

The employee pays one-third; the employer, one-third; and the government, one-third. Let us see what would happen under such a plan. The employee's contribution comes directly out of his wages, thereby reducing his purchasing power and at the same time reducing his standard of living. The employer's contribution must be raised out of his business, and he must add it to the cost of his goods or include it in overhead charges. In other words, he is faced with two alternatives. He must make a profit if he is to remain in business. He must therefore either raise prices, thus reducing the standard of living of the consumers, or reduce his overhead charges, which means a further reduction in the salaries of his employees. The contribution by the government, especially the present one, would in all probability take the form of increased taxation, and this would result in lowering the standard of living generally.

These are some of the results of a contributory insurance scheme which are opposed to the aims and objects of good government. It should be the object of good government to seek to improve conditions in the country. Surely it is evident to all that the average wage-earner cannot stand any further reduction in wages. It has already been pointed out that 98 per cent of the wage-earners receive less than \$664 per annum. They cannot afford to have these wages further reduced. They are not receiving enough to-day to enable them to enjoy more than a bare existence.

Let me make myself clear. Neither am I nor are the members of my party opposed to any scheme that will improve conditions for the working people of Canada. We are, however, convinced that a system of contributory unemployment insurance cannot help the working man. Unemployment insurance, introduced by governments who have claimed a cure for unemployment, is merely an admission of defeat. It is merely a shifting of the burden over on to the people and the drawing of a red herring across the trail to divert their attention from the real issue. The people of Canada desire security and freedom; yet under unemployment insurance we are asked to render everyone less secure. Taxpayers and workers are to have their security reduced by a reduction in their income to meet the costs of the insurance. The unemployed are to be regimented, controlled and as a body kept in a condition of permanent indigence, presumably in return for the privilege of being permitted to live in this condition in a country capable of supplying them with all their wants. I submit, Mr. Speaker, that the idea is monstrous and is a

[Mr. Kennedy.]

violation of the democratic right of every citizen of our land to life, liberty and the pursuit of happiness in this economic environment of plenty. It is not unemployment insurance that the people of Canada want; it is employment assurance.

The Minister of Labour (Mr. Rogers), in discussing unemployment, suggests that we should encourage industry to take up the lag as far as possible. Others follow the argument that was used by the *London Times* on October 27, 1936, which said, "He is a public benefactor who can provide employment for two men where only one was employed before." Once again let me point out that the cost of industry goes into the price of the product of industry; therefore, if the cost of industry is to be increased by more salaries having to be paid, then the price of the product of industry must be raised. The result is another increase in the cost of living, which means reduction of purchasing power, which means less goods sold, the stagnation of industry and more unemployment, and again we have completed the vicious circle and are back where we started but in a worse economic condition than when we started. The sole justification of any industrial system can only be personal consumption. The true function of factories or industry is to produce goods, not make work. If it is the policy of the Minister of Labour to encourage private industry, as far as possible to take up the lag in employment, that is not consistent with the introduction of contributory unemployment insurance. I contend that the introduction of contributory unemployment insurance would defeat that aim. Employers who will be forced to pay part of the insurance premium for each and every one of their employees will endeavour to work with as few employees as possible; thus the introduction of contributory unemployment insurance will tend to greater unemployment.

Another point is that the introduction of a contributory system of unemployment insurance will also have the effect to some extent of taking away from workers their privilege of association to safeguard their own rights. For example, let us suppose that a railway company, a factory or some other industry lowers wages or lengthens working hours. The employees, feeling the treatment to be unfair or unjust, protest to the employer. Nothing is done. The men in an effort to obtain better conditions, threaten to strike. Is it not possible for them to be intimidated into accepting these unfair conditions by the threat of losing their contributions to unemployment insurance? Governments have never moved to better the conditions of the people until the people themselves have turned pressure upon them by effective demand.