



CANADA

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## THE FUTURE OF UNEMPLOYMENT INSURANCE IN CANADA

*The following excerpts are from an address by Mr. John R. Nicholson, the Minister of Labour, at a conference sponsored by the Unemployment Insurance Commission at Queen's University, Kingston, Ontario, on July 17:*

...Since unemployment insurance was first introduced in Canada, the objective of maintaining the employment and the dignity of a limited class of workers has declined in importance. We have made vast progress in social security, and our more recent programmes for old-age pensions and health insurance have placed strong emphasis on universality, rather than on conditional or selective coverage. We certainly have travelled a long road from turn-of-the-century liberalism to an era in which prominent economists can seriously advocate the adoption of universal guaranteed annual income programmes.

In the same way, the principle of pure insurance was handicapped from the very start. The Government has borne the costs of administration. It has contributed a proportional share to the Unemployment Insurance Fund on a regular basis and, in 1962, it found it necessary to take more drastic steps to assist the Fund in meeting its obligations under the economic conditions then prevalent. While no economist, without risk of serious controversy, would undertake to define or even endorse the conception of the business cycle, it has become obvious in the very recent years that, whatever the ups and downs of our economy, the Unemployment Insurance Fund cannot be relied upon to meet every emergency without the assistance of public funds.

### AIMS OF UNEMPLOYMENT INSURANCE

If these early objectives have been greatly modified or discarded during the Commission's history, what then are the present objectives of unemployment insurance?

The first of these is one which has remained consistently to the fore ever since unemployment insurance was introduced to Canada. As early as 1937, an illustrious predecessor of mine as Minister of Labour, the Honourable Norman Rogers, explained it in this way: "The payment of benefit in time of industrial depression helps materially to maintain the purchasing power of the workers and thus the volume of buying of consumer goods; it tends, therefore, to increase stability and helps the producers and distributors of producers' goods also, as well as the Government and the workers." This role of an economic stabilizer, or if you like, a flywheel to even out the momentum of the economy, has been one of major importance when you realize that benefits paid out to unemployed workers from 1942 until April 30 of this year have totalled almost \$5.5 billion. That is a considerable sum of money by any standard.

We must remember too that this money is immediately effective. It is spent right away on basic goods and services. It turns over very quickly....

### UNIVERSAL COVERAGE SOUGHT

...The goal of universal coverage is one which has been long sought after and it has already caused a number of difficulties — notably in the case of extension of coverage to fishermen and more recently