

Let me indicate how this was done. In 1971 the Unemployment Insurance Act was passed and unemployment was forecast at 4 per cent throughout the decade. Benefit costs up to 4 per cent were to be paid from premiums, and the government was to pay for benefits above that level in recognition of its responsibility to ensure adequate employment. I do not want to quote again from the then minister's speech, but that is exactly the argument he gave to show that the government would feel itself responsible for keeping the rate of unemployment to 4 per cent. Of course, that did not happen.

In 1975 we had Bill C-69. The rate at which government contributions helped to pay for initial benefits from 4 per cent up was changed to an eight-year moving average of unemployment rates.

In 1977 we had Bill C-27 which eliminated two extended benefit phases for which the government, not the premium payers, was previously responsible for payment, and in 1978 we had Bill C-14 which shifted the burden of the extended phase of benefits to premium payers from the government, at a cost to premium payers of \$400 million, and the premiums were lowered because of greatly reduced benefits.

What was the effect of all those changes? When Bill C-14 was passed in December, 1978, under a Liberal government, government members touted it as a measure to save \$580 million. In fact the saving was \$180 million or less, and the other \$400 million was merely a transfer of costs from the federal account to the premium account.

From the early 1970s on, when the government's contribution to unemployment insurance pay-outs was 53 per cent, the government's share declined to 38 per cent after the 1977 amendments, to something well below that after the 1978 amendments, and the intent of this legislation is to reduce it to less than 20 per cent. That is the only thing the hon. member for York North said with which I can agree. The government department responsible projects total unemployment insurance costs for 1981-82 at \$5.2 billion. Government contributions are projected at only \$951 million. We can see what has happened to the 50 per cent or more of the costs which the government paid a few years ago.

Incidentally, the short-lived Conservative government we had, proposed to do exactly the same thing in the 1979-80 session of Parliament. Under the provisions of the budget, which did not pass, but was presented in December, 1979, it was proposed that all benefits except regional extended benefits would be financed by employer-employee contributions, with the administrative costs of job referral and employment services also being financed by premiums, and premiums would be increased to cover the increased cost. The premium increase was rescinded on December 19, 1979, by the Conservatives when, of course, they were vulnerable to a voter backlash during the election campaign.

Why did both Liberal and Conservative governments act in the way they have acted? I suggest it is because they accepted as fact what I suggest is fiction, that many people are ripping off the system and unemployment insurance benefits are a

Unemployment Insurance Act

disincentive to work. We heard that tonight from some of the Conservative speakers.

Let me substantiate my claim that both Liberal and Conservative governments felt that way, and probably still feel that way, by quoting first from the then Liberal cabinet minister, and later from the then Conservative finance minister.

This is what the then minister of employment and immigration, the present member for Sarnia (Mr. Cullen), said in December, 1978. He said that the unemployment insurance scheme has changed from an insurance scheme to a welfare act which people are ripping off "by making unemployment a way of life". I do not believe there are many people who do that.

Then the minister of finance in the Conservative government said on December 11, 1979, during his budget speech, that federal government expenditures on unemployment insurance were going to bankrupt the country, and what was required was a government "committed to bringing greater financial integrity to the unemployment insurance program". I do not believe that for a moment. I do not believe the unemployment insurance system does not have integrity.

What is the intent of the bill we are now discussing? This bill would amend the Unemployment Insurance Act to extend until January, 1982, the existing variable entrance requirement for the unemployment insurance program; that is, the number of weeks a claimant must pay into unemployment insurance before he or she is eligible for benefits. The number of required weeks varies with the regional rate of unemployment, so that a worker in an area of high unemployment, over 9 per cent, could qualify for benefits with ten weeks' insurable employment, whereas a claimant who works in an area of relatively low unemployment, 6 per cent or less, must pay into unemployment insurance for 14 weeks. Some of the areas defined by unemployment insurance officials are so large there could be full employment in one city and major unemployment in another, so that people would not qualify for unemployment insurance benefits until they had their full 14 weeks employment because the area is classified as not having a high rate of unemployment.

● (2110)

One of the amendments made to the Unemployment Insurance Act in 1978 in Bill C-14 would have eliminated the variable entrance requirement by December, 1980, setting it at 14 weeks for all areas. There were many Conservative members who supported that bill, although a large number of them came from the Atlantic provinces which have a high percentage of people unemployed. In Bill C-27 which was passed in July, 1977, the entrance requirement was increased from eight weeks for all areas to the variable ten to 14-week rule. This extension of the variable entrance requirement was in response to protests that the 14-week requirement was highly discriminatory because it eliminated many workers from any income protection under the unemployment insurance program. Seasonal workers, whether employed in the tourist