

Government Orders

to mean that some people have to wait two years to get their benefits?

Why does the government persevere with a bill that is obviously going to create so much inequity and economic hardship? The government, especially the Minister of Employment and Immigration is sending out confused signals about why the country needs this bill.

On the one hand the minister says the bill is designed to merely help the government control its costs. As he said before the legislative committee: "I have always said this is not UI reform, this is a fiscal measure". However, in the next breath the minister seems to contradict himself and says: "There is a fiscal thing but there is also something else here. There is an incentive in the act, an incentive for workers to say well I am going to put in my 10 weeks and then I am going to go and sit at home and do nothing and I am going to get my neighbour to pay for me. The incentive is there".

That is what the minister believes. Sometimes Bill C-113 is a fiscal measure. Sometimes it is a remedy to the perceived problem of free-loaders in the UI system. I would like to address both points and show how the bill fails on both counts and then comment briefly on how the Minister of Employment and Immigration has allowed his personal bias to colour this debate.

First, there is the issue of Bill C-113's deficit-fighting mission. Before looking at what the changes in the bill are supposed to accomplish, I think it would be useful to put them in context by looking at the present state of the UI fund.

In 1990 the government decided that general revenues would no longer contribute to the UI fund. Since that time the fund has been financed solely by UI premiums paid by employees and employers. These premiums have been raised twice since 1990: first by 24 per cent in July 1991 and then by 7.1 per cent in January 1992. Revenues collected from these premiums totalled \$17.9 billion in 1992-93.

Despite such revenues the cost of the program has climbed \$7 billion since 1990 due in large part to an unemployment rate which went from 8.1 per cent in 1990 to 10.3 per cent in 1991 and to 11.3 per cent in 1992.

Because of steadily rising UI costs, the UI fund is in a deficit position. The cumulative deficit is presently \$4.7 billion. The government expects that cutting the benefit rate from 60 per cent to 57 per cent and eliminating UI benefits for voluntary leavers and those who are fired from their jobs will save a total of \$2.45 billion over two years.

Normally one might expect that if the government hopes to save such a large amount of money the sum will reduce or at least contain the deficit in the UI fund. Unfortunately that is not the case with these changes, even though the government is going to inflict economic hardship on millions of Canadians with these UI changes. The deficit in the UI fund is expected to rise to \$7.6 billion by the end of 1993 from \$4.7 billion at present. It is clear, therefore, that from a deficit-fighting standpoint the changes in Bill C-113 are a failure.

I am not saying, as some have suggested, \$2.45 billion is a negligible amount. It is not. What I am saying is that if the government is willing to introduce measures which are going to hurt millions of Canadians, then it owes it to Canadians to make sure those measures accomplish what they were designed to accomplish.

If the deficit in the UI fund is going to continue to sky-rocket despite these changes, then it is right to say that the government has failed.

• (1625)

There is also the question of the bill's social engineering side. It is supposed to cure all the free-loaders who now live off the system of their dependency on hand-outs, to use one of the minister's expressions. The minister is quite insistent on the importance of hunting down these people who he says are hurting the system. He is convinced that this is a serious problem, but numbers from his own department seem to indicate otherwise.

During the legislative committee's study of this bill we were given a briefing by officials from the Department of Employment and Immigration. In their presentation one chart in particular stood out. It is entitled "The Pattern of Job Separation and the UI Program, 1991". At the top of the chart is a large rectangle representing total job separation. In 1991, 6.9 million Canadians left jobs for one reason or another. Below that first large rectangle is a smaller one called "Used to Establish UI Claim". There were 3.6 million UI claims in 1991.