

*Unemployment Insurance Act, 1971*

● (2:40 p.m.)

I think this places an extra burden on the shoulders of the employer concerning what he should or should not do in given circumstances. I would be fearful that what the hon. member for Winnipeg North Centre (Mr. Knowles) alluded to might happen. An employer who had been trying to make up his mind concerning whether or not he should take on additional staff for a short period of time would look at the merit system and say to himself that if he did this he might become involved in difficulty. He might consider that it might involve an extra expense, whereas if he used his present staff or kept his staff to a minimum and did not provide additional employment even for a short period of time, he would not be involved in this extra expense. Therefore, this system might work against a great many people in our part of Canada who wish to secure work even for a short period of time. In many instances many people in our labour force are under-employed. These people will now discover they will have less opportunity to secure employment, even for short periods of time. I do not want to see this happen.

I believe there is something else involved here which is even more basic. I refer to the fact that we are living in a capitalist system in this country in which we say to the employer and the unions, in effect, that they must work out a system whereby between them they will know best how industries can operate and how they can secure the best return on their investment. However, we also say we will interfere. We tell them that unless they operate in such a way as to provide constant and stable employment for their employees, whether there is work for them or not and whether or not it brings them return, we will impose upon them a special tax which they will have to pay. I know in my constituency, which is in the agricultural area, we are involved to a very substantial degree in the production of small berries such as blueberries, strawberries and so on. There are frozen food plants which operate there and provide not-year around employment but employment for a specific period of time. People have come to expect this. Certain people involve themselves in this type of employment. They arrange their schedule so that they can work here and do other things at other times.

Now, the people who operate the frozen food plants and other operations of this type will find themselves forced to bear additional costs in carrying out their operations. In facing these additional costs, there is only one conclusion for them to reach. They will have to tell the consumer they are facing additional cost because of the new unemployment insurance legislation and that, therefore, the consumer will have to pay a higher price for the same product than was the case in the past. The cost of living will go up and up and up, as it has been doing all along. In many ways, the cost of living in this country is going up because of the unwarranted interference by government into the private sector of the economy. This is a glaring example of what is happening and will continue to happen so long as the government insists on this type of legislation. So far as I am concerned, the hon.

[Mr. Coates.]

member for Hamilton West has been very persuasive in his arguments concerning why this clause should not be accepted in its present form. The hon. member for Winnipeg North Centre has indicated that so far as he knows labour does not want this merit system.

Why does the government insist upon adding additional burdens on the backs of industries which are having so much difficulty today in surviving? If I might anticipate, if this budget comes in and places many new taxes on the back of industry, just where is industry going? What will happen and how will we ever produce a boyant economy that will look after the hundreds of thousands of people who are in the labour force today and who are looking for work. How can we do this if we continuously heap on the shoulders of industry additional burdens and taxes industry could get along without? In view of the fact that labour itself is neither looking for nor asking for this, and indeed is objecting to the system, why should we be adamant in imposing it upon them or upon the industries which must survive if we are to produce employment in this country to look after the labour force. I cannot quite understand why the minister is so adamant about the merit system. I really do not believe it will be beneficial to either industry or labour. I believe the minister should give very serious consideration to supporting the amendment which has been proposed by the hon. member for Hamilton West.

**Mr. Charles H. Thomas (Moncton):** Mr. Speaker, I shall not elaborate further on the reasons advanced by my colleague, the hon. member for Hamilton West (Mr. Alexander) in proposing the motion other than to say I agree with everything he said about the bad features of including a system of merit rating in this legislation. I heartily agree with him that it does nothing for the plan. It is a bad principle. It is not consistent with the rest of the bill. There is no merit rating, for example, so far as the employees are concerned. The employee pays the same rate regardless of how many times he collects a claim. I agree with my colleague that if universality is a desirable feature of social insurance it must be applied on a consistent basis. I agree with everything that has been said in favour of this amendment.

I should like to refer briefly to some of the evidence presented before the committee. For example, in the submission by Robb Engineering on behalf of the contractors, we find a statement to the effect that it is unfair and unjust to apply experience rating to employers in the construction industry on the basis of lay-off patterns resulting from factors beyond the employer's control. I think that is the important phrase in that submission. It has been pointed out that most employers really have little or no control over their employment patterns. I do not believe they should be penalized for the lack of action or unfavourable action the government takes which affects their employment pattern.

● (2:50 p.m.)

What I should like to refer to specifically are the conclusions reached by the standing committee on the particular question of merit rating. While the committee's