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# Losing Ground:

How Canada's Employment  
Insurance system undermines  
inner-city and Aboriginal workers

By Ellen Smirl and Lynne Fernandez

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**About the authors**

Ellen Smirl is currently doing a Master's in Political Science at York University. Lynne Fernandez is a research associate with the CCPA Mb. and the Manitoba Research Alliance.

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CANADIAN CENTRE  
for POLICY ALTERNATIVES  
MANITOBA OFFICE

309-323 Portage Avenue, Winnipeg, MB R3B 2C1  
TEL 204-927-3200 FAX 204-927-3201  
EMAIL [ccpamb@policyalternatives.ca](mailto:ccpamb@policyalternatives.ca)



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# Introduction

Marginalized workers, many of whom live in Winnipeg's inner city and in Aboriginal communities throughout Manitoba, exist at the fringe of the labour market. Their marginalized status is entrenched by their inability to access programs such as Employment Insurance (EI). As members of the precarious labour<sup>1</sup> force, they are less likely to qualify for EI benefits because the program was designed for "traditional" workers with a more stable attachment to the labour<sup>2</sup> force. Marginalized workers become 'invisible', with minimal ability to improve working conditions, or to remediate circumstances when fired without just cause, or when they find their working conditions unbearable and have to quit. The purpose of this study is to detail how Manitoba's Aboriginal and inner-city workers fair under the current EI system.

The workers described in this paper — and their problems with Canada's EI system — are not unique to Winnipeg's inner city nor to Manitoba's Aboriginal communities. Marginalized workers throughout Canada are affected in the same way. We have focused on Winnipeg's inner city in order to provide another piece of the puzzle of how to transform inner-city and Aboriginal communities in Manitoba.

This study was funded by the Manitoba Research Alliance's SSHRC-funded CURA grant titled: *Transforming Inner-city and Aboriginal Communities*. Because so many people residing in the inner city and in Aboriginal communities are active participants in the workforce, and because paid work can play such an important role in transforming people's lives, any analysis concerning community transformation should include a section about people's involvement with the labour market and their access to programs dealing with employment. Government-run programs such as EI can have profound effects on people's lives; those effects should be positive and helpful.

Given a 64.4 per cent participation rate in Winnipeg's inner city, as opposed to a 68 per cent participation rate for Winnipeg as a whole<sup>3</sup>, it is clear that many inner-city residents are active participants in the labour market. Nonetheless, we must not understate the extent of unemployment in the inner city; according to 2006 data, the unemployment rate was more than 2 per cent higher than for the city as a whole (7.8 per cent vs. 5.2 per cent). So not only are inner-city workers more likely to experience bouts of unemployment, they are also likely to earn less<sup>4</sup>

(DeRiviere and Brojges, 3) as a result of the unsteady nature of their work. As members of the working poor, access to supports such as EI allows many to maintain a certain level, albeit low, of income security when needed.

Many First Nation communities in Manitoba experience worrisome rates of unemployment. A survey of six Manitoba reserves found that the average unemployment rate (using 2006 data) was over 31 per cent (Fernandez and MacKinnon 2009, 186). The unemployment rate for off-reserve Aboriginal workers was 15.4 per cent, roughly three times that of the whole population (Fernandez and MacKinnon 2009, 185). Given that so many Aboriginal workers experience unemployment, they should be able to access the EI program.

The EI system allows workers to pay into a plan that is supposed to provide crucial support for workers between jobs, and quality re/training when required; however, significant changes to the system over the past 20 years have diminished the program's effectiveness<sup>5</sup>. When the EI system lets the workers in the inner-city and Aboriginal communities down, it lets entire communities down. Furthermore, EI's role is being eroded at the same time as precarious work is

expanding. The combination of these two factors is contributing to the long list of challenges inner-city/Aboriginal workers face, making it that much more difficult for them to realize their full potential.

This paper begins with an explanation of how changes to the EI program since the 1990s have adversely affected marginalized workers. It will also examine how the broader political climate which informed these changes traps these workers into an ever-growing precarious labour force. Many inner-city and Aboriginal workers belong to this labour force, so in the second section the insights we present through our interview results and the policy recommendations we offer will contribute to our understanding of how to transform inner-city and Aboriginal communities.

The Community Unemployed Help Centre (CUHC) helped us to recruit the interviewees and its employees provided valuable insights. CUHC is a non-profit organization that advocates for many who are denied EI benefits. Because the interviewees were solicited within Winnipeg, we were unable to interview anyone from a First Nations community. Some of our interviewees were originally from First Nations communities, but had moved to Winnipeg's inner city years ago.

# SECTION I: From Unemployment Insurance to Employment Insurance

In the mid-1990s the federal Liberal government restructured Canada's Unemployment Insurance (UI) program to form the Employment Insurance (EI) program. In the process benefits were scaled back and eligibility was significantly reduced. During the 2009 recession only 43 per cent of Canada's unemployed had access to EI benefits compared to 80 per cent during the recession of the early 90s (Marketwire, 2009). As of February 2012, only 39.9 per cent of unemployed workers were receiving benefits (CLC April 2012)<sup>6</sup>. Furthermore, those lucky enough to qualify for benefits are receiving less than they used to:

When you compare the benefits being paid in the early 1990s to now, overall benefit levels have dropped by about one third after adjusting for inflation. *For lower income Canadians, it has dropped by half. We have taken benefits away from the most vulnerable for reasons that escape me.* (Shillington, Evidence, 29 May 2008, as cited in the Senate Report of the Subcommittee on Cities of the Standing Senate Committee on Social Affairs, Science and Technology, 9).  
Italics added by authors.

Adding insult to injury, the healthy surplus that had accumulated from workers' and employers'

contributions (\$57 billion as of 2007-08) was raided to pay down Canada's debt, rather than being held in trust to be spent on EI programs (Canadian Labour Congress, 2011). Exacerbating the effects of the EI reforms is the failure of the program to keep pace with the changing realities of the labour market, tending to exclude those who occupy positions of precarious labour, roles which minorities occupy at a greater rate. The current Conservative government has signalled — in its 2012 Omnibus Budget Bill — a further commitment to reducing the number of unemployed workers collecting EI (see page 7: The Current Debate). These reforms, combined with those implemented since 1996, will further exclude already marginalized workers from the supports they need.

It has been noted that these changes fundamentally emerged from "persistent political concerns about allegedly widespread overuse and the danger of fostering labour market rigidities through the supposed disincentives produced by an 'overly generous' benefit system" (van den Burg et al. 2008). Further fuelling these changes was the contention that repeat users and changes in the labour market had caused the cost of the program to rise sharply between 1980 and

1995, prompting a call to reduce expenditures (Canada 1995). These structural economic and labour market changes were marched in under the banner of an increasingly aggressive neoliberal agenda that was bent upon destroying the welfare state.

### **The Shift to Market Policy from the Welfare State**

Market-based strategies to EI reform were part of a broader 'neoliberal wave' that swept the globe in the 1980s and 1990s, influencing increased global economic competition and the internationalisation of capital<sup>7</sup> as well as providing the impetus for the reforms made to the UI legislation (Porter 2003; Campeau 2005, 167). In line with the broader shifts towards a neoliberal agenda, Canada's social policy (including EI reforms) was encouraged to adapt to the changing global economic environment (Pupo and Duffy 2003) and was "treated as part of a broader, market-driven agenda" (Porter 2003, 179). Campeau (2005, 127) contends that the replacement of UI with EI was part of a larger overhaul to social security in Canada, which was driven by "imperatives from the new economic environment of free trade and market globalization". Ultimately these 'new' economic conditions have weakened Canada's social safety net:

Overall the 1990s were marked by the severe fraying of the rights-based social safety net for most unemployed people and by the privatization or downloading of responsibility for unemployment to individuals and households. In 1989, 83.4 per cent of the unemployed received UI benefits, by 1997, only 41.6 per cent did. For women, the proportion dropped from 81.7 to 39 per cent" (Porter 2003, 212)

This period represented a move away from a universal welfare state model and towards a two-tiered unemployment program which limited benefits for those "outside the full-time, full-year worker model" (Porter 2003, 212). In 1989 Bar-

bara McDougall, the Minister responsible for the UI program explicitly referred to the need to align social policy with a market-based economic agenda in her introduction to the first major changes to UI stating that "privatization, deregulation, tax reform and free trade are all parts of the same agenda for revitalizing the Canadian economy to meet the requirements of increased globalization of markets and rapid technological change" (Porter 2003, 180 quoting Canada June, 1989). Restructuring of the Canadian economy according to principles of globalization led to workers experiencing a 'double whammy': their jobs migrated to the global south as a result of free trade agreements, while the unemployed simultaneously received fewer benefits in an effort to make the economy more amenable to business interests and the globalization of capital (Wilson 2004, 9 citing Canadian Labour Congress; Saunders 2003, 2).

A market approach to the labour market argues that security for workers and social equity must be traded off in favour of economic growth and efficiency, and according to this view substantial insurance benefits undermine labour market flexibility<sup>8</sup> (Muszynski 1994, 306). By emphasizing active labour strategies, such as retraining, over passive strategies such as income support, unemployment insurance policies were brought more in line with a market view of state policy (Campeau 2004; Porter 2003; Muszynski 1994; Shields and Russell 1994). This literature strongly links social provisions, particularly EI benefits, to a "culture of dependency" and advocates for the further reduction of EI income benefits as a means to reduce this dependency (Gray 1990; Nakamura 1996).

### **Critiques of EI reforms**

A balanced approach to EI should include both active (retraining, for example) and passive measures (such as income replacement while unemployed). Critics note that under the new system, active programs are often not designed to help

workers integrate into decent work (MacKinnon, 2011). The influence of this approach on Canada's program is evident within the Targeted Wage Subsidies (TWS) program<sup>9</sup> which explicitly seeks to encourage Canadian EI beneficiaries to accept low-paid jobs where available (van den Burg et al. 2008). Implementation of Labour Market Agreements (Manitoba first signed on in 1997) has devolved responsibility for worker training to the provinces. Critics of these programs note that the length of training available (maximum of two years) is insufficient for many marginalized workers who are dealing with multiple barriers to employment. Furthermore, continued emphasis on these sorts of supply-side programs ignores the equally important need to improve demand-side strategies (Fernandez and MacKinnon 2010; MacKinnon 2011).

Critics of market-focused neoliberal policy argue that it has led to the "substantial erosion of welfare state protection in Canada and to greater levels of labour market-related poverty and inequality" (Muszynski 1994, 306). Labour and social movements argue that it is precisely the welfare state that *increases* productivity through the development of a more skilled and healthy labour force which then allows for greater flexibility of the labour market by providing security to workers who face technological changes, job loss and labour market adjustment (Muszynski 1994, 306).

In direct contradiction to the OECD's active labour market policy, a 2007 report by the OECD's Directorate for Employment Labour and Social Affairs (DELSA) found that "reforms that reduce the generosity of unemployment benefits are likely to reduce the aggregate level of measured productivity" (Jackson 2007, n.p.). This report found that UI systems that provided unemployed workers with the time and resources to find jobs that matched their skills and experience resulted in a better matching of the unemployed and available job vacancies with increased overall economic efficiency (Jackson 2007). It was also found that more generous UI systems were as-

sociated with longer-lasting, better-paying jobs once unemployed workers did find work (Jackson 2007, n.p.). Another paper on the impacts of generous UI systems concluded that "even if receiving benefits has a direct negative effect increasing the duration of unemployment spells, there is also a positive indirect effect of benefits on subsequent employment duration" (Tatsiramos 2006).

In 1990, Bill C-21 (An Act to Amend the Unemployment Insurance Act) included the following reforms: the maximum penalty increased from 6 to 12 weeks for quitting without just cause, for being dismissed for misconduct, or for refusing to accept suitable employment with an additional benefit rate reduction to 50 per cent for the rest of the period; the federal contribution to UI funds was removed; and the number of UI regions were revised to 62 (Lin, 1998; Makarenko, 2009). In response to Bill C-21, a report by the Senate cautioned that the "bill's primary outcome would be to 'tie workers to their jobs regardless of the circumstances and to induce them to accept poor working conditions'" (Campeau 2005 citing Senate March 1990, 134). These concerns could just as easily be referring to the current government's most recent attempt to reform EI. Minister Jim Flaherty's recent comment — made while justifying the Conservatives' Bill C-38 (see next section) to further restrict EI — that 'there is no such thing as a bad job' clearly demonstrates the enduring commitment of the federal government to forcing the unemployed into any jobs, regardless of skill-matching or working conditions.

Critics of these sorts of market-policy strategies charge that they fail to achieve fundamental changes on the demand-side such as "changing the number, quality or durability of job opportunities" (Lahey and Hall 2009, 58 citing Corak). At the same time, on the supply-side, short-term interventions "do little to create more productive and skilled workers" (Lahey and Hall 2009, 58). Similarly, these strategies have been criticised



because while they are supposed to help those who, because of their multiple barriers to work, have the weakest attachment to the labour force, these programs fail to acknowledge personal circumstances as a barrier to work (Lahey and Hall 2009, 59). Failure to understand the complex and difficult circumstances that marginalized workers face means that these programs are not designed properly and do not help these workers in a meaningful way.

A 1990 Senate report (Senate, 1990) cautioned that active labour market policies employed in absence of job-creation strategies fails to acknowledge the underlying issue surrounding unemployment. MacKinnon (2011, 32) echoes this concern, noting that supply-side strategies as a means to combat unemployment accepts the neo-classical assumption that a deregulated market will “ensure that good jobs are available for all who are willing to do what is necessary to meet the requirements of the labour market”. This assumption proves problematic because it implies that all individuals have equal access and opportunity to/in the labour market, however this is not the reality (MacKinnon 2011, 32). Additionally, active labour market policy by itself seems an unlikely means of alleviating unemployment that is the result of a recessionary period.

Other critics of the EI reforms include the charge that not only have the EI reforms resulted in the program failing to meet the needs of individuals who become unemployed, it is similarly failing its greater purpose to stabilize the Canadian economy in the latest economic downturn when less than half of unemployed workers were receiving EI benefits (Davis 2012, 6). An additional issue of concern that has emerged in the wake of EI reforms has been the criticism of the diversion of the EI revenues into the general revenue stream.<sup>10</sup> Critics charge that rather than being diverted into the general revenue stream, the surplus should go towards reducing premiums or to increasing benefits and expanding coverage (Makarenko 2009).

## The Current EI Landscape

In May 2012, the Conservative government re-invigorated the EI debate with their sweeping Omnibus Budget Bill C-38. Bill C-38, or the Jobs, Growth and Long-term Prosperity Act, deals with some 70 federal laws and was pushed through parliament much quicker than critics would have liked. Included in the bill are significant changes to the EI Act. It became law in June, 2012. Much of the content of the bill was unclear, as the Conservatives suppressed its content prior to it passing. Previous sections of the EI Act that detailed what constituted ‘suitable’ employment allowed EI recipients a period to find work that matched previous working wages and conditions. The new legislation removes 2 of the clauses and gives the Minister the power to redefine what constitutes ‘suitable’ employment. At first, it was not clear how the term suitable would be defined (Jackson, 2012); we now know that three classes of claimants will be created, including long-tenured workers, frequent claimants and occasional claimants — with different expectations of each depending on the details of their labour force attachment. According to the latest information released, a reasonable job search (which claimants have always had to engage in) has now been more precisely defined. As of 2013, claimants will be expected to submit themselves to competency evaluations, register at job banks and attend job fairs (Scofield, H. 2012).

As well, before the reforms, the money seasonal workers earned when they worked part time was not clawed back if it was no more than 40 per cent of their EI benefits. As of September 2012, 50 cent of every dollar earned is now clawed back and part time work is capped at 90 per cent of weekly insurable earnings (*Globe and Mail*, September 20, 2012).

It has been speculated that these changes will oblige beneficiaries to accept jobs at “lower wages and with worse conditions at an earlier point in their claim, and perhaps to take any available job at some point in a claim” (Jackson



2012, n.p.). Perhaps most worrisome about this Omnibus Budget Bill is the fact that it gives the minister the power to change EI regulations without parliamentary scrutiny.<sup>11</sup>

Seemingly directing the government's narrative on the proposed changes is the claim that EI provisions — despite the 1996 overhaul — still contradict labour market flexibility and decrease productivity. However, as noted earlier (see pages 5-6), more generous UI systems have been found to actually *increase* economic productivity (Tatiramos 2006; Jackson 2007).

Additional concerns about Bill C-38 include the replacement of the current appeals system (Jackson 2012).<sup>12</sup> The current system which employs some 1,000 part-time members handling approximately 25,000 cases per year will be re-

placed by only 39 full-time members and hearings from April 2013 will be heard before a single, 'expert', full-time member of the tribunal (Jackson 2012). This change raises questions regarding delays, and decisions being less informed regarding local labour market conditions (Jackson 2012). The importance of this amendment will be explained later in this report when we examine the interviews conducted with Community Unemployed Help Centre clients.

This section has explained the changes to EI and described how they were part of a broader neoliberal agenda to eliminate the welfare state. The following section connects how these changes have occurred in tandem with the re-characterization of the labour market, further contributing to greater worker vulnerability.

## SECTION II: Incompatibility between the ‘new’ labour market and EI reforms

Precarious’ labour markets tend to be characterized by greater competition, lower wages and fewer benefits, poor access to due process, undesirable working conditions, poor chances for advancement (Muszynski 1994, 313), a lack of job security, more temporary and part-time work<sup>13</sup> and a failure to be fully covered by labour laws and policies (Cranford et al. 2003; Fernandez and MacKinnon 2010)<sup>14</sup>. Studies into precarious labour have found increased instances of ill-health amongst precariously-employed workers (Council of Civil Service Unions/Cabinet Office 2004). These workers also experience more stress, earn less money, have fewer benefits and tend to live in low-income housing (Lewchuk et al 2003, 34). Wilkinson and Marmot (2003, 21) have concluded that unemployment benefits set at a higher proportion of wages are likely to have a protective effect against negative effects of job loss.

### **The changing labour market**

In addition to affecting unemployment benefits, market-based policy has also influenced the landscape of the labour market. Labour markets are an important area of study because evidence suggests that, of the factors that influence levels of poverty, economic changes and those related to

the labour market most substantially affect levels of poverty and inequality (Muszynski 1994, 308).

In the early 1950s part-time work represented only 4 per cent of the total labour market but by the late 1980s it represented 15 per cent (Muszynski 1994, 311). During this period, women began entering the work-force, and while their labour force participation is now almost on par with that of men, they are more likely to work non-standard jobs (Davis 2012). One half of all new jobs created between 1980 and 1988 “differed from the traditional model of the full-time job” (Economic Council of Canada 1990, 12). Full-time permanent employment declined from 67 per cent of total employment in 1989 to 63 per cent in 2005 (Fuller and Vosko 2008). The proportion of part-time workers that was ‘involuntarily’<sup>15</sup> working part-time (i.e. preferred to have full-time positions) during this period increased from 11 per cent to 30 per cent (Muszynski 1994, 311).

Changes to the labour market landscape have produced greater instances of insecurity amongst workers (Barker and Christensen 1998; Cranford et al. 2003; Fuller and Vosko 2008; Shaefer 2010). Yalnizyan (2012) notes the findings in a Law Commission of Ontario report on vulnerable workers, claiming that “working is no

longer a guaranteed ticket out of poverty; and in-your-face violations of employment standards and workplace safety legislation are on the rise.” Many times workers leave jobs because of these blatant violations. As the design of UI/EI in Canada was premised on workers being attached to standard employment<sup>16</sup> (Gunderson and Riddell 2000), the increased proportion of jobs falling outside this categorization proves problematic because it leaves the non-standard workforce outside the coverage of EI benefits<sup>17</sup>. (Porter 2003; Campeau 2005; Davis 2012).

Union density has been declining in Canada. It fell from 37.6 per cent in 1981 to 29.4 per cent in 2008. Public-sector employees are four times more likely to be unionized than private-sector employees (Black and Silver, 2010). Finally, advanced economies throughout the world are shifting from a manufacturing base to a service-sector base where precarious, part-time work is prevalent. Statistics Canada 2006 analysis showed that retail-trade employment was nearing parity with employment in the manufacturing sector (Statistics Canada, 2006a). As of 2006, manufacturing employment had decreased as a percentage of total employment to 11.85 per cent from 13.8 per cent in 2001 (Statistics Canada, 2006b). Job losses in Canada’s manufacturing sector have been even greater since the 2008 recession.

### **Falling between the widening cracks**

During the 2009 recession, of the 1.4 million Canadians out of work, only 43 per cent were receiving regular EI benefits whereas during the recession of the early 1990s an average of 80 per cent of the unemployed received UI benefits.<sup>18</sup> By 2011, only 42 per cent of Canada’s unemployed received EI benefits, the lowest number recorded during the 35-year tracking period (Davis 2012, 5). In examination of this phenomenon, Davis (2012, 11) found a correlation between type of employment and the likelihood of qualifying for and collecting EI benefits. She found that goods-producing industries, especially those

with a seasonal component that engage in regular layoffs, disproportionately rely on EI programs while workers in industries with “less seasonality, more precarious work arrangements, less union protection, and more employer diversity (e.g. accommodation and food service; information, culture, arts and entertainment; and retail trade)” have greater difficulty accessing benefits (Davis 2012, 11). While labour market realities indicate that the majority of Canadian workers now live in urban areas and work in the service sector, these workers are less well served by the EI system, (Davis 2012, 13).

A report by the Standing Committee on the Status of Women similarly noted that while government claimed that 80 per cent of currently employed workers would qualify for regular EI benefits if they were to become unemployed, the reality is that job loss disproportionately affects those who occupy unstable patterns of work (workers on reduced hours before a lay-off, temporary and contract workers) and thus may not qualify, or if they do qualify may experience reduced benefits (House of Commons 2009, 7). We see, therefore, an incompatibility with the current EI system-which serves a traditional model of employment-and the current realities of the labour market. The most recently proposed reforms to EI under Bill C-38 will further reduce benefits for the unemployed by redefining what constitutes ‘suitable’ employment.

Those who work part time are much less likely to qualify for EI benefits. Part-time jobs generally exist in the low-wage service sector with women and young workers making up the majority of part-time workers in Canada (Muszynski 1994, 311). Immigrants similarly have higher unemployment rates and a larger presence in non-standard work (Davis 2012). Workers employed in non-standard work arrangements are also less likely to be unionized, are employed by smaller firms, and tend to work for shorter periods of time than their full-time counterparts (Muszynski 1994, 311; HRSDC 1995). These conditions tend to cre-

ate vulnerable working conditions. Importantly, poverty is “almost always associated” with this type of labour market (Muszynski 1994, 313).<sup>19</sup>

Dimensions of gender and race have been extensively connected to issues of precarious labour and worker vulnerability (Cranford et al. 2003; Porter 2004; Fuller and Vosko 2008). For example, women are more likely to occupy part-time permanent positions than men (19% versus 8%) and are also more likely to occupy part-time temporary positions (11% versus 7%) — the most precarious form of employment along the continuum (Cranford et al. 2003, 14).

Research that is available regarding the correlation between race and labour market demographics has found that racialized Canadians earn ‘significantly’ less than the average population. Aboriginal people in general are more likely to work part-time, seasonally, and for lower pay (Fernandez and MacKinnon, 188). Racialized women, many of whom live in the inner city, occupy a disproportionate concentration in ‘part-time, temporary, and homework’ all of which tend to be low-paying, low-status kinds of employment (UNPAC n.d.). Racialized women experience a higher incidence of unemployment—9.4% versus 5.3% for other women (UNPAC n.d.).

### **The health of workers**

Research has found that workers who experience precarious job situations were much more dissatisfied with their jobs, and that such working conditions increased the ill-health of workers, especially mental health, as well as increasing the use of health services by those employees (Council of Civil Service Unions/Cabinet Office 2004). Many workers employed in precarious labour markets face high levels of uncertainty concerning their future employment and conditions of that employment. A lack of control over employment conditions and the anxiety that it produces has been linked to lower job satisfaction, exhaustion and depression, and if experi-

enced in the long run, even cardiovascular disease (Lewchuk et al 2003; WHO 2003). Additionally, workers in these types of arrangements are also most vulnerable to work-related injury (Quinlan et al. 2001). Wilkinson and Marmot (2003, 21) concluded “for those out of work, unemployment benefits set at a higher proportion of wages were likely to have a protective effect”.<sup>20</sup>

This section has elaborated on the major concern about the 1996 EI reforms: that much of the impact has been felt by workers who already experience high levels of marginalization or precarious attachment to the labour market (Pupo and Duffy 2003; Porter 2004; Campeau 2005; Schaefer 2010). These concerns are relevant given that data demonstrate a long-term upward trend in unemployment over the last 25 years (Muszynski 1994, 310; Wong et al. 1999), while jobs have been shifting towards part-time, non-standard jobs in low wage, private service industries (Wilson 2004, 9 citing Canadian Labour Congress). As previously noted, these types of jobs often fail to qualify for EI coverage (Davis 2012). Those most at risk during periods of high unemployment include older workers, women, foreign-born workers, the young, the disabled, and those with less than a high school education (Wong et al. 1999, 27). This section has demonstrated that the level of benefits received by claimants tends to be incompatible with the ‘new’ labour market reality (Shield and Russell 1994; Godin 1999; Porter 2003; Campeau 2005).

While significant literature examines the impacts of the EI reforms on gender (Vosko 2000; Porter 2003) and to a lesser extent race (Fuller and Vosko 2008), specifics about the impact of EI reforms on Aboriginal and inner-city workers is lacking. The following section examines how the increased likelihood of Aboriginal and inner-city workers occupying precarious labour roles leads to a greater likelihood of EI exclusion, further entrenching their position as the working poor.

## SECTION III: How EI reforms have affected inner-city and Aboriginal workers

While a significant amount of research has been dedicated towards examining poverty in Winnipeg's inner city (particularly pertaining to the welfare system), there is little literature on the plight of the inner-city *worker*. We do know that inner-city workers have a fairly high participation rate<sup>21</sup> of 64.4 per cent (see Table 1: Labour Force Activity) which begs the question as to why this population experiences higher incidences of unemployment which negatively skews their attachment to the labour market, making it increasingly difficult to access EI.

As this section will explain, residents of the inner-city face greater barriers in accessing labour markets (especially jobs that could be characterised as traditional forms of employment) because of geographic proximity, lower levels

of educational attainment and a precarious attachment to the labour market.

### Winnipeg's inner-city

In a study of labour force participation and working conditions in Winnipeg's inner city, DeRiviere and Brojges (2011, 2) found that an individual's place of residence may in fact determine his/her possibility of finding work, and what kind of work. Additionally, research also indicates that in low-income communities with a disproportionate number of income assistance recipients, living close to job opportunities may improve employment participation of residents (DeRiviere and Brojges 2011, 2). This is hypothesized because a lack of transportation impedes inner-city residents from accepting jobs in other areas of the

TABLE 1 Labour Force Activity: Inner City compared to City of Winnipeg

Labour Force Activity (15 yrs +)	Inner City	City of Winnipeg
Participation Rate	64.4%	68%
Employment Rate	59.4%	64.5%
Unemployment Rate	7.8%	5.2%

**SOURCE:** City of Winnipeg Census Profiles 2006. Available at <http://winnipeg.ca/census/2006/City%20of%20Winnipeg/> Accessed April 17th 2012.

TABLE 2 Incidences of Low Income: Inner City compared to City of Winnipeg

Incidence of Low Income in 2005 After Taxes	Inner City	City of Winnipeg
Total Economic Families	25.8%	11.1%

SOURCE: City of Winnipeg Census Profiles 2006. Available at <http://winnipeg.ca/census/2006/City%20of%20Winnipeg/> Accessed April 17th 2012.

city. Inner-city workers without cars are often forced to accept lower paying, and less desirable work<sup>22</sup>. The Conservative government's recent assertion, in defence of Bill C-38, that EI recipients should be willing to move to other regions with more jobs begs the question of how low-income individuals could afford to move if they can't even afford to commute. Furthermore, two thirds of inner-city families rent their homes and the extremely low vacancy rate in Winnipeg makes it nearly impossible for them to find decent housing they can afford (CCPA- MB. 2012, 22).

Winnipeg's inner-city residents are more likely to have lower educational attainment, and to experience poverty (Silver 2010). Low-income is more prevalent in the inner city than in the rest of Winnipeg (see Table 2). Populations in Winnipeg's inner-city are twice as likely to be of Aboriginal decent, and Aboriginal plus visible minorities constitute a majority in four out of five inner-city neighbourhoods (Silver 2010). Winnipeg's inner-city has also historically been the destination of new-immigrants and refugees (Ghorayshi 2010), a demographic that has a greater representation in precarious work situations (Davis 2012). Census data confirm that the Aboriginal and new immigrant population experience higher rates of unemployment, lower rates of labour force participation, and have higher rates of social assistance than other Canadians.<sup>23</sup> For Aboriginal people, between 2008 and 2010, employment rates fell by 2.8 per cent (2009) and 4.9 per cent (2010) compared to 1.7 per cent and a rebound of 0.8 per cent (respectively) for non-Aboriginal workers.<sup>24</sup> Participation rates between the groups also widened during the same period demonstrating a growing gap.<sup>25</sup>

Many new immigrants reside in Winnipeg's inner-city (Ghorayshi 2010). Once settled and

seeking work, many new immigrants find their skills vastly underutilised. Recent immigrants to Canada experience difficulty in achieving economic parity with other Canadians despite having, on average, higher levels of education than the general Canadian labour force (Fuller and Vosko 2008, 33). These new-immigrants often find themselves working in jobs characterized by "low pay, low skill, temporary, part-time and undesirable working conditions" (Ghorayshi 2010, 175). The EI Monitoring and Assessment Report has shown that immigrants, especially recent immigrants, are much less likely than other workers to receive EI benefits (Davis 2012).

Additionally, the inner-city comprises a higher number of lone-parent families than the rest of Winnipeg (32.1 per cent versus 19.5 per cent)<sup>26</sup>. Since it has been noted that single parents are more likely to occupy part-time positions in order to accommodate their domestic responsibilities (Fuller and Vosko 2008), this compounds the likelihood that inner-city residents may face greater difficulty in fulfilling the EI entrance requirements<sup>27</sup>.

While a lack of research exists explicitly linking the experiences of Aboriginal and inner-city workers to the changes in EI legislation, the low-income status and geographic location of many inner-city residents would seemingly point towards a greater likelihood of attachment to the precarious labour market, thus increasing vulnerability under EI reforms that restricted benefit access to those in the part-time and temporary job markets.<sup>28</sup>

### High and Dry: how EI excludes claimants

Examination of the Canadian experience found that after exhausting benefits, claimants are often



forced to turn to social assistance (Jackson and Schetagne 2010, 8). Further, the unemployed who are outright denied benefits are also frequently forced to seek social assistance. In November 2011, there were approximately 450,000 unemployed workers in Ontario who did not receive EI benefits, and of these an estimated 330,000 relied on non-disability welfare payments as income support (Davis 2012). This experience is supported by interviews of inner-city EI claimants that were conducted as part of this project and is expanded upon in the third section of this paper. Similar experiences of seeking social assistance were reported when EI claimants were denied benefits.

During the 2008-09 recession, women claimants were hit harder than men, likely because men impacted by the recession had been employed in relatively stable jobs (Jackson and Schetagne 2010, 3) meaning they were more likely to qualify for EI benefits. The 1996 EI reforms increased the number of hours needed for new entrants and re-entrants (NERE) to the labour market (NERE claimants need 910 hours-or about 6 months of full-time work in order to qualify for EI benefits). Recent immigrants and young workers — many who work part time — find it especially difficult to achieve the 910 hours new-entrant requirement (Jackson and Schetagne 2010, 4), and many mothers who were working part time before giving birth are not able to meet the 700-hour requirement to qualify for parental benefits. While numbers are not recorded regarding the ethnic background or neighbourhood location of EI claimants, given the greater likelihood that visible minorities are over-represented in precarious labour markets, one can assume that these workers experienced greater difficulty in fulfilling EI entrance requirements.

Conditions surrounding job loss prove highly problematic for disadvantaged workers when attempting to fulfil EI qualifications. Shaefer (2010, 443) found that the conditions surrounding job loss were the key barriers for disadvantaged

workers<sup>29</sup> attempting to access UI in the United States. Interview respondents<sup>30</sup> cited drastic reduction of hours, abusive or unhealthy work environments, and unreasonably long-commutes as reasons for quitting a job; however such reasons disqualify an EI applicant from collecting benefits. This anecdotal evidence is supported by Shaefer's (2010) findings that fewer part-time workers than full-time workers met the requirements surrounding job loss (28.6 per cent and 45.4 per cent respectively). However even among workers who met both hour requirements and job-loss conditions, the lowest wage earners were 22 per cent less likely to receive benefits than workers in the highest wage quintile (Shaefer 2010, 453).<sup>31</sup>

Canada's disqualification period prior to 1993 was set at between 7 and 12 weeks however Bill C-113<sup>32</sup> imposed total disqualification period for individuals who voluntarily leave their jobs without 'just cause' or those that were fired for 'misconduct' (Kerr 1999). This restriction excludes workers who voluntarily leave jobs when their hours are reduced. Given labour market trending towards more precarious jobs and the most recent attempts by the Conservative government to redefine 'suitable' employment, it is likely that these workers will face greater hardship in accessing EI. This is particularly true when jobs are scarce (Levine 2006, 366), such as during recessionary periods.

The complexities of unemployment insurance systems were cited as an additional reason why disadvantaged workers were less likely to apply for UI than others after becoming unemployed (Shaefer's 2010). Indeed, Wandner and Stettner's (2000) research also reported that more than half of the official unemployed (those without work but seeking work) do not file for unemployment insurance pointing to a need for advocacy for those who have difficulty navigating the EI structure. These findings are echoed in our research in Winnipeg's inner city.

As previously noted, during the 2009 recession only 43 per cent of Canada's unemployed

had access to EI benefits compared to 80 per cent during the recession of the early 90s. Further, the number of unemployed qualifying for the maximum insurable earnings (MIE) — the amount a claimant collects — is also extremely low. As of October 2009 the MIE was \$447, however the average benefit paid out, was \$343.8, likely because many claimants (especially women and younger workers) were earning below average incomes. During this period, under half (44%) of EI claimants qualify for the MIE (Osberg 2009).

The final section has shown how the present EI system clearly fails to provide adequate support to certain demographic groups. Aboriginal and inner-city residents are particularly vulnerable to job markets that are characterized by insecurity, and often find themselves unemployed with little or no access to EI funds to tide them over between jobs. This means that the present EI system is at odds with the current realities of the labour market.

## Conclusion

The narrative explicit in the EI framework has changed dramatically since 1996 in order to accommodate a neo-liberal framework. As such, it now demands a stronger labour force attachment. These assumptions privilege those workers who maintain an attachment to the labour market in the face of personal barriers, conflicts on the job that might include abusive or dangerous working conditions, or difficulties regarding commuting to work. Thus a good worker— and one who is allowed to collect EI — is one that puts up with pretty much anything in order to maintain a job-any job. This narrative fails to acknowledge that there is in fact, such a thing as a bad job and that workers should not be subjected to dangerous, demeaning or abusive work environments. Nonetheless, those who do qualify also face problems.

For those lucky enough to qualify, benefits have also been scaled back and far fewer who pay into the system are eligible to collect (Standing

Sentate Committee on Social Affairs, Science and Technology, 9; Canadian Labour Congress, 2012). The most recent changes brought in by the current government further reduce benefits for seasonal workers. Initially presented as a way to remove disincentives to work, seasonal workers who were beginning to be laid off in September 2012 learnt what the new change really meant for them. Before the reform, the money recipients earned if they worked part time would not be clawed back as long as it was no more than 40 per cent of their EI benefits. As of September, 50 cent of every dollar earned will be clawed back and part time work is capped at 90 per cent of weekly insurable earnings. Under the new rules, one critic noted that the only way a recipient would be better off working part time would be if s/he earned more than \$20.00/hour (*Globe and Mail*, September 20, 2012).

The culmination of reforms since 1996 has effectively undermined UI/EI's original purpose as an insurance program that is responsible to those who pay into it, to being thought of as a social program that is difficult to access and which labels those who do as lazy free riders. To this end, reforms have accomplished their goal: to create a more pliable, docile and complacent workforce. This new stringent EI system complements and reinforces the main goal of neo-liberalism: the creation of a growing precarious labour market.

Because women and minorities disproportionately make up the demographics of precarious labourers, and because disadvantaged workers and those that occupy precarious labour roles are proven less likely to seek and receive EI benefits (Wandner and Stettner 2001; Shaefer 2010) there is reasonable grounds to assume that those who experience exclusion from EI benefits are more likely to be of minority status, however there is a lack of empirical data detailing the demographics of rejected claimants, likely because these workers tend to have little voice or power to get their stories told. They are, in large measure, invisible. Despite insufficient data ex-

pounding the Aboriginal and inner-city worker experience within the EI system, this literature review has none-the-less attempted to draw important connections linking the experiences of minority, vulnerable, and disadvantaged workers (a category that Aboriginal and inner-city workers are disproportionately represented within) to the 'new realities' of the labour market and the structural reforms to EI. Therefore this work has demonstrated that with the 'new' economic realities shaping both labour markets and social policy in Canada, workers become more vulnerable to job market insecurities and shocks (that are in turn compounded by market-driven policy reform). Additionally, with the reduction of EI benefits and stricter qualifications to receive benefits, the most vulnerable workers seem to be hit the hardest.

Rejected claimants are frequently forced to seek social assistance, demonstrating a shift of responsibility for the unemployed onto social welfare rather than helping them with the in-

surance system into which many have paid. The devolution of responsibility onto the provinces places further demands on already scarce provincial resources. Furthermore, the complexities of the EI program demands a system of advocacy for those who wish to apply and do not know how, or for those who are denied benefits but wish to appeal their decision. The recently proposed reforms to the appeals system raise concern regarding the efficacy of a reformed appeals process.

Because marginalized workers are the most vulnerable to labour market insecurities, proper employment regulations are fundamental to ensure their rights as workers are respected, and that if they are to find themselves unemployed through no fault of their own, they be given access to the EI funds into which they have paid into as workers. Unfortunately, the increased restrictions on EI provisions that the current federal government is proposing lessen the possibility that they will be able to collect.

## Part II – Experiences of Inner City Workers

This section focuses on the experiences that these workers have had with EI when they find themselves unemployed.<sup>33</sup> Through semi-structured interviews, workers were asked to detail their experiences with the EI system to determine whether the program met their needs.

Winnipeg’s Community Unemployed Help Centre (CUHC) collaborated with the Manitoba Research Alliance in providing access to their clients. Through a process vetted by the University of Winnipeg’s Senate Committee on Ethics in Human Research and Scholarship, the CUHC sent letters to clients living in the inner-city and invited them to contact the authors if they wished to participate in this study. We interviewed 19 inner-city residents who had experience with the EI system. Informed consent was obtained from all interviewees, and details have been changed to protect their identity.

### **Broadstrokes**

Respondents overwhelmingly claimed that the system did not, in fact, meet their needs. Other themes arising from the interviews included a continual reference to the stress experienced as a result of the EI application process, primarily due to a lack of knowledge and information about the

program, a lack of technological skills required to complete the application process, and waiting times associated with finding out whether they were to receive benefits or not. Additionally, concerns were raised regarding the fact many of the EI applicants felt they were treated as though they had no right to claim EI despite the fact that they had paid into the fund, some for many years. Many experienced feelings of stress and shame about being unemployed and having to ask for help, as well as frustration in dealing with a system that they felt treated them as though their unemployed status was a result of personal deficiency. Periods of ill-health were frequently noted as both causing periods of unemployment and exacerbating unemployment. When asked about positive aspects of their application process, some of those interviewed referred to specific EI workers who they found helpful and respectful — leading to the conclusion that changes at the micro level of bureaucratic institutions can in fact, have positive effects on the experiences of EI applicants.

While some of the respondents echoed findings expounded in the literature review, other concerns were raised by the responders that had not been originally established by researchers as important research questions.

Some of those interviewed were denied benefits, and some were approved, however both groups raised similar issues of concern regarding the EI process. All of those interviewed worked in low-wage, unstable jobs and experienced precarious attachment to the labour market. Of those workers who failed to qualify for benefits, the most frequently cited reasons for failing to qualify were conditions surrounding job loss and insufficient hours accrued demonstrating that the current qualifications for EI do in fact pose barriers for these workers. Further reforms, as proposed in the Conservatives Budget Bill C-38 would therefore undoubtedly lead to increased barriers to access.

Those workers who did qualify for benefits continually noted that the benefits received (either amount or duration of benefits, or both) proved insufficient to meet their needs. Given that these workers are rarely listened to, it is our hope that this report will begin to give voice to their concerns.

This section also includes observations of staff from the Community Unemployed Help Centre, a non-profit organization that advocates on behalf of workers denied EI benefits. It concludes with policy prescriptions to make Canada's EI program fit the needs of inner-city and Aboriginal workers.

## Findings

- **EI failed to meet the workers' needs:**

Out of 12 respondents who received financial help, 11 responded that the benefits afforded them did not meet their needs. All of the 4 who did not receive EI benefits responded that EI failed to meet their needs. A 55-year old health care worker who suffers from bi-polar reported that when she was forced to seek part-time work because her EI benefits proved insufficient in meeting her needs, she was disqualified from receiving further benefits.

*That was the most.... frustrating... moment that happened to me in my life...I said for 36 years I contribute to EI and I have no right to collect — okay, give me back all that I contribute, no problem.*

The above quote is from a worker who was a seamstress for 36 years. She was let go when her company moved to a country in the global south to reduce production costs. The workers did not receive severance pay. She was given 36 weeks of benefits but, at 55% of her pay, it was not enough to cover her costs. She was provided with retraining, however a living allowance was not provided. She had to live with her sister in order to make ends meet.

- **Discrimination:** More than one interviewee spoke of his/her frustration trying to deal with EI staff, and feeling discriminated against for being from a different culture and not speaking English well. Some interviewees reported not being able to find help until they finally went to the CUHC.

- **The complex nature of the system:**

Many people found the application process difficult because of a lack of information from staff regarding the rules and procedures of EI, and in some cases, applicants actually received conflicting information. Out of 16 respondents, 12 people indicated they did not receive enough information, while 2 indicated they did, 1 did not seek any information and 1 failed to respond to the question. Additionally, half of the respondents lacked computer literacy skills and found it difficult to navigate the applications process for this reason:

*I have a heck of a time with the computer because I don't know the first thing about it and you go and there's only 2 people working; there's one on the desk and one on*



*the floor and you got a full line of people waiting to try and get through — you see everybody's frustrated there.”*

Another interviewee explained that:

*“A lot of troubles that I had is that no education...I was in Indian Residential School and ... I couldn't learn, I had a disability in learning.*

He was frustrated because he felt that the EI staff:

*did not understand me...you see one of the things I was telling you about is my education...they didn't understand me — what I was saying ...I couldn't comprehend the stuff they were saying, you know like long words I couldn't understand... [I]t's different when I pulled Unemployment Insurance in maybe 1990 [...] where you used to fill out cards now when I went to EI, you have to phone in you know and [...] I made a mistake phoning in [...]. They didn't understand why I was phoning so I had to go to the office and tell them ... I got denied, denied for it...*

When asked if he had been treated with respect, this same interviewee responded:

*I guess you could say with respect you know they didn't yell at me or anything; they tried to help me...you know a lot of it would have been my fault because of the lack of education I have.*

Clearly this Aboriginal worker, who was nearly 60 years old and who had been through the Residential School System, had very low expectations as to how he should be treated and tended to blame himself for the system's inability to help him. If not for the CUHC, this inner-city worker would have received no financial assistance from EI.

One Aboriginal woman noted that there was no one available to help her with the application process:

*Show me the computer, fill out your form, sit at the computer...you don't know nothing. I went there for 9 'clock in the morning and that's when you sit at the computer, you know what time I left? At 2:30.*

When asked if she was treated with respect, she replied: Treated like as if I wasn't there. And when asked if EI helped her at all, she quipped:

*In irritating me, yes. Like I said, the way we're treated is like it's their money... They want to make so much provision over that unemployment money, you have to have this, you have to be that, you have to be this, like why bother to work even to try and get that you know.*

One respondent continually referred to being unable to understand the questions asked of him, noting that it was his lack of education and literacy skills that posed a problem for him. He sought help and advice from his daughter who was a schoolteacher. Additionally, many respondents had difficulty in getting one-on-one attention from staff:

*... they have no time because they got so many clients... the office is always full and they got...less workers, not like before they used to have lots of workers...it's...maybe on account of cutbacks and all this stuff you know.*

Another interviewee — who had escaped civil war in his country of origin — explained that even after some explanation about EI rules:

*I still feel confused about the whole situation....I think the rules should be explained to any member because they got the money from you...[t]hat's my money. I feel still not belong in the community because of this.*



This sentiment demonstrates how the EI system alienates new Canadians rather than helping them adjust to a new society.

Another claimant talked about how easy it was to find oneself in straightened circumstances and how the Province has to intervene:

*I had my own apartment...my rent was \$425...well they're not giving me the money cause the keep disqualifying me cause I didn't answer some question right or something and so I went to Welfare and they paid some of the rent. Only when I did get UI [...] my claim ran out ... and I ... had to give up my apartment.*

Once denied, few people were told that they could appeal their decision, or told how to appeal their decision. All the respondents who appealed their decision indicated that they either appealed the decision on their own behalf, or they had received help from the Community Unemployed Help Centre (CUHC). None of the applicants who were denied benefits were referred to the CUHC by EI staff.

- **Length of decision making process:** The EI monitoring report states that on average decisions come back in 28 days, however many respondents noted frustration with the length of time it took for decisions to come back. Many respondents felt as though they were in limbo during this period — they were unable to work because it would disqualify them from collecting, yet they felt unable to live their lives because of financial difficulty that unemployment poses. People often referred to how stressful this period was:

*and I use my credit card money... I was waiting for EI pays me at the end of the year...*

This waiting period can have devastating consequences:

*I was freaking out cause the bank, I can't redo my mortgage to make it lower because I had no income right, no job, no nothing.*

The period that the appeals process took was additionally a source of frustration. Many respondents noted wait times of 2-3 months for the appeals process, while for one applicant the process of appeal took 6 months. The proposed change in Bill C-38 to reduce the 1,000 part-time appeals members to just 39 full-time members raises concern in regard to even lengthier wait times in finding out about appeals.

- **Precarious nature of work:** The literature that details marginalized workers experience with unemployment insurance schemes notes that conditions surrounding job loss are the key barriers for disadvantages workers attempting to access unemployment insurance benefits (Shaefer 2010, 443). Conditions surrounding job loss is linked to precarious work because frequently these types of jobs lack job security, and often fail to be fully covered by labour laws and policies. Therefore employers may reduce hours so drastically that workers are forced to quit, or workers may be demanded to perform tasks that they are unable to do, leading to either dismissal or choosing to quit. Many respondents referred to the precarious nature of their jobs:

*Sometimes they told you that next Friday they will have no job because we shut off [down]...we shut off sometimes 2,3 days, 2 weeks or maybe you miss 8 hours or 4 hours while you expect to get 80 hours every 2 weeks.*

Another interviewee who had worked in the garment industry for decades explained that:

*...they gave us 3 months' notice that they are going to close the plant because they are not making money but since the Free Trade*

*signed, they [...] send it to Mexico, to China, or something where the cheapest labour are, and now we lost our job again...*

- **Conditions surrounding job loss** was frequently cited as the reason for being denied EI benefits. Some referred to abusive or dangerous situations being the reason they quit their job, but quitting disqualifies an applicant from receiving benefits-which places the worker in a dangerous, stressful and conflicted situation. One respondent reported that when his workplace was downsizing, he was told he could either quit or be fired. If he quit, they said, he could receive EI benefits for a year, but if they had to fire him he would receive nothing. He chose to quit so he could use his benefits, but when he applied for EI he was told he was ineligible. Another respondent who worked as a health care worker described the following difficult situation:

*...you could work two different shifts or you work a double shift and they expect you to do it; they don't realize that you need downtime ... with them it's go, go go and I finally did quit...it took me three years to do it but she would send me with two people who were abusive, that they couldn't even handle and they had me trying to handle them...I just told her no more, I'm not coming back.*

Another worker who was living on the street at the time of the interview explained that he had quit his job because another employee punched him all the time and because he hurt himself moving heavy equipment:

*I'm just trying to get a yes or no are you going to help out with EI or not and they said they're not because there wasn't a legitimate reason for me to leave. And I said picking up a 250 pound fan [and dragging it] 250 feet and slipping on a rock [...] I had*

*to go in this little crevice and the fan is like 3 times as high as that and I slipped and I hurt my back ...*

Sometimes, EI applicants fail to accurately describe the conditions surrounding their job loss. They may not be fully aware what is important to tell a worker. An advocate at the CUHC reported that with one client it took her 3 sessions to come to understand his conditions, after which time she concluded that he did have just cause for leaving his job.

- **Issues surrounding the health of workers.** The issue of health came up over and over again. In some cases ill-health was the mitigating factor in job loss, in some cases it was brought on by the stress of being unemployed and dealing with the EI system, and sometimes it was both. One respondent who suffered from diabetes — which was not a factor in his job loss — noted the difficulty in satisfying his dietary needs while waiting on his appeal. In order to meet his needs during this period when he had no income coming in, he was forced to use up his pension that he had accumulated over the previous 4 years. However, receiving these monies resulted in a financial penalty being applied once he did receive his EI benefit. Another respondent was taking medication for a thyroid condition-which made her appear as though she was drunk. She was fired. Often those who suffer either mental or physical health issues experience precarious attachment to the labour market. One interviewee had to quit her job because her hot flashes were so debilitating; another found that the stress he faced at work exacerbated his colitis, but he could not afford to quit and look for a different job. Another precariously employed worker described his experience:

*they gave me minimum wage and ...they stuck me in a fridge all night, in and out of a fridge with dairy products and my hands just couldn't handle the cold all the time so I left there.*

These workers did not feel they were in a position to ask for changes in their jobs to accommodate their physical problems and accordingly had to quit without “just cause”.

- **Retraining:** Out the 5 people who indicated they wanted retraining, they were all either provided with retraining or were told they could receive retraining if they chose to. However one respondent indicated that while she wanted to be retrained, the living allowance provided was insufficient to meet her needs during her retraining period. Others indicated that they were told by EI to find their own retraining programs, which many did not do because of they did not know where to begin to seek that information:

*...they said to me you have to go find your own [training] and then they will look after you see, what do I know, how to get those courses if they don't tell me...I don't want to go for sewing anymore because sewing, oh companies here are gone [...] it's really hard to deal with them [Employment Insurance]...*

One advocate who works for the CUHC noted that she saw people's interest in training programs proportionally increasing with their knowledge of what is available. This indicates the importance of providing those who want training with information about programs that might be available to them. This would demand greater investment in the EI framework and involve employing training counsellors. Once EI recipients are trained in a certain area, they are expected to

work in this area, even if they do not feel qualified to perform the tasks. Both an interview respondent and a CUHC advocate raised this problem.

Finally, one new Canadian interviewee who did not understand the rules and who lost his benefits because he believed he could use them to upgrade his job skills noted that:

*I just think that even if EI just want me to stay on (with) this company until I become a beggar in this country...I need to do something to change my career and that's why I accepted that money [from EI] they said they have to cut your money from your pay cheque... I like to work, I'm not depending on EI....if it's considered for me to get help to move from step A to B...*

Other CCPA research echoes these problems and notes that so many retraining programs do not prepare workers for better jobs than the one they had; they remain trapped in the precarious job market (MacKinnon, 2011). Unfortunately, the training programs themselves have been watered down to meet the demands of low-wage employers rather than the needs of individuals looking to improve their lives.

- **People want to work:** The general sentiment from respondents was that they did not want to be on EI, and they indeed wanted to work. One respondent referred to the shame he felt at being poor and not being able to afford nice things for his girlfriend. Another man referred to the experience of being unemployed as 'depressing'. Respondents frequently noted that the overall experience of applying and being on EI was not a positive one, and given the opportunity for employment, they would take it:

*...no, no, that was my only time ever on EI and that's...hopefully I'll never have to go*

*back on that cause I don't want to put up with that ever again.*

*I might just go and try to get on Welfare or something but you know I'm not that way, I want to work, I want to get a job, I want to take us off the street (he and his partner were living on the street) that's what's frustrating me [...] I'm a hard working labourer...I know how to do certain jobs but they're not giving me a chance...*

Narratives that paint those who collect EI as 'lazy' or unwilling to work obscure important demand-side factors of the labour market. That is not to say that abuse of the system does not occur, however simply restricting EI benefits as a means to influence individual behaviours proves insufficient, and even worse, detrimental, when jobs are not available. Additionally reported by respondents was that the conditions in the work place played an important role in their mental and physical health. One man described his previous work place as being so stressful that he went on anti-depressants to deal with his negative emotions:

*Yeah, yeah, yeah, we had a little bit of well, you work in an 8 x 10 for 10, 11 hours a day, you sort of get uh, it's like a jail sentence eh... [I was] laid off yeah cause I started going...I was on antidepressants...just because of the amount of bullshit ...*

After receiving EI he chose a different job that paid less, but was less stressful. This positive outcome points to a need to understand workers in more than just economic terms and highlights the importance of job creation strategies that consider interest and skill for workers.

- **Positive findings:** One positive finding that emerged over and over was the reference to individual CUHC caseworkers. Certain workers' names came up

repeatedly and were noted by interviewees for their compassion and dedication to helping them. Many of those interviewed said they appreciated the time that the CUHC staff took to explain the rules, and said that they felt much more in control once they knew what was going on regarding their case. This, combined with people's frustration with the lack of one-on-one access to EI staff, indicates that cut backs to staff do and will have a negative impact on the experiences of those who apply for EI, particularly marginalized populations that experience multiple deficits in skills needed for the application process.

### **Observations by CUHC Staff**

One ex-advocate who was interviewed noted that the majority of her clients at CUHC were racialized and/or women. Many were of Aboriginal descent, lived in the inner city, and many changed residence on a regular basis (making it very difficult to maintain contact with them). Some even migrated back and forth between their First Nation community outside of Winnipeg and the inner city. They sometimes went "home" to participate in traditional economic activities such as trapping and fishing, putting in hours of work that would never be recognized by EI.

The advocate also reported trying to help new immigrants who were experiencing harassment (often of a racial character) on the job but, because they could not prove it without worsening their relationships with fellow workers, were reluctant to report the abuse to their bosses. One newcomer in particular was desperate with stress and frustration, but had to be counselled that if he quit, he would not qualify for EI because he had taken no measures to remedy his situation. This individual, with a family to care for, was clearly trapped in an impossible situation. Policy makers need to understand that indeed there ARE bad jobs.

Other advocates observed that many clients are denied EI benefits on the basis that they did not have just cause to quit their jobs, when in fact they did. Often these clients do not understand the test for just cause, and are not in a position to judge whether their situation meets the test. If enough time is spent teasing out the details and context, just cause can often be proven. In one instance, the worker<sup>34</sup> was from a different culture and she did not understand that in Canada it was not only acceptable to bring up an issue with your boss, but you are expected to. She did not think it appropriate to insist that her poor health (caused by violent circumstances in her native county) warranted a transfer to a different section of the company where her condition would not be aggravated. Rather than insist (which would have been unthinkable, even dangerous in her country of origin), she quit and found herself ineligible for EI. Upon receiving help from a CUHC advocate, the decision was reversed. But if the CUHC had not been available to explain the cultural nuances of the labour market in Canada, and if the advocate had not taken the time to coax the information out of her (she was very scared and reluctant to talk about herself) this inner-city worker would not have received the help she needed. Given the upcoming cuts and changes to the EI appeal system, workers like this will be less likely to have recourse.

Advocates also noted that there needs to be more scrutiny with employers. Often much-needed benefits are denied or delayed because of employers not filling out Records of Employment correctly or in a timely manner, yet employers are never disciplined for these transgressions. They also confirmed the comments collected in the interviews about the complexity of the application process; they have found that many educated professionals have trouble applying, let alone appealing a decision. Advocates also confirmed what interviewees told us about employers giving incorrect information to employees about EI

(for example, when one of the interviewees was told he could go on EI if he quit).

According to the CUHC staff, even before the current changes being implemented by the current government, 53 per cent of calls to Service Canada went unanswered. This high rate of service failure will only worsen once all the changes come into force, leaving workers, many who should be collecting benefits, even further adrift.

Given that the CUHC wins 83% of its appeals (CUHC website), it is clear that many workers are being denied benefits when they should be receiving them. As revealed in our interviews with CUHC staff, many of their clients are inner-city and Aboriginal workers. The upcoming cuts and changes to the appeal process will make it much less likely that these workers will have recourse when wrongly denied.

## Policy Recommendations

The changes to UI emerged from a policy discourse that strongly linked EI provisions to a culture of dependency and argued that EI benefits encouraged higher levels of permanent unemployed because if given the opportunity, most workers would choose to receive benefits over entering the labour force on a full-time basis (Makarenko 2009). It is argued that 'overly generous' EI benefits (negatively) influence individual behaviour while on a larger macro-economic scale they inhibit labour market flexibility.<sup>35</sup> However, a report published by the OECD actually found that "reforms that reduce the generosity of unemployment benefits are likely to reduce the aggregate level of measured productivity" (Jackson 2007, n.p.). This report also found that UI systems that provided unemployed workers with the time and resources to find jobs that matched their skills and experience resulted in a better matching of the unemployed and available job vacancies with increased overall economic efficiency (Jackson 2007). Furthermore, more generous UI systems were associated with longer-lasting, better-paying jobs once unemployed workers did find



work (Jackson 2007, n.p.). Additionally, the argument that EI benefits negatively impact worker behaviour largely relies on the assumption that unemployment is equivalent to voluntarily leisure time (i.e. enjoyable time away from work) and presumption that jobs are available to the unemployed if only they were to pursue them (Osberg 2009). This claim, as anyone who has been unemployed and does not have access to sufficient funds will know, is not true. Beyond loss of income, unemployment has been noted to negatively affect both physical and mental health (Osberg 2009). Our interviews confirmed this finding.

EI should heed the findings of the OECD report cited above, which findings were confirmed by our interviews. A more comprehensive system with adequate financial support and proper re-training would in the long run reduce dependency on EI. The key is to prepare workers for decent jobs *and* to provide them with adequate financial support for the duration of their training period. In the case of those inner-city workers who face multiple challenges the following strategies should be employed:

- Retraining should include culturally appropriate decolonization/addictions counselling (MacKinnon, 2011).
- EI should use a Labour Market Intermediary (LMI) model to help marginalized workers connect with local employers. CCPA-MB research shows how LMIs can connect workers who have multiple challenges with employers who understand how to train and interact with such workers (Silvius and MacKinnon 2012). The advantage to adopting this model is that it was designed by the community where inner-city workers live. Those who participated in the study understand the barriers these workers face and know better than anyone how to prepare them for work.

Both the literature review and the interviews we conducted strongly contradict the premise that the majority of people collecting EI wish to be unemployed. The people we interviewed and the employees of the CUHC, who work with the unemployed every day, confirmed that people very much want to work; the reason they don't is often because they have fallen between the ever-widening cracks in the precarious job market. Interviewees confirmed feeling stress and being ill and/or depressed while unemployed. Some of the interviewees also spoke of the combined stress of being unemployed and living in the inner city where crime and substance abuse are more common than in the rest of the city. Such an environment only added to their sense of hopelessness.

Policy makers need to understand that inner-city and Aboriginal workers have legitimate reasons to be unemployed/underemployed and that help needs to be designed to fit their needs. These workers face daunting personal challenges, but still the majority do work (often in difficult circumstances) in an effort to look after themselves and their families. If the EI program continues to routinely deny them benefits based on the impossibility of them ever meeting criteria that was not designed with them in mind, then the minimum the government should do is not deduct EI premiums from their meagre pay cheques. Perhaps workers who have no chance of qualifying over a one year period could apply to have their premiums refunded on their income tax return. Neo-liberal policy has created a whole new class of precarious workers, but hasn't changed programs to help these workers adapt.

Of course the preferred strategy would be to create full employment with more decent jobs so that people could transition out of the precarious market. Unfortunately, many workers would/will need years to complete that transition and not all are able to obtain the skills they need. Even if there were an increase in decent jobs, precari-



ously employed workers would still need training programs that fit their needs.

As well, the workforce has changed dramatically over the past decades. More and more workers are from different cultures and EI cannot assume that they share the same values and customs. At least half the workforce is female and many must balance work with childcare/eldercare. Rather than expecting workers to be white males with standard employment, government programs should accommodate the myriad of cultures and experiences found in Winnipeg's inner city, as well as the realities of Aboriginal and First Nations workers. The following recommendations begin to deal with these issues.

- One interviewee expressed the need for better qualified staff at EI, particularly regarding language. Having staff available who speak languages from some of the more common ethnic groups (Asian, Chinese, Philippine) would help.
- More staff with a First Nations/Aboriginal background would be able to offer services in a culturally appropriate manner that would make Aboriginal people feel more at home.
- More and better-trained EI staff should be available to help workers who cannot navigate the complicated application system. Many whom we interviewed were not computer literate and required help that they did not receive.
- The definition of labour force attachment<sup>36</sup> — a crucial concept in determining eligibility — should be changed to meet the realities of today's labour market. It is often difficult for precariously employed workers to accumulate 490 hours of work prior to the qualifying period AND to accumulate 700 hours of work in the qualifying period (inner-city workers fall under the regulations for Winnipeg, where the unemployment rate is low, meaning that workers have to accumulate more

hours in the qualifying period). The fact that the unemployment rate for Winnipeg or southern Manitoba is low does not help inner-city workers as much as workers who don't face the same challenges. Accordingly, labour-force attachment should be calculated on a fewer number of hours and inner-city workers should not be expected to accumulate so many hours in their qualifying period, especially those who are involved in non-paid work for part of the year.

The Canada Labour Congress (CLC) confirms that EI does not provide sufficient coverage to part-time workers, especially women, youth and new immigrants. Many inner-city workers are found in these groups, with the addition of many Aboriginal workers. The CLC explains that the change in the 1990s from a weeks-based to an hours-based system means that today only one half of part-time workers qualify for benefits when laid off. Precariously employed workers should have to work fewer hours in their qualifying period; given the considerable obstacles inner-city workers face, 360 hours is a much more reasonable figure. The Canadian Labour Congress (CLC) outlined recommendations to improve the system for all workers. In keeping with findings from the OECD which find that improved benefits decrease reliance on EI, we concur with the CLC (2011) recommendations:

- National entrance requirements should be the same across the country: 360 hours of work
- Benefits should be paid for a longer period of time
- Benefits should be calculated on 60% of insured earnings and insured earnings should be calculated on the average of the last 12 weeks of work

- We also recommend that, in accordance with the most recent changes, seasonal workers not be punished for working part time; part-time work should be accommodated in such a way that recipients are able to make a decent living while gaining valuable work experience that could lead to a fulltime job.
- In keeping with the concept of labour force attachment, EI needs to recognize the concept of the precariously employed worker and develop criteria to fit the category. The above changes recommended by the CLC and our recommendations for improvements to training would be a positive first step to providing a system that accommodates inner-city workers.
- Contrary to the idea that there are no bad jobs, many inner-city workers find themselves in impossible work environments; often their only way of coping is to quit, and in many cases just cause can be demonstrated. Our research has shown, however, that many workers (and not just precariously employed ones) lack the resources to advocate for themselves so that they can prove just cause and qualify for benefits. The appeals process needs to be expanded and simplified, not diminished and watered down as proposed by the current federal government.
- We concur with the CLC 2011 report recommending that any surplus revenue collected by EI be held in trust for workers who require retraining, not just those who contribute to the plan. Interest on such a fund should be used to finance retraining and counselling services for unemployed/underemployed workers. At least part of the \$57 billion surplus in the EI account at the end of 2007-08

(CLC 2011, 5) should be paid back to the program and used to eliminate the current EI deficit (accumulated and annual), with the balance going to the program improvements recommended in this paper.

## Final remarks

The neo-liberal revolution that began 40 years ago has transformed the labour market and the EI system. At the same time as it created an expanded class of precariously employed workers, it effectively dismantled the EI system, rendering it inaccessible to the very workers who need it the most. This report, and other CCPA/Manitoba Research Alliance research, has demonstrated that many precariously-employed workers live in Winnipeg's inner city and in Aboriginal communities throughout Manitoba. Failure to understand the complex and difficult circumstances that many of these workers face means that EI programs are not designed properly and do not help these workers in a meaningful way.

Given the social ills that permeate these communities, ills which paralyse people and end up costing Canadian society dearly, both economically and in human suffering (CCPA 2010), all levels of government should be working urgently to provide the supports people need to take control of their lives. A sensible, accessible EI system is a crucial component of that support; it needs to provide unemployed inner-city workers a solid bridge to move them from unemployment and underemployment to decent work. That a succession of federal governments has seen fit to tear down the EI bridge at the same time as it makes the waters more turbulent means that we have an increasingly marginalized group of workers who find it harder and harder to cope.

We hope that this report will convince policy makers to reverse the damaging changes implemented over the past two decades, and to embrace new policies that will help struggling inner-city/Aboriginal workers realize their full potential.

# Endnotes

<sup>1</sup> Precarious labour is defined as temporary and part-time work that is characterized by greater competition, difficult working conditions, poorer chances of advancement, lower wages and fewer benefits than traditional employment relationships. These types of jobs also have poor access to due process, a lack of job security, and a failure to be fully covered by labour laws and policies (Muszynski 1994; Cranford et al 2003)

<sup>2</sup> The traditional labour role refers to a situation where the worker works full-time, year round, for one employer, on the employer's premises, enjoys statutory benefits and entitlements and expects to be employed indefinitely (Cranford et al 2003).

<sup>3</sup> See Tables 1 and 2. This data was gleaned from the 2006 Census. Since the recession, it is reasonable to assume that inner-city unemployment have increased however since the Conservative government scrapped the mandatory Census in 2010, there is no data available regarding the most current inner-city unemployment rates.

<sup>4</sup> See Table 2, page 13.

<sup>5</sup> It must be noted that the system has never been friendly to marginalized workers, but the changes we are referring to made it even less accessible than it was.

<sup>6</sup> While Canada's official unemployment rate sits at 7.3 percent as of May 2012, "hidden unemployment rate" — which includes those who are waiting to start a job, are underemployed or have simply given up looking for work — is not included Statistics Canada's figures for unemploy-

ment. When these figures are included (Stats Can terms this the "unemployment and underutilization rate") the aggregate figure sits much higher at 10.6 percent ([http://www.huffingtonpost.ca/2012/05/11/canada-unemployment-april\\_n\\_1508852.html?ref=canada](http://www.huffingtonpost.ca/2012/05/11/canada-unemployment-april_n_1508852.html?ref=canada)).

<sup>7</sup> Also identified as neoliberalism which seeks to privatize public resources and spaces; maximize profit and minimize labour costs; reduce public expenditures; eliminate regulations seen as unfriendly to business, and the displacement of governance responsibilities away from the nation-state (Guthman 2008, 1172) and liberalize competitive relations between firms and places (Peck and Tickell 1994). Neoliberalism is consistently characterized by strong private property rights, the free market and free trade (Harvey 2005).

<sup>8</sup> Flexibility as an economic idea refers to the ability to respond to economic change efficiently and quickly.

<sup>9</sup> The TWS program places the most marginalized unemployed workers collecting EI into jobs by offering employers a financial inducement to hire these workers. This program however is heavily criticized for its failure to benefit the intended population because of the occurrence in the program of what is known as 'creaming'—when candidates are chosen for the program on the likelihood of succeeding, presumably passing over those unemployed workers who represent the greatest need (Lahey and Hall 2009, 57). An additional problem is the fact that many of the jobs exist in the low-wage sector and provide little opportunity for the low-wage earners to pull him/herself out of

poverty. This program is relevant to marginalized workers because it is the only re-employment-based program that is directed towards individuals that present multiple barriers to employment.

- 10 Prior to 1993 the program had regularly run large deficits (with the exception of 1987 and 1988) because benefit payouts routinely exceeded premium revenues (Lin 1998). In 1993, the program nearly balanced its books and between 1994 and 1998 saw an average of \$19 billion surplus per year (Lin 1998, 1).
- 11 The Canadian Press. "EI study asked recipients to consider moving," *CBC* May 17th 2012. <http://www.cbc.ca/news/politics/story/2012/05/17/pol-cp-employment-insurance-relocation-study.html> (accessed online May 25th 2012).
- 12 Currently, the first level of appeal is made to the Board of Referees, which is an independent administrative tribunal that consists of a chairperson selected by the federal government and two members that represent the interests of employees and employers respectively. The two members are selected by the employee and employer commissions on the CEIC, both of whom serve on the board for up to 3 years (Makarenko 2009). If a claim is denied at the first level, it can be further appealed to the Office of the Umpire, which is followed by appeals to the Federal Court of Appeal with the final level of appeal existing at the Supreme Court of Canada (Makarenko 2009). Decisions arrived at the Supreme Court are final and cannot be further appealed.
- 13 Statistics Canada defines work as part-time work if the hours worked are less than 120 hours per lunar month or 30 hours per week (<http://www.hrsdc.gc.ca/eng/cs/sp/hrsdcedd/reports/1995-000315/page06.shtml>)
- 14 For a more detailed analysis of the qualification of job precariousness, see Cranford et al. 2003, 8.
- 15 The phenomenon describing those who work part-time but need to work full-time has also been termed 'sub-employment' (Veltmeyer and Sacouman 1998, 116).
- 16 Standard employment refers to full time, permanent employment, often with benefits and unionization.
- 17 For a more detailed analysis of this claim see Section 3 of this literature review.
- 18 Marketwire. April 2009. "Canadian Labour Congress: EI is broken, it's time to fix it." Available at <http://www.marketwire.com/press-release/canadian-labour-congress-ei-is-broken-its-time-to-fix-it-981096.htm> (accessed May 11, 2012).
- 19 Cranford et al. categorize the continuum of precarious work as follows: Full-time permanent (least precarious)

followed by full-time temporary, part-time permanent and part-time temporary (most precarious).

- 20 In interviewing EI claimants, continual reference to ill-health was noted. Additionally, the EI process was also frequently cited as cause of higher levels of stress and anxiety which in turn often exacerbated prior health problems, and in of itself is detrimental to a person's well-being.
- 21 The labour force participation rate is the percentage of the eligible labour force estimated to be in the labour force.
- 22 The workers interviewed for this study reported that living in the inner-city/North end limited their job opportunities.
- 23 HRSDC website [http://www.hrsdc.gc.ca/eng/publications\\_resources/evaluation/2010/sp\\_ah\\_939\\_03\\_10e/page03.shtml](http://www.hrsdc.gc.ca/eng/publications_resources/evaluation/2010/sp_ah_939_03_10e/page03.shtml)
- 24 Statistics Canada. <http://www.statcan.gc.ca/daily-quotidien/111123/dq111123b-eng.htm>
- 25 Statistics Canada. <http://www.statcan.gc.ca/daily-quotidien/111123/dq111123b-eng.htm>
- 26 City of Winnipeg Census Profiles 2006.
- 27 The City of Winnipeg 2006 Census Data for the inner city allowed us to calculate the percentage of inner-city workers (over 15 years of age) who worked part time and the percentage who work fulltime. Forty two per cent of all workers were employed part time, vs. 45 per cent for the City of Winnipeg. Although there is little difference between these percentages, there were no data to show what percentage of economic families had more than one person working, so we cannot know for sure how part-time work is affecting inner-city families. Fifty three per cent were employed fulltime, compared to 59 per cent for Winnipeg, and there were far more households living with low incomes (after tax) in the inner city than in Winnipeg (32.5 per cent vs. 15.7 per cent) (City of Winnipeg 2006 Census Data: Inner City, 13). Finally, also according to the same report, almost 27 per cent of inner-city families with children are headed by one parent who is female, compared to 16 per cent for the whole city (15). These data point towards the likelihood that more inner-city workers are precariously employed, particularly given that other research shows that racialized workers do not fare as well in the labour market as non-racialized workers.
- 28 It should be clarified that for the purpose of this study, while a larger percentage of inner-city residents tend to experience higher instances of low-income than the rest of Winnipeg, there are many low-income people who do not live in the geographic area understood as the inner-city. For this reason, the third section of this report has the odd interview with individuals who, at the time

they were interviewed did not live within the geographic boundaries of the inner-city.

- 29 Shaefer defines 'disadvantaged workers' by their work hours (part-time-worked 1-34 hours per week at their primary job and did not report full-time status) and hourly wage (with workers in the lowest wage quintile being considered disadvantaged). Shaefer additionally qualifies primary earners (who earn 50 percent or more of their family's income) as the most vulnerable within this grouping because 1 out of 3 primary earners fell below the poverty line while only 2 percent of secondary earners did.
- 30 See the final section of this work for a more detailed analysis of interviewee responses.
- 31 This discrepancy in low-wage workers being less likely to receive benefits seems to arise because low-wage workers are less likely to apply for benefits, not because once they do apply they are less likely to receive them.
- 32 The government introduced Bill C-113 to reduce program costs and avoid a greater deficit in the UI account, which would have resulted in a \$0.30 increase in premium rates under the "statutory rate" provision. To achieve this, those who voluntarily left their employment were no longer eligible to collect benefits. Furthermore, the replacement rate was reduced from 60% to 57% under Bill C-113.
- 33 It should be clarified that while a larger percentage of inner-city residents tend to experience higher instances

of low-income than the rest of Winnipeg, there are many low-income people who do not live in the geographic area understood as the inner-city. For this reason, interviews with individuals who experienced marginalization with the EI system includes some interviews with precariously employed workers who do not live within the geographic boundaries of the inner-city.

- 34 Details have been changed/supressed to protect the worker's identity.
- 35 Flexibility as an economic idea refers to the ability to respond to economic change efficiently and quickly. A flexible worker then is one who happily accepts worsening work conditions or moves to a new region to find work.
- 36 The labour force attachment period is the 52-week period immediately preceding the qualifying period. It corresponds to the number of hours for which a person was a member of the labour force (in other words, the person worked or received earnings, received benefits or compensation, participated in an approved training or other program, was serving a waiting period, or participated in a labour dispute).  
You need to have accumulated at least 490 hours as a member of the labour force during the labour force attachment period to be required to accumulate only between 420 to 700 hours of insurable employment during the qualifying period" (Service Canada Website).



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**CCPA**

CANADIAN CENTRE  
for POLICY ALTERNATIVES  
MANITOBA OFFICE

309-323 Portage Avenue, Winnipeg, MB R3B 2C1  
TEL 204-927-3200 FAX 204-927-3201  
EMAIL [ccpamb@policyalternatives.ca](mailto:ccpamb@policyalternatives.ca)  
WEBSITE [www.policyalternatives.ca](http://www.policyalternatives.ca)