



Beyond EI

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Human Resources Committee

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EI

- Is not the program Canadians need for the 21st century
- It responds to the social risks of the post-war era – cyclical and seasonal unemployment
- The new social risks reflect:
 - Global competition and pressure to reduce wage costs,
 - Shift to service economy
 - New technologies
 - New family roles and inadequate public supports



New social risks

- Low wage economy
- Insecure employment relationships
 - PT, temporary, casual, self-employment
 - Created by public sector and private employers
- Growing skill requirements for good jobs
- Persistent unemployment – structural and seasonal, not cyclical



Implications of the new risks

- 2 million adults work for less than \$10/ hr (about \$21,000/year with FT, FY work)
- 2.4 million workers are self-employed
 - Average earnings for own-account workers \$16,000 (in 1997) – over 50% of all self-employed
- Falling real minimum wages – down 15-25% since 1975 (depending on province)
- High rates of dependency on charity – Food Banks, panhandlers, homelessness
- Large unmet demand for affordable housing



Impact on people

- No access to training for employed people who need to upgrade
 - Or for marginalized groups – immigrants etc
- Even two earners @ minimum wage cannot reach LICO for a family
- No caregivers at home to care for children, adults needing care
- Too many do not have access to supplementary benefits – drugs, dental, insurances of all kinds
- And can't afford housing



In short:

- The problem is no longer unemployment, it is employment without an adequate wage
- There are millions of Canadians for whom there is no second chance
- One mistake or one spell of bad luck and you're out



What to do

- We still need Part 1 benefits for temporary or seasonal unemployed
- Beyond Part 1, we need a whole new conception of social policy, based on
 - New goals
 - New principles
 - New thinking
 - A new “policy mix” – no one program can do the job



The new policy mix

- Ongoing CPRN work will provide more specific recommendations later this year
- Clearly, employers and governments have to change behaviour
- Employers are locked in a low-wage, low-productivity equilibrium. They need an incentive to create good jobs



A new policy mix -- 2

- Governments need to rebalance their policy portfolio
 - Ensure access to appropriate training programs
 - Add income supplementation for workers with no children
 - Provide more affordable housing, child care, home care; or, support one parent to stay home.
 - Change minimum wage
 - Create a new mechanism to deliver supplementary benefits, including parental leave and compassionate leave



Core policy question

- Does Canada wish to become a high-productivity, high-wage country?
- If the answer is no, then we can make low wages more acceptable by providing a good supply of affordable housing, home care and child care.



Looking back

- When the fiscal situation became severe, we closed the barn door on social policy innovation (except for the NCB)
- People who were protected by the post-war programs (EI) are still protected, but the new social risks are ignored
- With millions of disadvantaged working Canadians, we can't afford to leave the barn door locked
- We need new thinking about social policy to meet the needs of the 21st century



Looking ahead

- Within 10 years, the aging population will generate more skill shortages and tighter labour markets
- In those conditions, employers behave differently
 - e.g. Hotel operators in U.S. in late 1990s
 - Retail sector in Alberta since 2000
- The policy challenge is to reinforce those new market pressures with the best policy mix for poor working Canadians





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