

and should make them with debt-free money, money which is created debt free in accordance with the surplus production of the country in goods and services. As the minister grows in wisdom and understanding he will be less inclined to laugh off that suggestion. He will come to realize that it is the principle upon which the future must be based.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, the bill before us, to amend the Unemployment Insurance Act, 1940, is a voluminous document, although there is in it no outstanding new principle. I should like however to make a suggestion to the minister which I hope he will see fit to accept. My suggestion is that after second reading the bill be referred to the standing committee on industrial relations. I shall attempt to give the reasons why I believe that suggestion to be a wise one.

The Unemployment Insurance Act is a relatively new statute, having come into effect on July 1, 1941, so it has been in operation only five years. It affects a large proportion of the population. I believe the minister said yesterday it applied to approximately one-fifth—

Mr. MITCHELL: I said fifty per cent of the population.

Mr. MacINNIS: Yes, fifty per cent of the population, and perhaps one-fifth or more of the adult population. It affects employers of labour as well as employees.

Until a year ago there was very little unemployment in the country, and relatively few claims for unemployment insurance. Consequently there had been few complaints as to the operation, or perhaps I should say the administration, of the Unemployment Insurance Act. Since a year ago, however, unemployment has increased to fairly large proportions, with the result that claims have increased in proportion. There have been many complaints about the administration of the act. I am sure the minister knows that better than any other hon. member. Some of these complaints arise because of a general misunderstanding of the purpose of the act. Others arise from faults in administration which I shall not criticize at this time but to which I shall refer.

Many of the communications I receive from people who find fault with the administration of unemployment insurance benefits indicate that because they have contributed to the fund they are therefore entitled to benefit from it under almost any circumstances which may separate them from their employment. They feel that when they are

ill they are unemployed, and that consequently it is illogical that they should be refused the benefits of unemployment insurance while they are ill, but granted them if they are unemployed and well. They believe also that if they retire from industry and have not drawn benefits from their contributions, the contributions should be returned to them. These complaints arise from a misunderstanding of the purpose of the act, a misunderstanding which can be overcome only through education of both employers and workers.

Unemployment insurance is a means of sharing the risks of unemployment. Workers in the sheltered trades share the risks with the workers in the unsheltered trades. Employers and the government, through their contributions, also share the risks. Workers and employers pay directly into the fund, while the people as a whole pay indirectly by means of the government's contributions.

I listened with interest to the points raised by the hon. member for Vancouver-Burrard (Mr. Merritt) and I agree with most of what he said. I doubt very much if any unemployment insurance scheme could be satisfactory if we were to have a prolonged period of mass unemployment. An unemployment insurance scheme that is actuarially sound is not designed for that sort of thing. Unemployment insurance schemes in all countries are designed to carry the worker from one period of employment to another. The contributions made by the worker, the employer and the government are based on the estimated percentage of workers which may be unemployed over a period of time. I do not remember the exact percentage upon which our act is based, but I doubt if present contributions would be able to finance present benefits if more than ten per cent of our working force were unemployed. If the percentage of unemployed went above that, the contributions to the fund could not provide benefits at the rate now paid.

I think perhaps the hon. member for Vancouver-Burrard will agree with me when I say that as the benefits paid are based upon the wages received, what is required is an increase in the wage rates which in turn would increase the amount of the benefits received. Let me point out to the house how low the wage rates are on which benefits are based. The first class covers persons under sixteen years of age who are earning less than 90 cents a day. In this case the employee does not make a contribution; the employer pays the whole contribution of 27 cents a week. The next class includes persons earning from \$5.40 a week to \$7.50, and here the contribution by the employer is 21 cents and by the