

Stop the Damage from Regionally Biased EI

By Colin Busby,
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The federal budget fuss over swiftly extending employment insurance entitlements by five weeks across the board misses a key fairness issue. The program as it exists is regionally divisive, and the recent dramatic, sharp upward spike in Canada's national unemployment rate--rocketing from 6.6 to 7.7 per cent in the last two months--will put that fact in stark light.

Mounting job losses in Canada's previously booming areas, such as in Ontario and the west, will cause the unemployed in these regions to fall into a less-forgiving employment insurance net than available in Quebec and eastward. The just-passed federal budget missed the one obvious policy action, which is to implement nationally equal entrance requirements for the EI program.

The current EI program opens its doors widely and pays generously for individuals who live in one of Canada's 58 EI regions with a high unemployment rate. Yet for people who live in one of the 16 low unemployment rate regions, it is harder to get onto EI, and should they succeed in qualifying they will receive less benefits and for a shorter time. As a result, large gaps in EI's generosity arise among Canada's economically strong regions versus those with less industry and employment.

So how much harder is it to get on EI in one region as opposed to another? Take Calgary, Alberta and Antigonish, Nova Scotia for example. Under current regional unemployment rates, a laid-off worker will need 420 hours work in his qualifying period to be eligible for benefits in Antigonish, but in Calgary a worker would need 700 or more hours to qualify. That's roughly 11 weeks of work for a full-time worker in Antigonish and 19 weeks for a full-time worker in Calgary--a difference in entrance requirements of about eight weeks of work.

For part-time workers the difference is even larger. For someone working a 20 hour per week part-time job, it would take 14 weeks (three-and-a-half months) longer of work to qualify in Calgary than in Antigonish. That risks leaving out a lot of potentially needy people.

Some economic shocks have greater costs on the unemployed than others. Take the most recent two recessions as examples. In the early 1980s, job losses were acute in the west because of commodity price shocks, which were not as severe in Central Canada. In the early 1990s the opposite was true: job losses hit Central Canada worse than in Alberta. So

far in this recession, job losses are mounting proportionately in both these regions, which are also the regions where workers are the most exposed to gaps in EI coverage.

Over the past two months, jobless numbers in Alberta and British Columbia have risen by 60,400, taking provincial unemployment rates from 4.2 to 5.4 per cent in Alberta and from 5.3 to 6.7 per cent in B. C. In Ontario, 106,000 jobs have been lost over the last two months, driving its unemployment rate skyward from 7.1 to 8 per cent.

Under existing EI eligibility rules, which links entrance requirements to regional unemployment rates, many unemployed workers in this wave of layoffs won't qualify for benefits. It will take time for regional unemployment rates to increase enough to lower strict entrance requirements--and that is not a happy prospect. Policy-makers should instead establish an EI system that better supports economic stability.

When Canada's economy was expanding over the last six years, regionally linked EI benefits received attention for preventing labour from moving across regions and industries. This problem of EI incentives, although important, perhaps distracted policy-makers from a more serious threat growing in our EI system: entrance requirements and benefits became polarized, severely loosening the safety net for those in booming regions should any large, synchronized shock occur.

That shock is here, and it is nationwide. Regionally linked benefits make the misguided assumption that it will always be easier to find employment in regions with low unemployment -- which may not always be the case.

Hence, EI penalizes those who are on the margins of access, and who perhaps took the risk of moving from regions of high unemployment to low unemployment ones in search of better job prospects.

In 1977, the concept of EI regions with variable entrance requirements was officially incorporated into the EI program. But losing a job today or in the next month, regardless of where one calls home in Canada, will cause similar hardship.

Factors that are driving this recession further downward can only be truly stemmed if Canadians who actively participate in the workforce aren't punished for their location of choice.

One answer, admittedly expensive, is for Ottawa to introduce uniform EI entrance requirements at 525 hours, nominally representing a national unemployment rate of 10 per cent under current rules. Such a change would have broad support among Canadians--and would bring regional equality to what is, after all, a federal program. Regional fairness in EI access is overdue.

Colin Busby Is A Policy Analyst At The C. D. Howe Institute.