced to hire. To the pot smoker, the factory owner may well be regarded as a "greedy capitalist exploiter" who deserves every screwing his "brothers" in the labour movement can give him. And as far as he's concerned, the factory owner should most definitely pay more taxes; after all, the laws supported by the factory owner are forcing HIM to pay tenfold more for his pot!

What better way for each to GET EVEN with the other than a REFERENDUM?

Though the contrast between the pot smoker and the factory owner may be extreme, such irrational contempt for the lifestyles of others has regrettably become a pervasive reality in today's society.

Politics is divisive; it plays off one vested interest against another, in a vacuum devoid of any consideration for proper moral principles or respect for individual freedom. It might never



occur to the businessman or to the pot smoker that the freedom each wishes to benefit from, yet deny to the other, is the same indivisible concept of individual freedom.

And how will referendums be phrased? How detailed will they be worded? The way a question is phrased will automatically guarantee its outcome, so who gets to phrase the question?

Certainly not our politicians. After all, why did we want a referendum in the first place?

Referendums have inherent weaknesses as well. For example, for any referendum to gain "popular" support (50.1%+), it will have to be as vague and undetailed as possible. Details create questions, and questions create resistance and more questions. For a referendum to succeed, its backers must have the question phrased as vaguely as possible.

Yet, how can anyone execute these referendums in "good faith" without details? Are we to leave the details to our politicians? If so, we've come full circle again: why have a referendum?

In framing legislation, details are everything, from what the law actually says, to how it is enforced, to how the courts interpret the legislation. When it comes right down to it, the "spirit" of the legislation means little in these areas.

And if you're about to suggest that the details should also be arrived at through referendums, then it would

literally take years and years to arrive at any acceptable consensus and by that time, the politicians whose authority the referendum supporters were trying to circumvent may quite well have already been replaced.

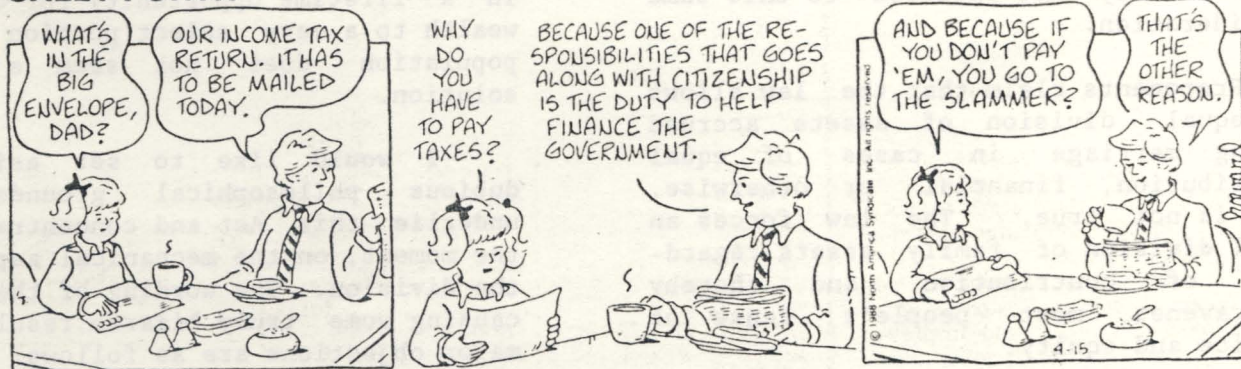
Referendums only serve to further entrench the idea that MAJORITY RULE is the essence of a "free" society, and nothing could be further from the truth. If anything, referendums will only HASTEN the tyranny that politicians make inevitable. Referendums, ironically, will give even MORE power to politicians than they already have.

Even if a referendum should happen to result in reflecting a freer environment (i.e., in Sunday shopping), what would really have been accomplished? If any law is passed simply because a "majority" wants it, is that then the PURPOSE of law? ---To grant the majority any control it wants over the lives of others?

The only way to change laws for the better is NOT by granting the "common man" his latent desire to become a small-time dictator, but to lobby for and demand laws that protect an individual's right to property and individual freedom, including freedom of association and most importantly, freedom of speech. Remember, these are the very things that most referendums are out to destroy.

With proper laws that exist to PREVENT some people from imposing their will on others, we'd never need referendums.

### SALLY FORTH



*"The only time that law makes angels of men is when it hangs them." --- George E. MacDonald*



As a forum for ideas and opinions on matters affecting freedom in Ontario, Consent is pleased to present two submissions on legislation which will have overwhelmingly adverse effects on the lives of many Ontarians.

## EQUAL BUT NOT FAIR

The following submission was received from Frank Schaedlich of Toronto who wrote: "I... am gladdened that finally a party has emerged that believes in the fundamental values that has made our country one of the best places in the world to live. I have had no success in my attempts to have the three major political parties address some of the serious problems of one of Ontario's more "progressive" pieces of legislation, the Family Law Act. I take this opportunity to at least make your organization aware of the immense effects of this Act."

### ONTARIO'S FAMILY LAW ACT

--- By Frank Schaedlich

Ontario's Family Law Act (1986) is the most revolutionary law affecting property rights in the last one hundred years, yet it seems to have slipped in with a minimum of public discussion and is now starting to wreak havoc with the lives of the citizens of Ontario.

One particularly disturbing aspect of the law is its retroactivity. Despite the laws that were in effect when couples were married, the new law gives each spouse a full automatic equal share in all assets, including business assets, acquired DURING the marriage. Newly married couples have the opportunity to contract out of this law. Previously married couples cannot effectively do so. Some lawyers feel that the Act violates Section 15 of the Charter, however, the extremely high costs of Constitutional litigation have so far precluded anyone from challenging the law on this point. Criminals are explicitly protected against having the consequences of their actions changed retroactively. Honest citizens who made the mistake of marrying are evidently not entitled to this same consideration.

Proponents claim that the law allows an equal division of assets accrued during marriage in cases of equal contribution, financial or otherwise. This is not true. The law forces an equal division of family assets regardless of contribution, and thereby contravenes most people's sense of justice and equity.

Another fallacy is that this law somehow helps the large number of single

welfare mothers who are left to fend for themselves after their husbands walk out on them. The problem with the previous legislation was not one of unfair division of family wealth, but rather one of failing to enforce judgments that were made. This problem has since been addressed by a separate piece of legislation. A further problem is that in many cases the husband simply does not have enough wealth to support two households. The Family Law Act obviously does not address this problem. After all, how many ex-spouses of welfare mothers have significant business assets?

---

**" This is the most revolutionary law affecting property rights in the last one hundred years. "**

---

I wish I had an answer to the problem of poverty stricken single parent families, however giving a once in a lifetime opportunity for unearned wealth to a very select portion of the population does not seem a viable solution.

I would like to set aside the dubious philosophical grounds that underlie this Act and concentrate, for the moment, on the mechanical aspects of the division. The wording of the Act is causing some truly bizarre results. My major objections are as follows:

1) The Act has words like "equitable" scattered liberally throughout the text,



however, section 5(6), which deals with the only factors that would allow a court to vary the award from the automatic 50-50 split allows a variance only if such a split would be "unconscionable".

2) The matrimonial home is split equally regardless of whether it was owned by one partner before marriage. Consider the following true case.

A man bought a house entirely with his own savings. The deal closed twenty-one days before he got married. His down-payment of \$40,000 is lost to him when he separates as a credit to net family property. If the deal had closed one day after the marriage, he would be credited for bringing the \$40,000 cash into the marriage. The unfortunate wording of a law passed several years later seems to have cost him about \$1,000 per day.

3) The Act specifically excludes property rights unless a couple is legally married. However, section 5(6)(e) allows a variance of the 50-50 split only if a period of cohabitation is less than five years. This wording was intended to protect spouses who have short marriages followed by long separations, however it appears to allow for the following situation.

Consider a couple living common law for five years in a house bought and paid for entirely by the man. If they split without getting married, the woman is not entitled to any portion of the house. (There is, however, a support obligation under the new Act.) If they got married, and the wife walked out a few days later, she would automatically be entitled to half of the house. The onus is on the husband to prove that this would be "unconscionable".

---

**"This act seems to be aimed directly at the small percentage of entrepreneurial high achievers who manage to accumulate significant assets."**

---

4) The Act does not even try to evaluate the relative contributions of the spouses. It assumes that they are always equal. It does not even allow a variance of property settlement depending on whether there are children.

This act seems to be aimed directly at the small percentage of entrepreneurial high achievers who manage to accumulate significant assets. It has made the raising of capital for the funding of private businesses in Ontario considerably more difficult. An entrepreneur who wishes to borrow, say \$50,000, must now have in excess of \$100,000 of collateral since a spouse may, at any time, simply walk out of a marriage and claim half the collateral, as well as half the business.

I prepared some sample cases showing the type of settlements that are occurring under this law (see pages 8 and 9) and sent them to various political figures and well known liberal journalists. None have explained to me how the Law results in a fair and equitable division in these cases. Some of these cases are, as far as I am aware, still hypothetical. Others, unfortunately, reflect the current situation of actual couples. I am sure that any lawyer who specializes in family law will have other horror stories.

### HERMAN/by Jim Unger



"When I said 2 times 4 equals 6,  
I meant after taxes!"

*"Of all the tyrannies on human kind,  
The worst is that which persecutes the mind." --- John Dryden*



It is difficult to see how a law that forces an unreasonable division of property is in the interests of anyone. All people of Ontario deserve fair and equitable treatment in the courts. The Family Law Act allows citizens to be treated in a manner that falls just short of "shocking to the conscience". Where will people who are dealt with unfairly go for redress?

---

**"This Act is neither perfect enough nor flexible enough to prevent gross miscarriages of justice."**

---

In the absence of a perfect piece of legislation that can fairly cover all circumstances for all couples in the Province, the Act must at least provide the flexibility to allow a judge to determine a fair and equitable settlement. The decision of a judge familiar with the circumstances of a case will always be more equitable than a simplistic arithmetic formula. This Act is neither perfect enough nor flexible enough to prevent gross miscarriages of justice.

Many grotesque settlements will not even be reported in the courts because a large number of people are being forced into agreeing to unfair settlements since they cannot expect equitable treatment in a court of law.

The Family Law Act does not mesh very well other legislation, resulting in the horror being compounded. This law explicitly creates a full financial partnership upon marriage, however, such a concept is not recognized under federal tax law.

Consider for a moment Case 3 of my examples (page 10). The wife had paid a token salary of \$12,000 spread over five years to her husband. The federal Income Tax Act requires that this salary be reasonable with regards to the work actually performed. The husband did virtually no work for his salary. Imagine the wife being taken through family law court and being told that the spouse's contribution was worth one half of all her accumulated net worth. She is subsequently audited by Revenue Canada, which disallows the salary expense and forces her to pay income tax and accrued interest on the full amount of the salary. It seems that the husband's contribution is valued at more than \$170,000 by provincial standards and less than \$12,000 by federal standards.

I appreciate this opportunity to relate some of the deficiencies of the new Family Law Act. You may have surmised that my interest in the Law is not entirely academic. My case is very similar to Case 3 of my examples, with the sexes interchanged. It is too late to help me, however I hope that you, the reader, are now better informed and can, perhaps, help get this law changed.



"Surprise dear. The government Anti-Smoking Police traced you through your subscription to U.S. magazines with tobacco ads"



## Examples of Ontario's Family Law Act in Operation

The following examples illustrate the effect of the "equalization of net family property" provisions of Ontario's new Family Law Act, 1986. This law allows virtually no discretion, common sense, or reason to be applied in the division of property acquired during marriage. If a judge believed that the property divisions below were unfair or even unreasonable, he would still be forced, by law to divide a couple's assets as shown. It is left for you to decide how fair the results are.

None of the couples below had a marriage contract since all were married before the current Law came into effect and did not require one under the previous legislation. This act retroactively changes the rights and responsibilities of married people.

### Case 1

The husband is a businessman whose only significant asset is 100% ownership of a business worth \$600,000. During the marriage, the business declines in value by \$100,000. After ten years of marriage, he leaves her for another woman, and claims his entitlement under the Family Law Act.

The wife's only asset upon marriage was a house which she had inherited from her father. The house has been in the family for generations. It was valued at

\$200,000, however, because it became the matrimonial home, she is not allowed to include its value as a deduction to her "Net Family Property" (NFP). The house has increased to \$300,000 as of the valuation date.

The wife must sell her home, which has been in the family for generations, to pay off her spouse. This is despite the fact that his net worth is several times hers.

	<u>Husband</u>	<u>Wife</u>
Net Worth at Marriage	600,000	0
Net Worth at Valuation Date	500,000	300,000
Net Family Property	0	300,000
Equalization Payment	150,000	(150,000)
Net Worth after Equalization	650,000	150,000

### Case 2

The husband and wife were married at a young age. Neither had any significant assets upon marriage. Since then, the husband has never managed to hold down a job for more than a few weeks. After 15 years of marriage, he left his wife, and claimed his entitlement under the Act.

The wife worked full time throughout the marriage. In addition, she raised the children and did all of the housework. She has built up \$60,000 equity in the house (title is in her name) as well as \$40,000 in savings and RRSPs. Her savings were to have been used to pay for the education of the three children.

The wife must sell the family home. If she has a particularly sympathetic judge, she may be able to obtain exclusive possession of the matrimonial home until her youngest child is eighteen. This would only delay the settlement however, and she would still eventually have to sell her house.

The husband receives an easy \$50,000. Although he would, in theory, be responsible for child support, his income will continue to be small enough to preclude his having to contribute any money to his ex-spouse.

*"I think that we should be men first, and subjects afterward. It is not desirable to cultivate a respect for the law, so much as for the right." --- Henry David Thoreau*



CASE 2

	<u>Husband</u>	<u>Wife</u>
Net Worth at Marriage	0	0
Net Worth at valuation Date	0	100,000
Net Family Property	0	100,000
Equalization Payment	50,000	(50,000)
Net Worth after Equalization	50,000	50,000

Case 3

The wife is a successful entrepreneur. After graduating from University, she worked for five years establishing her business and accumulating \$50,000 net worth before getting married. During marriage she continued to work 60 to 80 hour weeks. She also performed half of all the domestic chores. The wife operates her interior decorating business from the matrimonial home.

The couple bought their matrimonial home before the time of marriage. Since the purchase closed several days before the marriage, the wife cannot claim her \$40,000 down-payment as an offset to Net Family Property. The husband did not contribute to the down-payment, mortgage payments or to capital improvements for the house. The house is in joint title. The house was worth \$100,000 at the time of marriage, \$120,000 at the time of breakup (valuation date), and is worth \$200,000 at today's prices.

The husband has two degrees from a major University. He has worked as a teacher and store manager. At the time of marriage, he had a full time job, however, he has since decided to pursue a career as a writer, radio producer, and artist. He works only part time so that he can pursue his artistic careers. After five years of marriage, (and approximately two months after the proclamation of the Family Law Act), he left to "discover himself" and filed for his entitlement under the Act.

The \$60,000 in assets the husband had accumulated during marriage represents the husbands deemed portion (1/2 of \$120,000) of the matrimonial home.

Since the wife needs the home as a base for operating her business, and since the house has increased in value by \$80,000, she will have to pay, at today's market price, an extra \$40,000 to buy out her husbands half of a house that she has already paid for once. That cost is in addition to the \$100,000 equalization payment, and is not reflected in the "Case 3" table below.

Since almost all of the wife's assets are fixed in her business, she will either have to liquidate her business or structure a repayment schedule where virtually all of her after tax earnings for the next several years will go directly to her husband. The wife will have to earn around \$300,000 before taxes in order to have the required \$140,000 available. This assumes that she will be willing and able to continue working at her customary pace while receiving nothing for her efforts. She must fervently hope that her business continues to be successful since the Family Law Act explicitly prohibits a judge from altering the amount of an equalization payment even if her financial circumstances change for the worse.

The ex-husband, who entered the marriage with nothing, and contributed no time, expertise, or capital to the business, receives \$140,000 in cash, in the event he sells his half of the home to the wife, absolutely tax free. He will become one of the wealthiest 2% of Canadians in his demographic group (single, aged 25-34).

	<u>Husband</u>	<u>Wife</u>
Net Worth at Marriage	0	50,000
Net Worth at Valuation Date	60,000	310,000
Net Family Property	60,000	260,000
Equalization Payment	100,000	(100,000)
Net Value after Equalization	160,000	210,000



## SEX-CRAZED PENSION LEGISLATION

--- By Bruce A. Miller

(Mr. Miller has worked as a pension consultant for one of Canada's major consulting firms for the past 21 years.)

The Ontario government seems to be obsessed with sex. At the same time, they seem to have no idea of how the sexes differ. Either that, or they do know but are determined to ignore the differences for purely political purposes. How else can you explain the "no sexual discrimination" section of the 1988 Ontario Pension Benefits Act (Bill 170)? Of course, in line with the government policy of using double-talk whenever possible, "no sexual discrimination" actually means "sexual discrimination is required".

Let me set the stage.

Part of the contract between employers and employees is the pension plan. Before 1988, men and women with the same salary, employment history, and age received the same pension benefits under defined pension plans (to which 94% of all members belong). However, women, due to their longer life expectancies, received more total money than their male counterparts. Take the example of a man and women earning the same salary, both age 55, and both with an accumulated pension of \$1,000 per month starting at age 60, payable for life. Both quit on the same day. The plan allows both to transfer the present value of the pension to a Registered Retirement Savings Plan (RRSP) and both take this option (as almost all terminating employees will). If the terminations occurred in December of 1987, the man would have received \$60,674 and the woman would have received \$68,809. Unfair? Perhaps, but so what? The pension plan is a contractual arrangement to which both employer and employees have agreed. It may be that the employer has decided to pay the woman less in some other area to compensate for the extra pension benefit she's getting. Or not. That's a matter that is the business of no one except the contracting parties. The important point is that, before the new legislation, the woman had a contract that paid her \$68,809.

The new pension legislation requires the actuary, in determining the amount to be transferred to the RRSP after 1987, for benefits that have accrued since 1986, to assume that the sexes have the same life expectancy. This seems akin to the proposed legislation on automobile insurance, where the insurance company is required to use a "unisex" table. Of course, the government does not mean "unisex", they mean "bisexual", where the mortality rates of males and females are combined in some sort of an averaging process.

---

**" The employer will be required, by legislation, to pay women less, and men more."**

---

What is the effect of such an idiotic piece of legislation? The actuary has three choices when calculating transfers to RRSP's:

1. He may use a 50-50, or some other mix, of mortality rates. This has the effect of paying the male more and the female less than the contract calls for. Since males are thus, by law, given a wind-fall profit at the expense of females, males will generally take the cash transfer, and females will take another option such as the pension payments starting at age 60.
2. This leads to the use of a purely male table which, of course, gives males the proper contractual value, but reduces the female value in the foregoing examples be anywhere from 10% to 20%.
3. The actuary could use a purely female table. This makes sure that all employees receive at least their contractual values, but very few employers will choose this

*"In general, the art of government consists in taking as much money as possible from one class of citizens to give to the other." --- Voltaire*



option as it results in an unacceptable increase in payments to terminating male employees, an increase that was not agreed to in the contract.

It appears that most actuaries are leaning towards Options 1 or 2. The result is that the employer will be required, by legislation, to pay women less, and men more, than their contractual rights. This is in the name of anti-discrimination. The employer's

right to contract freely with its employees has been seriously eroded. Just as importantly, every employee's right to deal freely with his personal finances has been destroyed, since the various options are no longer equal in value. There has been a lot of talk recently about how women are treated as second-class citizens. This may or may not be true, but there is no question that in the area of pensions, both men and women are now treated as second class citizens.

## THE JOKE'S ON US!

### *A Humorous Look at the Words Which Shape Politics*

Idealist: One who hopes to keep the politics out of politics.

Law: (1) Ignorance of the law is no excuse; neither is the ignorance of the lawmakers. (2) Everybody says this country has too many laws, but everybody knows of another law that ought to be passed.

Law of Gravity: The only law that everybody obeys.

Lawyer: (1) A learned gentleman who rescues your estate from your enemies -- for himself.

Lawyer (2) One who is willing to go to court and spend your last cent to prove he's right. (3) Ignorance of the law does not prevent the losing lawyer from collecting his bill.

Moral: People think they are moral when they are merely uncomfortable.

Political Leader: One whose task is to keep ahead of several crowds, each going in a different direction.

Political Platform: (1) Something not to stand on, but to get in on. (2) What a candidate stands on before election,

and falls down on after election. (3) A politician's principle that, since his rival has been robbing the public for years, he should now be given a chance.

Politician: (1) One who doesn't stand on his own record but jumps on the other fellow's. (2) The fellow who's got what it takes to take what you've got. (3) A man who divides his time between running for office and running for cover. (4) One who talks about public opinion until he's defeated and then talks about herd ignorance. (5) One who spends half his time making laws and the other half helping his friends evade them.

Righteousness: Some people spend so much time hunting after righteousness that they haven't any time to practice it.

Statesman: One who tries to solve the grave problems that wouldn't exist if there were no statesmen.

Supreme Court: (1) It corrects the errors of the lower courts by perpetuating its own. (2) Where people go if they have anything left after getting out of the lower courts.

Tax: The only thing that defies the law of gravity.

Consent: Number Three, May 1988 is published by the **Freedom Party of Ontario**, a fully-registered Ontario political party. Contributions are tax-creditable. **Subscription Rate**: \$25 for six issues. **Managing Editor**: Robert Vaughan. **Consent** welcomes unsolicited manuscripts, submissions, and comments. **Mailing Address**: P.O. Box 2214, Stn. 'A', London, Ontario, N6A 4E3. **Phone**: (519) 433-8612. **Freedom Party of Ontario Statement of Principle**: **Freedom Party** is founded on the principle that: Every individual, in the peaceful pursuit of personal fulfillment, has an absolute right to his or her own life, liberty, and property. **Platform**: **Freedom Party** believes that the *purpose of government* is to *protect* the individual's freedom of choice, *not* to restrict it.