report on the bill, together with the statements which he made in the committee, it would appear that they may be using a somewhat different terminology or a slight shift in emphasis in saying substantially the same thing. In his evidence Mr. Wolfenden several times referred to his certifications of the 1935 bill as having been given with confidence as to the actuarial solvency of the rates of contribution in that bill, but he had in mind, in his own words, "the ever-present power and possibility of the advisory committee making such amendments as seem to be necessary"—and this with reference to a period of eight to ten or twelve years, over which he thought the scheme might continue actuarially solid. In other words, it would seem that notwithstanding his certifying to the actuarial solvency of this scheme he had in mind that the advisory committee would be continually and actually on the job to make sure that that state of solvency was not impaired. Mr. Wolfenden also put forward the view that the certification of the unemployment insurance fund must be according to the best judgment and experience of the actuary, and he must make his calculations with reasonable certainty but not with excessive margins of safety.

As already noted, Mr. Wolfenden's view with reference to the present bill is that it is to be regarded as actuarially indeterminate. From statements made in the committee by the chief actuary of the Department of Finance, and also from a perusal of his report made on this bill and the bill of 1935, it would appear that his view is that the position of the unemployment insurance fund, in fact of any insurance fund, must always be actuarially indeterminate. He put forward the view that actuarial science is not an exact science in any practical insurance field. In illustration of this he referred to the position of life insurance, pointing out that the indeterminate factor in that business is the so-called dividend to policyholders. He represented that for the great bulk of life insurance a premium rather higher than believed to be necessary is charged and then at the end of the year the company balances its books, balances its assets and makes actuarial valuations of its insurance obligations and thence arrives at the surplus. It is out of the surplus that the "indeterminate" for the companies changes their dividends from time to time. Most of us are perhaps aware of the fact that the companies have made some reduction in dividend scales in recent years as a consequence of reduction of earnings.

It would be of course wholly impracticable to take unemployment insurance on the basis of contributions substantially on the high side with annual or other revisions in any year for which the contributions might be proved to be in excess of the claim.

In Mr. Watson's view the only reasonable and practicable procedure in the circumstances is to make provision for a reasonable average standard of unemployment, having regard to experience over a period of say ten years with a reasonable margin, and in setting up rates of contribution it should always be kept in mind that they must in the nature of things be subject to review as and when it may appear necessary or advisable to make the review. It is one of the key provisions of this bill that the unemployment insurance advisory committee shall make a review at least once every year.

I should like to refer the committee specifically to one part of section 36 bearing on this matter. Subsection 1 of section 36 reads:

> The committee shall, not later than the end of February in each year, make a report to the governor in council on the financial condition of the unemployment insurance fund as of the 31st day of December next preceding, and shall make a report to the governor in council on the financial condition of that fund whenever the committee considers that the fund is or is likely to become, and is likely to continue to be, insufficient to discharge its liabilities, and may make a report on the financial condition of the fund at such other times as the committee may think fit.

An examination of Mr. Watson's report shows that his report in 1935 and his report on the present bill were founded on the data of unemployment for the eleven years from 1921 to 1931, the average rate of unemployment over which period, as shown by data used in making the calculations, having been 12 per cent. A good deal was made in the committee of the fact that although the unemployment for that period might have been satisfactory for the basis of his 1935 report, it almost necessarily follows that it would not be found satisfactory as the basis of the present report. I find however in Mr. Watson's report that the average number of benefit days for insured persons, as computed on that basis of 12 per cent, was increased by 30 per cent, with a view in part to making provision for higher unemployment than that shown by the period of 1921 to 1931. In addition, a number of other adjustments were made with a view to computing rates which might reasonably be considered sufficient.

An element of substantial strength in the present bill, which was not in the act of 1935, is the ratio rule for the computation of benefit days. Under the 1935 act insured persons who might qualify for benefit by making the minimum number of contributions each year would be entitled to a minimum