

Supply—Labour

from the fund, thereby attesting, if anything by way of attesting was required, to the severe level of unemployment. Someone again says "gloom," but I say if there is anything which represents justification that we on this side have for complaining about the government's failure to cope with unemployment it is the fact that this fund, which stood at almost \$1 billion when the government took office, has now been reduced to under \$100 million, a year ago stood at about \$50 million and, in the words of the advisory committee of the unemployment insurance commission, will continue to stand in a perilous state until the end of June of this year.

Why has this loss taken place? I have said it was because of unemployment, but it was also due to the bad investment policies of the investment committee arising out of the fiscal policies of the government, particularly the bond conversion scheme which imposed losses on the unemployment insurance fund due to the decision of both the investment committee and the Minister of Finance to compel the commission to invest its portfolio in the new bonds that were the product of the bond conversion scheme. It was also due to the denial by the Minister of Finance to the unemployment insurance commission of the opportunity to sell its securities in the open market at a time when those bonds would have been guaranteed par value because of government policy at that time.

When we are discussing this item introduced by the Minister of Finance to transfer \$25 million to the unemployment insurance fund, we must not forget that this fund would be in an even more serious state had it not been that this government—I contend improperly—two years ago got \$78 million from the workers and the employers by way of added contributions, imposed on the then existing rate of contributions. We complained about this at that time. The rate of contribution was increased from 25 to 55 per cent. There was no compensation given by way of an increase in the pattern of benefits to any segment of those who were potential beneficiaries under the fund. As I say, the fund would be in a more perilous state than it is now had it not been for contributions—not made by the government of Canada and not loans made by the government of Canada—but contributions imposed properly and unfairly imposed on Canadian workers and employers.

We all remember this. I say it was a misuse by this government of the trust fund in permitting that situation to arise. There was no obligation on the part of the workers and

[Mr. Martin (Essex East).]

employers to bolster the fund under those conditions. That was a responsibility placed on them by the government of Canada—

Mr. Benidickson: And by pressure from the Minister of Finance.

Mr. Martin (Essex East):—and by pressure from the Minister of Finance, as we know very well from his own admissions in this house. In other words, the workers and the employers were saddled with the responsibility of doing something that the government of Canada should have assumed. The government will not resort to this procedure to meet the present situation because of complaints made by the manufacturers association, the chamber of commerce, the labour congress and other bodies throughout the country, who agree that the policy of the government in that regard was unfair.

The government is dealing with this situation in a piecemeal way. We are not being asked to deal comprehensively with unemployment insurance. I would point out that the unemployment insurance advisory committee said, at page 3 of its report for March 31 last:

The speech from the throne delivered at the opening of the most recent session of parliament on November 17, 1960, included an announcement of the intention of the government to place before parliament for approval, amendments to the Unemployment Insurance Act to safeguard the basic purpose of the act, to strengthen the fund and to correct abuses which have developed in practice.

We all looked forward then to the legislation that we were going to have placed before us, which would have dealt with the fund and with other substantial matters having to do with the administration of unemployment insurance. But what do we have? Instead of an act of parliament, as we were told and as Her Majesty's representative was caused to utter at the opening of parliament in 1960, we have had appointed by this government, when parliament was not in a position to question it, a royal commission to examine into the whole question of unemployment insurance. That commission is now engaged in hearing representations from various bodies. I simply want to say that again was another example of the way this government holds parliament in contempt.

An hon. Member: Nonsense.

Mr. Martin (Essex East): Someone said "Nonsense". The leader of the house said "Nonsense", behind the curtain, but the fact is that as leader of the house he should confirm what I am saying. It was only after parliament had adjourned that the government displayed the courage to indicate the