



El system discourages labour mobility, study claims

By Ottawa Business Journal Staff

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Canada's employment insurance system is discouraging people from moving from areas of high unemployment to where the jobs are, says a new study by the C.D. Howe Institute.

Rosy national jobless figures mask severe disparities, with regional and sub-regional jobless rates remaining steady or falling at a slower rate than the national average. The study points the finger at the current employment insurance system as a major factor that encourages people to remain in regions where job opportunities are poor.

Policy analyst Yvan Guillemette says workers with only a marginal attachment to the labour force---such as with part-time or seasonal work---are encouraged to stay put by incentives that extend their benefit period or require less work to qualify for benefits.

"The EI program has lower eligibility requirements and provide benefits of longer duration in regions of high unemployment. Such regionally tilted EI provisions give the unemployed some reason to stay put rather than move to areas where employment possibilities are better," he writes.

Over the past few years, several pilot projects have been launched in areas with jobless rate of ten per cent or more that either increase the benefit period or shorten the time required to qualify for EI.

He suggests Canada's economy would perform better if workers were more willing to move to another province to find work.

"The EI program hinders such fluidity by tying eligibility and generosity to local unemployment rates," he says.

"Regionally neutral rules would reduce this labour market distortion and help to promote a stronger Canadian labour market and a stronger economy overall."

