

at the beginning of the third week or should be paid automatically in instalments.

4. Although the proposal to attempt to cover all contingencies and causes of interruption of earnings is laudable, it would appear that the payment of benefits to retired workers presents difficulties. However, it would appear that one cannot fairly exclude from the program workers between 65 and 70 who are ready, willing and able to work. In addition, there is some merit for the three week lump sum benefit to help tide over these workers when they retire until the Canada Pension Plan or Quebec Pension Plan payments begin.

5. The claimant assistance program came under some criticism because it did not clearly separate the benefit control function from the counselling function.

### C. RECOMMENDATIONS

In the light of evidence received and examined, the Committee:

1. Endorses the broad outline of the proposed benefit structure with its mix of assistance benefits in addition to the customary monetary benefits. These benefits are to be tailored with respect to their level and duration to meet the statutory rights of individuals, their acquired eligibility and environmental circumstances and further at low earnings levels the benefits in the first few weeks of the claim be no less than an established minimum figure.

2. Recommends that any claimant assistance program be explicitly divorced from any contact with benefit control and that this fact be widely publicized.

3. Recommends that unemployment benefits be paid to persons whose interruption of earnings is due to maternity or illness according to the proposed plan.

4. Recommends that the Phase I payment be made in two instalments.

5. Recommends that with regards to workers between 65 and 70 the White Paper Proposals be adopted.

6. Insists that in the case where claimants are clearly unable to meet their non-deferrable expenses with their unemployment benefits, the UIC be asked to direct them to appropriate assistance agencies through a special channel so that action can be taken without any delay.

## CHAPTER VI

### FINANCING

#### A. Main Issues

The financing of an Unemployment Insurance scheme depends on the nature of the economic security it is designed to provide.

The philosophy underlying the proposed plan is that involuntary economic insecurity caused by an interruption of earnings has negative effects on the individual both in his capacity as a consumer and in terms of the satisfaction derived for productive labour. Furthermore, unemployment also imposed costs on society as a whole due to the failure to fully utilize the productive capacity of our human resources.

There are some reasons to believe that the employee, the employer and society as a whole would benefit from the provision of greater economic security engendered by the proposed system. It was suggested that the ultimate responsibility for all interruptions of earnings should be that of the government. This view resulted in proposals to finance the Plan out of general revenues. Other approaches have emphasized the need for a greater assumption of responsibility by business enterprises. This view led some to propose a full employer-financed Unemployment Insurance Plan.

At no point was it suggested that Unemployment Insurance be a purely employee-financed plan.

Since benefits are conferred on the employee, the employer and society as a whole, the White Paper philosophy proposes a tripartite responsibility in the financing of a new Unemployment Insurance scheme.

The allocation of the different burdens to the three parties generated some debate before the Committee. These expressions of opinion focussed on two main themes:

1. The White Paper proposes a philosophy and mechanism of financing which crystallizes the scheme as a tripartite arrangement.

The White Paper introduces a division of burden between the parties which is defined by column 6 in Table 1 (reproduced on p. 25). This allocation of burden has been delineated under different assumptions in the booklet, *Facts and Figures*,<sup>30</sup> from which the table on the next page is extracted.

<sup>30</sup> See *Minutes of Proceedings and Evidence*, 2nd Session, 28th Parliament, September 17, 1970, Issue No. 11, Appendix "M", p. 142.