

The minister is sucking and blowing at the same time. On one hand he says he will tax back the benefits from high income earners. On the other hand, he says the commission are making quite a profit on the high income earners, because they pay a lot into the fund and, in his words, derive very few benefits in unemployment insurance.

The government has to decide whether it is going to have an insurance scheme or a welfare scheme, as many Canadians think it is. There are certain people in this country who are wondering about that. After the minister's statement, the *Globe and Mail* in an editorial of October 4 observed, and I quote:

A participant in an insurance plan is entitled to receive whatever benefits he has purchased, regardless of whether they exceed or fall short of his needs at the time he becomes eligible to receive them. Not so the participant in a welfare program, who is—or should be—entitled to receive benefits sufficient to meet his needs, neither more nor less.

On one hand the minister says there are certain people who are getting benefits who should not receive them. On the other hand, he says there are certain people who will have to pay more but they will not get any benefits. That is not a consistent view. The *Globe and Mail* continued in its editorial, and I quote:

For too long, Canada's unemployment insurance plan has been operated as though it were an insurance plan, plain and simple. But the plan is not funded solely through premiums, as are insurance programs; the size of benefits do not actuarially reflect the cost of purchasing them, as do insurance benefits.

It is interesting to note that in 1971 the ratio of heads of households, which is what some of the minister's amendments are aimed at, numbered about one third of the beneficiaries of the plan. By 1975 the proportion of heads of households was 14 per cent of those receiving benefits. Where is the minister taking us with these policies? Will the next step be family income? We wish he would share that information with us so that we may know where we are going. It is obvious that this is not an insurance scheme.

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We on this side are calling for a complete overhaul of the system which would restore it to its original function or else change its function. We do not have the troops over here to analyze things the way the government does but it may be that the government is moving increasingly toward a guaranteed income scheme. I am sure the Prime Minister would like it—everybody gets a certain amount of the dole, enabling us to do away with all this nonsense about unemployment insurance premiums which, after all, represent merely another form of taxation. It is not a premium any more, as we know.

In past years we on this side have called for a special inquiry. Failing that we have sought a complete overhaul of the system. It was appropriate and timely for the Leader of the Official Opposition (Mr. Clark) just seven days before the minister made his statement on September 1 to have spoken as he did in Halifax about the developmental use of unemployment insurance funds. I think it might be a good idea to get some of that speed on the record. He said:

Unemployment Insurance

First, we will use funds from the present \$4 billion unemployment insurance budget to help private employers create new jobs which give on-site training to Canadians who are now unemployed. Such a program will be of particular benefit to young Canadians who lack practical work experience but it will not be limited to them. Care will be taken in restructuring the program to ensure that support is limited to jobs which are, in fact, new and permanent. Incentives would be highest during the initial hiring period. That program will offer employers a major incentive to create new jobs. It would give the unemployed a working wage income plus the chance to develop work skills.

Let me stop there for a moment and ask hon. members to compare that statement with the statement made by the minister on September 1. There was probably a similar desire but in no way the kind of program which would achieve what my leader has proposed.

The second proposal of the Leader of the Opposition was this:

—to redirect unemployment insurance funds to help fund the payroll costs of hiring unemployed Canadians to work on worthwhile new capital projects. I am not talking about simply another version of LIP or OFY or similar programs, too many of which fund projects of little ongoing economic value.

The kind of projects we will fund will be those which have permanent value in adding to the social or economic wealth of a community or region. The major role in deciding specific project categories will be with the provinces and local governments who know local needs better than Ottawa does.

This kind of thing would encourage Canadians to work and ease the burden on Canadians who are paying the bill. It would ease their minds, too. What they see now is money going out to encourage people to lie around instead of getting into the mood of work.

Given the climate of restraint, Canadians were looking forward to the minister's statement on September 1; people were probably quite pleased to think the government was moving to cut down the unemployment insurance deficit. The minister made six proposals. It is interesting to note they were not the same six proposals as are embodied in the bill which came out this month—we may find out the reason for this difference as the discussion proceeds. Those proposals covered a higher entrance requirement for repeaters, a higher threshold for new entrants, an increase in minimum insurable earnings, the reduction of weekly benefits, special recovery from high income claimants and the refinancing of the labour force extended phase of benefits. On the last proposition the minister said, laughably, it would be more equitable because the cost of second phase benefits would be shared.

On the same day as the minister made his statement, I made a response for this party in which I noted that in our view the measures proposed by the minister were a step in the right direction. No one would argue that it is not essential for the government to get its expenditures under control or that something should not be done, in particular, about abuses of the unemployment insurance scheme. However, I went on to say:

Even so, we realize there will be unequal hardships felt in the five eastern provinces where jobs are scarce. For example, the finding of 30 weeks of work after a 30-week claim period will be impossible in many areas. The government does not take that into account.

Toward the end of my statement I said this:

Missing from the government's announcements is an over-all plan to make Canada once again an attractive place in which to invest and to stop the flow of