DEPUTY MINISTER OF LABOUR

CANADA

Ottawa, July 8, 1952.

Mrs. Jean MacDonald,
President,
National Social Security Association,
313-15th Avenue East,
CALGARY, Alberta.

Dear Mrs. MacDonald:

A copy of your letter of June 24, addressed to the Editor of the Calgary Herald and concerning unemployment insurance, has been received from the office of the Prime Minister.

Both the suggestions which you have made, namely the payment of an allowance to the widow of a worker who has contributed under the Unemployment Insurance Act, and the return of a proportion of the insurance contributions of a girl who leaves her employment to be married, are in effect suggestions that the Unemployment Insurance Act is a sort of savings scheme, under which an insured worker builds up an equity which he or his estate is entitled to withdraw like savings from a bank on his retirement or death.

This concept is quite outside the purpose of an unemployment insurance fund. Moreover, it would ask the fund to assume a much greater expense than it was ever expected to assume when the rates of contributions and benefit were calculated.

The sole purpose of an unemployment insurance fund is to indemnify a worker for loss of wages when he is out of work involuntarily, and is seeking work, and is unable to obtain work. Further, it is only that worker, not his widow or estate, that is insured and is to be indemnified in this way, since it is only in respect of the insured worker that the risk insured against can occur, namely the involuntary loss of his work.

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This occurrence has not taken place in either of the examples you cite. Neither a deceased person nor a person who has withdrawn from employment to get married fulfils the three conditions just mentioned, namely is out of work involuntarily, is seeking work and is unable to obtain work.

The small individual contributions to unemployment insurance required by the Act can be kept low because unemployment insurance operates like fire fire insurance. Benefit is paid to those who actually suffer loss, out of the pooled fund created by the contributions of all insured persons. If no such loss occurs, no refund of contributions or payment of benefit is made to the contributor. Under fire insurance nothing is paid unless an actual loss by fire occurs. The insured person still has his house. Similarly, under unemployment insurance nothing is paid unless an actual loss occurs. The insured worker still has his job.

Yours very truly,

A. MacNamara

A. MacNamara.

The difference between a voluntary contribution And a compulsory payment to an insurance
As women we would ask a change or An Amendment to the Act to cover the two Resolutions

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