

**Mr. Speaker:** The hon. member for Saint-Hyacinthe on a question of privilege.

**Mr. Wagner:** Mr. Speaker, I have no idea where the hon. member for Verdun (Mr. Mackasey) found the comments which he attributes to me, but with respect I must suggest to him that they are inaccurate. Moreover, I would suggest that he should wait for the vote to find out which way I shall vote.

[English]

**Mr. Mackasey:** Mr. Speaker, I am rather pleased that a one time protegee of mine has shown such humanitarian concern.

I have reviewed the debate on second reading, in committee and on third reading. It is not my intention—it is never my intention—to be partisan, of course, but I do think we have reached the moment of truth in Bill C-124. I think the new members, as do the old members, realize that we have advanced through all the various stages of Bill C-124. On second reading in this House, by the method of a vote, of course, we adopted the principle of the bill, which is very explicit and well thought out, namely, that the ceiling governing the advances which the government makes available to the Unemployment Insurance Commission shall be deleted from that act.

The hon. member for Hamilton West (Mr. Alexander) raised an important point in the debate last night. He was concerned that the removal of the \$800 million ceiling might in some way remove control over the operations of the Unemployment Insurance Commission. I think this is a very valid approach to a very valid concern. This morning, Mr. Speaker, I took the trouble to check out the ways and means that are still left for exercising control over the Unemployment Insurance Commission.

First of all, every month the DBS publishes the benefit payments and the number of claimants on unemployment insurance. Then, the Minister of Finance (Mr. Turner) publishes the amount of financial disbursements, including advances as well as payments of unemployment insurance benefits. Then, the statute which set up the Unemployment Insurance Commission demands a public annual report by the commission. Fourth, Mr. Speaker, there is a financial statement which must be certified by the Auditor General. There must be a detailed accounting of expenditures included in the public accounts. Then, the government's share of the unemployment insurance costs must be included in its main estimates. Then, the main estimates must be referred to the appropriate standing committees of the House.

Finally, Mr. Speaker, the public accounts will be scrutinized by the Public Accounts Committee, as usual, and the Auditor General's report will be scrutinized by that committee. As well as that, there is the existence of a team of internal auditors of unemployment insurance, all of which indicates that the control over the expenditures, operations and administration of the Unemployment Insurance Commission does not rest solely on the existence of an \$800 million ceiling.

With these ten points I have just explained, for the benefit of hon. members, that we have—

#### *Unemployment Insurance Act*

**Mr. Woolliams:** Mr. Speaker, I am very interested in this point. I wonder if the hon. member for Verdun (Mr. Mackasey), the former minister of labour, could tell the House—I am sure he discussed it with his former colleagues in government—why Bill C-125 was withdrawn, because it was supposed to assist the hon. member in his argument?

**Mr. Mackasey:** Mr. Speaker, if the hon. gentleman would permit me, I intend to talk about Bill C-125 in a few moments. I intend to touch briefly on that point.

I have mentioned that in this House we have accepted the principle of Bill C-124. It may not have been unanimously accepted, but the fact remains that it was accepted. It was that the amount of \$800 million specified in the original act be deleted as the sum of money to which the government is limited in making advances to the Unemployment Insurance Commission in order to finance its day-to-day operations. As I mentioned on second reading, and as the hon. member for Winnipeg North Centre (Mr. Knowles) mentioned last evening, the \$800 million mentioned in the act is nothing more than a sum of money which the government is entitled to advance to the Unemployment Insurance Commission, not in the form of a deficit, not in the form of a commitment but simply in the form of a loan in the same sense, as I mentioned previously, that a bank will advance moneys to finance accounts receivable, or debts receivable, or inventory, in the case of a normal private enterprise.

Obviously, the \$800 million has been inadequate for the purpose for which it was originally intended, but members on the committee, as the hon. member for Winnipeg North Centre knows, accepted that particular amendment to the act rather reluctantly at the time. We felt it was the best way out at that time. Experience has indicated, however, that as long as this ceiling remains in the act it can be a hindrance or handicap to the government's main responsibility, the one that was outlined so often today in the question period, that is, the responsibility of this government, or of any government in the future if, as a result of fiscal or monetary policies, as a result of tariff policies, as a result of the relationship between the Canadian dollar and foreign currencies, or for one reason or another, the rate of unemployment in this country is abnormally high. The government of the day must then assume its responsibilities and commit itself, as the act stipulates, to absorbing the cost of unemployment insurance when the unemployment rate on a national level and on a regional level happens to be over 4 per cent.

Just to repeat, Mr. Speaker, the cost of the unemployment insurance plan when unemployment is below 4 per cent is borne by the employers and employees. The cost is met from weekly contributions, with the provision that by 1976-77 these particular contributions shall be in balance, in the sense that if there is a surplus in the fund of the Unemployment Insurance Commission it will be reflected in a lowering of the contribution rates, something which I think will take place in 1977. If the contributions are not sufficient, then the rates will be raised in order to eliminate any deficit. In the interval there is a deficit of \$189 million which will be carried forward over the next few years, as the act provides.