

The national finances are in such a serious state that the Right Hon. Prime Minister felt the necessity of reducing the federal contribution for unemployment relief. The financial situation is so critical that although in 1931 he decided to resurrect the Vocational Education Act—a measure dropped during our regime—and promised the provinces an annual contribution of \$750,000 for fifteen years, he did not dare implement his promises. All this goes to show that the country is carrying a very heavy load.

The Right Hon. Prime Minister admits that measures of reform should “normally be initiated not in times of depression but in times of comparative prosperity.” I am still citing his speech of January 2. It is because he chooses to affirm that we have reached this stage that he launches a programme of social reforms that may be very costly to the treasury. I leave it to honourable members to ponder whether we have returned to a state of “comparative prosperity.” I am not ready to admit that we have. I should be very glad indeed if I could share his optimism, but when I study his speech of the 2nd of January I am rather depressed and inclined to take the contrary view.

Notwithstanding this serious condition of our finances the Right Hon. Prime Minister has placed in the Votes and Proceedings of the other House the following resolution:

That it is expedient to introduce a Bill to establish an employment and social insurance commission; to provide for a national employment service; for insurance against unemployment; for aid to unemployed persons, and for other forms of social insurance and security, and for purposes related thereto; and to provide for such contributions as may be necessary to carry into effect the proposed legislation.

Well, I am quite sure that before the right honourable gentleman and his colleagues proceed further with that resolution he as a business man with some acumen will state the ways and means by which these new obligations will be met. These comprise old age pensions, sickness insurance, and unemployment insurance. I am sure that all three must be contributory. The beneficiaries themselves, represented by their labour unions, have passed resolutions asking that these be placed on a contributory basis.

When the preceding Government brought in the old age pension legislation the Conservative members in this Chamber at first balked at the financial responsibility involved, although the Federal Government was assuming but half the cost—in fact not even half, for it left the administration to the provinces. We provided old age pensions without exacting any contribution from the beneficiary. In doing that we were following

what had been done in Great Britain, and when the Bill was presented in this Chamber I suggested that it was a provisional measure, the first step towards creating old age pensions. I pointed out that while Great Britain had started out in the same way, it had soon—within four or five years, I think—turned around and established the contributory system, but that we might well begin by adopting the non-contributory system, at all events so far as concerned those who were past forty. I may say I thought the provinces themselves would hasten to establish a contributory scheme. However, nothing was done; and nothing could be done after the present Government took office and declared through its head that it would take charge of the whole system.

But one need only look at the cost to the federal treasury, during the last two years, of the seventy-five per cent paid to those provinces which entered into the scheme—for a number have not yet done so—to realize that when old age pensions are taken over entirely by the Federal Government and the full cost is borne by the federal treasury, we cannot afford to continue the scheme unless it is placed on a contributory basis. I do not know exactly what form the pension for sickness would take, or what it would represent in money, but the same argument would apply.

We are told that we are to have unemployment insurance. It must not be forgotten that any scheme of unemployment insurance established to-morrow could affect only the men on the pay rolls to-day, and not those at present unemployed. The principle justifying the levy upon the employer is, I think, that he should help to maintain the men he lays off temporarily or employs only part time. An employer who under normal conditions gives work to a certain number of workmen should take care of the men he may need in a short time. It seems to me, therefore, that the scheme should be brought into being in normal times. The Prime Minister has felt that many of these schemes should be undertaken in times of prosperity. I am speaking not of prosperity, but of normal conditions, when industry is working nearly full time, because no labourer who is not on a pay roll can come under such a scheme. Industry is now proceeding in low gear, and a large proportion of men are on the dole. I feel, therefore, that this is not the time to bring this scheme into operation. Manifestly it would not help the army of unemployed, and in the present difficult situation I feel that in bringing it into effect we should be uselessly handicapping our industries, more especially those that are