

*Government Orders*

frozen into a situation whereby they were getting less money transferred from the federal government but were really having more demands put on their resources.

● (1750)

The real problem is that we as a nation will go through the trials and tribulations of living within our means. This will inevitably mean cutbacks. Unless these cutbacks are done fairly across the nation and in all sectors of our economy tremendous resentment will be built up.

Let me give an example of what is likely to happen or what is happening with the capping of transfer payments. *Maclean's* magazine of April 4 speaks to the problems Ontario is going to face because of the Canada assistance plan being capped: "Through the Canada assistance plan Ottawa paid 50 per cent of the welfare costs of the seven poorer provinces but picked up only 29 per cent of Ontario's 1993-94 tab of \$6.3 billion. Quebec got 10 per cent more funds with 43 per cent fewer beneficiaries".

Let us think about that. If a Canadian is on welfare or in need of funds from the government and lives in Ottawa or anywhere else in Ontario, the federal government pays 29 cents of every dollar of those costs. However, if he or she lives across the river in Hull five minutes from here, the federal government pays 50 per cent of the cost. Is that fair? That might have been fair because of an extenuating circumstance that might last for a year or two, but let us remember that the budget locked in the inequity until 1998. What strains will that put on the budgets of Ontario, British Columbia and Alberta?

There is a solution. The federal government could increase the payments to the three have provinces or it could reduce the payments to the three have not provinces to bring them all into line so there is balance and equity.

A further example from *Maclean's* magazine indicated: "In 1992 Ontario employers and employees paid \$1.67 billion more into the unemployment insurance fund than they drew out in benefits. The province blames UI rules that allow workers in areas of higher unemployment to work for shorter periods for longer benefits".

Several members mentioned earlier that this was an appropriate means of transferring funds into very depressed areas of the country, that it recognized some parts of our nation were in worse shape than others. Unemployment insurance should be unemployment insurance. When unemployment insurance was brought into being it was not determined at that time that it was to be a wealth transfer. It was to cushion employees who lost their jobs for one reason or another until they found another one.

From that aspect the budget goes a long way in eliminating or at least ameliorating the problem. The government is to be commended for recognizing that unemployment insurance continually taxes those who are working. It really is a tax on jobs and is going to do more harm than good in the long run.

As well, if the words we hear from the task force looking at unemployment insurance are true, that unemployment insurance may in the future be determined as an insurance program paid by employees, it will be another big step to reforming unemployment insurance. It is just blowing the dust off the Forget commission report and implementing it 15 years or so after it was written.

What do we do in the areas of Canada that need the transfer of UI funds so that people can exist? We need to look at it as two separate entities. Unemployment insurance should be unemployment insurance, the purpose for which it was intended. Income supplements should come through some other government function but be accountable. If it ends up being a guaranteed annual income or whatever it might be, so be it, but let us not confuse the two issues so that we end up with nothing.

● (1755)

I would like to give a personal example of how unemployment insurance as it is used today is a disincentive to employment and costs far more than it should. Without the permission of my son I will use him as an example. He is a very fine young man who quit his job just before he was going to get fired because he was not doing a very good job. It was a fairly well paid job. He thought he would not have any trouble going out and finding another one. It turned out that he was wrong. He had a great deal of trouble finding another one.

Every two weeks he got a cheque in the mail for over \$600. When the time came for me to say to him "Marry, go out and get a job", he would go out looking but none of the jobs would pay anything like the amount of money he was getting for doing nothing. Unemployment insurance was not tiding him over until he could get a new job. Unemployment insurance at that level was robbing him of the initiative to go out and get a job.

He grew up in a home where industry and initiative were the bywords and the watchwords. Let us just imagine what the richness of the program has done all across the nation to hundreds of thousands of people who are milking the system, who are using the system as it was never intended to be used.

The steps the government is taking with regard to UI are in the right direction. However it must be coupled with some other program to ensure that people on the bottom end of the totem pole are able to exist and move themselves out of poverty, recurring poverty.