

Unemployment Insurance Act

and benefits have become outdated and, second, the main body of legislation dealing with unemployment insurance has not been touched since 1959. Indeed, one will find upon checking the legislation that it has not been touched to any noticeable extent since 1955 when some of us, including the Minister of National Health and Welfare (Mr. MacEachen), sat on a committee of this house that gave detailed consideration to the act.

The changes proposed in the levels of benefits and contributions and in the ratio between the two could perhaps be better analysed and discussed in detail in committee. The minister indicated that according to his estimate the ratio between wages and benefits payable will be roughly 50 per cent in the higher brackets and perhaps a little more in the lower brackets. The bill maintains a somewhat weighted formula in respect of lower wage earners. This is true of the act as amended in 1955 and I believe it is a principle which was incorporated in the act which preceded the 1955 version.

Consideration of what has happened to wage levels and their relationship to real income does, of course, raise a wide area of debate and covers a field far beyond the immediate scope of this bill. It is a subject which has attracted considerable attention in other debates in this house recently. I shall not enter into such consideration so far as the principle of the bill before us is concerned. I shall merely repeat the expressions of concern which have been forthcoming from many of my hon. friends about the drift that now seems to be evident with regard to the whole matter of the relationship between wages and real income, and between unemployment insurance benefits and the decreasing purchasing value of the dollar.

As we see it, in this important area about all the government is prepared to do directly is attempt from time to time to bring benefits into some rough relationship with what is happening in the economy. The unfortunate result of such an approach is that over a period such as has elapsed since 1959 a great many people have been receiving benefits obviously out of line with current wage levels or the purchasing power of the dollars they receive. This is really not a satisfactory method of coping with the situation, especially if the general drift in the economy to which many members in this group have referred is allowed to continue. Perhaps there should be greater flexibility within the act itself.

[Mr. Barnett.]

I realize that the ratio of benefits to contributions involves an important matter of public policy, but I certainly feel this house should consider whether or not, instead of a haphazard and spasmodic attempt to readjust this relationship, a more satisfactory way of achieving this result ought to be sought. Bearing in mind the needs of the people who are to receive unemployment insurance benefits, should not some mechanism be written into the act whereby necessary adjustments would take place more automatically?

I should like the minister to tell us, if he can, what the effect of these proposed changes is likely to be upon the fund itself. I do not think this aspect was covered in his opening remarks. This leads, of course, to the question of what is likely to happen to the level of employment in the economy. As I read the last annual report of the fund for the fiscal year ended March 31, 1966—I believe this is the last report available; at least it is the last I was able to find—it showed an excess of receipts over disbursements amounting to over \$100 million. As a result the balance in the fund increased fairly substantially that year.

● (12:30 p.m.)

When the minister closes the debate on second reading I hope he will be able to give us more recent statistics concerning the present status of the fund, and related to them should be his projection of what is going to happen to the fund. That projection should be based not only on the present level of applicants but also on what might happen to the fund if some of the policies which the Minister of Finance (Mr. Sharp) has been putting forward continue to be the policies of the government.

The question of what happens to the fund when even a fairly modest increase takes place in the percentage ratio of unemployed is something about which we have to be concerned when we are considering the establishment of a new schedule of contribution rates and benefits. I am sure the minister recalls the days when the fund had a comfortable balance of close to \$1 billion and what happened to that balance very quickly. I realize that development with respect to the fund's assets did not occur when he was a member of the government, but I suggest to him that if the present course of action of this government continues there could easily be a repeat performance and parliament could be called upon, as in the past, to replenish the fund out of consolidated revenues.