

Government Orders

My hon. friend from Timmins commented today that Bill C-20 amends the Unemployment Insurance Act, provides for increases in UI premiums to ensure the health and stability of the unemployment insurance program. This action will avoid the need for much higher increases later to bring the UI account back into balance. It will also prevent debt problems from building up in the UI fund.

Premium rates were set in 1989 for a three year period beginning in 1980 on the basis of economic conditions expected at that time. Economic and labour market conditions have, however, deteriorated greatly, we all know that. Under the old rate of contributions, the unemployment insurance fund would move from a surplus at the end of 1990 to a deficit of \$6 billion by the end of 1992 because of higher than expected benefit payments.

This would seriously jeopardize the financial integrity of this self-financed program and damage the federal government's fiscal position. An accumulation of debt in the UI account has the same effects as the build up of other federal debts. We have seen the consequences of borrowing today and imposing a burden on the future. God knows we are dealing with that now and it is difficult to do.

Responsible stewardship requires that we take the necessary steps to ensure the UI fund remains self-financing. I know we are all getting representations on the UI payments and how difficult they are but it reminds me of the old commercial we saw on television not too long ago: "You can pay me now or you can pay me later." The trouble with paying later is that debt grows larger and larger and you pay more and more.

People have told us all along that we should pay as we go. Some people are suggesting legislation forcing a government to have a balanced budget every three years. That would be an interesting piece of legislation and more interesting to try and make it work, especially in this period when we have such a huge debt, but that is what we are heading toward. We are heading toward a budget in which by 1995 we will no longer be borrowing from the public and will be able to start paying back some of the debt that this government and other governments have accumulated over the last number of years.

Another act that is amended by Bill C-20 is the Public Utilities Income Tax Transfer Act. This act provides for

the transfer to the provinces of 95 per cent of the federal income tax collected from privately owned electric and gas utilities. These were frozen in the 1990 budget, and given the current economic circumstances, the government cannot afford to resume increasing payments under this program and so this freeze is being extended a further four years.

In times of economic difficulty, Canadians expect the government and its officials to bear their share of restraint and in particular politicians must demonstrate leadership and resolve in helping the country through this difficult period.

Bill C-20 originally sought to restrain the salaries of members of Parliament and senators as promised in the February budget. However, these measures were implemented by Bill C-29 and the clauses dealing with the issue have been deleted in committee. Members of Parliament, senators, members of cabinet and the Prime Minister have an absolute freeze on their salaries for a year and then will follow along with the civil service increases up to 3 per cent depending on the conditions.

None of these measures compromise or will compromise our consistent standards for health and social programs. Rather these measures ensure that we have a strong economy and will be able to afford these programs in the future.

I listened to an individual today from the Liberal Party, I think from Mississauga East, stand up and say: "Let us forget about the fight against inflation. Do not worry about inflation. Let us go back and help those most in need".

I am going to tell you inflation hurts the poor and the people on fixed incomes and those people going to food banks more than it hurts anyone else in society. Getting inflation down and keeping it down is so important to those people. Despite her suggestion that we give up the fight, we are not going to. We must continue to fight inflation and to reach the realistic goals that have been set by the Government of Canada. I believe that we have a balanced and prudent way to ensure that the deficit this year does not increase over last year. It is tough in the economic period we are going through with the recession and coming out of it, albeit slowly. We do see light at the end of the tunnel.