

Unemployment Insurance Act

Chairman? He is back on the same thing. Surely this is not a debate on the wide range of fiscal policy such as we have had a number of times already this session. Surely this is a debate, properly, on the first clause in the bill to amend the Unemployment Insurance Act. Surely, if this kind of discussion is in order, everything can be discussed.

Mr. McMillan: I will avoid that phrase "interest rate" all I can. I am out of order in even mentioning it now, but the minister mentioned it himself many times yesterday. We have two very outstanding current examples. One I should not mention, and the other is what the minister is doing to the little man, the man who carries the dinner pail. The Minister of Finance is letting him pick up the tab for the losses and depletion in the unemployment insurance fund.

Mr. Fleming (Eglinton): Not a word of truth in that!

Mr. McMillan: What is the minister doing in another direction? We heard it announced today, but I cannot mention it or the hon. gentleman will stand up and say I am out of order and I will be ruled out of order. I cannot mention the words or the minister will stand up. But certainly he is helping the rich man to get 8.2 per cent on his money and that is all I want to say.

Mr. Martin (Essex East): The Minister of Finance said yesterday that the losses suffered by the unemployment insurance fund had nothing to do with the present bill. I want to indicate to the Minister of Finance, in case he does not know it, that during the past five years the income derived by the fund from investment has been, on an average, about \$25 million. It would be interesting to know why the actuary, who is an employee of the department over which the hon. gentleman has jurisdiction, did not take that source of revenue into account when he estimated the future requirements of the fund.

If the Minister of Finance would look at the statements which were produced before the committee by the actuary, Mr. Humphrys, a distinguished public servant, and particularly at statements 4 and 5 in a table which he presented to the committee, he will find that what I have said about this \$25 million revenue is correct, and also that it was not taken into account by the actuary, as I have mentioned. It would be interesting to know why this was not done.

I suggest to the Minister of Finance that there are only two possible explanations. Either the actuary forgot to take this important source of revenue into account—and

if this is true the probable deficit of the fund has been overestimated and the probable increase in contributions is, in consequence, too great—or the actuary felt that the investment income would be negligible in the next few years. If that is the case, then the loss in revenue is due to the mismanagement of the fund last year and particularly, as the hon. member for Welland has emphasized, during the conversion loan so dear to the heart and to the political dedications of my hon. friend the Minister of Finance—

Mr. Hellyer: And so expensive to the pocketbook.

Mr. Martin (Essex East):—and as my friend the hon. member for Trinity points out, so expensive to the pocketbooks of the Canadian people. The minister certainly owes the committee an explanation.

Yesterday in his verbal peregrinations the Minister of Finance stated that it was almost impossible for the investment committee at the time of the conversion loan to foresee what would happen to the fund. I suggest to the Minister of Finance that after a good night's sleep, which I trust he had, he has now come to the conclusion that his view in this particular was erroneous.

Did my hon. friend say something? Apparently not. Perhaps I misunderstood. I thought he grunted, and I wondered what that meant.

Mr. Pickersgill: It was not such a good night's sleep.

Mr. Martin (Essex East): Well, I can understand that. The minister has a lot of problems on his mind. He carries them well, but this is one which apparently he is not carrying too well.

In the first place, from July to the end of October I think it is fair to say that anyone could see that we would experience heavy unemployment during the coming winter. We on this side of the chamber certainly indicated in the middle of last August, when we were considering the estimates of the Department of Labour, that that would be the case, and so during the period of the conversion loan it was quite clear that the fund would begin soon after these months to suffer very heavy drains indeed.

It was evident also that if a high degree of liquidity was not achieved—and the conversion loan was a God-given opportunity to achieve that goal—then the fund would have to sell a large amount of securities in order to meet its financial obligations. I suggest to the Minister of Finance that notwithstanding what he said about my ability to foresee the current trends in the market, it was not