

Unemployment Insurance Act, 1971

reduction of the premiums to those presently covered, the shorter number of weeks that have to be worked to establish eligibility, the tax deductible features of the premiums or deductions for the first time, the fact that benefits will be taxable for the first time to ensure that the more highly paid seasonal worker pays his full share of tax, and the financing arrangements which will be purposely very costly to the government if unemployment is at a high level. I believe the minister and the government are to be strongly congratulated in presenting to the House this new unemployment insurance act which includes so many kinds of benefits for the Canadian workers, male and female, and indirectly to their families. I am looking forward to the thorough discussion of the bill in our committee.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my first observation regarding Bill C-229 respecting unemployment insurance in Canada is that the wrong minister is taking responsibility for its introduction. The bill is, in all essential respects, a piece of welfare legislation and, as such, it should be the responsibility of the Minister of National Health and Welfare (Mr. Munro) to guide this complicated and exceedingly baffling piece of legislation through Parliament. If any hon. member thinks I am being facetious in my observation, I would suggest that he turn to the white paper entitled "Unemployment Insurance in the Seventies" on which the bill is based. In the second column on page 8 thereof he will find the phrase: "benefits will be higher, more related to earnings and given more on the basis of need than length of time in the work force".

What insurance scheme, Mr. Speaker, provides benefits more on the basis of need than on earnings? This is not a concept found in insurance schemes, but it is certainly the basic concept of every welfare measure. Now, if the government wishes to establish a guaranteed annual income, then let it have the courage to come before this House with measures which clearly state such intentions.

I have studied with great care the government's white paper "Unemployment Insurance in the Seventies" and the bill now under consideration. I have studied the minutes of proceedings and evidence of the Standing Committee on Labour, Manpower and Immigration in an effort to come to as broad an understanding as possible of the government's proposals and the extent to which they represent a genuine improvement over existing legislation. I have no quarrel with the proposition that the present scheme requires overhauling. However, Bill C-229 certainly does not accomplish what is needed in this vital field. The scheme which the government now proposes is doomed to failure from the outset, within their concept at any rate, because it is actuarially unsound. It is most interesting to note that the white paper makes no attempt to document statistically the claim that the government will be able to provide increased benefits to a much larger segment of our work force on the basis of reduced premiums. This is simply an absurd impossibility.

The whole matter of the actuarial unsoundness of the proposed legislation is one with which I should like to

[Mr. Weatherhead.]

deal at length on another occasion. However, for the moment I should simply like to make some short observations regarding the alleged savings in costs under this proposed legislation. The Minister of Labour (Mr. Mackasey) claims that there will be two major savings, one in the amount of \$160 million which will result from having an extended waiting period for benefits from the present one week to two weeks before a claimant is eligible for benefits, and a second major saving of \$120 million, allegedly to result from the elimination of the government's seasonal unemployment benefits. Unless the government intends to deprive certain people who now have benefits under the existing act from having them under future legislation, these savings are entirely illusory. The matter of the alleged savings of \$160 million, which the government claims will come about by extending the present waiting period for benefits from one to two weeks, is in no way supported in the government's white paper.

While the government proposes that one must be unemployed for two weeks before he becomes entitled to initial benefits which then become payable to him on the first day of the third week of his unemployment, it ought not to require a great deal of imagination or foresight to see that many eligible claimants will simply defer taking employment until they have been unemployed for two weeks and one day, thereby becoming eligible for three weeks of benefits, rather than accepting employment a few days prior to this date and thereby depriving themselves of the three week's benefits to which they would then be entitled. The proposal the government has made in this regard simply invites flagrant abuse. Moreover, the first week's benefits to which a worker is entitled by reason of having paid into the fund are confiscated if he secures employment within the first two weeks of his unemployment. The repudiation of the validity of the alleged saving of \$160 million by extending the waiting period to two weeks is contained in the government's white paper. Again, I would direct hon. members to page 20 thereof and this paragraph dealing with phase one:

Past experience indicates that it takes three to five weeks to find employment under normal conditions.

By the government's own admission, Mr. Speaker, under "normal conditions", which we have not had for some time, it takes a job applicant longer than the two week waiting period provided in this legislation to find employment. How, therefore, can they say that the legislation which they propose will effect a saving of \$160 million by increasing the waiting period before entitlement to benefits from one to two weeks? This merely delays payment of benefits, but that is not the same thing as saving the benefits.

• (3:40 p.m.)

The government also alleges a second saving under this proposed legislation of \$120 million arising from the elimination of seasonal benefit payments. What then is to become of the people who now receive these benefits? Surely, they will have them replaced by some other type of benefit, or is the government simply going to leave them to their own fate? Fishermen were one class of