

In any case, the factors involved amount to nearly \$2 billion.

Under the present circumstances and those that have prevailed for years, the alternative is clear. Either unemployment insurance benefits and unemployed workers' retraining are fully funded by employers' and employees' contributions or they are partly funded by government contributions. This means that they are actually financed out of the deficit.

A moment ago Senator MacEachen told us why, in his view and according to the principles outlined in Minister Mackasey's 1971 White Paper, the government's contribution to unemployment insurance benefits and related costs, taken out of the Consolidated Revenue Fund, was a matter of principle. If I understood correctly, he told us that the government's economic policies were responsible for the state of underemployment at any given time. These general economic policies include monetary policy and other factors he mentioned.

Far from me to argue that government policies do not have an impact on employment. But I must say from the outset that they are not the only factors, for it stands to reason that the behaviour, the approach and the more or less intense dynamism of the private sector also play a role in terms of employment or underemployment levels. It is equally obvious that the activities of provincial, and even municipal governments have an impact on employment conditions.

This is not the reason why, as Senator MacEachen recalled, the Constitution was amended fifty-odd years ago to delineate jurisdiction in unemployment insurance.

The reason was and still is that, given the diversity of situations from one region to the next, an unemployment insurance program does not really work out unless it applies on a national scale.

If memory serves me right, it was in 1937 or 1938 that the Privy Council legal committee ruled that the Bennett government attempt to legislate to that effect, among other things, was unconstitutional, and so the agreement of the provinces was sought. They agreed to let the federal government have jurisdiction over unemployment insurance, even though it was an insurance indeed. By definition, the insurance field was linked to property and civil rights, if my interpretation of the Constitution is correct. This is the basic reason why jurisdiction over unemployment insurance was transferred to the central government.

I repeat the reason for this: An unemployment insurance program can be effective only if it is implemented on a national scale throughout Canada.

But this does not entail by any means that the ordinary budget of the federal government must provide for payment of some of the benefits. Another new principle is involved. Can anyone argue that federal economic policies alone are responsible for the employment situation? This does not seem right to me for the reasons I gave earlier.

I think we have to get back to the insurance plan, concept, that is a plan whose risks are borne by all taxpayers, namely employers and employees. In fact that is why the benefits

[Senator Tremblay.]

should be paid out directly from the unemployment insurance fund.

I can see that Senator MacEachen does not accept that principle. The least that can be said is that we have diverging views and that Bill C-21 stands on a principle which is altogether alien to the opinion expressed by Senator MacEachen.

He has every right to his opinion, but all I am saying is that there is a world of difference between the bill and the approach taken by Mr. Mackasey in 1971.

By the way . . .

• (1540)

[English]

**Senator MacEachen:** And before that, senator. The federal government was in from the beginning.

**Senator Tremblay:** What do you mean by "from the beginning"?

**Senator MacEachen:** From the beginning of the Unemployment Insurance Act.

**Senator Tremblay:** You have just read the text of Mr. Mackasey's speech.

**Senator MacEachen:** Yes, there were changes in 1971, but the government was a contributor before that.

**Senator Tremblay:** It was not, however, put at a philosophical level, so to speak. It was common practice, but in 1971, in any event—

**Senator Roblin:** Do you know how much?

**Senator MacEachen:** It was 20 per cent, I think.

**Senator Tremblay:** In any event, let us not discuss the numbers.

**Senator MacEachen:** Let us not discuss history.

**Senator Tremblay:** If we go back to 1971, and if I am well informed, at the time the estimate of the expenses arising out of the new project, including other types of benefits, were wrong by approximately \$1 billion. That is what I have heard, in any event, from some members of the government of the day. However, let us not discuss numbers.

**Senator MacEachen:** We might have to know sometime.

[Translation]

**Senator Tremblay:** So, the difference in philosophy is clearly identifiable.

Having said that, I wish to come back to what I mentioned earlier. In committee, we expressed our formal dissidence about what is said in the last paragraph of the report, and I quote:

This report represents the views of a majority of Committee members. Members who support the Government strongly disagree with the proposed amendments to Bill C-21.