

*Unemployment Insurance Act*

**Mr. Orlikow:** I hear the hon. member for Provencher (Mr. Epp). My remarks have been closer to the bill than those of most of his colleagues today.

I should like to indicate how far the present Liberal government has moved from its earliest commitment to aim for full employment at the time of the last major revision to this act in 1971. I should like to refer to a few sentences from the speech of the then minister of manpower and immigration, the present hon. member for Lincoln, when he introduced the bill on unemployment insurance in 1971. He said:

What we propose to do in the main, is to limit the cost of the plan, up to a particular threshold which I will discuss in a moment, to the employer and the employee.

He went on to say:

—the employer and the employee both will be paying their share when unemployment in the country is under the level of 4 per cent . . . above which the state will contribute. But to that point, the employer and the employee will finance the plan.

Further on in his speech he said:

If the rate of unemployment happens to be 6 per cent, that will mean an injection into the economy by the government, through the unemployed people in this country, of approximately \$200 million.

I think the rate of unemployment at that time was 6 per cent. He went on to say:

Since the figure of 4 per cent has attracted a good deal of attention, I imagine somebody is going to suggest that the government has determined 4 per cent to be an acceptable rate of unemployment in Canada. Well, it is not my criterion. Like everybody else, I believe the acceptable rate of unemployment is the least possible rate.

He continued by saying:

We have used the 4 per cent figure because 4 per cent, according to our computer estimates, triggers the government's contribution to the fund at a realistic level.

Now we have an unemployment rate which is twice what it was in 1971 when the hon. member for Lincoln was the minister. I did not hear much complaint on his part about the unacceptable high rate of unemployment at the present time as compared to 1971. When the member made the statements to which I have just referred, the rate of unemployment was substantially higher than 4 per cent, and it has grown steadily since then. Instead of devising an industrial strategy to modernize our manufacturing industry so that more well-trained and educated young people can find work, instead of cutting taxes and reducing interest rates to increase the purchasing power of Canadians which would lead to more jobs, Liberal governments have again and again amended the Unemployment Insurance Act to remove people from the opportunity of collecting benefits, to make it more difficult to qualify and so on.

**Mr. Benjamin:** Where was Mackasey when we needed him?

**Mr. Orlikow:** Yes, where is he now when we need him? During the recent election campaign the New Democratic Party called for the introduction of a full employment bill which would set targets for reducing unemployment to 6 per cent by 1982 and to 4 per cent by 1984. We submit that this country cannot afford having over one million people unem-

ployed. Because there is 8 per cent unemployment rather than the 4 per cent which was considered full employment some years ago, it has been estimated that we lose \$5 billion a year in the production of goods and services. Because of that, federal tax revenues are \$1 billion less than they should be, and we pay out \$5 billion in unemployment insurance benefits.

What is the response of the government to this disaster? Government spending on job creation is to be reduced by \$85 million, down from \$281 million to \$192 million. The job-creation programs announced so far by the government are as usual too little and too late. The job-creation programs that have been adopted have not been of a size to have any real effect on the economic system. The Canada Works program and the Young Canada Works program have been geared in an attempt to deal with the regional imbalance, so Quebec and the Atlantic provinces have received the lion's share of the fund. We do not complain about that because they have the largest number and the highest percentage of unemployed, but the jobs created there have essentially been of a short-term or temporary nature. They have been mainly in community improvement projects, necessary and useful, but they have not expanded the economic system to accommodate our growing labour force.

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On both the Liberal and the Conservative sides we have seen a desire to push off the failure of our economy to provide the jobs which are required, first of all on those who are unemployed, and secondly on the employed, by putting more of the costs to pay for unemployment insurance benefits on the employer and the employee.

Historically unemployment insurance has been financed from two sources, first the premium account into which the employer-employee premiums are deposited, and secondly by advances from the Government of Canada.

When the government passed the major revisions to the Unemployment Insurance Act in 1971 it predicated the legislation on an average of 4 per cent unemployment throughout the decade. Benefit costs of unemployment insurance up to the rate of 4 per cent, as I have already indicated, were to be paid by employer-employee premiums, and the cost that resulted from a rate higher than 4 per cent was to be recovered from the Government of Canada. The act required that when premiums collected were higher than the benefits they were intended to cover, the premium rates would be lowered. Instead of this the government has increased premium rates over the years, changing the legislation and increasing premium costs to cover program costs which the government itself was originally supposed to cover.

Before I give a short summary of how the government has done this, I want to point out that the hon. member for Lincoln, who was the minister responsible for introducing the act in 1971, today defended the changes which have been made since 1971, the very changes which have perverted the intention of the act back in 1971.