

Industrial Relations and Social Security

General Organization and Progress of the Unemployment Insurance Commission

By ALLON PEEBLES

THE Unemployment Insurance Act was passed by the Canadian Parliament on August 7, 1940, and became effective July 1, 1941.

Thus may be briefly summarized the story of one of the biggest organization tasks which have been undertaken in Canada. It is far from complete. What has been done is not perfect in every respect. But when it is remembered that it took Great Britain three years and the United States two years to organize similar plans, the progress made in Canada during a single year may be fully appreciated.

The Act requires the Commission to organize and administer an Unemployment Insurance plan. This plan provides for the collection of contributions from employers and employees, and for the payment of benefits to unemployed insured persons who fulfil certain statutory conditions. The Act also calls for the establishment of a national Employment Service, and this side of the Act has not received the publicity it deserves. The Employment Exchanges set up under authority of the Act are just as important as the insurance functions to be discharged.

Parliament delegated the task of operating and administering the provisions of the Unemployment Insurance Act to a Commission of three. It was expressly provided that one Commissioner should be appointed after consultation with organizations representative of employers, and another after similar discussion with organizations representative of employees. The Chairman was

to be neutral. All appointments, it was provided, were to be made by the Government.

In the first instance, the Commission consisted of Dr. Joseph Sirois, formerly associated with what came to be known as the Rowell-Sirois Commission on Dominion-Provincial Relations, R. J. Tallon, representative of employees, and Allan M. Mitchell, representative of employers. The death of Dr. Sirois shortly after his appointment made it necessary for the government to select another chairman and Arthur MacNamara, Associate Deputy Minister of Labour, was appointed Acting Chairman. Mr. MacNamara has occupied this position to the present time.

Immediately responsible to the Commission is the Executive Director, and assisting him are the Chief Insurance Officer and the Chief Employment Officer.

The interim between August 1940 and July 1941 was occupied in setting up the administrative machinery through which the Commission was to function, and in taking the preparatory steps necessary to put into operation the Unemployment Insurance Act.

It is difficult for one who has not been actually engaged in the work to appreciate the vast amount of detail planning necessary to put the Act into operation. Rules and regulations had to be formulated, administrative procedures determined, a staff to be selected and trained. In this connection, it might be observed that the whole staff were appointed through the Civil Service Commission and to select the 900 employees and have them appointed was a substantial job in itself. Then, premises had to be acquired and the offices supplied with furniture. Even the designing and printing of forms was a real undertaking, when it is considered that a sufficient number of insurance books alone had to be printed to enable a copy to be placed in the hands of each of the millions of Canadian workers who have become insured persons.

EDITOR'S NOTE: Dr. Allon Peebles is Executive Director of the Unemployment Insurance Commission in Ottawa. He spoke on the subject dealt with in the above article at the fourth Maritime Conference on Industrial Relations held at Halifax, November 6 and 7, 1941.

In addition to the practical preparations, employers and employees required information about this new co-operative plan which they were required to participate in. Pamphlets and booklets for employers and employees were prepared and informative advertising was circulated throughout Canada. This work was completed in time to start collecting contributions from employers and workers across Canada on July 1, 1941.

Canada's size and the scattered nature of the population made it essential to divide the country into regions so as to achieve effective administration of the Act. It was decided to create five regions, each to be placed in charge of a Regional Supervisor who reports directly to Ottawa. The three Maritime Provinces comprise one region, the Province of Quebec, another, Ontario, as far west as Lake Nipigon, a third, the remainder of Ontario and the three Prairie Provinces, a fourth, and the Province of British Columbia, a fifth. Headquarters of regions are located at Moncton, Montreal, Toronto, Winnipeg and Vancouver. The respective Regional Superintendents are located at these points and directly supervise the operations in their regions.

In addition to the regional offices, district offices have been established in four cities—London and North Bay in Ontario, Saskatoon and Edmonton in the Prairie Region—to facilitate the more rapid payment of insurance benefits when these become payable early in 1942.

Across Canada, about one hundred full-time local Employment and Claims Offices have been established in the more important centres of the various regions—eight in British Columbia; nineteen in the Prairies; thirty-three in Ontario; twenty-six in Quebec, and twelve in the Maritimes. A number of part-time offices are also to be established and probably some seasonal full-time offices.

In the short space of this article the functions of the different offices, can only be indicated in the barest outline. Their responsibilities fall roughly into two general divisions: registration of claimants for insurance benefit and the placement

of unemployed persons into employment. It will be recognized that the maintenance of employment offices must be an integral part of any national unemployment insurance measure and insofar as our own Act is concerned, the insurance aspect appears to have completely overshadowed in the mind of the public the employment side of the Act.

The local offices, scattered across Canada, are in direct contact with the public. They are called Employment and Claims Offices, indicating their dual function of placement and insurance. They register applicants for work and endeavour to find work for them. They also register applicants for Unemployment Insurance benefit, which is only paid when it is found impossible to provide the applicant with suitable employment.

The work of placement is an important feature of the activities of the Employment and Claims Offices. The normal individual wants work and every effort will be made through these offices to see that he secures suitable employment. Parliament, in making provision for establishment of a national Employment Service, was thoroughly aware of the importance of this phase of the Commission's work. It was intended that the new National Employment Service would supersede all previous Government Employment Services. In pursuance of this plan, the Unemployment Insurance Commission, on August 1, 1941, undertook to relieve the Provincial Governments of the costs of administrative responsibility and of operating their public employment offices.

It is important to emphasize one point in connection with the employment end of the Employment and Claims Offices. These offices are free to all employees, insured and non-insurable alike. All employers are free to use them. One of the prime reasons for the existence of the offices is to locate jobs for unemployed persons and suitable employees for employers. The importance of this work is being emphasized and the cooperation of employers, as well as of employees, is urged. The Commission has already

found that its Employment and Placement Service has proved its value in helping to fill the needs of wartime industry and it will be of the greatest value during the period of post-war demobilization.

Contrary to the idea prevalent even among informed business men, it is expected that placement activities will form a far more important part of the work of an Employment and Claims Office than the handling of insurance claims. Here, again, however, we come across an interesting commentary on popular ideas; even though employment in Canada is at a high peak, there is a considerable amount of unemployment and there will continue to be, partly because of the demands of the war disturbing the established order of industry.

The handling of insurance claims, therefore, is an important part of the duties of a local Employment and Claims Office. These offices register claimants for benefit. The claims are adjudicated in the district and regional offices where the cheques are prepared and transmitted to the local offices for delivery to the insured.

Should any claim be disallowed, Courts of Referees are being set up to handle disputed claims for benefit. If a Court of Referees decides that a claimant is not entitled to benefit, under certain circumstances the claimant has the right of appeal to the Umpire, whose decision is final.

A sketch of the organization and progress of the Unemployment Insurance Commission would not be complete without reference to the two other advisory bodies which have been appointed to assist the Unemployment Insurance Commission. Reference has already been made to the Investment Committee which supervises the investment of the millions of dollars which are collected from employers and workers and to which the Dominion Government adds one-fifth of the total. Under the Unemployment Insurance Act two other bodies have been established with widely differing functions. The Unemployment Insurance

Advisory Committee is required to advise the Minister of Labour, and, through him, Parliament, of the financial condition of the Unemployment Insurance Fund. It is called upon to suggest to the Government amendments to the Act if it considers that such amendments are necessary in respect to the financial condition of the fund. Headed by Dr. W. A. MacKintosh, of the Department of Finance at Ottawa, this Committee has held a number of meetings in performing its statutory duties.

The Act also calls for the establishment of a National Employment Committee. This Committee has been appointed by the Commission and is functioning under the Chairmanship of Mr. Tom Moore President of the Trades and Labour Congress of Canada. Its function is to advise and assist the Commission in matters concerning the Employment Service. Both these Committees have among their members representatives of employers and workers.

Establishment of Unemployment Insurance, generally conceded to be one of the great forward steps which have been taken in Canada, is now an accomplished fact. A machine has been built up for carrying out the provisions of the Act and that machine is now functioning. It would be too much to hope that its operation will be flawless and perfect. There will be mistakes and dissatisfaction at times. But a real effort has been, and is being made to see that Canada is equipped with an organization which will bring to this country all the benefits which accrue from the establishment of a system of Unemployment Insurance. Experience in other countries which have embraced the principle of Unemployment Insurance has been generally satisfactory. It is safe to assume that Canada's will be similar.

What Labour Demands

It was not a matter of convention when representatives of the Canadian Trades and Labour Congress and members of the Dominion government met in February.

Labour plays a far more important role in Canada's war economy than in peace time. Labour is dissatisfied. It believes that it does not get a square deal. Labour is most anxious to make its contribution to the war effort, but it feels it has not been given the responsibility corresponding to its task.

Labour's complaints were all the more impressive as they were voiced by the veteran trade unionist, Tom Moore, a leader known for his statesmanship and moderation. He submitted a memorandum prepared by the Trades and Labour Congress and containing the principal demands of organised labour.

In the memorandum the complaint is made that though labour's recognition as an equal partner in industry has been generally accepted and agreed to by the government, actual practice has fallen far short of making it effective. Labour is especially dissatisfied with the National Labour Supply Council. The Trades and Labour Congress proposes that the order-in-council establishing that Council be repealed and a small consultative committee of labour and employer representatives be set up with whom the Minister of Labour could more intimately discuss proposed new laws or regulations affecting labour and industrial conditions. Another request of the Trades and Labour Congress is concerned with the price ceiling for wages. Trade unions have repeatedly expressed the opinion that in certain industries wages have been frozen at levels which were unfair to labour. This applies especially to wages for women. The Congress therefore asks that amendments on the price control scheme should be made to permit the adjustment of wages and cost of living bonus of female workers at the same level as those of male workers for similar work. They further ask that to compensate for the ceiling on wages, a floor for wages should be established, and made equally applicable to adult male and female workers. Finally the Congress asks for

governmental action in the field of social insurance. It is proposed that the Unemployment Act should be amended to bring within its scope those earning up to \$3,000. Unemployment insurance in the opinion of the Congress should be supplemented by a system of health insurance which the Congress thinks would help to strengthen the war effort since, according to public statistics, poor health is responsible for more lost time than all other cases combined.

Extension of Unemployment Insurance

An important amendment to the Unemployment Insurance Act has been enacted bringing extension in the scope of the Act. When the legislation first was written on the statute books it seemed sufficient to give protection to workers with an income below \$2,000. But war conditions, resulting in longer working hours, payment of over-time, cost of living bonuses, etc. have had the effect that workers who would normally be receiving less than the \$2,000 limit, earn now in excess of that amount. Consequently they are unable to contribute or, if unemployed, to receive benefits.

Therefore an Order-in-Council (P.C. 10156) of January 7, 1942, makes provision for insuring workers in insurable categories, the remuneration of whom has been raised above \$2,000 per annum by war conditions.

However, this step does not go far enough in the opinion of the trade unions. At a recent public hearing held by the Unemployment Insurance Advisory Committee, representatives of trade unions have demanded that all classes of employees, irrespective of their income should be brought under the Act. This request if acceded to would mean a general tax on wages and salaries and could hardly any longer be called insurance.