

Later on, we find the following:

MR. ALEXANDER: Have the figures that you have given with respect to the total cost taken in the end result in that statement that you have made?

MR. STEELE: Oh, no. The costs which we have given you are our estimates of what the costs will be.

Then later, we find:

MR. ALEXANDER: Yes. What percentage, with respect to the unemployment rate was used in part to arrive at the \$800 million?

This is the ceiling the government had seen fit to establish in respect of advances, after careful consideration and examination of this issue. We find this answer:

MR. ALLAN: Mr. Chairman, the \$800 million represented, as an upper limit on the amount of advances, presumably the worst possible case we could think of in terms of a deficit. As Mr. Steele said, suppose we run 15 or 18 months behind while we wait for the government contribution, in the facts and figures which we supplied last year we estimated an excess of \$400 million if the unemployment rate were in excess of 7 per cent.

That is the information given to the committee on the strength of which the committee and the House, in due course, were persuaded to pass this legislation. What utter garbage! If there ever was a case of obtaining legislation by false pretenses, that was it. I continue quoting from the report:

MR. ALEXANDER: So you used 7 per cent then?

MR. ALLAN: We used 7 per cent and then some. We later calculated a figure that could represent the worst possible case and then we added in another \$100 million or so for good measure.

Then, Mr. Alexander said: "What is \$100 million."

Mr. Hellyer: He was prophetic.

Mr. Baldwin: In other words, the government produced witnesses and, on the strength of their evidence, it asked the committee to accept this ceiling of \$800 million by suggesting that on the worst possible projection of more than 7 per cent unemployment, in its view the highest that deficit would go was \$700 million. Apparently, the government took that figure and added another \$100 million. Am I not justified in saying through you, Sir, to the members of this House, that I have established beyond any shadow of doubt that in securing the passage of this legislation this government was guilty of the most flagrant kind of deception?

Some hon. Members: Hear, hear!

Mr. Alexander: The committee was shafted.

Mr. Baldwin: I then go on to the final answer by Mr. Allan, and he was taking into account the element of inflation. He said:

Inflation has affected everything. If the unemployment rate not only implied a high government contribution, which we were waiting on at the rate of \$400 million or so for a year—and we were waiting for more than a year of contributions, say \$500 or \$600 million—and if in addition the unemployment rate had brought some slowing of the rate of growth in the wage and salary base, then the premiums that we would have got when we related the 4 per cent cost—plus the sickness, the maternity and the administration—to the insurable earning pace for the previous three years, would mean we were lacking \$100 million. If the insurable earning pace then slackened off because of a real recession, then we thought we could be, as Mr. Steele mentioned, lacking 100 million dollars or more on that side. So, if we were to take 500 or 600

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million dollars from the government account or if we were to be lacking that and 100 million dollars or more from the employee-employer account, we could be in the neighbourhood of 600 to 700 million dollars. That is that we put 100 million dollars in for good measure.

Mr. Woolliams: Some measure.

Mr. Andras: Would the hon. member permit a question?

Mr. Baldwin: I am developing my case, and I am trying to make these interesting points. The minister may foul them up as I go along.

The government underestimated sadly its capacity to create not only unemployment, but conditions under which this fund got into the sickening state it is in at the present time.

Let me go on from there. In 1972, at which time the estimates of the department were before the Standing Committee on Labour, Manpower and Immigration, no information or figures had been produced, but as usual my earnest, inquiring and indefatigable friend, the hon. member for Hamilton West was there seeking information. In Issue No. 18 for Tuesday, May 30, 1972, at page 18:37 we find that the then Minister of Manpower and Immigration, who has since retired to a much less odourous position than being associated with this government, was being questioned. Mr. Alexander said:

While he is looking at that, will you still claim that the scheme is actuarially sound, Mr. Minister?

MR. MACKASEY: Yes, much sounder than the other scheme. The other scheme had no actuarial basis at all. Perhaps Mr. Third will get those figures. But in the meantime, this plan is actuarially sound and our predictions are pretty well on.

These are the predictions which were made before the committee which was considering this bill in the first place.

Mr. Andras: And before the amendments were brought before the House.

Mr. Baldwin: To repeat, the minister said:

... our predictions are pretty well on. We are paying out, perhaps, a little more than we had anticipated and \$63 is slightly higher. On the other hand, other areas are a little lower.

That was the minister's view and he was obviously speaking for the government in May 1972.

Let me refer to the same committee minutes of an earlier date, April 25, 1972 at page 2:20. Mr. Steele, apparently not very contrite, was being examined by Mr. Downey. Mr. Downey stated:

I believe there were some figures that came from an accountant in Toronto to the effect that there might be a possible deficit—

My goodness, someone dared to suggest there might possibly be a deficit in this account. He went on to state:

... there might be a possible deficit in the account at the end of the current fiscal year, something like \$700 or \$800 million.

Mr. Steele replied in part:

Any deficits—and it may be a small one this year—on the employees and employees can be amortized over three years,—

• (1610)

So, back in April and in May, the then minister said that the plan was actuarially sound. I realize what he means by