

have high lay-off patterns, the specific rate for these firms would be allowed to vary over the average industry rate to the same extent as the downward variation.

Since different industries would have different lay-off patterns, the average industry rates would vary widely. Each firm within a given industry would be allowed a rate which could go as low as the employee rate should a high level of employment stability be achieved. Conversely, those firms with unstable employment patterns higher than the industry average would be assigned a higher rate. The rate for specific firms within an industry would not be allowed to vary more upward than downward from the average industry rate.

Because experience rating would not come into effect until 1974, there would be ample opportunity to devise alternate formulae.

The industry rates and the firm rates would be defined as in the original plan on the basis of lay-off patterns.

RECOMMENDATIONS

C. On the basis of the evidence examined, the Committee

(1) endorses the tripartite principle of financing unemployment insurance.

(2) endorses the proposed method of financing whereby the federal treasury assumes the entire additional cost of the program when the national unemployment rate exceeds 4% or when the regional rate is over 4% and at least 1% over the national rate.

(3) endorses the principle of experience rating in defining the employers' contribution and suggests that an experience rating formula operating both at the industry and the firm level along the lines suggested above be adopted.

CHAPTER VII

COORDINATION WITH OTHER AGENCIES

A. Main Issues

The briefs presented to the Committee welcomed the declaration of a determination to coordinate the new UIC plan with other programmes. However, there was some expression of scepticism about the likelihood that such coordination would materialize; and, some expression of concern that possible failure might pose to be an impediment to development of a more comprehensive strategy to combat all forms of economic insecurity.

B. Comments

1. Coordination is, in part, a matter of assuring coverage where such coverage is not provided by any other programs. This rationale provides a strong incentive in support of unemployment insurance benefits in cases

where interruptions of earnings are due to maternity or sickness.

Coordination is also a matter of smooth interaction among complementary programs. The Claimant Assistance Program should forge a strong link between the UI scheme and the network of manpower policies in Canada. By identifying the causes of interruption of earnings the UI scheme should help to shorten the diagnosis period and to ease the transition period for the claimant. The guidelines to be used in classifying the claimants and in directing them to existing programs would be developed in close liaison with related agencies.

While the White Paper does not dwell at length on the processes of coordination and interaction, there is reason to believe that the new plan could be integrated with programs already in existence. This is in line with the Minister's assurance that "this program has been developed with the complete cooperation of all other government agencies concerned and they have expressed a total willingness to work with the officials of the Commission to see that the spirit of the White Paper is reflected in the operation of the new programs".⁴⁷

2. The coordinated approach referred to above does not constitute an impediment to the development of an improved economic security system. This consideration was a source of concern for many witnesses who expressed their disappointment that the proposed UIC plan could not be considered together with the forthcoming social security White Paper.

It is not for this Committee to comment in detail on the content of the White Paper on Income Security. It can be said, however, that the White Paper on Income Security contains no proposals which would eliminate the need for the reforms proposed in the White Paper on Unemployment Insurance. However, since we live in a society where both social needs and the techniques to deal with them are changing rapidly, a strong argument exists for flexibility and a continuing review of all programs.

As to the possibility of a program of annual guaranteed income rendering the new UI plan obsolete at some future time, this concern is based on a misconception about the purposes of these programs. In our view, these programs would be complementary. Apart from the unlikely probability that the levels of any future guaranteed annual income program were high enough to cover all non-deferrable expenditures, it would remain necessary to provide UI benefits for those members of the labour force experiencing an interruption of earnings.

RECOMMENDATIONS

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

1. endorses the pursuit of an integrated approach stressing cooperation and coordination among the different programs proposed by the White Paper.

⁴⁷ See *Minutes of Proceedings and Evidence*, 3rd Session, 28th Parliament, November 3, 1970, Issue No. 8, Appendix A-48, p. 53.