

whereafter the federal government would become involved. He said he could have picked 5 per cent or 6 per cent. I would like to know why he chose 4 per cent, because notwithstanding what the minister indicated I believe it can be related to policy. I knew the minister would smile when I said this because he pre-empted me by saying he knew what I would say. However, I still say it. I say that so long as the minister thinks we can get away with 4 per cent, it would seem to be quite logical—he gave some indication of the government's fiscal and monetary policy earlier—that the government does not necessarily take a very active interest in what has happened.

This is why I would like further information on the figure of 4 per cent. Here we are faced with 6 per cent and I do not think we will get away from that area in the near future. Perhaps the government can justify, through the minister, in more detail the implications and requirements and why 4 per cent was chosen. I believe one must consider the fact that the government, through its fiscal and monetary policies, has brought upon this nation unemployment to an unprecedented degree.

Mr. Bell: Deliberately.

Mr. Alexander: Yes, deliberately. When I think of that, it would seem more obvious that we should have an explanation from the minister. There is one thing I should state in respect of administrative costs. The Gill report also had something to say about this question. I notice the minister is looking at his watch. I think I have time to deal with this matter and I would appreciate it if the minister would stay and hear me.

Mr. Mackasey: On a point of order, Mr. Speaker, I was looking at my watch because I have to take a pill.

Mr. Alexander: Mr. Speaker, the Gill report was very emphatic in this regard. It recognized the dangerous conflict between proper administration and high benefit costs and proposed a plan of extended benefits to be financed by the state at the time of high employment in part to regularize the burden of the fund. However, it concluded that the federal government should continue to cover administrative costs nevertheless. The Gill report's arguments have been neither accepted nor rejected by the legislation with which we are now dealing. The report states:

● (8:30 p.m.)

It is in the national interest... that unemployment insurance be administered in such a way that it is fair to all and that abuses be kept to a minimum. The responsibility for seeing to it that the established rules are adhered to is one that is linked to the responsibility for applying the compulsion that makes all employees members of the plan... Further, the administrative machinery should be designed in such a way as to make available as much information... as will be useful in the carrying out of a national employment and manpower program. For all these reasons, we recommend the continuation of the present practice whereby administrative expenses are met by the government from its general revenues rather than by the insurance fund.

This is from Mr. Gill, the acknowledged expert in this matter whom the minister has chosen either to ignore or

Unemployment Insurance Act, 1971

on whose opinion he places little emphasis. Let me go on to another very tricky area which is also very controversial—the first benefit period. The new act suggests that first benefits be paid after a two-week waiting period at which time a three-week payment may be made. At whose discretion will the payment be made? Will it be by way of ministerial prerogative? I do not think anything in the act qualifies “may” or explains it.

The rationale of the government for this structure is twofold. They claim it is designed to provide an incentive to find work. How in heaven's name can you say that when you give a man \$300, which is the maximum benefit he can receive, it can be called an incentive to work? The Minister may have an answer but I doubt very much that he can convince this House. He may be able to convince the government, but I think it will take much of the minister's verbal gymnastics to convince me that when you pay a man \$300 this is not a disincentive. I do not see how it can be anything else. It is also stated, as the other portion of the rationale, that it reduces the administrative costs normally incurred as soon as the person enters the regular benefit stream.

In the committee analysis of the white paper, let it be known now that we in this party rejected this proposal and still do. The act now has a one-week waiting period and the first cheque is for only one week of benefits. The three-week advance is inequitable because it is made no matter whether work is obtained one day after the benefit payment, in which case it would be a bonus, or three weeks after. Since the bonus factor could amount to as much as \$100 a week, it is probably better to maintain the higher administrative costs in the interests of equity and the preservation of man's initiative to become a member of the work stream.

The legislation presents no evidence or argumentation that this structure would in fact provide an incentive to find work. It is an experiment which I believe this country can ill afford to accept. On the contrary, it appears to provide an incentive to wait for two weeks before seeking employment in order to obtain the three-week benefit. How you can read into this portion of the legislation any other rational conclusion is beyond me. Accordingly, we in this party will be emphasizing that this factor can be looked upon as a disincentive, stifling personal initiative, which should not be the object of unemployment insurance legislation.

The minister mentioned sickness and pregnancy benefits. It took me some time to appreciate that this was an extension of interruption of earnings. It was difficult for me to figure out how it could be called that, but I am prepared to accept it, particularly because of the anomaly which exists with respect to a person who is unemployed, then becomes sick and can receive unemployment insurance, whereas those who are sick initially cannot benefit from the unemployment insurance scheme. The scheme includes women, of course, who are part of the work force to an increasing degree. This is a problem we must face; I hope that one of my colleagues will have more to say on this subject, particularly with respect to sickness and pregnancy benefits, because it is wide open to potential abuse. I think that in this area we must be extremely