

Harper introduces legislation to extend EI

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The Harper government has introduced legislation to extend employment insurance benefits for tens of thousands of long-time workers who have lost their jobs, mainly in the auto, forestry and manufacturing sectors.

The measure could help avert a fall election -- if the NDP supports it and agrees to co-operate with the Tories until the legislation is passed.

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NDP Leader Jack Layton said he and his MPs owe it to the unemployed to study the measure, which he called a step in the right direction.

He said he's ready for an election, but would prefer that Parliament keep working on measures to get the country out of recession.

The bill, to be tabled Wednesday, would temporarily extend employment insurance benefits for an extra five to 20 weeks to workers who have paid into the EI system for at least 10 years while

collecting few benefits. It would cost \$937-million over the three years, and would be retroactive nine months from the date the bill is passed into law.

"The proposed initiative should go a long way toward bridging long-tenured workers to give them time to find alternative employment particularly as the labour market improves," said Human Resources Minister Diane Finley.

The minister estimated that as many as 197,000 people could benefit.

"What we're doing is the right thing for Canadians."

The change successfully targets a large group of people who have been hammered by the recession, but does not rectify some of the most troubling aspects of the EI system, experts say.

"I think it's quite powerful, particularly in the current context," said Don Drummond, chief economist at Toronto-Dominion Bank, and a former senior official at the Department of Finance.

If it's passed soon, the extension of benefits should come in time to help the bulk of long-term workers who lost their jobs at the peak of the recession last winter, he said. Without the extension, their benefits would soon expire, forcing them onto welfare or into low-paying jobs.

Plus, the measure will alleviate some of the pain in the hard-hit auto, forestry and manufacturing sectors, since the workforces in those industries are traditionally steady and aging.

"It seems to be appropriately targeted," Drummond said.

But he warned that the extension of benefits will eventually result in higher premiums for workers and employers -- a point driven home by the opposition Liberals and at least one business group.

The Conseil du Patronat in Quebec said it worried that Ottawa was making "piecemeal" changes and driving up the deficit with little concern about the higher premiums companies will eventually face.

And both Drummond and other experts said the measure does not begin to address the larger problems of the EI system.

Long-tenured workers often find it difficult to get new jobs, mainly because they usually have a narrow range of skills, they aren't used to job hunting and they are reluctant to move or take lower-paying work, said Craig Riddell, an employment insurance expert and professor of economics at the University of British Columbia.

Riddell was a member of a Tory-led task force that presented the government with options to help long-tenured workers a year ago. Finley dusted off the report before making her announcement, but only adopted one of four key measures, Riddell pointed out.

He said a more effective approach would be to stop treating severance as earnings and consider "wage insurance" to top up the earnings of low-wage jobs and encourage the unemployed to get back to work sooner.

Both the NDP and the Canadian Labour Congress have long urged the government to change the treatment of severance.