

The Address—Mr. Alexander

economy, a drag caused by the Trudeau government's policies going back as far as 1969 and 1970, would be substantially reduced as unemployment dropped.

The other proposal to be brought into effect at the same time would freeze all incomes and prices, except the price of food at the farm gate, for 90 days. During this freeze period consultations with labour, business, consumer groups, farmers and the provinces would be conducted, with a view to establishing a longer term—say 18 months to two years—economic stabilization program that would restore order to our economy.

Inflation continues to accelerate, Mr. Speaker. It is at a stage where it feeds upon itself through an induced inflationary psychosis, and it will continue to accelerate unless the government takes some action and gives some leadership to suppress current expectations. The government can do this in only two ways, The first is by using fiscal and monetary policies alone and putting many thousands out of work; the second is by using fiscal and monetary policies and an incomes policy. There is no other choice, for the economy will not long survive constantly accelerating price increases.

● (1220)

I do not have to repeat the serious handicaps which those on fixed income and those in the middle income groups face in terms of shelter, food and clothing. The guy in the middle seems to be squeezed, and the government just says that because it believes inflation is induced by offshore factors it can do nothing about it. As my leader has often said, and as we continue to say, Mr. Speaker, we do not accept that. Thus, my party's position on unemployment insurance must be seen in the total perspective of our economic package proposals to cut unemployment and combat inflation.

Certainly cheaters of the Unemployment Insurance Fund must go. Canadians should not be allowed to collect benefits if they are not actually seeking work, and those who voluntarily quit work for no justifiable reason, or refuse work for which they are qualified, or work which is reasonable, should not receive unemployment insurance benefits.

Although the unemployment insurance plan has been in operation for only two years many problems have arisen in connection with it. Three of the most significant are as follows: (1) the need to increase premiums dramatically, something which we experienced just in the past couple of months; (2) administration of the fund in terms of high benefit costs and, (3), the minister's credibility. I want to touch on all three of these matters.

As I have noted, one significant problem has been the need to increase premiums rather dramatically. I would like to put on the record the experience of the fund in the years 1972 and 1973.

In 1972 employer-employee contributions totalled about \$691 million. In 1973 we understand that they were approximately \$1,269 million. In 1972 there was a deficit of approximately \$174 million, whereas in 1973 there was a deficit of about \$509 million.

What is even more astounding, keeping in mind what was told us in debate on the initial stages of the bill

[Mr. Alexander.]

setting up the fund, is what has happened to the premiums. I would like to put these figures on the record for the years 1972, 1973 and 1974.

The basic rate in 1972 for the employee was \$0.90, and for the employer \$1.26. In 1973 the employee rate was \$1 and the employer rate \$1.40. We understand that as of January 1, 1974, the premium rate for the employee is \$1.40 and \$1.96 for the employer. In other words, what we are talking about is a 40 per cent increase in the premium rate in order to sustain the unemployment insurance fund. You can understand my apprehension about this whole matter since we were told that premiums would be nowhere near the level that the minister has just authorized.

What about the administrative costs for which the employee and the employer are responsible? Let us look at the costs projected in the white paper and at the actual costs. The projected administrative costs for 1972 were \$71 million, but the actual administrative costs in that year were in the neighbourhood of \$120 million. The white paper projected costs for 1973 were \$73 million and the actual costs for that year were \$145 million. This actual cost of \$145 million represents an increase over the estimated cost in the white paper of \$72 million.

An hon. Member: It is double.

Mr. Alexander: Yes, it is double, and then you wonder why we in this party call for an independent inquiry.

The problem in the administration is the high benefit cost. Let me tell you what happened in 1972. I will not go back farther because in 1971, as already stated, we had the introduction of the new plan in conjunction with the older plan. In 1972 benefits cost \$1.873 billion, and there were additional administrative costs of about \$122 million, the latter having to be looked after by the employer and employee. In 1973 benefit costs hit \$2.03 billion, plus \$145 million for administrative costs, despite the fact that in 1973 unemployment generally was lower than in 1972 and notwithstanding the fact that 250,000 claimants were disqualified or disentitled.

By contrast, benefits in 1971 cost \$892 million and in 1970 \$694 million. What a contrast! What a history! Surely it is time to reassess the act seriously as to its intent, purpose and direction. Most certainly, Canadians are entitled to know the truth. We must determine the relationship between the high job vacancy rate, high benefits and high unemployment.

As the *Hamilton Spectator* put it in its issue of January 9, 1974:

To tax the productive to subsidize a growing number of non-productive cannot help but lead to ultimate disaster. No nation can long survive if it does not respect the dignity of labour.

As I have often said, Mr. Speaker, this country was built on the work ethic, is still being built on the work ethic, and will continue to be built on the work ethic. But now we have disincentives to work. I have seen them introduced as a result of the new thinking brought in by the government, and I say we are in trouble unless there is a reversal of this thinking. Most Canadians are raising a hue and cry because they dislike what is occurring with respect to the Unemployment Insurance Commission.