

Unemployment Insurance Act

Studies indicated that the benefit structure should permit the unemployed worker to meet at least non-deferable expenses while in search of new work. Economists estimated that about one third of a family's expenses could be deferred for a short time and it is for this reason that benefit payments in the initial stages of the program are set at two thirds of a claimant's average weekly earnings.

In the later stages, benefits can be raised to 75 per cent of average earnings if the claimant had dependants, because non-deferable expenses become more critical if unemployment persists.

That is important in light of the information the minister provided in committee, that in the extended benefit period that group grows to 7.4 per cent of the total claim load. This report went on further to state the following:

As well, the low income groups, i.e. those earning \$50 a week or less at the time they become unemployed, are permitted the dependency rate from the outset of their claim in recognition of their lesser capability to absorb a drop in income.

These are the people against whom the government is proceeding with its restraint program. It is not proceeding against the powerful but against those who are the lowest paid while they are working and those who have dependants to maintain.

What reason could the government have for bringing in this kind of amendment at this particular time, that is, the measure to reduce everyone to sixty-six and two-thirds? The government has said that since it has improved family allowance benefits, etc., there is no real need any more for this kind of dependency allowance. Let us consider that for a moment. One has to be a pretty hardhearted chiseller to chisel poor people out of a dependency rate.

The government would have our 100 per cent support if it were really attempting to do the kinds of things which ought to be done in terms of fighting inflation. For example, all it has to do tomorrow is to bring in a bill to suspend the 7 per cent increase for members of parliament and the maximum of \$2,300 or \$2,400, and this party and this corner of the House would certainly support that. That would really be action against those who have in our society. But what does the government bring in? It brings in this kind of clause which takes a real swat at those who can least defend themselves.

As I was saying, what is the argument? Family allowances are up. Let us consider that. The grounds for this change are the increases since 1971 in family allowances, which for a family with three young children, have risen from \$18 to \$66 per month. Considering the fact that family allowances were low in the first place, that they are now taxed, and that the increase amounts to an additional \$3.71 per child per week at a time when inflation alone has increased the costs per child for a low income earner by a minimum of \$4.50 per week, there is absolutely no justification for the government to reduce the benefit rate to unemployed workers with dependants, many of whom are at or below the poverty level. What does the government say? It says it has brought in family allowance increases. I have just demonstrated that the family allowance increases are a sham. How many times can the government use that as an excuse?

In my hands I have a press release regarding the extension of the fluid milk subsidy. The government announced on August 16, 1974, that the fluid milk subsidy would be dropped. It was being dropped because it had increased the

[Mr. Rodriguez.]

family allowance. Time and again subsidies that would help the poor people have been dropped, and the reason given was that the family allowance had been increased. How many times can the government use that argument, Mr. Speaker?

● (2040)

Earlier this afternoon the hon. member for Cape Breton-East Richmond (Mr. Hogan) pointed out very effectively that we have done nothing to redistribute wealth. After a hundred odd years of fiddling with the Income Tax Act we have not approached that problem at all. We find that the poor people of this country are no richer than they were a hundred years ago. There has been no appreciable change in the redistribution of wealth, and every time the government has to fight inflation or tighten the belt it is the poor people who suffer. The government can spend millions and millions of dollars on new aircraft for NATO, and hundreds of millions for leasing tanks and armoured cars, but it does nothing to eliminate poverty. Instead it brings in this kind of amendment and asks us to make decisions with respect to cutting the dependency rate for those who earn \$62 per week or less.

It is not coincidental that at the same time this House approved Bill C-73, the anti-inflation bill, the government was fiddling with the Unemployment Insurance Act and redefining what is an acceptable rate of unemployment. From 1968 to 1972 every time the government had to fight inflation it was on the backs of those least able to defend themselves.

The Prime Minister (Mr. Trudeau) was proud to boast that he was prepared to let the unemployment rate rise to 6 per cent and that he was going to hang tough. It has risen beyond that and it is very difficult to bring it down, but what does the government do? It does not bring in measures to improve employment opportunities; it brings in measures which will only create hardship for those who can least defend themselves.

What else has the government said in committee about the dependency rate? It said that if a person applies for a job he is not paid on the basis of whether he has dependants. There is a pay scale and he fits into that. The minister wants to extend that argument to the act. We know that the act is not an insurance act, Mr. Speaker, because it is not based on any actuarial study. We can insure fishermen and lumbermen, but we do not pay rates according to groups and the incidence of unemployment in those groups. There is a rate and everybody pays it. It is not an insurance scheme but more a wage replacement scheme in case of unemployment, and in many cases it can be predicted when unemployment will occur, yet there is no differential in the rates.

The argument that the unemployment insurance scheme is not a bona fide insurance scheme is not a good one. While it may hold true in the work place that a person should not be paid on the basis of his number of dependants, surely when the government sets an earnings limit of \$62 it cannot then tell the workers that they are going to lose 66⅔ of their weekly income. How in heaven's name does it expect to come to grips with the disparity in incomes by proceeding that way?