

If these examples are considered unusual, we should just look at the average. A government riding got five times as much, on average, as an opposition riding. I would not want to suggest there is anything wrong with that, but people may draw their own conclusions. Mr. Speaker, I should not leave the article I read from without giving credit to the writer—myself.

● (1652)

Mr. Chrétien: Mr. Speaker, I rise on a point of order. I have been listening to the hon. member's speech. He stated that some years ago the United States had a tax cut of \$11 billion. I point out to the hon. member that they do not have an indexing system. With the indexing system that will apply on January 1 next, the tax cut will be about \$850 million. Add to that the \$700 million cut. That is 50 per cent more per capita than the cut in the United States at that time. When you measure Canada against the United States, you must always divide by ten.

Mr. Clarke: Mr. Speaker, even if we accept the argument of the Minister of Finance, it would be less than half what was recommended by the Economic Council of Canada. I will ask the Minister of Finance another question which I will not allow him to answer because time is running on.

Mr. Chrétien: Great statement!

Mr. Clarke: He would probably carry on the same as in the question period, anyway. I do not think he will change his practice now. Look at the results of the economic policies put in place by this government. Look at the unemployment insurance payments. According to the government's own figures, payments out this year amount to \$4 billion. Collections, according to their figures, are \$2.3 billion. According to simple arithmetic, there is a \$1.7 billion deficit. The August, 1977, payments were up 25 per cent over August last year. The August, 1977, payments were up 25 per cent over July of this year. Responsibility for that can only be laid at the feet of the Minister of Finance and his colleagues and their so-called economic policies.

The Minister of Finance does not seem to be aware of some of our policies. Therefore, I want to tell him that the leader of my party has called for a massive overhaul of the unemployment insurance system. In particular, we want to eliminate abuses, not only by individuals but abuses of the system by the system. Individual abuses arise when the so-called ski teams received their cheques in the mail at a time when they were not properly looking for work. During the last mail strike thousands of unemployment insurance cheques went unclaimed in Toronto. Presumably those people were too busy at work or play to pick up their unemployment insurance cheques.

I referred to abuse of the system by the system. I refer to the situation which allows a high income person to collect unemployment insurance. On the west coast there are some fishermen who earn large incomes. One I know earns \$60,000 during the season. During the off season he is allowed to

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collect unemployment insurance. It is within the rules. We on this side maintain that is not the purpose for which unemployment insurance was designed. The government must decide whether it will be an insurance system or a welfare system. The way it is being operated, with people not entitled to benefits receiving them, it is surely a welfare system. The taxpayers have to pick up the deficit. The Minister of Employment and Immigration can call it a commitment rather than a deficit. I do not care what he calls it. It is still a deficit that has to be paid for by the taxpayer. In some cases it is the taxpayer who is not entitled to the benefits under the program.

We recognize there are great regional disparities. There are places in the province of the Minister of Industry, Trade and Commerce where jobs go unfilled because there are not enough people to fill them. We also recognize that in some of the Atlantic areas there are unemployment rates approaching 30 per cent. The system should work to provide protection for the person genuinely out of work. It should not be done on the backs of those who are not entitled to coverage under the program.

I want to deal briefly with one specific area of the tax bill. I refer to the proposed changes having to do with life insurance. The policies proposed by the government with regard to life insurance are full of inconsistencies. The Minister of Finance is proposing that the interest on loans taken out against the cash value of life insurance should not be eligible for deduction. This is in direct contradiction of any of the rules of the Income Tax Act, which clearly provides that any expense laid out to earn income is deductible.

If that is not a sufficient inconsistency, the minister then says that if you already have a loan from the insurance company, you can continue to deduct the interest on that loan. However, if you want to take out another loan next year, you will not be able to deduct the interest. What is the taxpayer to do? He is faced with all of these inconsistencies. He will not know what way to turn.

The minister's predecessor said they would not allow the interest on insurance policy loans because there was no obligation to repay the loan: it was not like a loan from the bank. The insurance company has a responsibility to its policyholders. Sure as death, the insurance company will be repaid that loan even if they have to wait until the taxpayer dies. It is nonsense to suggest the loan does not have to be repaid.

The government also says it is going to tax the gain on the investment portion of the life insurance policy. They said they would not reach into the grave and tax it when the taxpayer dies, but they will tax it if a policy is cashed in or a loan is taken out. All that will do is force the taxpayer who wants to make a loan against his insurance policy to pay a higher rate of interest. Many insurance policies with cash values have built-in, guaranteed low interest rates.

Mr. Deputy Speaker: Order, please.