

*Supply—Labour*

bankrupt. We constantly drew this situation to the attention of the government at the time, and the government promised to do something about it in the speech from the throne of November 1960. But they ended by doing nothing at all, and now they have to call on the treasury to put money into the fund and help to carry on. Perhaps I should not have said that the government has done nothing, because last year I remember there was an announcement that 44 sleuths, or detectives, had been appointed to watch this fund, particularly in Toronto and Montreal. Also, I heard the Prime Minister say on television that anyone who cheated this fund would either be put into jail or fined. That is the only contribution the government has made in respect of this fund since we heard the speech from the throne in November 1960. I think the minister should tell us how many prosecutions have occurred under the act. He should tell us, also, how many people have been put into jail as was threatened by the Prime Minister. He should tell us how much money has been recovered and how much it has cost to hire these 44 detectives.

I have read various reports of the advisory committee to the unemployment insurance fund. The one I have here is dated July 6, 1961 and it shows that in the fiscal year 1960-1961 the fund again experienced substantial losses. In the preceding fiscal year a total of \$181 million was paid out; in other words, benefits had exceeded income by \$181 million. At that time, as of June 30, there was only \$184.6 million in the fund. Payments out of the fund had been exceeded only in the year 1958-59. Now we have had five years of heavy unemployment, and in each of those years the level of unemployment exceeded that which existed before 1957. In each year there has been a constant drain on this fund.

One indication of the level of employment and economic activity is the percentage of labour out of work and looking for work. The percentages are given here in table 1 of the report of the advisory committee of July 6, 1961. In January 1956, the percentage of unemployed stood at 5.6 of the labour force. It is important to notice that in the same year, or in four months of that year, unemployment fell to 1.7 per cent of the labour force. When we come to January, and to March of 1961, we see that unemployment has risen from 10.8 per cent to 11.3 per cent of the labour force. During 1960 it never once fell below 5 per cent of the labour force, and in the summer months of 1961 unemployment was still high. I think it is significant to note, as reported in some of these reports from the advisory committee, that in the last five years the civilian labour force has increased by 15 per cent while the increase in employment

has only been at the rate of 8 per cent. When we bring up the question of unemployment in the house, the minister talks about the increase in the number of people who have found work. I would point out that this meagre increase is not even enough to look after the new people coming into the labour force; it only looks after about half of them. It does not look after any of the people who are referred to as being the hard core of unemployment.

**An hon. Member:** What did you do about it?

**Mr. McMillan:** We did not have them.

Many of these people are now receiving welfare payments. Moreover, we are exporting some of our unemployment. We know that in the last year more people have left Canada than have come to Canada. Among those leaving Canada are some highly trained professional people. The present bankrupt condition of the unemployment insurance fund indicates two things, first, that the government has not come to grips to any extent with this problem of unemployment. The depletion of the fund was highest in 1959 when it was \$244 million. In 1960 it was down to \$133 million, and then it began to climb again. Last year, as I have said, it amounted to \$181 million. The other point which is evident is that the losses taken through bad investments in Canadian government bonds and other Canadian securities exceed the amount of this loan of \$25 million. If the government had not had these investment losses it would not be calling for this vote of \$25 million.

The Minister of Finance announced in the house last year, I believe, that he was taking over these securities into the Department of Finance. It is up to the minister now to tell us whether these securities were taken over at par or at their face value. We have a right to know whether the losses will be taken by the unemployment insurance fund or by the treasury. From the report of the advisory committee we know there will be definite losses. These losses according to the report, will vary from 8 per cent to 9 per cent from their face value because of the depressed value of these securities.

If the Minister of Finance continues to hold these bonds he cannot get more than an average of 3½ per cent for them and the minister cannot borrow money that cheaply. There will be a loss even if he holds them.

Many people who have exhausted these benefits have gone on direct welfare payments. The municipalities and provinces have had to assume further burdens as their share of these welfare payments. Not long ago I saw a newspaper article which indicated that the number of people in Ontario who were on