

Unemployment Insurance Act

ful.. Employees will now be paying almost \$130 more per year in unemployment insurance premiums.

The Government predicts that the cost of its unemployment insurance expenditures for 1989 will amount to approximately \$2.9 billion. By abdicating its responsibility to pay unemployment insurance contributions, the Government is forcing \$1.2 billion in additional premiums to be paid by employees, and \$1.7 billion in additional premiums to be paid by employers. By eliminating its contribution, the Government has stated to people in regions most in need, and particularly to fishermen, that it can no longer contribute to their well-being. The Government has cut adrift those most in need.

My friend, the Hon. Member for Dartmouth (Mr. MacDonald) explained that quite adequately in his speech earlier. I thought it was a wonderful speech, and one of the best that we have heard in the House on this matter.

During the 1988 election campaign, Tory Members of Parliament went across the country and stated that social programs would not be affected, that free trade would have no effect on our social programs or on our unemployment insurance program. We have seen the results. This Government brought in a program which, quite frankly, I believe was made up by the Minister for International Trade at the whim of the Americans who stated that we could not have government contributions to the unemployment insurance system in Canada. The Minister for International Trade said: "Yes, Sir, Mr. President". Once the Government had made all those promises, the promises are broken.

Employees will now pay higher premiums and receive benefits for a shorter duration. Typically, with the Government it is now pay more for less. It is Tory math.

Ordinary Canadians cannot afford this increased burden. Those Canadians earning less than \$30,000 a year paid 58 per cent of all employee premiums in 1986. Those earning \$50,000 to \$100,000 paid only 7 per cent of all employee premiums in 1986. Is that what the Government calls fair? I do not call it fair. Again, the Government is reducing the deficit on the backs of those least

able to pay, and on the backs of those regions less able to vote in the number of Members that will help defeat the Government. That is Toryism. The Government picks on eastern and rural Canada. Those people will be most affected by this program.

The unemployment system is regressive by nature. In 1990, the premiums are capped when income reaches \$33,020. Even with this range, the tax is not progressive, since it is set at a flat rate.

Instead of increasing the rates on low and middle-income workers, the Government could have funded the unemployment insurance program by removing the cap on the premium rate, so that a person making \$100,000 would pay \$2,250 a year in premiums instead of the current \$784. We believe that a person who makes \$100,000 should not only have to pay \$784 as a maximum premium.

Where will corporations get the money to pay the tax? From reducing payments to shareholders? Not likely. Raising prices and getting it from customers, or cutting costs and getting it from employees seems more realistic. Those in the weakest economic position will bear most of this tax. Of almost \$7 billion of tax increases, including the unemployment insurance changes, less than \$1.5 billion are progressive. The rest are regressive, and sometimes seriously so.

The Government and the Prime Minister have termed social programs as a sacred trust. The Prime Minister has now reneged on his word with a brutal attack on the unemployment insurance system. It has taken \$1.3 billion from the unemployment insurance fund and has not said how many workers will be affected. We have not seen any studies. I doubt if the Government knows what the studies show. In fact, I do not know if the Government has conducted any studies. Perhaps the Government is hiding them.

How many will lose benefits? How many will go without unemployment insurance? The Government has not stated what regions of the country will be hurt the most.