

saving due to deduction of the cost of the premium leaves a net unemployment insurance contribution of \$136 to provide a weekly unemployment insurance entitlement of \$115. They are paying less to get more.

Further up the ladder, a person with an earned income of approximately \$20,000 has a required contribution of \$295. The tax saving from deduction is \$83, and for a net contribution of \$212 the entitlement is \$189. For exactly that same entitlement of \$189, people earning \$25,000 make a net contribution of \$204 as opposed to \$212, and persons with incomes of \$50,000 make net contributions of \$160, that is, \$44 less, also for a benefit of \$189.

It seems to me and to many others that we have a system which is totally upside down. Anyone who assumes himself to come under the classic definition at least of a small "l" liberal—maybe large "L" Liberals are not the same—a social reformer, a progressive person or what have you, would think that there is something extremely wrong with any social insurance program which turns all of the normal practices and concepts totally upside down. If there is a moment at the end of my remarks, I will ask the minister to attempt to deal with that situation.

I should like to mention one or two other issues briefly. One has to do with a practice that I mentioned last June 19, which used to exist in many industrial operations. I would like to hear the minister's comment on it. When there were lay-offs, arrangements were made within a given plant so that a senior person could choose to be laid off and allow a junior employee to continue working. To many people in the labour force and many in management that seemed to be a good idea for a multiplicity of reasons. One of those was an economic saving to the unemployment insurance program itself. It allowed young people who had recently entered the labour force, who needed work experience and who had to learn what it was like to earn a living to continue to work. God knows there seems to be enough around who could benefit from that kind of experience. It also allowed people with young families, low incomes, and small bank accounts to work and to gain increased experience and seniority in the labour force, and it allowed those who were older and perhaps trying to phase into the concept of retirement and into the practices of retirement to do so.

Why does it matter to the unemployment insurance program, to the government or to anyone, which of those two employees should be laid off and which should be working when, in all likelihood, the most experienced worker under the unemployment insurance program would probably have an easier time finding a job elsewhere on a temporary basis than a junior employee with little work experience? I will stop now and give the minister an opportunity to answer.

Mr. Axworthy: Mr. Chairman, I think the hon. member raises some very important points. They have given me some cause for concern primarily because over the years the Unemployment Insurance Act has gone through a wide and varying series of amendments sometimes totally out of joint with those which preceded them. The act at times took on the appearance of a Rube Goldberg machine. Some parts to which other parts

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were not connected were functioning. It was for that reason that when I took over this ministry I asked for a complete and total review not only of the basic structure of the Unemployment Insurance Act but also of some of the underlying principles. One of those which is most important in that review is the question of redistribution of income and to what degree the act deals with equity as part of its program.

I admit that the reduction of benefits ratio from 66 per cent to 60 per cent was unfair when combined with an increase in premiums. Those two combinations worked out of sync with each other. There were other reasons for doing it, of course. One was that over the years the public purse percentage of the cost of the Unemployment Insurance Act had increased from 20 per cent to 40 per cent, so increasingly we were carrying a larger and larger percentage of the amount.

In some defence I point out to the hon. member that while waiting for the recommendations of the unemployment insurance review, we have taken certain steps to broaden the coverage. Perhaps the most important was the extension in the act of minimum insurability, from a 20-hour week to a 15-hour week, which brought some 200,000 part-time workers, 70 per cent of whom were female, under coverage. That was a fairly major extension, and I think it could properly be seen as an attempt to build more equity into the program to make sure there was not the elimination or the erasing of large groups of workers who were part-time but, nonetheless, permanent workers. They were permanently in the work force but not working the full 20 hours. We tried to extend the act that way to provide more fairness in that respect.

We have also tried to eliminate some of the more obvious discriminatory aspects of the act such as those which involve fishermen's wives. Under the program we now in a sense give them a full range of benefits.

Going back to the fundamental principle raised by the hon. member, that is presently being examined. We hope to put forward a report shortly after Christmas, certainly in January or February, and I believe he will see, once that review is completed, that there is a real attempt to straighten the system out and to make sure the principles of equity are recognized through the entire administration of the act.

Mr. Kristiansen: Mr. Chairman, I certainly hope that review will result in something more productive than the changes we have seen since 1978 which have been, in the main, extremely regressive. I know some hon. members opposite have expressed that feeling rather eloquently on earlier occasions.

One final item has to do with income tax deductions with respect to unemployment insurance. Is it not possible for the government to consider holding back deductions for tax purposes from unemployment insurance cheques and allowing those to be paid at the end of the year, on whatever basis? When one is unemployed one is least able to pay taxes or any other premium, especially when benefits are reduced. This is true even of someone who enjoys a rather healthy annual income.