

Unemployment Insurance Act

● (2120)

Let us compare that situation of today with what the minister accepts, and what the hon. member for Davenport thinks is quite normal, as reasonable unemployment. Apparently this is acceptable because the government is prepared to see the benefits and the premiums increase, because the increase is necessary in view of a much larger percentage of people being unemployed.

Let us compare that with what the former minister of manpower and immigration said in 1971 when he introduced these major changes that almost completely rewrote the act. I do not think it is an accident that that minister is not in the House for this debate. He must be terribly ashamed about what his successor is doing. Let me quote these words of that minister, who is not some wild-eyed socialist in the New Democratic Party. This must be a man with some ability, if ability counts, because he is again a member of the Cabinet. Let me read from page 5043 of *Hansard* for April 19, 1971, where the minister is reported as having said in respect of this question of what is an acceptable rate of unemployment in this country:

Since the figure of 4 per cent has attracted a good deal of attention, I imagine somebody is going to suggest that the government has determined 4 per cent to be an acceptable rate of unemployment in Canada. Well, it is not my criterion. Like everybody else, I believe the acceptable rate of unemployment is the least possible rate. This is what we should be working toward. This should be our goal as a country. Our system is really on trial if we cannot operate on the basis of lower rates of unemployment than have been traditional, particularly in the light of the fact that the working force is growing at a tremendous rate. We have used the 4 per cent figure because 4 per cent, according to our computer estimates, triggers the government's contribution to the fund at a realistic level. If it were lower, the government's injection would need to be extremely massive, so massive that some form of additional income by way of taxes would be required. Five per cent would practically eliminate the government's contribution. So, we think 4 per cent is a realistic figure.

That is a much better and more concise explanation than I could ever give of why the government is changing the whole system with the result that instead of 4 per cent being the acceptable level it will be 5.6 per cent in 1976, more in 1977, and even more in 1978. The government no longer believes it can eliminate or is desirous of eliminating unemployment.

I presume the then minister spoke on behalf of the government of that day when he referred to grappling with unemployment. This was his whole approach to the question. It was an approach that would be humanitarian, sensible, and decent, instead of an approach that will result in a higher rate of unemployment, and it will be higher because of the government's anti-inflation program. That program will create more unemployment.

Those of us who have been around for a while know that inspired rumours come from some minister who is preparing the climate of opinion for something that is to happen within the next few months. We have been hearing inspired rumours to the effect that the government intends to cut expenditures by \$1.5 billion.

I am not one who believes that every dollar spent by the government is a dollar well spent, but I do not intend to disagree at this time with every program of the federal government. If the government is talking about cutting

[Mr. Orlikow.]

government expenditures by \$1.5 billion we can be certain that this will increase the number of unemployed by several tens of thousands, and it will increase the rate of unemployment probably by at least one quarter of 1 per cent.

When the former minister talked about the changes he proposed, he talked about making this program part of our whole system of economic distribution. We should compare that idea with the proposition put forward today, keeping in mind the speech the Minister of National Health and Welfare (Mr. Lalonde) made last year, and which I am sure he wishes could be expunged from the record. That speech was great reading at the time because the minister talked about the inequities in our society. I suggest they are as bad in 1975 as they were 25 years ago.

Some 25 years ago 20 per cent of the population at the bottom of the income scale in Canada received just over 4 per cent of the gross national product while the top 20 per cent received over 40 per cent. That was back in 1950. Now in 1975, after 18 or 19 years of Liberal government, we have precisely the same situation. Still about 20 per cent of the population at the lower income level in this country receive just over 4 per cent of the gross national product, and the 20 per cent at the top, in spite of all the valiant efforts by the present Minister of National Health and Welfare, receive 42 per cent of the gross national product.

When he was introducing his major changes to the Unemployment Insurance Act in 1971 the then minister gave his reasons for the changes. Let me put on record a few sentences from the very fine speech he made at that time, most of which I agree with, and compare this with the parsimonious, penny-pinching, ruthless attitude of the present Minister of Manpower and Immigration (Mr. Andras). Reading again from *Hansard* of April 19, 1971, at page 5038, the minister said:

—we have substantially increased the benefits to which a person is entitled under the proposed act so there will be a direct relationship between the benefits received and the level of income that he has achieved over a period of time.

Returning to the specific question we are discussing and the amendment we have proposed, what the minister proposed is that those few people with large families, and I will come to the details in a few minutes, who could not get by on their unemployment insurance benefits were permitted, as a result of the amendment introduced in 1971, to 75 per cent of their potential. This is now being reduced to 66 2/3 per cent, just like everybody else. I suggest that is a complete rejection of what the minister suggested in 1971.

The minister then went on to say:

It is significant that of the 1,200,000 who will be coming under the act for the first time, at least 700,000 are earning less than \$7,800 at the present time, and only about 500,000 of those people coming into the plan for the first time earn above that figure.

● (2130)

I suggest that the people who will be adversely affected by this proposal of the minister are precisely the people in the lower income brackets who need most the assistance the minister is cutting down. Then he said:

Another reason for the proposed increase in benefits stems from the fact that many Canadians today drawing unemployment insurance must also draw a welfare cheque in order to support themselves and their families.