

going to save money through the changes although the premiums were actually being reduced. It was the old Liberal trick again—they indicated they had discovered how to pay out more benefits at less cost. I have a chart here, Mr. Speaker, which will show how they worked it out.

It became obvious that the combined premiums of employer and employee could never meet the cost of the program. With the abolition of the unemployment insurance fund, general revenue moneys were transferred to the unemployment insurance account without the requirement of a vote in this House. That is where the present minister comes in with his cute terminology. We are straightforward people on this side of the House and it seems to us that if you spend \$4 billion when you only have an income of \$2 billion, you end up with a deficit of \$2 billion. The minister refers to it as a "commitment" and apparently believes the taxpayer is willing to make up the shortfall.

It is interesting to know that these tricks used by the government result, as the Auditor General noted recently, in an overstatement of the assets on the statement of assets and liabilities of Canada of some \$2 billion because the expenditures are not matched with the fiscal period into which they should fall. For instance, on March 31, 1978, the statement of assets and liabilities of Canada shows a \$2 billion advance to the unemployment insurance account. It will never be recovered, yet it is shown as an asset. It will be written off next year. Not all of us can defer a \$2 billion expenditure into another accounting period.

Since 1971, despite the increase in premiums, combined payments have never covered the cost of the program. The schedule I have here shows that in 1970-71, the year before most Liberal amendments were made, the deficit or shortfall or whatever was \$300 million. Immediately after the changes were made in 1971, the deficit was \$686 million. It ranged around the billion dollar mark in 1975, last year it was \$1.6 billion, and although the figures for 1978 are not final, the interim figures are sufficient to show that the deficit will be over \$2 billion this year.

That is not the only problem, Mr. Speaker. An additional problem is the precipitous increase in labour turnovers. The costs of those turnovers may represent our single largest factor in terms of lost productivity. It is very difficult to quantify that kind of a figure but it could well exceed the losses in Canada due to strikes. Concerning the strike situation in Canada we find that the Prime Minister said that Canada has the worst record for strikes.

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Again, that is not the only problem members have had. Members on all sides of the House have found themselves over the past six or seven years turned into ombudsmen for unemployment insurance claims. The jungle of the Unemployment Insurance Commission has become vast and I have forgotten how many of hundreds of offices there are. The number of unemployed is so great that Canadians cannot cope with the system themselves and the number of appeals to members of

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parliament has become enormous. Largely these problems are caused by inequities in the system as it now exists. We were quite hopeful the minister would give us some kind of a program that would clear up these inequities. I would like to mention a few, especially the forcing, through the regulations, of self-employed and retired taxpayers to contribute to the deficit through the income tax system. That may not seem unusual, but if we are going to have an insurance scheme, and the government still persists in calling it an unemployment insurance scheme, then to force individuals to pay for that scheme without permitting them to participate in the benefits, because they have no coverage, certainly has to be considered inequitable.

According to the annual report of the unemployment insurance account, which I have here, the total cost to the government for the extended benefit period of the program—and the minister indicates that is all paid by the government—is over \$1 billion. The total cost to the government in the 1977 calendar year was approaching \$2 billion. The interesting factor that is revealed by the financial statements, however, is for phase 2 and phase 3, the initial benefit period and the re-establishment benefit period. In those two cases in 1977 the government cost was only \$1 for every \$3.60 paid out. In 1976 the ratio was even wider; the cost to the government was \$1 for every \$4.50 paid out. That illustrates that the scheme could be an insurance scheme if the government was able to keep the economy rolling, as we have been urging them to do for the many years I have been here. Because of the government's other policies which have created the situation where we have so many people unemployed and where people are unemployed for so long that benefits run out, the government has to pick up the total cost. The original good idea of having an insurance scheme to protect Canadians when they need protection has gone down the drain. The government is now complaining about the cost.

It is now the minister's intention to say that he is going to share the costs of the extended benefit period with his other partners, as he calls them, the employers and employees. I will be saying something about the plan to share that cost with other partners, but I think that employers and employees may wonder if they really need partners of that kind.

On September 1 the minister said "It is anomalous that the entire cost of this benefit..."—referring to the extended benefit—"should be borne by the Canadian taxpayer. I propose that it will now be partly financed from employer-employee premiums." Extraordinarily enough, he continues in his remarks by saying "This will in no way mean an increase in employer-employee premiums for 1979. In fact there will be a net annual saving of \$50 million to \$100 million to the employer-employee account. It is likely therefore that premiums can be reduced for 1979".

It is obvious that this minister learned well from his predecessor that on the one hand you can have a saving and on the other hand reduce premiums. The minister has just said by his explanation that the \$2 billion deficit or short fall can be eliminated by reducing premiums. I am sure his partners will