



Save EI and our economic recovery

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COMMENTARY

Many employers are still having a difficult time filling empty positions and earning back the business lost because of the COVID-19 pandemic. It is one of the most pressing issues that businesses in our region face. We fear that proposed changes to the employment insurance system are going to make the situation worse unless we speak up in time to stop them.

Historically, EI has worked in two distinct ways. At the individual level, it has protected Canadians against acute financial crisis caused by loss of employment. It is an important and necessary safety net.

A fundamental principle of the employment insurance program is that claimants who lose their employment through no fault of their own ought to be eligible for regular benefits. The employment insurance Act states that a claimant is disqualified (or disentitled) from receiving benefits if they have been suspended or dismissed because of their own misconduct, or if they have voluntarily left their employment without just cause.

And yet, several of our members tell us that they have taken the time and expense to recruit and hire new employees, only to have them simply not show up for work, with little or no accompanying follow-up from the commission.

When the COVID-19 pandemic hit, federal policymakers realized that EI could serve an additional purpose: getting cash into the hands of Canadians quickly enough to stave off economic collapse. EI was rapidly converted from an insurance-only program into a social welfare program, with a pledge to Canadians that this change would be temporary.

While the social turmoil caused by COVID-19 has largely receded; the financial turmoil has not. Many businesses are still struggling to make back what they lost during two years of diminished productivity, increased costs, and reduced sales. Inflation remains high and supply chains are fragile. Debt costs are climbing, and prospective workers remain in short supply – in part, thanks to the very financial security that expanding EI benefits has provided.

In these circumstances, you can imagine how surprised our member businesses were to discover that the federal government is proposing sharp increases to EI premiums and a further expansion of benefits. The goal is to make EI benefits easier to access, longer in duration, and standardized from coast to coast, with no accounting for regional variations in workforce and economic conditions.

Businesses across Canada believe this is the wrong proposal at entirely the wrong time. To fully appreciate why, just look at the reasons being given for raising EI premiums.

The federal government's use of EI to distribute pandemic relief has placed this vital national program \$29 billion in debt. Rather than absorbing this one-time expense into general revenues, federal managers want to pass the cost on to employers and employees.

If their proposals are implemented, employees will receive smaller paycheques, just as inflation is eating away at the purchasing power of every dollar they bring home. Employers, whose EI contributions are 1.4 times higher than employees, will experience a job-killing increase in labour costs at a time when they are already under tremendous financial pressure. For some businesses, the increase in premiums over the next three years will be a staggering 18 per cent.

When you add in the cost of expanding these pricier EI benefits to new recipients, for longer periods, you truly have a recipe for disaster.

The cumulative impact of the proposed changes to EI is going to touch so many Canadians that some people fear it could tip our country into recession.

It doesn't need to end this way, and there is something chambers of commerce and concerned citizens can do to stop it.

In the past, federal governments have chosen to suspend increases in EI premiums during periods of economic uncertainty to avoid creating financial hardship. The current government could choose to absorb the EI program's deficit, abstain from raising EI premiums, and forestall any discussion of changes to eligibility criteria until the current economic crisis has passed.

Along with our colleagues at the Fredericton and Moncton chambers, we have participated in multiple discussions with the federal government, virtual roundtables on building a modern employment insurance system, and have had discussions with numerous concerned members.

The person with the power to hit "pause" and stop these proposed changes from taking effect is Carla Qualtrough, Minister of Employment, Workforce Development and Disability Inclusion of Canada. Along with our fellow chambers, we are asking her to pause premium increases and restore EI to a true employment insurance model that offers employees and employers the protection they deserve.

Our community needs an employment insurance program that respects regional differences in workforce conditions and splits the costs equitably between wage payers and wage earners while helping those seeking work land good jobs.

If you care about the future of employment and economic opportunity in our Saint John region, please join us in asking the federal government to pause premium increases and get EI back to its core purpose by adding your name to our growing list of supporters. You may do so by emailing us at info@thechambersj.com.

We will continue to advance our member's views and we have until Sept. 30 to change Minister Qualtrough's mind – and save EI, along with our region's best chance of a sustainable economic recovery.

David Duplisea is chief executive officer of the Saint John Region Chamber of Commerce. His commentary appears monthly.