



## Federal Election 2004

# HOW THE LIBERALS HAVE HURT UNEMPLOYED WORKERS

Paul Martin tries to take credit for a strong Canadian economy. He says his years as finance minister were the years we finally got the “economic fundamentals” right. But what does this mean for working people? It means the rich got richer and unemployment stayed high.

There are 1.3 million unemployed workers in Canada. This means Canada has a 7.3 per cent unemployment rate.<sup>1</sup> Youth unemployment is almost twice as high.

Today, less than 40 per cent of unemployed Canadians are eligible for benefits. In the country’s largest cities, less than 25 per cent of the unemployed are covered.<sup>2</sup> Yet, in 1990, before Paul Martin became finance minister, three-quarters of all unemployed workers were eligible.

More and more people are working part-time. As a result, many workers, mostly women, do not qualify for unemployment benefits.

Thousands of workers face poverty because the government refused to adopt the recommendations of the all-party Commons committee looking into the issue.

In a cynical pre-election move, Paul Martin’s government announced minor amendments to unemployment insurance. On May 11, 2004, they tried to buy the support of unemployed workers by giving approximately \$125 million this year to seasonal workers in high unemployment areas. The last time Paul Martin altered the UI system was just before the last general election. Paul Martin’s minister for social development, Lisa Frulla, said this was just part of the “art of governing.”



## What does this mean?

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Workers pay millions of dollars into the UI Fund and each year the fund generates a huge surplus, while fewer and fewer workers are receiving benefits and training. The surplus has now reached an astronomical \$44 billion.<sup>3</sup> The Liberal government treats that money as general revenues. The UI Fund that workers pay into, but can't get benefits from, is then used for other purposes, including paying down debt.

Paul Martin's "reforms" to UI have caused serious problems for communities. Cuts to unemployment insurance and other income support have made it impossible for many families to pay the rent and feed their families. Many of the people who live in emergency shelters have been evicted from rental housing for this reason.<sup>4</sup> As soon as Paul Martin's "reforms" came into effect, cities began reporting a surge in the number of applicants for welfare who were unemployed workers and who were denied UI. The stress on municipal budgets creates real pressure at the community level.<sup>5</sup>

## Why the Conservatives are no better

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Stephen Harper says he would end the UI surplus and reduce rates. But he wouldn't ensure workers get what they need: good benefits and government action to create jobs. In fact, Harper blames the unemployed, saying:

"There's unfortunately a view of too many people in Atlantic Canada that it's only through government favours that there's going to be economic progress.... That kind of 'can't do' attitude is a problem in this country but it's obviously more serious in regions that have had have-not status for a long time."<sup>6</sup>



## What the New Democrats say

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The New Democrats would make job creation their number one priority. New Democrats believe government should be involved in regional economic development, green jobs and local community economic development.

Under Jack Layton's leadership, the NDP advocates rebuilding UI so that it meets the needs of unemployed workers. The theft of the UI surplus would stop. More unemployed workers would be eligible for benefits. Payments would be increased to two-thirds of a worker's weekly income, and the UI would be available for 50 weeks. The NDP would strengthen training programs by establishing and supporting national training standards and promoting cooperation with workers, unions and the provinces.

## What we want

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We believe 360 hours of employment should be enough to qualify for UI, no matter where we live in Canada. Right now, there are different rules for different people ranging from 420 to 910 hours. Also, UI eligibility should be based on the number of years worked. Workers over 45 years of age should be able to receive benefits for up to a year and a half.

Weekly benefits should be no lower than two-thirds of regular earnings. Earnings should be defined as an average of the best twelve weeks of earnings. All clawbacks should be eliminated.

We want all workers to be eligible for training programs. We think UI benefits should be available to cover any hours spent in training and learning.

We don't need more election tinkering. Canada's unemployment insurance system needs fundamental reform. We want action from the government to promote energy conservation and environmental sustainability to make our cities and towns healthy.



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- 1 Statistics Canada, Labour Force Survey, Friday, May 7, 2004. [www.statcan.ca/english/Subjects/Labour/LFS/lfs-en.htm](http://www.statcan.ca/english/Subjects/Labour/LFS/lfs-en.htm)
- 2 Canadian Labour Congress, "Falling Unemployment Insurance Protection for Canada's Unemployed", Ottawa, March 2003. p.3-4.
- 3 Canadian Press, "Workers fleeced by rates as EI surplus grows", February 18, 2004. [www.mytelus.com/news/article.do?pageID=news\\_home&articleID=1531777](http://www.mytelus.com/news/article.do?pageID=news_home&articleID=1531777)
- 4 City of Toronto, Planting the Seeds: Food and Hunger Action Committee Report, Phase I, May 2000
- 5 Commissioner of Community and Neighbourhood Services, City of Toronto, Briefing Note to Community Services Committee, May 22, 2003.
- 6 Stephen Harper, as quoted in the Toronto Sun, May 31, 2002.

