

their labour force attachment. Some rejected the idea of "acquired eligibility". While some of the benefits proposed by the new plan were questioned, the eligibility rules attached to them were not. It was recognized that benefits adequate for workers with a long work force attachment might not be suitable for workers with a limited labour force attachment.

4. Waiting Period

The increase in the waiting period was a point on which opinions differed markedly. One organization wanted no waiting period at all and benefits to start on the first day.¹² However, the majority of witnesses accepted the need for some waiting period even if the hardship which it necessarily entailed was emphasized.¹³ The same line of reasoning led another group to suggest "that the waiting period for unemployment insurance benefits be related to annual earnings".¹⁴

The waiting period is needed to establish that there is a valid interruption of earnings. This is especially important if the barriers to entry are lowered and if the level of benefits is increased as proposed. The intent is to deal with real interruptions of earnings while ensuring that the ability to maintain non-deferrable expenses in the face of income decline is not seriously impaired.

The length of this waiting period cannot be determined in isolation. Indeed in the same way as some would relate the hardship of such a waiting period to the previous level of claimant income, it is essential to relate it to the other dimensions of the eligibility conditions and to the structure of benefits. If the waiting period were to be reduced to one week, an unemployed person might make more money by remaining unemployed if the proposed White Paper structure and level of benefits were to apply. This would constitute a disincentive to seek re-employment and invite abuse. With a two week waiting period, even should the unemployed person get back into productive activity on the first day of the third week he could not obtain higher aggregate earnings for the first five weeks than he would had he remained in gainful employment.

There are also reasons to believe that the ability to meet deferrable expenditures while the interruption of earnings is established is, in most cases, assured. In the cases where hardship is entailed, it would appear preferable to establish an alternative method to meet the problem rather than to abolish the unconditional benefits of phase 1 or to introduce a reduction in the level of benefits.

¹² The United Electrical, Radio and Machine Workers of America. See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 29, 1970, Issue No. 17, Appendix A-4, p. 113.

¹³ Canadian Labour Congress. See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, October 6, 1970, Issue No. 20, Appendix A-11, p. 65.

¹⁴ Domtar Ltd., See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 29, 1970, Issue No. 17, Appendix A-1, p. 99.

5. Eligibility for Phase 5

Certain groups expressed opposition to the linking of eligibility and benefits to conditions of the economic environment. They oppose the tailoring of benefits to regional circumstances.

One organization expressed its "dismay" that the White Paper proposed number of weeks of entitlement would be related to the rate of unemployment.¹⁵ Yet numerous analyses have shown "the duration of unemployment to vary with the state of the economy, the average duration lengthening as overall unemployment levels climb".¹⁶ If such is the case, it is reasonable to lengthen the entitlement period in regions where the unemployment rate is higher (phase 5) and to lengthen it also across the country when the overall unemployment rate rises (phase 3).

B. Comments

The central problem of the eligibility question is to determine whether this mix of elements (eligibility conditions dependent on both individual and environmental circumstances with lower barrier to entry, a longer waiting period and different points of entry) is likely to improve significantly the performance of the plan and whether it will assure the acceptance of *bona fide* claims. We believe that the answer lies in the affirmative. From the observations noted in section A, it would appear that concern may be due principally to

- (a) a lack of understanding of the overall purpose of the eligibility rules and of each of the benefit stages.
- (b) the lack of explanation in the White Paper about the exact function of the waiting period.
- (c) a need for further explanation of the balance between the individual and environmental circumstances in the eligibility roles.

This has led some interested parties to suggest alterations in the proposed plan which would in our view lead to a major shift in purpose. We have attempted to approach the real difficulties raised by the briefs in a way which would preserve the integrity of the eligibility conditions.

RECOMMENDATIONS

C. In the light of evidence received and examined, the Committee

(1) endorses the proposed eligibility rules dependent on both individual and environmental circumstances, characterized by lower barriers to entry, a longer waiting period and a greater differentiation of points of entry and routes through the system.

(2) expresses concern about the difficulties encountered by interested citizens in fully grasping the rationale for this more complex if more adequate structure and recommends that a campaign of information be launched, as soon as legislation is passed, to communicate the

¹⁵ Canadian Labour Congress. See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, October 6, 1970, Issue No. 20, Appendix A-11, p. 66.

¹⁶ Sylvia Ostry, *Unemployment in Canada*, Ottawa 1968, p. 21.