



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

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Losing Ground: How Canada's Employment Insurance system undermines inner-city and Aboriginal workers.

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. 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 and Aboriginal workers face, making it that much more difficult for them to realize their full potential

In a new CCPA-MB. report, Ellen Smirl and Lynne Fernandez detail how Manitoba's Aboriginal and inner-city workers fare under the current EI system.

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 consider 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, 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; in 2006, 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 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.

Outside the inner city, many First Nations 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. The unemployment rate for off-reserve Aboriginal workers was 15.4 per cent, roughly three times that of the whole population. Given that so many Aboriginal workers experience unemployment, the EI program should be accessible to them.

The report documents how a series of federal governments have dismantled our EI system and caused workers to lose ground. 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. As of February 2012, only 39.9 per cent of unemployed workers were receiving benefits. Furthermore, those lucky enough to qualify for benefits are receiving less than

there is an alternative.

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they used to.

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. These reforms, combined with those implemented since 1996, will further exclude already marginalized workers from the supports they need.

The changes to the system emerged because it was argued that ‘overly generous’ EI benefits discourage people from working while inhibiting labour market flexibility. 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”. Providing unemployed workers with the time and resources to find jobs that match their skills results in increased overall economic efficiency.

Through our interviews we found that:

- Not only is there such a thing as a bad job, there are some really terrible jobs that people cannot tolerate. The test for “just cause” for quitting is too onerous;
- The system is too complex, applying for benefits and appealing decisions is difficult and time consuming, especially for new Canadians or multi-barriered workers;
- Many racialized workers experienced discrimination at work and in the EI system;
- Part-time, precariously-employed workers have much greater difficulty accessing EI;
- Retraining opportunities are insufficient and do not meet the needs of multi-barriered workers;
- People want to work. The vast majority of our interviewees experienced shame, frustration and depression when

unemployed;

- Life in the inner city can be stressful and difficult. Losing one’s job and not having access to a program of help leaves many in a desperate state.

The report offers policy changes that would help workers cope with job loss and/or underemployment. These include:

- Offering retraining that includes culturally appropriate decolonization counselling;
- Implementing a Labour Market Intermediary to help marginalized workers find employers willing to hire them;
- Changing the definition of labour force attachment, while taking the growing class of precariously-employed workers into account;
- Lowering entrance requirement to one national standard of 360 hours of work;
- Paying benefits for longer;
- Applying EI surpluses to worker retraining programs;
- Hiring more Aboriginal staff at EI offices;
- Making the appeals process easier to access.

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. Adopting the suggested policies would help provide unemployed inner-city workers a solid bridge to move from unemployment and underemployment to decent work.

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