

benefits an eight-year moving average is proposed which would lift the "trigger point" to approximately 5.6 per cent in 1976.

In addition to making an already complex piece of legislation even more complicated, this formula has all the appearance of a shell game. There are a number of elements of shiftiness in the proposal. First, the government is attempting to show its good faith to the general public in reducing expenditures when all it is doing is shifting its committed expenditures unilaterally to the other two so-called partners, the employees and employers, in financing unemployment insurance.

Then they say:

Second, we are concerned particularly about the increase in cost passed on to the employees. Although we recognize that employer contributions will also rise, we doubt whether many are under great illusions as to who will ultimately pay for those contributions. We would agree with David Dodge when he wrote in the March edition of *The Review of Income and Wealth*: "Both economic theory and the weight of empirical evidence indicate that 100 per cent of these employer contributions . . . are shifted back to the employee and not borne by the employer". The employee bears the cost either through his wages or as a consumer through higher prices for the employers' products.

I would also like to bring home another point with respect to this increased premium. It is registered in the same brief on page 5. Mr. Reuben Baetz, speaking on behalf of the Canadian Council on Social Development, states:

It is a moot point whether the 14 to 21 per cent increase in premiums for employees can even fall within the federal government's proposed guidelines on wages and prices.

I hope the minister will be answering that point, because it seems to me we are heading for something like a 55 per cent increase in premiums. I want to put on record another statement coming from the Canadian Labour Congress. I am reading from its brief of November 20. Mr. Chafe of the CLC gave of his time to attend the committee and tell us what he thought about the amendments. Speaking about the benchmark, he said—and these are really my main points with respect to this iniquitous portion of the bill:

This proposed change has two effects. First, it reduces the government's expenditures, giving an image of restraint. In fact, of course, the government is merely shifting the costs, via the hidden tax of premium payments, on to the private sector. Second, the government is redefining full employment from the former already too high level of 4 per cent to whatever unemployment has in fact been.

These are further criticisms expressed by a responsible organization. I should like to go back to another important point in the brief of the Canadian Council on Social Development. It indicated that the first instance of shiftiness was related to premiums and spoke of "an element of shiftiness". Then Mr. Baetz indicated there was another element of shiftiness when he said:

The other element of shiftiness in the change in financing the unemployment insurance fund is that it implies a continuing abrogation of the responsibility of the federal government for establishing full employment conditions. The minister has alluded somewhat vaguely to changes in the structure of the Canadian labour market as justifying a new and presumably a higher benchmark for normal rates of employment. I have grave suspicions that the Economic Council of Canada's current study of the labour market will support this rationale and lead to a second adjustment in their original 3 per cent target. One can only interpret this as an accommodation to past failure—

What is wrong here is that the government's archaic approach, in terms of fiscal and monetary policy in attempting to defeat high unemployment, has in effect resulted in some evidence of its ineptness and inability to deal with the problem of unemployment. Therefore, because they cannot do it, because they do not have the brains or the policy to do it, they want to move that

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benchmark up in order to save face in terms of their own involvement. This is wrong, because they indicated to us at one time that the benchmark was 4 per cent. But what does it do? It does not only move the government, within the scheme, to another level but it imposes a regressive tax on the employer and the employee.

We have just heard the Minister of Finance (Mr. Macdonald) indicate that there will be 10 per cent surtax on those who are fortunate enough to be making \$30,000 a year. Thank goodness they are working. Thank goodness that the way the government is operating, they do not all quit and go on unemployment insurance. In any event, here is a tax which came in just today. Wait until the people hear about that. Wait until they really understand what has happened to the Unemployment Insurance Act in terms of this amendment.

● (1610)

So at this time we have another regressive tax. Back in 1971 the premium for the employee was only 9 cents per week for \$100. In 1974, within three years, this had gone up to \$1.40 per week per \$100. By July of this year it had gone up to \$2.59 per \$100 per week, and now according to the announcement by the minister the other day, on January 1, 1976, it will go up to \$3.30 per \$100. The minister says that is only pennies because he has a formula whereby it is added and subtracted and subject to a lot of computation by the experts in his department. He says the people do not mind because on ratio it only amounts to a few pennies. But we are not talking about pennies; we are talking about dollars.

**Mr. Andras:** I rise on a point of order, Mr. Speaker. If I understood the hon. member correctly, I think he would want to correct the figure. I believe he said it was to be \$3.30 per \$100. That is incorrect. Assuming the passage of this bill, it is likely to be \$1.65 per \$100 per week of earnings from the employee, and possibly \$2.31 from the employer per \$100 per week.

**Mr. Alexander:** I am pleased to have the minister correct me in this regard. However, it doesn't matter very much what you do with my figure—in any event, it is too high and that is my point. I do not want these silly interventions in an attempt to check me up on 50 cents. I would welcome serious interjections. My point is that as a result of the ineptness of this government, these people will have to pay more in taxes. What this government should really be doing, if it is concerned about high costs and high expenses—

**An hon. Member:** Refer to the bill.

**Mr. Alexander:** Why don't you go back to sleep? You haven't made any contribution to this debate yet, and I resent interjections from an hon. member of that sort.

**The Acting Speaker (Mr. Turner (London East)):** Order, please. Would the hon. member for Hamilton West (Mr. Alexander) please direct his remarks to the Chair.

**Mr. Alexander:** I was speaking to the hon. member through you, Mr. Speaker. Let me try to move forward in my remarks, because we all know we are pressed for time. I should like to make some salient points for the edifica-