

The Acting Speaker (Mr. Ethier): When the question was put, I hesitated to see if there was consent when I asked if it was the pleasure of the House to adopt the motion and it was indicated to me that the hon. member for Winnipeg North Centre wanted the floor. So I recognize the hon. member for Winnipeg North Centre.

An hon. Member: The hon. member for Winnipeg North.

The Acting Speaker (Mr. Ethier): The hon. member for Winnipeg North.

[English]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, members of my party want to reiterate the views we expressed at second reading stage. We oppose this bill because it continues the policy adopted some years ago by Liberal governments and continued by succeeding Liberal governments and by the short-lived—thank goodness—Conservative government of last year and by the present Liberal government, of trying to fool the public that the costs of unemployment insurance are smaller than they are and that the costs of unemployment are much smaller than they are. They have done that and propose to continue to do that with this bill by shifting the responsibility for paying for unemployment insurance benefits to those who are unemployed through the premiums paid for by both employers and employees, rather than paying for the cost of unemployment by the government as has been the case for many years.

When this country first adopted a system of unemployment insurance premiums to be used to pay benefits to those who were unemployed, it was never believed that we would have the rate of unemployment we have at the present time. In the 1940s when the act was first brought into being, we were in a war and we had virtually no unemployment. We had very little unemployment and certainly very little long-term unemployment in most areas of the country through the 1950s and 1960s.

In the 1940s and 1950s Liberal governments said that they believed in full employment and that unemployment would be a very small factor in this country, but they gave up that belief in practice because they refused to face up to the necessity of governments playing an active role, planning, and insisting that our economy work to provide jobs for every Canadian who wants to work.

Not so many years ago the Economic Council calculated that we would have full employment in this country when the percentage of the working force which was unemployed was not more than 3 per cent. That was in the 1960s. It is now substantially more than double that figure. By 1979 the Economic Council in its publication "Two cheers for the Eighties" set the equilibrium unemployment rate at 6 per cent. In economic terms this is the rate of unemployment which can be maintained without creating inflationary pressure in the labour market. In 1977 the Ontario Conservative government called the full employment norm a rate of 5.2 per cent unemployment. From the point of view of policy-making these

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rates are enormously important inasmuch as government uses them as targets. These rates in effect determine the degree of government commitment to policies which encourage the growth of employment.

It is obvious now that since the Liberals are eliminating the vested interest they had in maintaining low levels of unemployment, this government has simply thrown up its hands. Back in 1971 when the hon. member for Lincoln (Mr. Mackasey) was minister of employment, he brought in major amendments to the Unemployment Insurance Act in which the target for unemployment was set at 4 per cent. In the legislation we passed in 1971 the hon. member was proud—although he does not talk about it now—of the fact that the premiums paid by employers and employees would pay for the benefits of all the unemployed as long as unemployment was not more than 4 per cent. If the rate went over 4 per cent, the then minister said that the country would pay for unemployment insurance benefits out of general revenue. The minister said at the time that he was proud of it, that it was the reason governments would try very hard to implement policies to maintain the rate of unemployment at less than 4 per cent.

We have since had a whole series of amendments to that legislation, each of which has had a very simple purpose. It was to move the cost of unemployment insurance benefits from the Government of Canada, from the general revenues of Canada, to the premium payers.

● (2150)

In 1971 when the act had its major revision, the unemployment rate was forecast at 4 per cent throughout the decade. Benefit costs up to 4 per cent were to be paid from premiums. As I said, the government would pay for premiums above that level in recognition of its responsibility to ensure adequate employment. In 1975 we had another bill which set out the rate at which government contributions helped to pay initial benefits from 4 per cent up. It was changed to an eight-year moving average rate of unemployment. As the rate has gone up more than twice the 4 per cent, under that provision the premiums go up and the contribution which the government makes out of general revenues is reduced.

In 1977 there was another bill which eliminated two extended benefit phases for which the government, not the premium payers, was previously responsible. In 1978 when Bill C-14 was passed, the Liberals claimed that the measure would save \$580 million. In fact the savings were a fraction of that, \$180 million. The other \$400 million was merely a transfer of cost from the federal account to the premium account. From the early seventies onward when the government's contribution to unemployment insurance benefit pay-outs was 53 per cent, the government share declined to 38 per cent after the 1977 amendments and to something well below that after the 1978 amendments. The intent of this legislation is to reduce it to less than 20 per cent. The department projects that the total unemployment insurance program costs for 1981-82 will be \$5.2 billion. The government contributions are projected at \$951 million.