

those isolated communities to unemployment insurance protection.

That brings me to the third obvious flaw in this legislation. It concerns the training programs which have been offered by the Minister as a substitute for UI protection. These training programs are fine for the urban areas like Toronto, where someone who is unemployed can train for a multitude of other industries and sectors. However, for someone living in eastern Nova Scotia who is unemployed, the only option is to leave home for somewhere else, either in Nova Scotia or in another part of Canada. It means giving up one's home and moving to another part of the country.

Since the Minister claims to be so confident about the benefits of her training programs, why does the Government not finance these programs from general revenues? Why does the Government place the risk of the success or failure of the training programs on the unemployed worker? Why will the unemployed worker have to pay for the risk associated with these training programs? If the Government is so proud of these training programs why does it not finance them from government revenues? It is essentially an admission of the failure and lack of confidence of the Government in its own programs.

The fourth obvious flaw concerns the Budget more than the changes to the unemployment insurance program that were announced by the Minister. It is the move to finance the total program out of employee and employer contributions. This is clearly a regressive tax measure. It is a tax on jobs which will apply to workers and which will discourage companies from hiring. It will also increase costs so that the tax not only contributes to unemployment but to inflation as well.

The Minister of Finance (Mr. Wilson) is supposed to be a well respected economic manager, at least until the release of the Budget. I cannot understand why he would allow such a measure to pass.

Another criticism to the changes to the UI program is that it essentially privatizes unemployment insurance. This is consistent with the Government's move to harmonization with the United States in the wake of the Free Trade Agreement.

**Mr. Reid:** What are we changing?

### *Unemployment Insurance Act*

**Mr. LeBlanc (Cape Breton Highlands—Canso):** Let me instruct the Hon. Member about what the unemployment insurance system looks like in the United States. The unemployment insurance program is a state financed program. States compete with each other in the United States to attract industry by offering lower unemployment benefits. Benefits in the United States are significantly less generous than in Canada.

**Mr. Reid:** How do you attract industry if the state offers less money?

**An Hon. Member:** It sounds like harmonization to me.

**Mr. LeBlanc (Cape Breton Highlands—Canso):** A third characteristic of the program is a feature known as experience rating. Industries or firms whose workers use the unemployment benefits more than others pay higher premiums over time.

**Mr. Reid:** In this country the state pays for it. There is no corporate responsibility.

**Mr. Volpe:** Go back to sleep.

**Mr. LeBlanc (Cape Breton Highlands—Canso):** I ask the Member to consider for a moment how experience rating would work in Canada. In Atlantic Canada with our geography and industrial base, we use unemployment insurance benefits relatively more than the rest of the country. This means we would pay astronomical unemployment insurance premiums for less benefits. Is that the system the Government wants to move us toward?

**Mr. Reid:** No. It is quite clear that it is not.

**Mr. Volpe:** That is exactly where you want to take us.

**Mr. LeBlanc (Cape Breton Highlands—Canso):** They have taken the first step—

**The Acting Speaker (Mr. Paproski):** The Hon. Member for Cape Breton Highlands—Canso has the floor.

**Mr. LeBlanc (Cape Breton Highlands—Canso):** The Government has taken the first step toward the American unemployment insurance system by withdrawing government support for the program. The program has always been a tripartite financed system in which there were three partners in financing unemployment insurance. They were the employers, the employees and the Government. We use the unemployment insurance program in our system to stabilize our economy and put income in areas of high unemployment. That is done