

# Less than 40 percent of Canadian jobless eligible for benefits

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Last month the Supreme Court of Canada ruled that the federal government was within its rights to appropriate a \$57 billion (US\$52.4 billion) surplus from the Employment Insurance (EI) program and direct it toward general revenues. The ruling represents yet another blow to workers in Canada under conditions where access to benefits has been steadily eroded by successive Liberal and Conservative governments over the past 20 years.

In 2010 two Quebec unions, the Confederation des Syndicats Nationaux and the Syndicat National des Employes de l'Aluminium, challenged the appropriation of the funds by Prime Minister Stephen Harper's Conservative government, which were then used to pay down the deficit. The plaintiffs argued that the surplus in the Employment Insurance program was meant specifically to provide an ongoing social safety net for unemployed workers and the government's appropriation of the monies for other purposes was therefore unconstitutional.

In ruling in favour of the government, Justice Louis Brel simply wrote, "The federal employment insurance power must be interpreted generously. It is my opinion that the system adopted to finance employment insurance has remained consistent with constitutional norms, except in 2002, 2003 and 2005".

Brel singled out three years in which the previous Liberal government of Jean Chretien and then Paul Martin illegally collected premiums by setting the annual rates through an order from Cabinet rather than from the Canadian parliament. The court, however, did not offer a remedy for the illegal collection of some \$53 billion in premiums. It did not have to. The Conservative government, no doubt with Liberal backing, can simply pass retroactive legislation making the illegal collections in 2002, 2003 and 2005 legal for

those years.

The generation of massive surpluses in the Employment Insurance program over the past two decades was secured as the result of a relentless attack on benefits for jobless workers. Eligibility requirements have been regularly tightened whilst the maximum amount of monies received has been steadily reduced. Today, only 60 percent of the premiums paid into the EI program are directed toward jobless benefits.

In response to advocates who demand that the huge EI surpluses be used to increase benefits and widen eligibility, business associations have proposed instead that their premiums be reduced.

Currently, only 37.5 percent of the unemployed are eligible to receive benefits. In the major urban centre of Toronto, that figure plunges even further to just over 25 percent. In the 1980s, just prior to the beginning of the assault on benefits launched by the Conservative government of Brian Mulroney and the subsequent Liberal governments of Chretien and Martin, as much as 85 percent of the unemployed were eligible to collect jobless benefits. By 1997 that figure had been cut in half.

The onslaught has only increased in tempo under the Harper government.

Since the New Year, the number of EI recipients has fallen four times faster than the miniscule decrease in the number of unemployed workers. In June, Canada's official unemployment rate was 7.1 percent (7.2 percent in January). Youth unemployment currently stands at 14 percent. Of course, those figures are significantly understated if one considers the skyrocketing numbers of workers in part-time jobs who are not included in official unemployment statistics. Indeed, in another telling sign, even the slight 0.1 percent drop in the annual jobless rate is largely accounted for by the re-

entry of workers 65 years of age and older into the job market as pensions and social benefits continue to be eviscerated.

In 1975, jobless workers were eligible to receive 75 percent of their wages for up to 51 weeks. Those benefits were then steadily clawed back in a series of amendments to the provisions, beginning in 1977 and accelerating in the 1990s. In 1990, the federal government withdrew entirely from its role in funding the program leaving employers and workers to pay all premiums. Workers in Canada, if they meet the stringent eligibility requirements, can today expect to receive 55 percent of their earnings up to a maximum of \$500 per week for no more than 45 weeks—although the beneficiary can be cut off sooner due to a series of new, restrictive rules.

Even obtaining these benefits has become increasingly problematic. To access EI, new entrants onto the job market (and re-entrants) must have at least 910 (about 23 weeks) of insurable hours to claim a minimum of benefits. Eligibility for workers who left their jobs, other than due to layoff, is not guaranteed. A worker, to take one example, who left a job because he or she lost access to a car and could no longer make a commute can be denied benefits.

Once a worker meets eligibility requirements, further hurdles must be faced. Under new EI regulations implemented by the Conservatives in 2013, there are three new categories of unemployed workers. Workers in these classes will be forced, by varying degrees, to consider jobs with lower wages than they previously earned.

For example, seasonal workers who are “frequent EI users”—working in industrial construction, agriculture or the fishery, forestry or film industries, and who face regular layoffs or contract work—are now forced to accept any work for which they are qualified and take a pay cut of up to 30 percent compared to their previous wage.

In regions where unemployment is high, workers must seek employment farther and farther afield, with all the concomitant problems this brings to family life. Failure to do so can result in termination of benefits. Workers in front-line offices administering EI payments are under increasing management pressure to “weed out” so-called “undeserving” beneficiaries.

The new EI measures have impoverished workers and

accelerated wage-cutting throughout the Canadian economy. The 2013 legislation, which metes out penalties that include the cutting off of payments to workers who do not accept low-paying jobs, has increased the number of people denied protection from the scourges of the capitalist business cycle.

The Conservatives’ attack on EI benefits has been hailed by representatives of the ruling elite. Typical was a statement issued by the right-wing Canadian Taxpayers’ Association, which regularly fulminates about lazy and unscrupulous “parasites” who suck the life-blood out of corporations. “The new EI rules,” wrote the group’s director, “will strike a blow for hard-working Canadian taxpayers against habitual pogeys [EI] collectors who have been enjoying part-time work with other people’s money for far too long. If you’ve been collecting pogeys more than one year in the past five, maybe it’s time to get some training, find a different line of work, or move to where the jobs are.”

These same spokesmen for big business have been predictably silent, not only on the \$114 billion dollar bailout of the Canadian banking system after the 2008-2009 economic crisis, but on the billions of dollars in government grants lavished annually on the corporate sector and the continuing stream of corporate tax cuts provided by federal and provincial governments.



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