

I was discussing the question of unemployment reserves as opposed to an insurance scheme. The Wisconsin plan of unemployment reserves seems to be the most successful, but relatively it has been very unsuccessful. That plan shows the weaknesses of an unemployment reserve system as opposed to an unemployment insurance scheme. There are at least two weaknesses in the Wisconsin plan of unemployment reserves. First, it fails to provide for governmental contributions, and, second, it neglects to take advantage of another basic principle of social insurance, namely, the distribution of the burden on all elements of society. I think it is sheer nonsense to argue whether or not unemployment is an incurable risk. That is a metaphysical question which I do not think lawyers or parliamentarians, let alone philosophers, can possibly answer. The real concern of social insurance is security rather than the upholding of actuarial principles which must govern in private insurance. I am prepared to admit that on a purely actuarial basis a complete system of unemployment insurance in Canada is not possible. That being so, there must be a constant demand on the national exchequer to bolster up a subsidized fund.

Unemployment insurance was the logical evolution of the experience of the trade unions. Many trade unions inaugurated a voluntary plan of insurance. While not altogether successful, while the objective in mind was not reached completely, these voluntary insurance schemes advanced to a point where there were a number of fairly comprehensive systems. The trade union voluntary insurance schemes were based largely upon the principle employed in certain municipal insurance schemes, such as the famous Ghent system, that put into force by the city of Dijon and other cities in France. The limitations of the trade union unemployment insurance schemes were the same as those of the municipal schemes. They did not reach a substantial portion of the working public. They were confined essentially to the members of the trade unions. Because they were operated on a voluntary basis, they took in only a small number of the trade union members. Nevertheless the trade union experience, particularly after the government provided subsidies, has been of great value, in that—and I think this is important—it demonstrated the feasibility and practicability of mutual insurance against unemployment. It demonstrated also that governmental subsidies stimulate this protection; for all voluntary plans expanded greatly after the government began to subsidize them. In the

third place, whatever gain was achieved was due to the factor of compulsion; for it soon became evident that if adequate protection against unemployment was to be extended to the majority of wage earners a national system of compulsory insurance for all workers, with the burden distributed among all groups of society and not on one or two, was the only way out.

This experience of the trade unions, and the experience of other countries where compulsory unemployment insurance is now in vogue, reveal a preference over all other schemes of insurance or unemployment assistance, stabilization fund, or share-the-work movement, in the following particulars.

First, a scheme of contributory unemployment insurance on a nation-wide basis, not for any one province but for the whole nation, would assure the widest possible distribution of the risk. Second, by levying contributions on employers, employees and the state, the burden is equitably distributed. Third, by having such participation in the contributions, as in England, the government can shift a considerable share of the burden to the richer classes through graduated income and inheritance taxes. I suggest that these three principles must ever be at the base of what we adopt in Canada; and while those are the three principles I think the main thing to enunciate in this house is that the scheme must be one not for Ontario, not for Quebec but for every part of the country, for economic reasons which I propose to develop.

Everyone is familiar in a general way with the English experience. Suggestions have been made that great weaknesses have crept in, that great abuse has resulted, and so on. I wish to place on *Hansard* an important quotation from the final report of the royal commission on unemployment insurance in the United Kingdom, issued in November, 1932:

In industry as a whole there are general changes from activity to depression, exaggerated since the war, which involve the idleness for months at a time of a considerable proportion of fit and efficient workers. In the interests of more economic efficiency, even if no other values were brought into account, it is important to preserve the economic capacity of these workers during their unemployment. A system of unemployment insurance and relief maintains the efficiency of the working population during unemployment and tends to check the accentuation of unemployment in periods of general trade depression.

And note further:

Since 1929 unemployment in this country—

That is to say, the United Kingdom.

—although worse has not increased to the extent and in the degree that it has in the United States and other countries. This difference may in part be due to the mainten-