

*Unemployment Insurance*

We appeal to the Government's sense of fair play and justice not to maintain this Bill in its present form in which it treats one group of pre-retired pensioners in one way and discriminates harshly and cruelly against others.

**Mr. John R. Rodriguez (Nickel Belt):** Madam Speaker, in the 11 years I have been in the House of Commons I have never seen a measure that has been subject to as much change as this. It is like taking three steps forward, four back, another three steps forward and five steps back.

On November 8, 1984, the Minister of Finance (Mr. Wilson) announced changes to the Unemployment Insurance Program that would affect pensions and severance pay. The Minister of Finance said that henceforth, pension income will be considered earned income for unemployment insurance purposes and likewise for severance pay. In the 45 years since the inception of the Unemployment Insurance Program, pension income was never so considered.

Some may ask why the Government decided to make these changes in November, 1984. The only charitable reason I can find is that the Government was newly elected and did not know what it was doing. In fact, it was in that same period that it tried to deindex old age pensions. Perhaps the Government was mesmerized and did not realize that the Unemployment Insurance Program had generated a surplus of \$800 million in 1986 and 1987 and was projected to generate \$1.7 billion in surplus in 1987 and 1988. Although the unemployment insurance fund was not in a deficit position, the Government made this announcement as a result of its fixation on fighting the deficit.

While it was forced to back off on deindexing, we are still faced with this announced move on unemployment insurance as far as the pensions are concerned. We in the New Democratic Party fought that move from the moment the Minister made his announcement. We launched an attack on that provision regarding the treatment of pension income as earned income.

I want to make it crystal clear to those who are watching this debate, particularly retirees in the private and public sector and in the Armed Forces, that our Party's position is based on the principle that Bill C-50 does not apply to pension income *vis-a-vis* earned income and earned benefits prior to 1984. It will only affect about one-third of the 50,000 early retirees who have been affected by the announced changes in November 8, 1984. Our position is that an injustice to one is an injustice to all.

The Minister may believe that he is taking the right steps and some of his colleagues in the back benches may believe that he is taking the right action, but there is absolutely no reason for him to consider making what we believe to be an iniquitous change because the Unemployment Insurance Program is generating \$1.7 billion in surplus, based on present premiums. That is in addition to the \$800 million generated in the fund last year.

Why is it necessary to nickel and dime people who took early retirement, in many cases to protect the jobs of younger workers? Why is it necessary to nickel and dime people who served this country in the Armed Forces, many of whom have no choice but to retire after 35 years in the services? The Government rewards them by saying they will not get the full unemployment insurance.

We believe this Bill is flawed on several grounds. It is a discriminatory Bill. One would assume that everybody who has saved for their retirement would be affected by the Government's announced changes on November 8, 1984 and by this Bill. However, that is not the case. One is only affected by this Bill if one has contributed to a pension fund in the workplace. Those who have contributed a percentage of their pay to a pension fund which has been matched by the employer are affected by this Bill. In other words, those who put money aside for retirement are affected by this legislation.

Armed Forces personnel are affected, those who have contributed to a provincial pension fund are affected, and those who have contributed to the Canada Pension Plan are affected. What if one is working in a company which offers no pension plan? If one took 7 per cent or 8 per cent of one's income every month and put it into some savings plan which would pay some sort of pension after 30 or 35 years, or if one put it into buying condominiums as an investment so that at retirement one can retire and live on the rental income, one could collect full unemployment insurance benefits and the pension would not be affected.

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Large numbers of workers at Inco were encouraged to take early retirement to protect the jobs of younger workers. Because of the relationship between the leadership of the union and the company, they entered into a deal whereby in the first year of retirement the company would defer paying pension for a year, which would allow the workers to collect unemployment insurance for 49 weeks while they looked for work. After that, the pension from the company would be increased by a percentage to make up for the year which was deferred. One cannot do that in the armed services, and many other employers would not engage in that practice for their employees. So this Bill discriminates. It is illogical.

On November 8, 1984, the Minister and the then Minister of Employment and Immigration, who is now the Minister of Communications (Miss MacDonald), took the position that pension income was earned income, and she repeated that time and time again. What does this Bill do? It sets up two classes and it says that if one gets a second job while on pension and then loses that job, one can collect unemployment insurance benefits and full pension. What happened to the principle of pension income as earned income? It went out of the window. In fact, what the Government is doing is setting up two classes. At least, it ought to be consistent. If pension is earned income, then that is what it should be. What is so magical after the second job? One is still receiving the pension income from the