

Speech from the Throne

Many of them drop out, no longer convinced of the value of education.

• (1630)

To increase unemployment to its present totally unacceptable level at a time when it was known that the number of young people who would be looking for work would reach record proportions was either gross stupidity or subversion. While the human consequences of a tight money policy are of the highest importance there are economic consequences which are of real significance as well. Canada is losing production at a rate of \$3 billion or \$4 billion a year. If we multiply that figure by three or four, the sum is staggering. In the life of a normal parliament our loss would be somewhere between \$12 billion and \$16 billion in real terms. This represents almost \$2,000 for every working Canadian.

Another consequence of the tight money policy has been additional take-overs of Canadian companies by Americans. The small independent Canadian operator is no credit match for his wealthy American cousin. When the squeeze comes it is the small independent Canadian businessman who is forced to sell, often on terms which are less than just.

But the tight money policy is not the only contributor to the present uncertainty. We are witnessing the effects of a federal-government-supported welfare policy which in its application provides a higher cash income than minimum wages in many parts of Canada. In addition, our unemployment insurance policy contains within it some grotesque anomalies. It was designed to help unemployed persons who could not get work, not to subsidize a few months off for people who have worked for a while and then wish to take a few months off. When welfare and unemployment insurance pay more than jobs there is no incentive to work. This, unfortunately, is the situation in Canada today. Many of the jobs which are available are offered at wages which are well below the cash income available from either unemployment insurance or welfare. Consequently, many jobs go unfilled. This is ludicrous, of course.

The uncertainty with respect to tax legislation also took its toll. Many businesses were sold to foreigners. Canadian entrepreneurs are losing heart. They are discouraged, and consequently no longer willing to take the risks associated with expansion. They are distrustful of changes in labour laws, in the Unemployment Insurance Act, in the proposed competition legislation and in the tendency they see toward the concentration of arbitrary decision-making in Ottawa. Consequently, investment which would otherwise have involved hundreds of millions of dollars will not take place and thousands of job opportunities will be lost.

In summation, the Canadian economy is in big trouble. We are cursed with high unemployment and high inflation at the same time. A marginal improvement in one has greatly exacerbated the other. In fact, by objective standards the Canadian economy is the worst managed of any major nation in the western world. Our increase in productivity per person is the lowest. Our unemployment is the highest and even the price performance, which was quite good in the long term, is now pretty well out of control.

To those who think the system is at fault, let me say it is not; it is the management of the system. What is required is a commonsense approach. The situation today is far from satisfactory. At a time when there are hundreds of thousands of Canadians drawing unemployment insurance and tens of thousands living on welfare, when it snows one cannot get the snow shovelled, when one needs to travel one cannot be sure that planes will be operating, when one sends a letter one cannot be sure it will be delivered within a reasonable length of time, when one goes shopping one often has to wait interminably in line for a check-out. If a person moves to a small town or a new subdivision he may have to go without mail altogether. If a man writes a letter to the government it may not be answered, and in the summertime, if he lasts that long and if he wants to go swimming, he may find the water polluted. All this frustration, inconvenience and lack of service at a time when hundreds of thousands of people are living on unemployment insurance and welfare! Something is desperately wrong.

It is time we took off the band-aids and began treating the disease. To do this a whole series of fundamental changes in direction is required. In the limited time available this afternoon I shall mention just a few. First, we have to get minimum wages increased until they are higher than unemployment insurance or welfare. I realize there are some technical problems involved in doing this but in the end there is no alternative. It must be done. We must provide an incentive to work for the average Canadian. He must not be placed in a position where his cash income after taxes is greater when he does not work than it is when he is following useful employment. Second, we must change the Unemployment Insurance Act so as to eliminate many of the existing practices. Some years ago a commission called the Gill Commission drew attention to a number of abuses. Its recommendations were largely ignored. Unfortunately, the new act passed by parliament last session is worse than the old one. Unemployment insurance was brought in to provide insurance for people who could not get work and who lacked sufficient income to live on. It was not intended to supplement the incomes of people who had enjoyed an income above the average during months of seasonal employment.

I understand that one of the officers of the fishermen's union in British Columbia is upset because of an example I gave recently. The example was that of a young fisherman who owns a boat and who fished last year for 70 days. His gross take was valued at \$54,000, of which he gave 15 per cent to his mate in accordance with a contract. The cost of his expendable stores, gasoline, food, and other items including depreciation on his boat was \$5,000. The rest of the money was put in the bank. During the winter he took a course under the Department of Manpower and drew unemployment insurance for the balance of the winter when he and his wife were not vacationing in the south. This may not be a typical case, but it is true. It is not illegal, but a law which permits a practice of this kind is a stupid law and one which should be changed.

Then again, there must be rates of taxation which encourage people to work. This is just as true in the case of an old age pensioner living on an income supplement as it is in the case of professionals and managerial people.