

The preceding table indicates that in the case where the claimant with dependents remains unemployed over the entire seven week period and his income is below \$40 per week, the new plan offers less benefit than the present one. However, if he were to get a job at the 5th week, the proposed plan would provide as many benefits for him during the first seven weeks. If the claimant obtained a job at the 3rd or 4th week, the proposed plan would leave him much better off after seven weeks than the present plan—despite the fact that the waiting period would be increased to two weeks.

This illustration draws attention to the particular problem of claimants in the low income range. On the one hand, although their absolute number is small, this group may be said to have a higher percentage of its earnings consumed by non-deferrable expenditures; on the other hand, the increased waiting period may affect them most adversely. Consequently, it would appear crucial to ensure that in the case of those claimants in particular, the link with assistance programs, which may be able to fill any such gap on the basis of a needs test, be established firmly and that it should result in immediate remedial action on behalf of the low income claimant.<sup>29</sup>

(c) With respect to duration of benefits, the White Paper proposals were criticized by some witnesses and in some briefs. In our view, the proposal for a 26-week maximum entitlement rather than the 51-week maximum of the White Paper is based on the view that unemployment insurance caters only to interruptions of earnings, i.e., essentially a short term activity. On the other hand, it has been suggested that the maximum of 51 weeks may be undesirable and that it should be extended.

Both positions find inadequate support in the evidence. The rather flexible duration of benefits as defined by the five UIC phases would be made up of three components: a statutory entitlement, an entitlement linked to labour force attachment and an entitlement linked to environmental conditions. Very few groups faulted the scheme for attempting to link the duration of these phases with the objective constraints of the job search process (Phase 1), the accumulated merits of the claimants (Phase 2 and 4) and to the national and regional circumstances (Phase 3 and 5). However, the complexity of the scheme generated some concern on the part of witnesses. This has persuaded the Committee that a strong information campaign should be launched so that the useful features of the revised UIC plan will be fully understood by its users.

#### 4. Unemployment Benefits when the Interruption of Earnings is due to Sickness or Pregnancy

The provision of unemployment insurance benefits to claimants whose interruption of earnings is due to sickness or pregnancy was one of the issues most widely

<sup>29</sup> It is important to note that benefit levels would be higher under the new scheme. The difference in cumulative benefits would be due entirely to the longer waiting period. In the second week, no benefits would be paid out by the new scheme. It would therefore take a few weeks for the effects of the higher benefit schedule to manifest themselves.

discussed before the Committee. On the one hand, some witnesses expressed strong opposition to the provision of both types of benefits on the basis that this extension of unemployment insurance would go "well beyond the realm of pure insurance and enter the field of welfare".<sup>30</sup> Another group, while "by no means averse to discussing such a plan within the context of a general security plan" insisted that the pregnancy and sickness proposals should not be "grafted onto an unemployment insurance scheme for the simple and telling reason that these claimants would not be available for work and, to all intents and purposes for the time of their sickness and pregnancy, were out of the labour market". Moreover, this organization maintained "this would violate the Constitution".<sup>31</sup>

There is general acceptance of the view that an interruption of earnings due to sickness or pregnancy presents hardships. Benefits due to sickness and pregnancy exist now in at least 60 countries. These other jurisdictions recognize sickness and pregnancy and consequent income curtailment as a form of economic insecurity—a problem to be met.

The main question appears to be where the need should be met.

A number of those who expressed opposition to the payment of sickness and maternity benefits did not oppose the benefits *per se* as much as the vehicle through which it is proposed these benefits be provided. The view was advanced that such benefits, if they are to be provided, should be made available through some different, welfare-oriented program.

This position may be rooted in a misunderstanding of some of the references in the White Paper. In fact, the White Paper proposed not sickness benefits or maternity benefits but unemployment benefits in the case when Unemployment is due to sickness or maternity. Consequently, these benefits would not be welfare-oriented. They would perform the legitimate function of unemployment insurance: i.e., to deal with interruption of earnings.

One point raised in the Committee hearings dealt with the possible advantages in locating sickness and maternity loss of earnings benefits in a program and/or institution apart from Unemployment Insurance.

In our view, no persuasive arguments were set forth for separate facilities.

It was suggested by some that interruptions of earnings due to sickness and maternity are among the most frequent types of abuse of the present Act. It was alleged that pregnant women and persons who are sick but who are unable to qualify for benefits can only abuse the unemployment insurance fund by mak-

<sup>30</sup> Canadian Association of Equipment Distributors. See *Minutes of Proceedings and Evidence*, 3rd Session, 28th Parliament, Issue No. 5, Appendix A-22, p. 44.

<sup>31</sup> Canadian Chamber of Commerce. See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 30, 1970, Issue No. 18, Appendix A-5, p. 87.