July 30, 1940

112659

Go Slow With Insurance Bill

Canada's Unemployment Insurance Bill, given its third reading in the House of Commons Monday, is a measure of vital importance to every Canadian, but it should not be foisted upon the country without a great deal more discussion than is possible in debates of the House. So vast are the ramifications of the bill, so large will be the financial burden to be assumed by the country, that the immediate present is not an opportune time to impose it. A little more time for consideration will not harm anyone and will result in much needed improvements in the bill.

The Unemployment Insurance Bill, coming to be known as the Job Insurance Bill, a somewhat more accurate title since it will create jobs at Ottawa, will cost the taxpayer $5,250,000 or thereabouts each year, or the equivalent of $2.50 for each person insured. That is the estimated cost of administration and it will be largely exceeded if history is to repeat itself. The money will come from the taxpayer, who will also provide a sum of $9,700,000, which is to be the Government's contribution in 1941 toward the insurance fund. What the amounts will be in succeeding years nobody knows. Employers and employees will contribute $48,800,000 in the first year, virtually that amount of new taxation.

The provision of a fund amounting to $58,500,000 in the first year might not be considered a very serious measure in view of the promised but rather illusory benefits, in time of peace, with other taxation at or near a normal level. But this is time of war and citizens of low earning capacity are being taxed for war purposes while industry is being taxed very heavily both directly and indirectly.

Because of the obvious defects of the bill as now presented, a substitute plan has been proposed by the Canadian Manufacturers' Association, known as the War-Savings Unemployment Reserve Certificate Plan, under which employees and employers would contribute in a three-to-one ratio toward the purchase of war savings stamps. When savings reached $100, the stamps are to be exchanged for an Unemployment Reserve Certificate for this sum, registered and bearing three per cent. interest. No further payments to be made unless unemployment reduces the value of the certificate. If laid off, the worker borrows from the bank on his certificate at the rate of $10 a week and at three per cent., until the $100 is exhausted. The plan eliminates Government contributions, is handled directly by employers and the banks and calls for no increase in governmental staffs.

Opposed to this is the Government proposal. This is what is known as a "pooling" plan. Under this arrangement employees earning less than $2,000 a year, including clerks and salesmen, pay in on a sliding scale according to earnings every pay-day continuously as long as they work and draw benefits only in case of involuntary unemployment for a limited period at a rate determined by weekly earnings. The plan requires 30 payments to qualify. Employer and Government also contribute. The unfairness of this scheme is obvious. Every worker, whether steadily employed or in a seasonal occupation, pays into the pool fund which can be drawn upon by all workers, including those who labor only for limited periods of the year. The just method is for each occupation to carry its own unemployment insurance. In the seasonal trades, where high wages are paid during employment, some arrangement should be arrived at whereby an insurance fund can be established by employers and employees during the busy periods. It is grossly unfair for employers and employees in occupations where work is provided the year round, to be compelled to pay into a pool fund, which in a great many cases can be of no possible benefit to them.

The plan now to come before the Senate, already severely criticized by employers and labor groups, calls for bold action when it reaches the Senate. The Banking and Commerce Committee of the Upper House ought to make a comprehensive study of the present unemployment insurance bill. If the Dominion is to be saved from the hasty passage of this measure, the responsibility will have to be assumed by the Senate and it is one from which the Upper House ought not to shrink.