

Oral Questions

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the reallocation of the defence moneys to the job-creation program was made through the years 1983-84, 1984-85. It does not affect the present budget of 1982-83. This reallocation of money is made possible because of the policy of the Government, of six and five which is very successful. We can effect savings in these two years due to the six and five, because salary increases were projected at 11 per cent or 12 per cent when the estimates were tabled last November. As you know, at the same time we have a special economic model at DND, an economic model which forecasts or predicts rates of inflation. This also was revised too, considering that we have been very successful to the moment in bringing the inflation rate down. This was calculated using the DND model at, let us say, an inflation rate of about 13 per cent or 14 per cent for these years. Considering that the Canadian rate of inflation is going down and that the United States rate of inflation is also going down, we will save money as a result of these factors, and then we re-allocate the money saved for the job creation program.

• (1450)

Mr. McKinnon: It is interesting to know that the Armed Forces will pay for their own equipment. The Minister should remember what he said on July 12 when he admitted in the House that he was unable to find the \$200 million from the imposition of 6 per cent ceiling on servicemen's pay raises, through this year and next year.

LAY-OFFS OF INSTRUCTORS AT ST-JEAN, P.Q.

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I want to point out to the Minister that last week, when the Prime Minister was giving his trilogy, he told those Canadian employers thinking of cutting jobs to cut costs to consult with their employees as they might find that the workers would be prepared to participate in work sharing in order to save jobs. In view of that statement, why has the Minister laid off 42 English instructors and 15 French instructors at St-Jean? The military management there has refused to consider work sharing. Could the Minister explain the Department's refusal to comply with the Prime Minister's pleas to employers?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, this is a special circumstance, I know, relating to St-Jean. I think the explanation I gave when I was asked by some of my colleagues why some teachers were laid off at St-Jean was very simple. It was a normal administrative decision. At the moment, as the Hon. Member knows very well, recruiting is at about the lowest level possible. We have fewer enlistees than ever before because people now stay in the Forces. Therefore, we do not have any attrition, and teachers in different schools and different training programs are simply not required any more. Thus, we had to lay off some of these people who were not needed any longer.

UNEMPLOYMENT INSURANCE

INCREASE IN PREMIUMS

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is directed to the Minister of Finance. Mr. Minister, you increased unemployment insurance premiums to deal with the unemployment insurance deficit, created—

Some Hon. Members: Order.

An Hon. Member: Through the Speaker.

Mr. Keeper: Very well. Through you, Madam Speaker, to the Minister of Finance, I would ask a question. Yesterday the Minister increased unemployment insurance premiums in order to deal with an unemployment insurance deficit which has been created, at least in part, by his detrimental economic policies with regard to the economy, which create unemployment. To quote the Prime Minister, he said in June that "it is still possible to scare the hell out of people by creating more unemployment". These unemployment insurance premiums will cost the average working person, earning who is, let us say, \$20,000, some \$460 in the new year, which is a tax increase of some 53 per cent. Mr. Minister, is it fair to impose a 53 per cent increase in a regressive tax on the average Canadian in these economic times?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, in case the Hon. Member does not know that unemployment is more than a strictly Canadian problem, I would remind him that there are 30 million unemployed in the OECD countries today and we expect that there may be even more next year, so it is not a purely Canadian phenomenon.

The Government has made its decision after consultation with both labour and management. We have held meetings with spokesmen for the unions. Some were invited but, like the CLC, decided not to show up. Instead, the CLC sent a letter merely stating, "extend the benefits and do not increase the rates". That was the extent of its contribution. The others, those in a responsible union leadership, said they were ready to consider an increase but that there should be a sharing of the cost of the increase. The same view was taken by management. The advisory council on unemployment insurance, representing both labour and management, recommended that we set increases at \$2.30, and this is what the Government has done.

REQUEST THAT MINISTER RECONSIDER INCREASE

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, surely the Minister does not deny that his Government has contributed to unemployment. Under the economic policies of the Minister's Government, the average working Canadian earning \$20,000 a year will be losing \$2,200 as a result of salary restrictions under six and five, some \$450 from higher income tax under de-indexation, and some \$320 by the unemployment insurance premium increase. Considering the impact of the loss of some \$3,000 to an average Canadian who may be earning \$20,000, will the Minister at least reconsider his