

interruption of earnings, the new plan proposes to provide assistance in the process of reabsorption into productive activity.

The White Paper proposals constitute therefore a comprehensive commitment to deal with the problem of interruption of earnings. This limits its application to those who have earnings. It cannot be denied that there are other contingencies than those causing interruption of earnings but the contention of the White Paper is that they can be handled more effectively by complementary means.

Some witnesses expressed support for the guaranteed annual income. During the hearings, it was not clearly established that a guaranteed annual income would serve to remove the need for auxiliary machinery to deal with interruption of earnings from employment. Consequently a guaranteed annual income and other welfare measures discussed are seen by the Committee to be complementary to rather than a substitute for the White Paper proposals.

Another source of confusion has to do with the nature of a social insurance plan. Those who have criticized the proposed plan for going beyond 'pure insurance principles' have very often confused private and social insurance. While the labels are similar the intent and form differ greatly. Private insurance is voluntary, is exercised through contracts, provides protection against contingencies through a pooling arrangement and maintains a close relation between contributions and benefits. Social insurance is compulsory, its benefits are prescribed by law, it redistributes income in addition to providing protection through pooling arrangements and it is a government monopoly.

C. RECOMMENDATIONS

In the light of evidence received, the Committee

- (1) endorses the broad approach to problems of economic insecurity presented in the White Paper.
- (2) supports the two basic objectives
 - (a) of coping with the contingency of interruption of earnings and
 - (b) of facilitating reabsorption into productive activity.
- (3) supports the social insurance approach.
- (4) recommends a review of any legislation be undertaken at least every 10 years.

CHAPTER III

COVERAGE

A. Main Issues

For our purposes, coverage may be considered under three headings:

1. The White Paper introduces the concept of universal coverage of all types of employment with a few specific exceptions.

2. The exclusion of casual workers who earn less than \$25.00 per week.

3. The exclusion, for administrative and jurisdictional reasons, of:

- (i) self-employed
- (ii) nationals of other countries working for an agency
- (iii) special cases
- (iv) the provincial employee unless the provinces opt to cover all their employees

1. Universal Coverage

There has been a general support for universal coverage except for a few groups of employees and employers objecting on the grounds of an allegedly minimal or non-existent risk of interruption of earnings.

2. Casual Worker

Regarding the White Paper definition of a casual Worker, those briefs making reference to it expressed concern. Some briefs have expressed concern because the Casual Worker in certain highly paid occupations would qualify for unemployment insurance benefits with very few hours of work while a worker in lower paid occupations would need to work longer hours in order to qualify.⁵

Some witnesses suggest that hours worked would constitute a more equitable rule. In this connection, the Canadian Manufacturer's Association suggests 24 hours per week as a rule. Domtar notes some possible inter-provincial disparities in earnings which might lead to inequities in the \$25.00 rule. They suggest a "percentage of the industrial composite of average weekly wages and salaries in each Province"... The suggested percentage is 25%.⁶ The Retail Council of Canada makes similar comments on the inequity of "any dollar figure". It is suggested by them that a rule of 20 hours per week is more appropriate.⁷

The Canadian Labour Congress is concerned about the exclusion of the casual worker and recommends that the present system of half-contributions for such employees be retained.

In most cases, inequities inherent in the use of the twenty-five dollar weekly figure must be conceded but it would seem that the complexities of the many modes of remuneration bar any use of a time-of-work rule. Hence we are left with the suggestion of keeping the half-contributions or to provide a variable and better adjusted dollar figure.

⁵ For the Canadian Construction Association: "this appears to discriminate against the worker who, because of his lack of skill may find it more difficult to secure employment or employment at an above minimum wage rate—the very person who needs assistance most". See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 23, 1970, Issue No. 15, Appendix "W", p. 100.

⁶ See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 29, 1970, Issue No. 17, Appendix A-1, p. 99.

⁷ See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 17, 1970, Issue No. 12, Appendix "P", p. 118-119.