

Unemployment Insurance Act

When the minister introduced this bill, he said that it would mean the Government of Canada will save \$378 million in direct government expenditures. Also he indicated that it was a saving which members of the House would recognize as very important at a time of very severe restraints on government funds available for other programs. The minister was trying to fool the public. Proof for that can be found in a very interesting editorial which appeared a few days ago in the *Financial Times*. Certainly it is not a very radical publication which can be as accused of being overly sympathetic to ordinary working people. This journal is read by people in the business community. An editorial entitled "Shifting the Jobless Burden Is Wrong" appeared in the July 7, 1980, edition of the *Financial Times*, which reads in part as follows:

The House of Commons has been debating a bill which will charge almost the entire cost of the unemployment insurance system to the payroll tax on employers and employees.

The bill will be passed, supported as it is by the Tories as well as the Liberals.

But it is bad legislation, wrong in principle and practice. It is based on illusion and will result in fiscal trickery.

I hope the hon. member for Ottawa Centre (Mr. Evans) is listening.

Mr. Evans: I am.

Mr. Orlikow: It continued:

It violates the principle that the cost of government should be borne according to ability to pay. And it imposes new barriers to the hiring of the unemployed at a time when unemployment is growing.

It went on to indicate that in fact the premiums were a different form of taxation. It continued:

Taxes are justified, of course, to pay for welfare schemes as well as other government expenditures. Most of the recipients of unemployment insurance payments are in genuine need. But Parliament should take a closer look at this particular tax before making it the main source of funds for a \$5 billion welfare scheme.

It is regressive. Working Canadians earning less pay a higher proportion of their income than those earning more. It has no exemption or deduction, no allowance for wage earners trying to support families. It is a flat rate charge on wages up to \$290 a week in 1980. The employer pays 1.89 per cent of this amount, the employee, 1.35 per cent.

It continued:

There are two main principles of taxation—ability to pay and benefit received. The unemployment insurance tax corresponds to neither, so every increase in the rate increases the inequity of the tax system. And it works against economic growth just as much as—or more than—any other tax hike.

It is also a piece of fiscal trickery.

It goes on to point out that the argument of the minister that this bill will save government money is nonsense. The government is simply shifting the cost from the general taxpayer to the payroll taxpayer.

Our main reason for objecting to this bill is that we believe the rate of unemployment we have, and the large amounts of money we are spending for unemployment insurance benefits, are completely inexcusable. It is incomprehensible to us that we will be paying hundreds of thousands of people who are willing and able to work, to use our raw materials, and our machinery to produce goods and services which we need—it is

incomprehensible that we should pay them well to sit at home doing nothing.

Rather than spending \$5 billion for unemployment insurance benefits, we believe we should have from the government plans and programs to put people back to work. Instead of job-creating programs, instead of spending more money and effort on programs to create jobs to put people back to work, the government has cut back on the job-creation programs. This year we are spending less money on job-creation programs than we spent last year. This is at a time when almost every day from every part of Canada there are announcements of plants being shut down, of lay-offs and more people being unemployed.

In 1980 we are not any longer talking about unemployment in the slow growth areas of Canada. We are not talking about unemployment in Newfoundland and the Atlantic provinces which traditionally have had high rates of unemployment. We are not talking about unemployment in the Interlake area of Manitoba which has always had a large number of unemployed. We are talking about unemployment in industrial cities of Ontario among people who have worked for ten, 15 and 20 years and today are being laid off by the hundreds of thousands every week.

These are the reasons we oppose this bill and we want the government to bring forward programs to put people back to work, rather than bringing forth legislation and programs to pay people to sit at home doing nothing. We believe that can be done. Our party has adopted as a fundamental principle the idea that we can have full employment in Canada.

May I call it ten o'clock, Mr. Speaker?

● (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[English]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

EMPLOYMENT—PROGRAMS TO CREATE JOBS

Mr. Maurice Foster (Algoma): Mr. Speaker, on May 2 I put a question to the Minister of Employment and Immigration (Mr. Axworthy) concerning direct job-training programs and employment programs of the federal government. You will recall that a little over a year ago when the minister was a Conservative minister for employment in Canada, all direct employment programs were cut back in the Ontario region. Consequently, throughout northern Ontario, these programs which have been very important for seasonally unemployed, to native employment, particularly in periods when the forest products industry was in a slow growth period and so on, there