

*Unemployment Insurance Act*

the plan in the future for a continuing shift of government responsibilities to the private sector. Manpower is a government responsibility reflected in the department of manpower. Unemployment insurance is an entirely separate program which belongs to the employers and employees of the country, and the funds should be made separate. We in this House should be vigilant in making certain that they do remain separate.

I can only remind the minister, from past experience, that over the next few days, few months or few years, he will run into strong pressures, both in and out of the government, that would emasculate the plan if he permits it, and I do not think the workers of this country would be very appreciative.

**Mr. John Gamble (York North):** Mr. Speaker, I welcome the opportunity to join in the debate on Bill C-3, one of the principal provisions of which is to transfer the cost of initial and extended benefits under the Unemployment Insurance Act from the consolidated revenue fund to the employees and employers who are covered by the provisions of the act. Incidentally, that rather major provision will have the effect over a full fiscal year of transferring total costs of something in the neighbourhood of three-quarters of a billion dollars. I make mention of this fact because we are confronted with a series of estimates which indicate budgetary deficits for the year in which we find ourselves in excess of \$14 billion. If indeed this bill were not introduced and passed, those estimates will show a deficit of something in the neighbourhood of \$15 billion. That fact, of course, is not generally made known nor will the government loudly proclaim the benefits or disadvantages of the system.

Since the introduction of the substantial amendments to the Unemployment Insurance Act in 1971, there is little doubt that the unemployment insurance fund has not in all cases had the desired effect, hopefully attributable to the government, as long as I do not misinterpret the government's intentions.

While no one can challenge the need to provide income security for those gainfully employed in Canada, the government is derelict in its duty if it does not recognize the abuses to the system and move to remedy the same. I am personally familiar, as I am sure many members of this House are, with cases in which legitimate claims under the act have been made by persons covered thereby. Those claims have not been met expeditiously and with dignity. Those who contribute what has commonly been referred to as premiums are entitled to make a claim when the event with respect to which the premium was paid should occur.

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The Canadian public is generally familiar with the provisions of insurance policies and insurance claims in the private sector. The concept is that when one pays a premium and the occurrence transpires, one is entitled as a right, and within the printed, usually simple but sometimes legalistic terms of the policy, to reimbursement for the loss sustained.

We are invited not to treat this plan as an insurance plan. If in fact it were, then those protected by the plan would be in a position whereby the quantum of the premium coverage would give rise to the payment of an additional benefit. In fact the minister would appear to reject the concept of escalated voluntary premiums giving rise to escalated provisions by way of benefit under the act on the theory that we are creating some kind of a two-tier system.

I suggest to the minister instead that what we should have is a sliding scale system for the voluntary contribution of premiums so-called under the act, with a corresponding increase in benefits if this act is properly designated as an insurance act. However, the suggestions have been rejected. If we examine it and its purposes and the way in which these amendments contained in the bill are to operate, the act is nothing but an act pertaining to the raising of revenues by way of taxation. The only difference between this act and the provisions of the Income Tax Act, aside from the extreme complexity of the latter, is the fact that we have selected a group of taxpayers who are not the general taxpayers of Canada. They are a special class of taxpayer, the employed and the employer.

As a simple piece of taxing legislation, we are surely inclined to ask whether it is serving any other purpose in society. The purpose can be measured by the results. In part, those results are damaging to the work ethic which has been endangered by the development of a system whereby a gap that exists between the net revenue, income or sustenance that one may retain by way of benefits under the act, and the net revenue sustenance or benefit that one may retain after one labours or invests, is growing perilously close in many instances.

The natural inclination is that there is a disinclination to become engaged in productivity, and society thereby develops a code of non-production, and claims are devised to avoid the unpleasantness of work. The task of government is to widen the gap that exists between earned income for labour and enterprise and income derived under the act. I am not suggesting for one moment that that gap be widened through the process of reducing the amounts to which one becomes entitled, but rather that the gap be widened through tax legislation and the retention of a larger portion of what one produces in the hands of those that do the production.

Accordingly, it is necessary to reduce taxation in Canada. This piece of legislation, standing as it does in the form of nothing more than a taxing statute, should be viewed in that light. Unfortunately, we are confronted by a government which has given every indication that it will pursue potentially and likely a policy of reversing the very suggestions that I have made.

It would appear that ministers are inclined to favour the de-indexing of the provisions of the Income Tax Act which currently grant some measure of relief to the taxpayers of Canada. Statistically that measure of relief will be removed from those less able to pay for the further intrusion into their pocket by the Government of Canada. Very clearly the suggested de-indexing of the provisions by way of rates and