

Unemployment Insurance

of seventy-eight days benefit in the year. There was really not much incentive under that bill for insured persons to try to improve their benefit status by keeping in employment every possible day. It is true that additional days' benefit might be paid to those who had a good employment record over the preceding five years. In the present bill the benefit days of the insured person are definitely related to the employment record of the individual. Those with poor employment records receive benefits, but they get lesser benefits than those who have a better employment record. The practical workings of the ratio rule may be well illustrated with reference to persons who work uniformly any given number of weeks per year.

It is interesting to note the manner in which the ratio rule works out for insured persons who have regular employment. Some cases are given as illustrations.

Two important aspects of the ratio rule which it is believed will strengthen the financial structure of the bill are that for the majority of insured persons the benefit days increase gradually during the first three or four years, but during those years on the average will be substantially below the average number of benefit days on which the rates of contribution were based. The other point is that if the insured person's record of employment becomes bad he will not claim for seventy-eight days in every year in which he works for the minimum number of weeks, as under the 1935 act, but will on the average draw three days' benefit for every week he works. Thus an insured person working twenty weeks per year will be entitled to sixty days' benefit, whereas under the 1935 act he would be entitled to seventy-eight days, but he would not be entitled to more than seventy-eight days even if he should work considerably more than twenty weeks in the year.

In the committee Mr. Wolfenden made representations concerning the possibilities of cataclysmic rates of employment, as a consequence of the war. Mr. Watson did not think it necessary or justifiable to assume any such rates as were given. In support of this he states that following the last war the rate of unemployment as shown by trade union figures continued low until June 1, 1920, being in fact 2.1 per cent for the six months ended on that date. For the next eighteen months the rate averaged about 13.5 per cent. For the first six months of 1922 it fell to 5.6 per cent and continued fairly low until towards the end of 1924. Although Mr. Watson recognizes that trade union percentages of employment are lower than insurable claims as a whole, nevertheless he feels that they do not

justify the assumption of cataclysmic unemployment rates. Mr. Wolfenden represented in committee that under the unemployment scheme set up in 1935, which was a time of fairly high employment, by reason of that employment those then not employed would in fact show a low rate of employment.

On this point the data for 1921 and 1931 given on pages 10 to 14 inclusive of Mr. Watson's 1935 report show the contrary to be true. Obviously it can hardly be possible that an unemployment insurance fund could attain a position of prosperity if it were being set up in a period of heavy unemployment. Furthermore it is not likely that unemployment throughout the whole of Canada would ever at any time attain the cataclysmic proportions which might be stated to have occurred in any particular locality or any particular industry in this or any other country.

We had on this committee, Mr. Chairman, representatives of every section of this country. It is I believe a splendid commentary that in a country as wide and as varied in its resources and in its industries, such a committee representative of every section could bring to this house a unanimous report.

Mr. MacINNIS: Mr. Chairman, as discussion on the report of the committee has been considered necessary—

The CHAIRMAN: I would point out to the committee that I assumed the minister had the unanimous consent of the committee to give a general bird's-eye view of the bill as amended by the special committee so as to facilitate its study by this committee. But under the rules of the house I do not believe I could allow a general discussion to continue on clause 1 of the bill. We are now on clause 1, short title.

Some hon. MEMBERS: By unanimous consent.

The CHAIRMAN: Is there unanimous consent?

Mr. McLARTY: Yes, I ask for unanimous consent.

Mr. MacINNIS: It is not my intention to go into the amendments to the bill as extensively as did the Minister of Labour (Mr. McLarty). Indeed my remarks will be brief. Before proceeding with what I have to say, and without engaging in platitudes, I should like to say a brief word about the committee itself. I have been on a number of committees since coming to this house about ten years ago, and all of these committees took their duties seriously, but I was never on a committee that took its work as seriously as **this committee**. We were working under

[Mr. McLarty.]