

In the light of these figures, the White Paper's proposal for a benefit ratio of 66⅔% appears to have validity.

Moreover it is possible to provide ample evidence that as unemployment continues certain deferrable expenditures become non-deferrable. Consequently, there is a strong *prima facie* case for increasing benefit rates especially for workers with dependents. This appears to be the reasoning behind the proposed increase in the benefit ratio to 75% in Phase III i.e. after 18 to 25 weeks of unemployment. As explained by UIC officials in their memorandum regarding the self-adjusting features of the system, these percentages would be subject to a \$100 ceiling which would be adjusted yearly on the basis of a moving average of "average annual earnings".

Consequently, the case for the proposed range of benefit ratio is very strong. Indeed, if one recalls that these

benefits are taxable, the actual benefit received will carry between 66⅔% at the low income level to less than 55% at the higher income portion of the range. The effective benefits are, in fact, well in line with the suggestions advanced by a number of witnesses. It is of some concern to the Committee that during the first fourteen weeks the proposed benefit structure may not be sufficient to enable certain low-income claimants to cover all of their non-deferrable expenditures. If these claimants are unable to obtain employment quickly some hardship may be entailed.

The problem may be *illustrated* by an examination of the present benefits which would be received by a claimant with dependents in comparison with his situation under the White Paper proposals.

CUMULATIVE BENEFITS OVER THE FIRST SEVEN WEEKS
FOR A CLAIMANT WITH DEPENDENTS UNDER THE PRESENT
AND THE PROPOSED SCHEME UNDER TWO ASSUMPTIONS

Earnings Range	No Work Income							Reabsorbed in the Labour Force at week No. 5						
	Week Number							Week Number						
	1	2	3	4	5	6	7	1	2	3	4	5	6	7
\$20-29—present.....	—	17	34	51	68	85	102	—	17	34	51	76	101	126
—proposed.....	—	—	17	34	51	68	85	—	—	17	34	76	101	126
30-39—present.....	—	21	42	63	84	105	126	—	21	42	63	98	133	168
—proposed.....	—	—	23	46	69	92	115	—	—	23	46	103	138	175
40-49—present.....	—	25	50	75	100	125	150	—	25	50	75	120	165	210
—proposed.....	—	—	30	60	90	120	150	—	—	30	60	135	180	225
50-59—present.....	—	29	58	87	116	145	174	—	29	58	87	142	197	252
—proposed.....	—	—	37	74	111	148	185	—	—	37	74	165	221	276
60-69—present.....	—	33	66	99	132	165	198	—	33	66	99	164	229	294
—proposed.....	—	—	43	86	129	172	215	—	—	43	86	194	259	324
70-79—present.....	—	38	76	114	152	190	228	—	38	76	114	189	264	339
—proposed.....	—	—	50	100	150	200	250	—	—	50	100	225	300	375
80-89—present.....	—	43	86	129	172	215	258	—	43	86	129	214	299	384
—proposed.....	—	—	57	114	171	238	295	—	—	57	114	256	341	426
90-99—present.....	—	48	96	144	192	240	288	—	48	96	144	239	334	429
—proposed.....	—	—	63	126	189	252	315	—	—	63	126	284	379	474
100-109—present.....	—	53	106	159	212	265	318	—	53	106	159	264	369	474
—proposed.....	—	—	70	140	210	280	350	—	—	70	140	315	420	525

(1) The mid point of the earning range only considered.

(2) Numbers are rounded to the nearest dollar and no income tax deduction taken into account.