

Arguments were directed to the particulars of each benefit, to the propriety of UIC providing them and to the problem of coordinating the benefit structure.

2. Links with other Government Services

There was little comment on the White Paper proposal to establish a "computerized inventory of all the unemployed" and the proposal to provide greater information which would assist the citizen in assessing the availability of other Federal, Provincial, Municipal and private programs.

The White Paper is not explicit about the ways in which UIC would perform this function. Would this mean an expansion in the number of local offices? The "links with related government activities" have not been delineated. Of necessity, full details are, as yet, lacking and consequently most briefs were silent on this issue or confined their judgement to approval in principle.

3. The Structure of Monetary Benefits

The White Paper proposes that the claimant whose interruption of earnings is due to a lay-off enters the monetary benefit route at one of two points and proceeds through a route along which his entitlement is determined at different check points in the light of his individual or environmental circumstances. Some witnesses and briefs posed questions about the desirability of some of these benefits, their level, and their duration.

(a) The advisability of Phase I benefit was challenged on the basis that the "non-returnable lump sum payments equivalent to 3-week benefit after two weeks of unemployment" are "more generous than is necessary or desirable".¹⁹ Others argued that such a benefit would constitute "a strong incentive to refrain from work or from seeking work during the latter part of his waiting period because of the reward in the offing".²⁰

Some suggested that in certain industries, where closures for a few days may be necessary, they would be faced with "an exodus which would be of at least two weeks duration".²¹

One opinion suggested that while such a benefit would act as an inducement for a worker to get back more quickly into productive activity (as the White Paper postulates) it is "reprehensible" because "it implies that claimants are not looking for work".²²

While some people may choose to delay their return to work in order to obtain the Phase I benefit, the incentive to get back into productive activity will be very high after

¹⁹ Canadian Institute of Temporary Help and Business Services, See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 29, 1970, Issue No. 17, Appendix A-2, p. 107.

²⁰ Canadian Construction Association, See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 23, 1970, Issue No. 15, Appendix "W", p. 90.

²¹ Council of Forest Industries of British Columbia, See *Minutes of Proceedings and Evidence*, 3rd Session, 28th Parliament, October 27, 1970, Issue No. 6, Appendix A-32, p. 82.

²² United Auto Workers, See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 22, 1970, Issue No. 14, Appendix "T", p. 125.

the 10th day of unemployment. At present, the tax rate on the additional income of an unemployed person when he returns to productive activity is very high and it has been a disincentive for some to gamble on job opportunities which may not pay off.

However, under the proposed plan since unemployment insurance benefits will be taxable this disincentive to return to work will be lessened.

An additional argument in favour of the lump sum payment is the fact that there are significant administrative costs involved in dealing effectively with the temporarily unemployed who are in need, principally, of monetary benefits to carry them over their short interruption of earnings.

Both the incentive aspects of the proposed plan and the approach to the question of administrative costs constitute moves in the right direction and seem to be in line with the developmental philosophy of the White Paper.

(b) The proposed rates of benefits of 66 $\frac{2}{3}$ % of earnings to a maximum benefit of \$100 have generated some debate. However, it can be said that the support given to the White Paper position by sources cited by UIC officials in their final presentation was most persuasive.²³

The Canadian Chamber of Commerce and certain other groups judged the benefit ratios as too high. "Such a rate would remove from the beneficiary the incentive to work".²⁴ The Chamber of Commerce argued for a 60% ratio of benefits. The same view was advanced by the Canadian Institute of Temporary Help and Business Services²⁵ and similarly by the Canadian Manufacturers Association²⁶ and by Domtar.²⁷

The argument in support of the 66 $\frac{2}{3}$ % ratio is based on the percentage of normal earnings directed to non-deferrable expenses. These include such items as food, shelter space, clothing, health care, etc. Calculations of the percentage of expenditures falling in this category from data provided by DBS (Urban Family Expenditures Survey) has revealed²⁸ that in 1959 for families with yearly income between \$2,500 and \$3,500, the percentage exceeded 70% and for families with incomes between \$3,500 and \$5,000, non-deferrable expenses represented slightly less than 60% of income.

²³ Document on non-deferrable expenditures, See *Minutes of Proceedings and Evidence*, 3rd Session, 28th Parliament, October 29, 1970, Issue No. 7, Appendix A-40, p. 64-71.

²⁴ See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 30, 1970, Issue No. 18, Appendix A-5, p. 85.

²⁵ See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 29, 1970, Issue No. 17, Appendix A-2, p. 107.

²⁶ See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 17, 1970, Issue No. 12, Appendix "N", p. 100.

²⁷ See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 29, 1970, Issue No. 17, Appendix A-1, p. 100.

²⁸ See *Minutes of Proceedings and Evidence*, 3rd Session, 28th Parliament, October 29, 1970, Issue No. 7, Appendix A-40, p. 64-71.