• (1800)

[*English*]

The Acting Speaker (Mrs. Maheu): I declare the motion carried.

(Bill read the third time and passed.)

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[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF MINISTER OF FINANCE

The House resumed consideration of the motion, of the amendment, and of the amendment to the amendment.

Mrs. Francine Lalonde (Mercier, BQ): Madam Speaker, it is always difficult to pick up the momentum one had in the first part of a speech. I am sure that we lost our listeners and viewers during the vote.

I just would like to add very quickly that there is something I find very surprising in this budget, and that is the role of the unemployment insurance fund. As we saw, the federal government is withdrawing from funding health care, education and social assistance. This spring, it passed Bill C–17, which tightened up eligibility criteria so that fewer people were entitled to UI, and received smaller benefits for a shorter period of time.

The UI fund allowed the federal government to pay itself back for the loan it had made during the recession and consequently to present a more favourable picture. But this is not all. Since the government did not lower premiums but reduced eligibility, it was able to make some incredible forecasts. This year and next, there will be a difference of $5 billion between expenditures and revenues.

What is this money going to be used for? Naturally, the government proposes, first, to reduce the deficit. Does it propose to reduce contributions, to help small and medium size businesses? No. It proposes to let a surplus of $5 billion accumulate. What it also proposes, to finance the creation of a human resources investment fund, as the budget calls it, through a new reform of unemployment insurance, is to divert money from UI to this new fund.

• (1805)

In fact, the unemployment insurance fund is the cash cow of the federal government. It will protect it from the effects of the next recession. By withdrawing from the financing of social programs and the CAP in particular, the federal government leaves the provinces in a position where they will have to deal with the consequences of a future recession and a future increase in the numbers of the poor, while insulating itself from such consequences. How? By having surpluses in the unemployment insurance fund.

Who generates such a surplus? Companies, of course. But not any company, the ones that are labour–intensive, that is the low–tech companies, those where things are done manually. The companies where wages are the lowest. These companies and these workers contribute in a large part to the unemployment insurance fund. Companies with more technology and higher wages, because of ceilings, are exempt. And this means that the fund is financed by workers and companies which are not the main beneficiaries of the fund. Not only do they help give the federal government some protection against the next recession, they also allow it to show a lower deficit since the money is added to the federal budget. We recommended that it not be included anymore.

Finally, not only do we see more cuts in social programs, nothing whatsoever in the way of employment, and continued interference by the federal government in areas where there is money to be had and where it can call the shots, but in the case of manpower training, the federal government no longer says that the provinces know best. That is not what it says. It maintains control over job training and all manpower issues. As I said, it does not want to withdraw from areas where there is money to be had.

However, the money in the unemployment insurance fund comes from labour–intensive corporations employing a lot of low–paid workers and from these workers. Let me conclude by saying that the workers are really the ones who foot the bill since the corporations pass on their costs onto the consumer.

It is really a shame to see the federal government use this fund to shamelessly guard against whatever the future holds, while workers will have to pay more taxes and will run into more problems in the areas of health, education and welfare.

There is another important issue I want to address and it is linked to the new national standards that we can expect with the Canada social transfer. Throughout the budget speech, we are told "This is the beginning of a new era in Canada. We have finally realized that provinces know best", especially, may I add, in tough times. But there is more.

With this new Canada social transfer, the federal government will be able to withdraw during the next recession and still have the power to set new standards.

• (1810)

What are we told? We are told that, for two years, this Canada social transfer will be funded at the average combined rate of CAP and EPF and that, for two years, health care standards will apply, so that the federal government will be able to withhold