

# UNEMPLOYMENT INSURANCE:

## THE HIGH PRICE OF EQUALITY

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*L'auteure discute des changements que le Ministère de l'Emploi doit apporter à l'assurance-chômage dans les années à venir. Les inégalités qui existent entre les hommes et les femmes devront être éliminées si l'on veut se conformer aux exigences de la nouvelle constitution.*

*La nouvelle proposition par la commission d'assurance-chômage semble être plus équitable aux femmes. Elle demande une réduction dans les prestations pour chacun et veut rendre plus difficile les conditions d'admission. Elle recommande l'abolition de la discrimination dans les prestations de maternité et leur extension aux parents adoptifs, mais il est incroyable de voir que la période d'attente de deux semaines, faite pour motiver les gens à chercher du travail, s'adresse toujours aux femmes en congé de maternité.*

The discriminatory aspects of the unemployment-insurance program have been recognized for some time. Every year since 1979 the Human Rights Commission has pointed out that the program violates the Bill of Rights. Every time there is a change in the Act feminists object formally to parliamentary committees about those aspects which are particularly unfavourable to women.

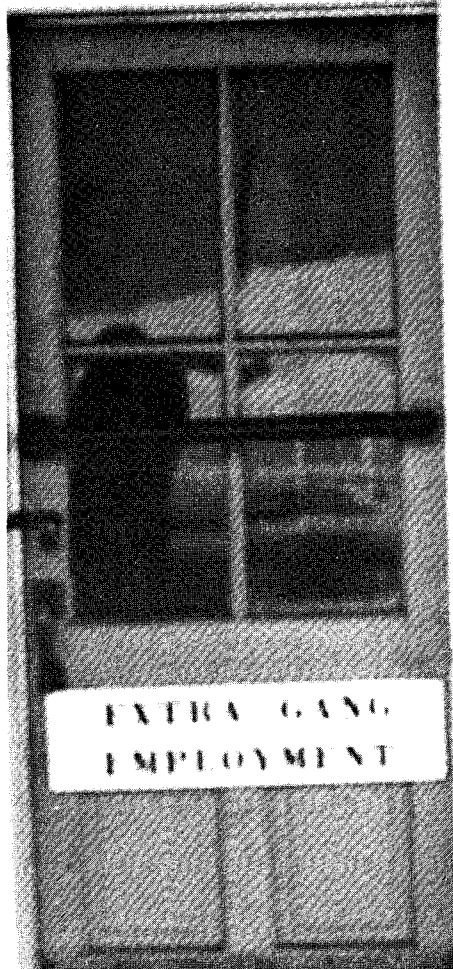
There has been considerable pressure on the Minister of Employment and Immigration to reduce the blatant discrimination in this area,

pressure which has increased by the realization that sooner or later this program will have to conform to requirements in the new Constitution for equitable treatment of women. The result of this pressure was the establishment of a Task Force within the ministry to make recommendations for changes in the Unemployment Insurance Act.

The report of the Task Force *Unemployment Insurance in the 1980s* states that its objective is to propose a redesign of the unemployment-insurance program so that the changing circumstances of the 80s will be better reflected and that a proper balance will be struck between equity, impact on the labour market, administrative complexity and cost.

The result is a proposal which is less complex to administer and is certainly less costly to government. It also appears to be fairer to women. But in order to pay for this fairness, benefits for everyone will be reduced and entrance requirements will be increased.

During the last change in the Unemployment Insurance Act in 1979, several features of the Act were particularly hard on women. Because women were over-represented as part-time workers, the increase in minimum insurability meant that many part-time workers would have no coverage; the higher entrance requirements for new entrants and re-entrants to the labour force discriminated against women because of their interrupted work patterns. The reduction in the benefit rate from



*Photo: Trish Johnson*

66.66 per cent to 60 per cent of weekly insurable earnings hit women particularly hard because we tend to be disproportionately represented in low-income jobs and among the poor. Feminist groups argued that these provisions were discriminatory in their effect and that U.I. benefits should provide the same income replacement for all those who are out of work.

While the Task Force has made considerable effort to reduce the strictly discriminatory effects of special entry requirements, there is, in fact, no net benefit to women in this regard. Both women and men will lose with the more 'equitable' arrangement. The special entry requirements for new entrants and repeaters will be eliminated, but in order not to increase cost to government, entrance requirements will be raised for everyone, in many cases to the level required of new entrants and repeaters under the current Act. In addition, there will be a reduction in the duration of

benefits. The Task Force points out that this will be harder on men than on women, costing men about \$300 million and women about \$100 million in reduced benefits but, though, in fact, a less discriminatory situation, it actually leaves everyone worse off.

Feminists have long maintained that inequitable situations can never be rectified by a reduction in the general level of benefit. This is an important principle which has been recognized by governments across Canada in equal-pay legislation and which must be upheld in the search for equality in other areas as well. The recommendations of the Task Force to reduce benefits in order to pay for equality contradict this basic principle.

The recommendation to eliminate the minimum-insurability rules and to make all earnings insurable is a decidedly positive feature of the report. While the recommendation is an important improvement over the existing provision, the formula for

determining minimum qualification (which would make the entry requirement for the least-paid workers longer than for any other workers) is unfair.

The entry requirement for part-time workers should be consistent with the entry requirement for all other workers. The Task Force sees an advantage to its proposed calculation (which would require the earning of a specific amount, rather than a stated period of work experience) because 'it would also prevent most trivial claims.' While a part-time job may produce an income which could seem trivial to one income group, it may be life supporting to another and the complete loss of this income is not inconsequential. Generally the report treats part-time work as though it is a type of work experience '... favoured by many women because they (part-time jobs) allow them flexibility to combine a job with other responsibilities.' While this may, of course, sometimes be true, it must not be discounted that

part-time work may well represent not the joys of combining housework with market work, but severe underemployment of women who are unable to find full-time jobs because of discrimination, lack of child-care or the sheer unavailability of full-time jobs.

The Task Force has recommended that the present benefit rate of 60 per cent of weekly insurable earnings introduced in 1979 be maintained. At a time when both inflation and unemployment are reaching record levels, maintaining this reduced benefit level makes sense only if the primary objective is to reduce cost to government. If maintaining adequate income protection is to remain the primary objective of the unemployment-insurance scheme, benefit payments cannot be reduced when prices rise and more people are out of work. A reduction in benefits is particularly difficult for those on the lower end of the income scale; since women are invariably a disproportionate part of low-income workers, it hurts us most.

While the Task Force's recommendations on the whole will seriously weaken income protection of Canadians, there are some features of the report which are decided improvements over the existing situation. These features are related to the revised treatment of maternity provisions, particularly with regard to the entrance requirements for pregnant women. In addition to recommending the elimination of the discriminatory aspects of maternity provisions, the Task Force has also recommended that maternity benefits be extended to adoptive parents. This is a very positive step. However, the Task Force still supports the two-week waiting period to qualify for maternity benefits, designed to ensure that the unemployed pay for some of the cost of unemployment.

This is an assumption which can be questioned even using the Task Force's own logic; the low rate of compensation more than ensures that the unemployed do pay for their unemployment. Moreover, this period is generally understood by the public as a disincentive to collecting

benefits: that is, that the prospect of having no income for two weeks is so distasteful that special efforts would be made to find a job. Since women qualifying for maternity benefits are unable to find another source of income, the two-week qualifying period seems merely to place them in a position of having no income precisely when it is most needed.

### **. . . Sooner or later the UI Act will have to conform to requirements for equity for women in the new Constitution. . .**

In light of the current advances in certain sectors regarding improved maternity conditions, it is disappointing that the Task Force does not recommend that these improvements be applied more generally, for instance, to extend the benefits to at least equal those which the Quebec public-sector workers receive. It also seems absurd to continue to disallow maternity benefits during a strike.

While the approach which the Task Force has taken toward maternity provisions is a definite improvement over existing legislation, on the whole the Task Force has underestimated the adverse effect the whole package will have on women. For example, the Task Force has overestimated the monetary benefits to women by simply assuming that all the benefits to adoptive parents will go to women.

But the worst feature of the report is the attitude it takes toward the unemployed. The overall approach of the Task Force is based on the assumption that the unemployment-insurance program can be redesigned to reduce unemployment itself. It implies that the unemployed are primarily responsible for their own joblessness. The assumptions under-

lying the recommendations for reduced benefits and more stringent entry requirements are particularly indicative of the Task Force's attitude toward the unemployed. It assumes that the unemployed do not look hard enough for jobs, prefer to collect U.I. rather than work, have a disincentive to work if they are on U.I. and will refuse to move to high-unemployment areas because they are on U.I. The Task Force therefore concludes that, if it provides the proper 'incentives,' the unemployed will be sufficiently motivated to work and unemployment will be reduced.

Since the greatest incentive to work is having no job, the U.I. program is not the appropriate instrument for 'encouraging longer term employment and stronger job attachment.' These objectives can be achieved only through a national employment policy which ensures that all who want to work can find jobs. Using the U.I. program to achieve these ends merely punishes workers on the margin of the work force, those who are last hired and first fired.

While the Task Force has an avowed goal of obtaining a balance between equity, impact on the labour market, administrative complexity and cost in its redesign of the program, it has clearly sacrificed income protection in the process. In fact, reduction in cost appears to be the most significant element in the new proposals: it is calculated that the redesign would mean a reduction of \$220 million in U.I. payments. Government share of the U.I. program is now lower than it has been in more than ten years and the recommendation is to reduce the government share even further (in spite of the recognition that financing through the private sector is a regressive form of taxation).

The decision to remove some of the more blatant inequities in the program is certainly a step forward but the attempt to do this without adding cost to government means, in fact, that the unemployed themselves must bear the cost of government's more equitable disposition and this, surely, is a step backward.