

Unemployment Insurance Act

The higher benefits, of course, are not yet in effect. As indicated, they require the approval of parliament. There are a number of other changes in the act, and one that will be of great interest to employers is that of exempting them from the payment of twenty-four cents a week for each person holding a certificate of exemption. We have had many complaints about this and decided that it was a provision that should be deleted from the act.

To speed up the payment of benefits, there is an amendment which will authorize the local insurance officer to pay a claimant a maximum of thirty-six days' benefit upon the production of an unemployment insurance book showing 180 consecutive contributions. Up to now the requirement has been that a claimant must show 180 contributions in the preceding two years, and then the insurance officer had to check back for five years to find out the benefit position of the claimant. This proposed change will speed up the payment of claims.

Hon. members will note, when the bill is distributed, that the increase in benefits is less in the lower earning brackets than for those in the higher earning brackets. The explanation for this is that the benefit rates for the lower earning brackets have always been based on 80 per cent to 90 per cent of earnings and so any non-actuarial raise would threaten the safety of the fund. The increase is greater in the higher earning classes in which a very large proportion of claimants are found. In 1946, 77 per cent of all claimants were in the two top earning classes.

Mr. Speaker, the bill has been drafted with the realization that the Unemployment Insurance Act can only be successfully administered on actuarial principles. I know in recent years there has been a demand from various parts of this country for the payment of higher benefits than can be approved. It must be remembered that this is a social security scheme of a tri-partite nature: contributions by employer and employee, plus one-fifth of the total by the dominion government.

There is no one in the house who would be more strongly in favour of higher benefits than myself. But we have to be reasonable. This is a great social measure. Its effectiveness easily can be destroyed by paying out more than is justified by contributions to the fund. I know, and the members of the house generally know, that the benefits provided for are not related to approximate earnings. The purpose of the act is to provide allowances to persons temporarily unemployed, sufficient to take care of their most necessary needs.

[Mr. Mitchell.]

Unemployment insurance is not a substitute for a salary or a wage. I want to make that clear. If we have benefits pushed up to a point where the amount is sufficient to provide normal expenses, then we are going to have, on the part of a percentage of our workers, a disposition to avoid work and live as long as they can on unemployment insurance.

I want to emphasize at this point that I believe the vast majority of the workers of Canada are honest, decent citizens. There is, however, as in all countries, a minority of would-be idlers. They are the ones threatening the stability of social measures such as the Unemployment Insurance Act.

The safe level for benefits varies with wage levels. Thus a benefit rate of \$6 may be reasonable for a person earning \$7.50 weekly—a rate of 80 per cent of wages. But 80 per cent for a person who has been earning \$40 weekly would be \$32 and that, in our opinion, would be too high.

Unemployment insurance is long-term insurance. Should wages and prices recede from their present levels, it would then be very important that benefit rates be on a sound basis. I might add that reductions in earnings do not become fully reflected in a worker's benefit rate until he has made 180 contributions at lower rates, for the average of 180 contributions is taken. In the meantime, his benefit rate is based on a higher average of earnings.

At the present time we have about \$441,000,000 in the unemployment insurance fund. On the surface this appears to be a large fund, but a period of major unemployment would whittle the total down very quickly. Personally, I am happy to see the fund so big and I hope it gets larger for this means continued high employment. It is nice to know that we have such a back-stop for the workers. I do not know when we shall have a period of serious unemployment, and, Mr. Speaker, I do not think any other hon. gentleman in this house could predict that. I am an optimistic individual who feels that, provided that we keep our feet on the ground and act rationally, I shall not live to see the day when we shall go through what we did in the thirties.

Mr. HARRIS (Danforth): I hope the minister is right.

Mr. MITCHELL: I hope I am right too. Some people hope I am not right.

Mr. HARRIS (Danforth): Oh, no.

Mr. MITCHELL: I am not reflecting on my hon. friend opposite.