

Section 4.—Unemployment Insurance and Other Measures for the Relief and Training of the Unemployed

Subsection 1.—Unemployment Insurance

The British North America Act was amended by the Parliament of the United Kingdom on July 10, 1940, by the addition to Sect. 91 of the words "Unemployment Insurance". This amendment gave the Dominion exclusive jurisdiction in the field of unemployment insurance legislation. An Unemployment Insurance Bill was introduced and given its first reading in the Canadian House of Commons on July 16. After consideration by a Special Committee of the House of Commons and by the Senate Committee on Banking and Commerce, the Bill finally received the Royal Assent on Aug. 7, 1940.

Principles

Some of the important principles involved in the Unemployment Insurance Act, 1940, are:—

1. The assertion that insurance benefit is a right established by contributions previously made, and not a form of relief. The benefits will be in proportion to the contributions made, at the same time entitling the low-paid worker to a relatively high percentage of his wages.
2. Weekly insurance benefit should not be as great or greater than normal weekly earnings.
3. The normal standard of living of the wage-earner should be protected.

Administration

The Act provides for administration by three Commissioners: a Chief Commissioner; a Commissioner appointed after consultation with organizations representative of workers; and another after consultation with organizations representative of employers. The Chief Commissioner is to hold office for ten years and each of the other Commissioners for five years.

Insured Classes and Exceptions

The benefits of the scheme will apply to all persons who are employed under a contract of service or apprenticeship, with certain exceptions. The exceptions include workers in agriculture and forestry, fishing, lumbering and logging, transportation by air or water, stevedoring, private domestic service, employment in a hospital or charitable institution not carried on for gain, and workers earning more than \$2,000 per annum. Young persons under 16 years of age cannot draw benefits but may accumulate benefit rights at no cost to themselves; the same holds for those who earn less than 90 cents in a normal full day.

It is estimated that the scheme will cover 2,100,000 wage-earners in 1941. Adding to this figure an estimate of 940,000 adult and 1,620,000 child dependants, the cloak of insurance benefits will be spread over 4,660,000 people. Provision is made for extending the scope of the Act on the recommendation of a National Advisory Committee to be set up under the Act.

Contributions

An Unemployment Insurance Fund, with the Bank of Canada as fiscal agent, is to be created. Employers and workmen contribute amounts that will bring approximately equal totals over the country. A grant amounting to one-fifth of such contributions is to be added by the Dominion Government, which will also assume the whole cost of administration.