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POST-WAR PLANNING

On March 16 Pensions Minister Mackenzie tabled at the first meeting of the select House of Commons committee on social security a report on social security for Canada prepared by Dr. Leonard C. Marsh, research adviser to the Dominion's advisory committee on reconstruction.

The report sets out:

(a) The main features of relevant social legislation already existing in this country.

(b) The methods by which these provisions may be improved or reformed, "particularly by transformation of the coverage and technique to a contributory social insurance basis."

(c) "The principles which should be considered if the construction of a comprehensive social security system is to be undertaken in the most fruitful and effective manner."

It is emphasized that the report is not a compendium of draft measures, but that public discussion is necessary before the "blueprints" are drawn up. The report will be discussed by the House committee, which is expected to make recommendations.

Whether the whole program of social security should be brought into operation at one time or in some ordered sequence is left to be decided by the pattern of the events of the war's termination and of other items of post-war policy as well as by public opinion.

The benefit rates suggested also are put forward as subject to further discussion.

On the constitutional issue the report emphasizes that proper integration and administration of a comprehensive scheme will not be possible unless the federal and provincial governments work out a clear understanding on their respective responsibilities.

Another fundamental point emphasized is that social security legislation, like other elements in post-war policy, depends on the size and the maintenance of the national income. As the report suggests at one point, social security expenditures may be one of the "strategic factors" in post-war economic policy: "One of the necessities for economic stability is the maintenance of the flow of purchasing-power at the time when munitions and other factories are closing down and war activity in many other spheres is being liquidated. Sound social insurance, which is a form of investment in physical health, morale, educational opportunities for children, family stability, is both a desirable and a comparatively easy vehicle of expenditure. It is not only an eminently appropriate peacetime alternative for expenditures now being devoted to destruction: It is also a form of using some of the deferred backlog of consumer expenditure to which reference is so often made only in terms of radios, refrigerators and other tangible consumers' goods."

Following are summarized the elements of the comprehensive scheme suggested as suitable for Canada:

1. UNIVERSAL RISKS - Benefits payable principally at standard rate rather than dependent on past income or wages or actual amount of premium or contribution.

A. ALL INSURABLE POPULATION:

1. MEDICAL CARE (services, contributory, with Dominion-provincial co-operation in administration of the contributions, provincial administration of the services and appropriate techniques for provincial -

co-ordination) -- subsidy, according to capacity to pay, at contribution end; neither limited nor graduated benefit, but distribution according to need for medical services made available.

2. CHILD MAINTENANCE (allowances, tax revenue, Dominion administration) --- rates not settled, but it is suggested they vary according to age of child, averaging about $7.50 a month. An even lower figure would be acceptable if necessary to ensure the inauguration of the important principle of children's allowances paid on a universal basis.

3. FUNERAL BENEFITS (contributory, related to one or several of the other insurances for administration purposes) -- adults, $100; juveniles, $65; children, $25. Rates for contributors -- 7 to 10 cents a week.

B. ALL GAINFULLY OCCUPIED (and adult dependents):

1. PERMANENT DISABILITY (pensions, contributory, Dominion administration) -- $30 monthly for breadwinner, $15 for his wife, the two persons together to get a minimum income of $45.

2. WIDOWS, ORPHANS (pensions, contributory, Dominion administration) -- for widows, $40 monthly for the first year only of widowhood, then $30 monthly; $15 monthly to orphaned children of insured persons where there is no surviving parent (in addition to children's allowances).

3. OLD-AGE RETIREMENT (pensions, contributory with tax revenue for transitional deficits, Dominion administration) -- $30 monthly for breadwinner, $15 for his wife; somewhat higher rates if claim deferred beyond minimum pensionable age -- 65 for men, 60 for women, but with wife's pension becoming available, on husband reaching 65, no matter what her age.

(In the meantime it is recommended that the present non-contributory old age pension machinery be reformed by : (1) Removing unjustifiable restrictions as to eligibility; (2) setting a higher maximum than the present $20 monthly, with revision of income allowances; (3) reducing the age limit to 65 for men and 60 for women; (4) admitting to the benefits persons below the age level who are permanently unemployable).

II. EMPLOYMENT RISKS - Benefits largely related to prevailing wage scales.

(A) ALL NORMAL GAINFULLY EMPLOYED:

1. NATIONAL INVESTMENT PROGRAM (tax revenue, Dominion direction, co-ordinated joint program) -- a multiple-project program on a flexible basis to assist process of economic recovery and provide employment in the immediate transition period; probably requiring at least $1,000,000,000 program in first post-war year if national income to be maintained at high levels.

2. TRAINING AND GUIDANCE FACILITIES (tax revenue, Dominion and federal-provincial schemes) -- whether they should carry a maintenance grant for some or all classes of recipients or merely be free training not decided.

3. UNEMPLOYMENT ASSISTANCE PROJECTS (tax revenue, Dominion and provincial schemes) -- no limit placed on the duration for which unconditional or unemployment assistance should be payable, but suggested that this grant should be lower, possibly 10% less, than the benefit categories to which formerly insured persons belonged and to be as closely linked to training programs as possible; if special "assistance projects" are instituted, wages to be at a maintenance level and possibly varying according to regional conditions.

(B) ALL EMPLOYEES:

1. UNEMPLOYMENT INSURANCE (benefits, contributory, Dominion administration) -- increase two-person rate for claimant with adult dependent to average of nearer 33% (from present 15%) greater than single-unit benefit, the upper categories to measure up to the assistance minimum standard, which is $30 monthly for the breadwinner, $15 for his wife and $45 for the two; graduate the increases so the percentage improvement is greatest for the lowest scales.

2. SICKNESS BENEFITS(cash, contributory, Dominion administration, related to unemployment insurance) -- closely assimilated to unemployment benefit scales (approximately half normal wages).

3. MATERNITY BENEFITS (contributory, Dominion administration, related to unemployment insurance) -- suggested for women in wage earning employment only; rates closely assimilated to unemployment benefit scales, subject to possibility of minimum rate being established for this class of benefit as a special measure.

4. INDUSTRIAL DISABILITY, FATAL ACCIDENTS, ETC. (contributory by employers, provincial administration through workment's compensation boards)-- substantially unchanged, although extended and more standardized as between provinces.

Financial Considerations: Government sponsored program of peacetime investment and development -- probably $1,000,000,000 for the first post-war year.

Tentative estimate of cost of principal social security items (other than employment program): About $900,000,000 a year. Not all of this would be new expenditure. About $400,000,000 is anticipated from insured contributors and from employers, and about $500,000,000 would be required from tax sources. Some part of this would replace existing expenditures on public assistance, medical care paid for privately, etc. It is the experience of countries with comprehensive schemes or proposing them that 10 to 12% of the national income can be devoted to social security disbursements. Whether this would apply to the early post-war years would depend directly on the rate at which social security measures were enacted.

Approximate and average calculations of rates:

Farmers, rural groups - 75 to 90 cents a week.
Employees of various wage levels -- 75 cents to $1.85 a week.
Employers -- average about 90 cents a week per employee.

HEALTH BLUEPRINT

With respect to the three main fields of social security legislation,

(1) Insurance against the fear of unemployment
(2) Insurance against the fear of an impoverished old age
(3) Insurance against the fear of the heavy economic burden of sickness and ill health.

Canada has so far legislated only with respect to the first two. The proposed draft Health Insurance Bill, drawn up by the Advisory Committee on Health Insurance and presented by the Minister of Pensions and National Health to the Parliamentary Committee on Social Security, will meet a long felt need in Canada both from the standpoint of the provision of medical care and the prevention of disease.

Because the Advisory Committee considers health insurance must go hand in hand with a broad program of preventive health measures, it recommended that the Dominion Government assist the provinces both with respect to health insurance and a public health program, but not with regard to either one of these projects unless both are put into effect.

The draft Health Insurance Bill is constructed on compulsory and contributory principles. All adults whose wages, earnings or incomes come within a certain formula of adequacy will be required to pay their own contributions. That is, each individual will be asked to contribute only according to his ability to do so. The employer will take up the slack for the employee and the governments for all others. The husband, if he can afford it as measured by the standard laid down, will pay for his wife, but the cost of children will be distributed over the whole contributing population.

The benefits will consist of complete medical and nursing services, hospitalization on a general ward basis, medicines within an approved list of standard remedies, and dental care, at least to the extent that existing dental facilities are capable of providing.

The general public health program which the provinces must agree to undertake in order to qualify for Dominion financial aid, covers 24 subjects:

Standard preventive measures for the prevention and treatment of communicable disease.
Provision of expert advisory services.
Adoption of a program of public health education through local voluntary agencies.
A mental hygiene program.
Establishment of control services with respect to communicable diseases.
Sanitary supervision of premises
Establishment of nutritional services.
Maintenance of public health laboratories.
Establishment of sanitary engineering services.
Collection and dissemination of vital statistics.
Supervision of hospitals and sanatoria.
Provision of dental inspection for children.
Adoption of child and maternal hygiene services.
Supervision of sanitation and health environment in industry.
Quarantine inspection to prevent the introduction of communicable diseases into the province.
Provision of public health nursing services.
Adoption of health regulations with regard to housing.
An adequate venereal disease program.
A program for the prevention, detection and treatment of tuberculosis.
Cancer clinics.
Preventive and diagnostic services for the early detection of heart disease in children.
Medical inspection in schools.
Investigations of epidemics.
Research services.

In addition to the main health insurance grant and the public health grant

for the provision of general health services, six preventive measures are recommended for which it is proposed the Dominion Government would make direct grants to the provinces:

1. Provision of free treatment for all persons suffering from tuberculosis, including the construction of additional buildings and bed accommodation.

2. Provision of free treatment for persons suffering from mental illness and the care of mental defectives, including buildings and accommodation.

3. Provision of preventive and free treatment for persons suffering from venereal diseases.

4. Provision of training facilities in public health work for physicians, engineers, nurses and sanitary inspectors.

5. Undertaking of special investigations concerning public health or public health measures.

6. Establishing and undertaking of a program of physical fitness development for youth.

Distribution of Costs

The estimated total cost of the health insurance scheme, based on the population of 1938, the last complete, non-war year, would be approximately $256,186,000. A true estimate of cost cannot be made until the provinces have studied the problem and have determined the number of persons who will be included. The distribution of the costs is as follows, based on the average contribution of each adult as $26 a year (50¢ a week):

Contributors	Amount	Per Cent	
Employees	$63,542,000	24.8	
Employers	24,172,000	9.4	
Assessed contributors	37,036,000	14.5	
			48.7
Public Treasury (including $23,290,000 for administration)	131,436,000		51.3
TOTAL	$256,186,000		100.0

The grand total of public health grants to the provinces by the Dominion Government for health services over and above the federal assistance to the health insurance program itself would be $6,527,167.

National Fitness

As Health Insurance as laid down in the draft Bill will require legislation by both the Dominion and Provincial Parliaments, and probably will take about two years to be brought into operation, a National Fitness Bill has been drafted, with the recommendation that a physical fitness program be organized immediately. Its object is to promote the physical fitness of the people of Canada through the extension of physical education in schools, universities and other institutions, including industrial establishments. The bill provides for a national council of physical fitness, consisting of a full-time director and nine members, one representing each province, and a national fitness fund of $250,000.

PLANNING ORGANIZATION

As Canada's parliamentary committees to deal with post-war matters swung into action during March, the framework of official committees concerned with post-war reconstruction was completed, at least for the time being.

Such groups fall chiefly in two classes:

A. Parliamentary:

(1) Select House of Commons committee on reconstruction and re-establishment.
(2) Select House of Commons committee on social security.
(3) Special Senate committee on post-war conditions.

B. Advisory:

(1) Advisory committee on demobilization and rehabilitation.
(2) Advisory committee on reconstruction.
(3) Advisory committee on economic policy.
(4) Advisory committee on health insurance.

In addition, the Canadian section of the joint Canada-United States economic committees acts in an advisory capacity on several matters, including post-war planning.

The House Committee on reconstruction and re-establishment comprises 35 members and was set up on March 2. Its duties are to study and report on the general problems of reconstruction and re-establishment which may arise at the end of the war and all questions pertaining to them. A similar committee functioned at the previous session of the Commons.

The House committee on social security, consisting of 41 members, was named on March 5. It is to examine and report on a national plan of social insurance which will constitute a charter of social security for the whole of Canada. To that end it has five fields of study: Existing social insurance legislation of the Dominion and provinces; social insurance policies of other countries; the most practicable measures of social insurance for Canada, including health insurance, and the steps which will be required to effect their inclusion in a national plan; the constitutional and financial adjustments which will be required for the achievement of a nation-wide plan of social security; other related matters.

At the first meeting of each of these House committees a statement was made by Pensions Minister Mackenzie, who is also chairman of the cabinet sub-committee on demobilization and re-establishment. Also the report on social security for Canada by Dr. Leonard C. Marsh, research adviser to the advisory committee on reconstruction, was tabled. It is being considered by the House Committee on Social Security.

The Senate committee which is to consider and report on matters arising out of post-war conditions has 38 members. It is to deal particularly with problems of reconstruction and re-establishment and a national scheme of social and health insurance.

Formerly the cabinet sub-committee on demobilization and re-establishment had two advisory committees. Now it has only one, the advisory committee on demobilization and rehabilitation, which consists of both civilian and military officials of the government and is headed by Brig.-Gen. H.F. McDonald, chairman

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The House Committee on reconstruction and re-establishment comprises 32 members. It was set up on March 8. Its duties are to study and report on the general problems of reconstruction and re-establishment which may arise at the end of the war and all questions pertaining to them. A similar committee functioned at the previous session of the Commons.

The House committee on social security, headed by Mr. A. Hamilton, was formed on March 8. It is to examine and report on a national plan of social insurance which will constitute a charter of social security for the people of Canada. To that end it has five fields of study: unemployment, social insurance legislation of the Dominion and provincial governments, insurance policies of other countries, the most practicable measures of social insurance for Canada, including health insurance, and the steps which will be required to effect their inclusion in a national plan, the constitutional and financial departmental action will be required for the achievement of a nation-wide plan of social security, other related matters.

At the first meeting of each of these House committees a statement was made by Reconstruction Minister Mackenzie, who is also chairman of each sub-committee, on demobilization and re-establishment. Also the report on social security for Canada by Dr. Leonard C. Marsh, research adviser to the advisory committee on reconstruction, was tabled. It is being considered by the House Committee on Social Security.

The Senate committee which is to consider and report on matters relating to post-war conditions has 24 members. It is to deal particularly with problems of reconstruction and re-establishment and a national program of social security and health insurance.

Formerly the Senate had sub-committees on demobilization and re-establishment and two advisory committees. Now it has only one, the advisory committee on economic policy, which consists of five senators and is headed by [illegible]

of the Canadian pensions commission.

It has been assisted by experts from outside the public service in the work of its various sub-committees. Eight of these sub-committees, dealing with preference in public service, land settlement, interrupted education, post-discharge benefits for women, administration of special funds, vocational training, recondition of neuro-psychiatric cases and post-discharge pay, have completed their work.

Five sub-committees whose work is continuing are those dealing with employment, retraining of special casualties, special problems of discharged women, returned soldiers' insurance and demobilization priorities.

The advisory committee on reconstruction formerly was responsible to the cabinet sub-committee as well, but by order-in-council on January 23 it now reports directly to the prime minister. For more than 18 months the problems of post-war Canada have been the chief concern of its six members who are all outside the government service and headed by Dr. F. Cyril James, principal of McGill University. Ex-officio and co-ordinating members are a representative of the advisory committee on economic policy, the chairman of the Canadian section of the joint economic committees, the chief engineer of the department of public works as chairman of the sub-committee on post-war construction projects, and the chairman and vice-chairman of the advisory committee on demobilization and rehabilitation.

Two sub-committees recently have been set up by the advisory committee on reconstruction in addition to the four that were functioning previously. The new ones deal with the problem of housing and community planning and with the problems which will confront women in war industry and government services at the end of the war. The former hopes by the end of the summer to recommend a satisfactory post-war housing program for Canada. The four other sub-committees are on agricultural policy, conservation and development of resources, post-war construction projects and employment opportunities. Provision also is made for special studies under the reconstruction committee.

In the course of the work of the reconstruction committee it became apparent that the actual co-ordination of the work which is being done in the several departments of the Dominion government could be handled more effectively through the interdepartmental committee, the advisory committee on economic policy, which has been operating almost since the war began. By order-in-council on January 23, therefore, the advisory committee on economic policy assumed the direct and primary responsibility for co-ordinating and advising on all the preparations for the post-war period which need to be made immediately by the several government departments.

The reports of the advisory committee on reconstruction are reviewed by the advisory committee on economic policy, and, where action is called for, the subject matter is referred to the appropriate department. The committee on economic policy also is responsible to the prime minister. It consists of 15 senior government officials and is headed by Dr. W.C. Clark, deputy minister of finance.

Health officers of the department of pensions and national health have conducted a more or less continuous study of health insurance since 1928. By order-in-council on February 5, 1942, the government authorized the formation of an advisory committee on health insurance, consisting of appropriate officers of

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several departments and presided over by Dr. J.J. Heagerty, director of public health services. This committee worked throughout the year, formulated a health insurance plan and reported the plan to Pensions Minister Mackenzie in January. It was that plan that was embodied in the proposals submitted by the minister to the House committee on social security at its first meeting.

The Chairman of the Canadian section of the joint economic committees is Dr. W.A. Mackintosh, special assistant to the deputy minister of finance. These committees also act in an advisory capacity to the Canadian and United States governments.