Paper Company has announced a plant close-down which will stop production for five weeks, and this for the fifth time in 1983; 250 employees are temporarily laid off. Erco Industries Limited in Buckingham announced 25 permanent lay-offs and Vilas Industries Limited of Thurso, a furniture manufacturer, 125. These people who have worked 5, 10, 15, 20 and perhaps even 25 years are now unemployed. They have exhausted their unemployment insurance benefits and must rely on welfare. It is not easy for someone who has worked in a plant for 15 years to go on welfare because he is no longer entitled to unemployment insurance.

On January 17, 1983, Masonite Canada Ltd. announced that 130 employees in its plywood division would be laid off around mid-April. How many other people have been and will be affected when these 130 plywood employees become unemployed in April? As a second measure, we have Bill C-131 to amend the Old Age Security Act. The basic pension was $246.92 as of October 1, 1982, and it was increased on January 1, 1983, to $250.62. The principle of universality is therefore maintained, and pensions were increased by 6 per cent instead of 11 per cent because these people have other sources of income. As for the income supplement, the indexation will be doubled. The benefits of those who receive part or the total amount of the supplement will be indexed at double the rate. People 65 and older who have other sources of income will not have their pensions reduced in January. They will receive 50 cents less in February, 50 cents less in March or $29 less for the entire year in 1983, and by the end of 1984, are expected to have received $52 less. About 1.1 million people should be affected at the end of the year, and this will make $30 million available for job creation the first year and over $50 million the second year. To create jobs, maybe not for the same people but for the children of these people who are 65 or over and perhaps for their grandchildren. To create jobs for people from Vilas who are now unemployed because of the shutdown, because of the slump on the market. Jobs for 130 employees at Plywood where in April they are all going to be laid off permanently, because the factory is being closed. We have therefore asked our pioneers to contribute once more to the economy of their country. We are asking them once more to make sacrifices, and I am sure that although they are probably not very happy about this situation, and it certainly is a bitter pill to swallow, they are willing to go along with it, because helping others has been part of their whole lives. Based as always on the principle that all Canadians have an obligation to make some sacrifices in order to help this country on the way to economic recovery, we have Bill C-132 as a third tool for fighting inflation and creating jobs.

• (1240)

Briefly, the Bill says that people whose needs are the most urgent will get more and others will get less. I feel that here, the spirit of charity and of sharing should prevail. Mr. Speaker, we must bear in mind the objectives of the 6 and 5 program, which are to bring down inflation, find money to create jobs without having to increase the deficit or increase taxes, bearing in mind the increasing number of bankruptcies in Canada, decreasing corporate profits—a drop of 50 per cent in 1982, salary freezes and even reductions in some companies. Let us not forget that as of December 12, 1982, the Canada Employment Centre in Buckingham registered 3,041 people drawing unemployment insurance benefits, and the CEC in Gatineau, as of January 12, 1983, had 6,418 people on unemployment insurance, not including those who have exhausted their benefits and are now on welfare. The 6 and 5 program also applies to pensions in the public sector.

Mr. Speaker, I do not like Bill C-133 today any more than I liked the Government's statement on June 28, 1982 regarding its intention to cap indexing of pensions. Today, however, the problem has changed because the situation has changed. From the outset, I have expressed my doubts as to the legality of the Government's intentions in wanting to manipulate the portion paid by the pensioner in order to provide for an indexed pension. The question was, did the Government have the right to legislate in this area, since the money belonged to the pensioners? That has been argued since the very beginning. In fact, the arguing goes on today, Mr. Speaker. Those who are opposed to capping indexation of retirement benefits argue that they have paid for full indexation by contributing 1 per cent of their salary in addition to the 6.5 per cent for the basic pension, both contributions being matched by the direct contribution by the Government as employer, a total of 15 per cent.

This direct Government contribution is paid for by all Canadians through their taxes, and this is something we must not forget. Nor should we forget the contribution of those who are now unemployed but were paying taxes when they were employed full time. We must not forget their contribution.

Therefore, it is wrong to say that public servants have paid for full indexation. Public servants or retired public servants who keep repeating this are wrong, because the Canadian taxpayer has also made a contribution. Ninety per cent of the indexation benefits paid to public service pensioners are currently charged directly to the Consolidated Revenue Fund of Canada. In other words, paid for by the taxes of all Canadians, taxes paid by people at Villas and Plywood who are going to be laid off in April, by CIP employees who were laid off for a period in 1982. Only 10 per cent of the current indexing benefits comes directly form the supplementary retirement benefits account which receives employee and employer contributions to provide for pension indexation.

The 6 and 5 capping will not affect the indexing charged against employee credits in the supplementary retirement benefits account—that is, coming from direct contributions by employees and by the employer, specifically for indexing. Hence the 0.5 per cent this year, which makes 6.5 per cent, and the 0.5 in 1985, which makes 5.5 per cent.

What the Government is proposing is to cap increases in indexing financed out of general tax revenues for the duration