

# Three Social Security Plans for Canada

By HARRY M. CASSIDY

THE editor of PUBLIC AFFAIRS has asked me to contrast and compare three sets of proposals on social security for Canada, made respectively by Leonard Marsh, Charlotte Whitton, and myself.<sup>1</sup> In view of the circumstances I am going to depart from the usual conventions by writing in the first person.

The first of these plans to be published was my small book, in February of 1943. I had set out to make a study of the administrative and organizational problems of the Canadian social services, but found it necessary, in order to discover premises for administrative reorganization, to give much more attention to the general question of social security than I had originally contemplated. The result was a book which analyses the background of the problem in Canada at some length and which comes out with some fairly concrete proposals on major items of policy, but without commitments on important questions of detail to which I did not profess to have definite answers. My general point of view was eclectic, that Canada should borrow liberally from the experience of other countries in planning her social security system, at the same time developing her existing social services and building upon them. In particular, I suggested that Canadians should look for guidance to their great neighbor, the United States, no less than to Britain and the just-published Beveridge plan; and that much attention must be given to the neglected question of administration.

---

EDITOR'S NOTE: H. M. Cassidy, Ph. D., a native of British Columbia, is professor of Social Welfare and Chairman, Department of Social Welfare of the University of California. From 1934 to 1939 he was Director of Social Welfare for the Province of British Columbia.

1. L. C. Marsh, *Report on Social Security for Canada* prepared for the Advisory Committee on Reconstruction, House of Commons Special Committee on Social Security, Sess. 1943 (Ottawa: King's Printer, 1943). pp. 1450 paper \$1.50; Charlotte Whitton, *The Dawn of Ampler Life* (Toronto: MacMillan, 1943) Pp. vi/145. Paper \$0.50; Harry M. Cassidy, *Social Security and Reconstruction in Canada* (Toronto: Ryerson, 1943) Pp. vii/197. Paper \$2.00, cloth \$2.50.

About a month later there appeared the Marsh report. It was prepared by Dr. Marsh in about six weeks with the assistance of a few Ottawa civil servants and outside consultants, at the instance of a government which had been only remotely interested in planning for social security until it discovered the popular acclaim with which the Beveridge report was hailed. It was an amazing feat for Dr. Marsh to turn out a large and detailed report in so short a time. To a considerable extent it reflects the patterns of thinking in England's Beveridge plan, the newest and the best systematic model at hand.

Now there has been published Miss Whitton's book, which contains both a detailed criticism of the Marsh report and a plan of her own. She was commissioned to write it by Hon. John Bracken, presumably in behalf of the Conservative party, who states in an introduction that Miss Whitton was given complete freedom of action and that it is being published commercially so that "it should not be considered as a political party document but as one standing on its own merits." Miss Whitton's basic criticism of the Marsh proposals is that "they attempt to direct this Dominion along the blueprints of the Beveridge plan"—blueprints intended for the highly industrialized British environment but unsuitable for Canada; whereas what is needed is a Canadian plan "as distinctively the product of our own experience as our own homespun designs", consisting of "realistic measures grounded deep in the character of this country and its people."

## The Measures Proposed

In view of these differences in approach and sponsorship it is natural that three writers should emerge with considerably different conclusions—particularly on a subject so little cultivated in Canada as social security. The respective positions

of the three on major points are summarized below.

*Economic Policy.* There is essential agreement that a first premise of a successful attack on the problem of social security must be a national economic policy designed to guarantee a high level of national income and employment. Dr. Marsh explicitly proposes a vast "programme of public investment and development; a programme which is planned and put into effect as an integral part of economic stabilization"—requiring expenditures perhaps at the rate of a billion dollars a year in the immediate post-war period. Miss Whitton and I do not go so far, touching only slightly upon ways and means of achieving high national income.

*Social Insurance.* Dr. Marsh proposes a comprehensive social insurance system to provide economic protection against two sorts of risks, the "employment risks" and the "universal risks". The first group of insurance schemes would cover all wage-earners (or presumably most of them—the Marsh report is not clear on this point) and would offer benefits graduated in accordance with ordinary wages in respect of unemployment, sickness, maternity (of women ordinarily employed), and industrial accident. These schemes might be financed (again it is not clear whether this is only a possibility or a recommendation) entirely by employers' contributions. A second group of schemes, to cover all gainfully occupied persons, would provide flat-rate benefits in respect of old age retirement, permanent disability, survivors of insured persons, and funeral costs, and would be financed by joint contributions from the insured and the Dominion government. Benefits of all kinds would cover the needs only of single persons or of man and wife, and definite rates are suggested, to be generally no less than an "assistance minimum" amounting to \$10.26 weekly (1939 prices) for man and wife.

In general my book advocates the same array of insurance benefits, but without going into the same detail and without

commitments on some major questions. My effort was rather to pose for consideration and study alternative methods of building a social insurance system. The main points on which I expressed preferences were complete, or nearly complete, coverage of the whole population; graduation of benefits and contributions in accordance with ordinary earnings; benefits only for single persons or for man and wife (with a separate system of children's allowances covering the maintenance needs of children); three-party contributions, but with "insured persons [contributing] the most, the government the next largest share, and the employers the least"; and unified administration of the whole system under the Dominion Government, except in the case of workmen's compensation, which might be left to the provinces.

Miss Whitton takes a somewhat different line. She questions whether "standard social insurance is generally practicable in Canada", claiming that in such a country it must leave many wage-workers unprotected, as well as the many farmers and self-employed who face the risk of income loss because of poor business or personal accident or illness. Her criticisms lead the reader to suspect that she will throw social insurance overboard entirely; but she includes it in her proposals as "logically the last stone to be set in the basic structure of social security". She calls her system "income insurance", to differentiate it from traditional social insurance. It would cover all persons with incomes above the minimum income-tax level (thus including farmers and the self-employed as well as wage-earners), would protect such persons or their survivors against income loss due to unemployment, illness, business failure, failure of farm crops, permanent disability, retirement from work, or death, and would be financed by an income-tax levy upon insured persons (either a uniform flat payment or a uniform percentage assessment) with possibly some contribution from general tax funds. There would be no contributions at all from employers, except in the case of workmen's compen-

sation, which would remain in provincial hands, outside the national income insurance scheme. Flat-rate benefits would be granted, and the suggested levels of payment are 40 per cent of the minimum income assessable for income tax (at present \$660 for the single person and \$1200 for the person with a dependent wife) in the case of retirement, permanent disability, or other permanent income losses, and 50 per cent in the case of temporary losses due to unemployment or sickness. Miss Whitton calls her system "practically a compulsory savings or reserves plan."

*Children's allowances.* These, according to Dr. Marsh, represent "the key to consistency" in a social security system. They should be paid in cash in respect of all children, whether their parents are earning or not, at flat rates varying with the ages of the children. Average payments might be from \$7.50 to \$9.00 per month. I agree with the proposal in principle, but in my book I make no commitment as to whether grants should be in cash or in kind, should be paid for all children or only for the second, third, or fourth in a family, or should be variable for children of different ages and in different cost-of-living areas. These and other alternatives are posed as questions for further consideration.

Miss Whitton, on the other hand, disagrees flatly with the idea of children's allowances. She does not concede its validity even in principle, except inferentially. She thinks that the needs of children can be met by a living-wage policy designed to yield for every capable male adult enough to support himself and a family with two or three children; by continuance and extension of income-tax exemption in respect of children; by low-cost housing especially for large families; and by the extension of tax-supported "social utilities" designed to provide educational, health, and protective services for the young.

*Medical Care.* On this point Miss Whitton, in spite of her Conservative sponsorship, is the radical. She criticizes traditional health insurance severely as a

costly and cumbersome way of providing necessary medical care which would tend to freeze present inefficient methods of medical practice and would guarantee to all doctors very high incomes (perhaps \$10,000 per year, on the average, as compared with a little over \$3,000 in the recent past). Instead, she proposes frankly a system of state medicine, "broadly comparable to the provision of public education", to be financed entirely out of tax funds and to be operated by the provinces in close association with their public health services.

Dr. Marsh and I agree that there should be a general system of medical care for the whole population, quite separate from the administration of cash sickness benefits for wage-earners. But (unlike Miss Whitton), we suggest that funds for the medical care benefits should be raised mainly through social insurance machinery, by means of contributions from insured persons and from tax funds. In other words, our thinking is essentially that, as under the Beveridge plan and the new Wagner-Murray bill now before the United States Congress, a certain portion of the general social security levy should be set aside to meet the costs of medical care for insured persons and their dependents. In my book I point out that the public authorities, Dominion or provincial should contribute the full costs in respect of those persons without independent income (the public assistance group) and Dr. Marsh expresses a somewhat similar idea. I pose a number of questions of administrative policy, leaving open the issue as to whether there should be individual practice by doctors on a fee or capitation basis (the traditional health insurance methods) or group and clinic practice by physicians on salary (perhaps the most distinctive characteristic of "state medicine"), and Dr. Marsh does not deal with these questions to any extent.

*Public Assistance.* All three reports are agreed that existing public assistance services for the aged, the blind, needy mothers with children, and the residual indigent group, now under provincial and

local jurisdiction, must be continued and further developed. In addition, Dr. Marsh proposes a system of unemployment assistance, to be operated and financed by the Dominion, for the benefit of employable persons in need who are not covered by or are ineligible for unemployment insurance benefits. Miss Whitton and I sharply disagree, claiming that such a system would overlap, in function and in administrative set-up, the public assistance systems of the provincial and local authorities, that claimants for aid would be tossed back and forth between the two systems and that in a variety of ways administrative waste and confusion would result. In our view there should be Dominion grants-in-aid to the provinces to assist them in meeting public assistance costs of all kinds.

*Related Health and welfare services.* Miss Whitton argues that the "first priority" in Canada is to build up those communal services for the protection and the advancement of well-being that already exist in all of the provinces—public health, mental hygiene, education, child welfare, recreation, and the like. These provide, not cash benefits, but direct services for people who have various needs, and are financed entirely out of tax funds. Similar proposals are made in my book, although not with a priority rating. Dr. Marsh gives little or no attention to this subject, saying that it is one for later investigation—but there is nothing to indicate that he differs with my position on the question.

*Work and maintenance programmes.* This term, taken from my book, refers to Dominion-operated and financed schemes similar to those developed in the United States during the 1930's under the Works Progress Administration and the Farm Security Administration. My contention is that there are likely to be considerable numbers of both "marginal workers" and "marginal farmers" who should not be supported indefinitely in idleness on public assistance or insurance benefits and who are not easily provided with employment or profitable farm work by means of general economic policies to

build up employment (including ordinary public works) and farm prosperity. For such groups, I suggest, there should be a "supplementary work programme" and a "farm security programme", designed to provide useful occupation, training, rehabilitation, and self-support to the greatest possible extent. One great advantage of this plan would be to make possible the limitation of unemployment insurance benefits to a period of a few months, with unemployed workers being transferred to supplementary work projects if it appeared that they were not likely to be reabsorbed readily into ordinary employment.

Dr. Marsh gives limited endorsement to the idea of the supplementary work programme, suggesting that it might be tied in with training programmes for the unemployed and unemployment assistance, while Miss Whitton makes no provision for it. Neither mentions a farm security plan.

*Distribution of administrative functions.* There is general agreement in the three reports that social insurance should be administered by the Dominion, with the exception of workmen's compensation which should continue to be operated by the provinces. Dr. Marsh and I propose Dominion operation of children's allowances. Miss Whitton and I feel that the weight of argument is in favor of provincial administration of the medical care programme, while Dr. Marsh apparently concedes this. The three reports agree that there should be provincial and local administration of public assistance (except for the Marsh proposal of a Dominion scheme of unemployment assistance) and of the related health and welfare services. All of the reports speak frequently of Dominion-provincial collaboration and co-operation, with mine being the most categorical in advocating Dominion leadership with respect to all aspects of the programme by means of grants-in-aid, technical service, setting of standards, and supervision of provincial and local programme. Miss Whitton wants a minimum of this sort of thing and Dr. Marsh gives but little attention to the subject.

*Administrative machinery.* Miss Whitton proposes categorically a Dominion Insurance Board and a Dominion Social Assistance Board to operate respectively the social insurance system and the making of public assistance grants to the provinces. My book poses a number of alternative forms of Dominion organization, including (1) an inclusive department of social security, (2) a two-department system, with departments of labour and social insurance and of health and welfare, and (3) a three-department system, with departments dealing respectively with social insurance and family allowances, health, and welfare. My book is more specific than the others on provincial and local administrative machinery, calling for separate departments of health and welfare at both the provincial and local levels and for separate medical care and workmen's compensation agencies. Miss Whitton's suggestions on this point are not detailed, but seem to point in the same direction as mine, while Dr. Marsh gives but little attention to administrative organization. All three reports bring out the idea that income-tax machinery might be used for social insurance collections.

*Finance.* The respective positions on social insurance finances have been brought out already. To enable the provinces and local authorities to assume their obligations for public assistance and related health and welfare services I suggest adoption of the Rowell-Sirois formula of general Dominion grants to the provinces in accordance with their needs, supplemented by small incentive grants for particular purposes. Miss Whitton proposes instead that large Dominion grants, varied in accordance with needs, be given to the provinces and through them to the local authorities specifically to aid them with their social services. Dr. Marsh makes no proposals regarding Dominion aid to the provinces.

### Conclusion

The space assigned to me by the editor is virtually used and I fear that I have succeeded in giving only the sketchiest

account of the three outlines of social security, without critical comment on many important points. In conclusion there is room for only a few general remarks. Three points stand out in my mind.

First, with respect to broad principle, there is a good deal of agreement between the three of us. Except on the questions of children's allowances, unemployment assistance, and special work programmes, we are fairly well agreed, explicitly or inferentially, on the major items of a security program. And on the questions of basic economic policy and distribution of operating functions we are close together.

But, secondly, there are sharp differences on detail (in the sense of major, not petty, detail). Miss Whitton has riddled the Marsh report with specific criticisms. Dr. Marsh's report, although it contains some fine over-all thinking and some refreshing new ideas, is extremely vulnerable in many places because he evidently considered it necessary to commit himself on various points which he could not possibly, in the time at his disposal, examine with sufficient care, and Miss Whitton has taken full advantage of these openings. But she, too, has laid herself open to many questions by making categorical statements and positive proposals without the presentation of adequate argument and evidence, and a page-by-page analysis would lead to a long list of critical comments.

Thirdly, these three reports represent only the beginning of serious thinking on social security in Canada. The differences in the reports appear to arise not so much from fundamental differences in approach as from a lack of basic research data. The subject of social security is extremely broad and complicated, dozens of technical problems emerge that call for intricate study, and it is impossible to expect that Dr. Marsh in six weeks, or Miss Whitton in four months, or an expatriate professor like myself in his spare time, should do more than outline the problem. It is significant that all three reports offer little or nothing in the way of

statistical analysis and that cost estimates are vague or absent. It took Sir William Beveridge and his associates two years to produce their report for Britain and the National Resources Planning Board group three years to complete theirs for the United States. Only a fundamental research approach, calling for first-class staff and ample budget, will provide the

data to resolve the differences and answer the questions posed in the three path-finding studies reviewed here. With this job done it should be possible to see clearly for the first time, major alternatives for political decision—and only then will the Canadian parliament be in a position to make sensible decisions on social security.

## Medical Reform In Great Britain

By L. E. BODMER

THE problem of the reorganization of health services on the lines of an up-to-date, comprehensive service for the whole nation has, in recent years, aroused widespread interest in Great Britain. Plans for such a national service have been worked out and proclaimed as their policy by various representative organizations of the medical and dental profession, by political parties, and by other lay groups of citizens or outstanding personalities in different walks of life.

At present there is no unity of health service. Employed persons, under the National Health Insurance Act, receive general practitioner care and medicine, but neither specialist nor hospital treatment. Their dependents are not entitled to medical care, but are frequently voluntarily insured under arrangements made by the medical profession. Persons who are destitute or in need of public assistance obtain general practitioner treatment under the auspices of local authorities who also maintain clinics for venereal diseases, tuberculosis, and certain mental cases.

Hospital services are given, on the one hand, by tax and rate supported hospitals, maintained by local authorities, admitting all patients in their area and

charging fees according to ability to pay. So-called voluntary hospitals, on the otherhand—non-profit institutions originally founded for the poor and financed out of subscription—now admit to their general wards' families within certain income limits, but also make provision for middle-class paying patients who cannot afford to go to a private nursing home and pay the full specialist's fee.

Some 10 million persons in the lower income groups are now covered by voluntary hospital insurance schemes with contributions varying from 2d to 3d a week for a family. Both public and voluntary hospitals collaborate in these schemes.

During the war, the government has introduced the emergency Medical Service under which beds in hospitals were first reserved for civilian war casualties and, later, for transferred war workers and numerous other cases. A certain measure of co-ordination of hospital work has been achieved under this scheme which may serve as a basis for future reorganization.

As to general health services, the Minister of Health is the main controlling authority but the Board of Education is responsible for school medical services, the Minister of Labour for industrial hygiene. Moreover, the Ministries of Pensions and of War Transport and the Service Departments, as well as others have their own health and medical

EDITOR'S NOTE: Miss Bodmer is on the staff of the International Labour Office at Montreal, and the author of the I.L.O. study "Statistical Methods for Measuring Occupational Morbidity and Mortality," Geneva, 1930.