

Unemployment Insurance Act

set up certain working advances were required because unemployment got out of hand. The amount of working advances so required was greater than the \$800 million ceiling that was put in the act. We are not talking about paying a debt of \$800 million or a debt of \$1,250 million, which is what the figure has grown to as a result of the governor general's warrants; we are talking about advances that had to be made so that the Unemployment Insurance Commission, as it was required to do, could carry out the law imposed upon that commission by this parliament.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): My hon. friend keeps saying that he is for the poor, that he is not anxious to interfere with the payment of unemployment insurance benefits; but, Mr. Speaker, if this bill is defeated or is not passed within the next two or three days, the payment of unemployment insurance benefits will halt.

Some hon. Members: Oh, oh!

Mr. Andras: Twenty-four hours.

Mr. Knowles (Winnipeg North Centre): The responsibility will be on my friends to the right.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Andras: By Wednesday!

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, at the risk of sounding like a school teacher, which I am not—

Mr. Woolliams: Take a chance.

Mr. Knowles (Winnipeg North Centre): In any case, after the demagogic display we have had from my hon. friend from Hamilton West—

Some hon. Member: Hear, hear!

Mr. Knowles (Winnipeg North Centre): —I think it is necessary once again to do a bit of what the hon. member for Verdun did when we were on second reading. May I therefore explain how the Unemployment Insurance Act now operates. There are paid into the unemployment insurance account premiums by employers and employees and, provided unemployment is under 4 per cent, something the Liberals know nothing about, that is all that goes into the account. But, if unemployment exceeds 4 per cent, and it has been away above that for a long time, when the calendar year is over and the computation can be made there must be credited to the unemployment insurance account an amount equal to the total amount of the unemployment insurance paid out because unemployment was above a 4 per cent national average. We do not yet know what that amount will be that the federal government must put into the unemployment insurance account for the calendar year 1972.

• (2130)

An hon. Member: Why?

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): That, really, is an irrelevant question. The fact is we do not know the total of the payments that will reach the unemployment insurance account from the Department of National Revenue and reflect the premiums that have come in from employers and employees.

It is in that interim period, when it has not been possible to credit the government's contribution that is required because unemployment is above 4 per cent, when it has not been possible to compute what the total premiums are for employers and employees, that the Unemployment Insurance Commission requires a working advance so that it can do that which it absolutely must do, pay benefits to the unemployed people of this country as required by the law of this parliament. We provided for that in the act, so that in this interim period when the books are not completed, when the moneys are not all in, the unemployed will not have to wait for their payments. The working advance is used for that purpose.

That is what the \$800 million fund was for. That is why the government, when parliament was not in session, had to obtain money through governor general's warrants. It required a total of \$1,250 million to finance the payments. But that does not mean, as my hon. friends on my right have tried to make out, that there is a deficit of \$800 million or \$450 million or \$1,250 million in the fund. We will not know what the deficit is until the bookkeeping for the whole year has been completed. I understand that it may not be completed for some weeks or even months. So we are talking about a period in which all we are concerned about is working advances.

Conceivably, and I put it that way because I know that it will not work out that way, once the money and the accounts are all in there might be enough money to pay back the full \$1,250 million, but I do not think there will be enough to pay it all back.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Certainly, the amount of deficit at that point will be a lot less than \$1,250 million.

If I may continue for a few moments longer in a school teacher's vein, what happens if after the bookkeeping is done for the calendar year it is determined that there is a deficit? Is the treasury called upon at that point to make an appropriation? No. In the meantime the Unemployment Insurance Commission has had the obligation to adjust the rates that it charges to employers and employees, in the hope that in the succeeding year or succeeding two or three years that situation will be overcome.

It is quite conceivable that in a run of two, three or four years the unemployment insurance account, as now established, could come out even steven. There is no guarantee of that, but that is the way it works. To talk of there being a deficit at this point, of there being a charge against the treasury or about the necessity for an appropriation, is to fail completely to understand how this act works. How could my hon. friends who have talked about the hours that they sat on the various committees still display such ignorance as to how this fund works. That really amazes me. We are not talking about a deficit; we are not talking