

## Employment Insurance: Liberal Design, but Harper's Downfall? Priority #3: Set Winnable Goals, and Mobilize to Win Them

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over two years. The demand that these companies pay a living wage, backed up by careful, community-specific research that defines that standard, was a powerful tool in the HEU's successful campaign. The victory would not have been possible without a systematic educational and organizing campaign that connected union members with community partners (such as child poverty and faith based groups, teachers, municipal councils, etc.), and provided the union with many opportunities to talk with health authorities, MLAs, and the public about the link between low wages, high turnover, and poor cleaning standards in hospital.

Even in non-union settings, the living wage can be a powerful rallying point. In Vancouver, anti-poverty advocates have begun targeting employers (including municipal government, private companies, and high-profile non-profits like the VanCity Credit Union) to meet the "living wage" challenge in their own employment practices.

It is often said that the best defense is a good offense. The labour movement must point out that even *before* the onset of the current crisis, millions of working Canadians did not earn enough from their jobs to cover the basic necessities of life and community participation. The living wage initiative is an example of what can be achieved, even in a challenging economic climate, when unions work with the broader community around an issue that touches so many – the daily struggle of so many Canadian families to pay their basic bills.

## ***Employment Insurance: Liberal Design, but Harper's Downfall?***

Priority #3: Set Winnable Goals, and Mobilize to Win Them

**Lana Payne**

IT IS A STRANGE SORT of irony; some might call it hypocrisy. But then politics is full of such happenings.

Canada's lean-and-mean Employment Insurance system is the product of painful changes implemented largely under a Liberal federal government in the 1990s. Yet now it is a Conservative government facing intense pressure – from the labour movement and all three opposition parties (*including* the Liberals) – to undo some of those painful changes, or else potentially face being turfed from office. But this is more than just another story of political duplicity. It is a story of how fighting back makes a difference, of how years of patient educating and organizing can pay off, finally, in the potential to win incremental, but important reforms. And in this context, the EI struggle has a

much broader significance: it is a parable of how workers *can* win change, by picking winnable goals and then fighting effectively to attain them.

In the 1990s, the federal Liberals “reformed” Canada’s social safety net. A key piece of this reform was dramatic and wholesale changes to the country’s Unemployment Insurance system. And in 1996, Unemployment Insurance became Employment Insurance.

The essence of those changes was to make it tougher to qualify for smaller benefits. At the same time, the federal government raked in billions and billions of dollars in what were now Employment Insurance premiums. Since 1996 a cumulative total of over \$50 billion collected in premiums were not spent in benefits for those who are supposed to get them: the unemployed, the sick, or new parents.

Instead, these EI premiums (paid by working Canadians and their employers) were transferred into general government revenues and used to fight the deficit, reduce the debt, and to hand out billions in corporate tax cuts. It is no wonder that the labour movement has said that the deficit and the debt have been fought on the backs of the unemployed and disproportionately on the backs of unemployed women – because they have been.

In addition to slashing benefits, the government also cut premiums substantially over the past dozen years – with employers benefiting significantly from smaller contributions while the unemployed continued to suffer.

The new qualifying rules meant many could not access benefits – especially women. Just four in ten unemployed Canadians collect regular benefits. And those benefits have not kept pace with inflation. (In fact, the maximum weekly benefit was reduced in 1996 and then frozen for 11 consecutive years until 2007.) The almost 60 percent of unemployed people not receiving benefits include those who actually qualified for EI, but whose benefits have run out even though they are still looking for work. Benefit duration is much shorter than in previous recessions.

The labour movement has carried out a sustained campaign to strengthen EI, beginning with the debates over EI “reforms” in the early 1990s, but continuing since then. That campaign, during stronger economic times, resulted in many improvements to the program (especially for those living in high unemployment regions of the country). It also resulted in an expanded parental leave program. This ongoing labour campaign required systematic efforts to educate union members and activists about EI issues, mobilize political pressure, and take advantage of openings to win incremental improvements in the program. These openings appeared from time to time, thanks to the shifting political landscape – especially with the onset of repeated minority governments since 2004.

This sustained educational and political building – combined, unfortunately, with the onset of the worst recession in six decades – laid the groundwork for what we are seeing today: a near consensus that the EI system is deeply flawed, and a historic opportunity to win significant changes. These changes will be

important not only because of their direct significance to the quality of life of unemployed people, but also as an example of how working people can win by organizing themselves and fighting back.

From labour leaders to premiers, from bank economists to workers and even some CEOs, the call to help the unemployed and provide much needed economic stimulus by fixing EI has been loud and clear. It appears now that only the Harper government is in disagreement.

At time of writing, it was an open question whether Prime Minister Stephen Harper and his ruling Conservatives would bend to pressure – applied both by the growing campaign led by the labour movement, and by efforts of the three opposition parties, which (on this issue, at least) were united in their efforts. It was also an open question whether the opposition Liberals would stick to their guns on this issue, or bargain it away as part of their broader political positioning. Another key factor in the upsurge of demands to fix EI has been the sense of betrayal, even rage, among individuals who paid into the system yet suddenly found that the system wasn't there for them when they needed it. That rage is both legitimate and powerful.

The current recession has highlighted the deep failings of the EI program, indeed plastering them on the front pages of newspapers. But despite its flaws, Canada's employment insurance system is an important economic stabilizer for communities and the economy, and it remains a critical part of our nation's social safety net – a social safety net that has seen better days. Incremental improvements to the EI program, including the following, would substantially strengthen that net:

- reducing to 360 the hours to qualify for all benefits no matter where you live
- increasing the benefit rate to at least 60 percent of a worker's best 12 weeks of earnings, and hiking the maximum weekly benefit from the current \$447
- providing an additional year of "special extension" if national unemployment exceeds 6.5 percent, paid for from general revenues
- eliminating the two-week waiting period
- stopping the allocation of severance pay

Canada's unemployment insurance program was created nearly 70 years ago because of a fightback campaign led by the unemployed, workers, and their unions. We still have an unemployment insurance program today, despite decades of attacks, thanks only to sustained efforts by the labour movement. The program would be a lot worse than it is were it not for unions. Indeed, it is doubtful we'd have much of a program at all were it not for our many years of struggle and activism.

This global financial and economic crisis has presented progressive forces with an opportunity to promote a different vision of our world – including a world that does not abandon the unemployed, but rather protects them and

their families from the poverty they would otherwise experience without a just income replacement system.

It is ironic, to say the least, to see Liberals threatening to bring down a Conservative government refusing to undo painful changes in the EI system which the Liberals themselves introduced over a decade earlier. But these days, victories of any kind – and this one would be a big one – are crucial for the labour movement, showing our members and activists that change is indeed possible. In that context, a victory on EI would be testimony to years of careful, consistent struggle – not just to a Liberal change of mind.

## ***The Successful Campaign for a \$10 Minimum Wage***

Priority #4: Build Cross-Sectoral Alliances to Win Things for ALL Workers

**Kristin Schwartz**

THE DAILY GRIND OF WORKING for poverty wages is usually ignored or taken for granted by people with more privilege. But in Ontario in 2007, an energetic grass-roots campaign to raise the minimum wage to \$10 per hour brought the plight of low-waged workers to the front pages of newspapers, and even to the corridors of power. Initiated by the Toronto and York Region Labour Council, the campaign roused a sleeping giant in communities and workplaces across the province. Tens of thousands of ordinary people signed on to the demand. Faced with mounting public pressure and possible losses at the ballot box, the ruling Liberal provincial government committed to raising the minimum wage from \$8 to \$10.25 by 2010, a 28 per cent increase over three years.

A core strength of the campaign was its clear message: “\$10 Now!” Anti-poverty activists had been calling for a \$10 minimum wage as far back as 2000, and the clamour grew through the 2003 election, when the widely reviled Conservative government was defeated. The Tories had frozen the minimum wage for eight long years as part of their overall attack on low-income communities. But once in power, the Liberals did little to repair the damage done under Tory rule. As the gap between rich and poor continued to widen, urgency to address the issue mounted. Under the banner of “A Million Reasons,” the Labour Council took up the ambitious goal of improving incomes for the one million Toronto workers who earn low wages – including the hundreds of thousands who are paid at or near the minimum wage.

By late 2006 the Labour Council recognized that a precious political opportunity existed to score a concrete victory. NDP MPP Cheri DiNovo introduced a private member’s bill to immediately raise the minimum wage to \$10 per hour, with regular increases indexed to inflation. Unexpectedly, her bill passed first reading. When the *Toronto Star* editorial board came out in favour of the bill, it was clear that the measure had some support even among the political and