



# NEWS RELEASE

## Enhanced access to EI benefits threatens workforce in Atlantic Canada's cities

June 23, 2020

For immediate release

**HALIFAX**—With unemployment soaring across Atlantic Canada, employment insurance (EI) benefits are automatically increasing in generosity and accessibility in the region's urban centres and approaching levels previously seen in rural areas, finds a new study by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“An overly generous employment insurance system has produced unintended consequences in rural Atlantic Canada for decades, but now the region's urban areas could be at risk, too,” said Fred McMahon, resident fellow at the Fraser Institute and author of *Extended Employment Insurance Now Open to All: Atlantic Canada's Warning for Other Provinces*.

The study provides comprehensive data on the changing EI qualifications and coverage for the country's 56 Employment Insurance regions within provinces, including those in Atlantic Canada.

In particular, the study finds that Atlantic Canada's urban areas are now experiencing similar levels of unemployment previously seen in rural areas, which means EI benefits will now automatically increase in both accessibility and generosity.

For example, in the June/July EI period last year, the average unemployment rate in urban Atlantic Canada (Halifax, Fredericton, etc.) was 6.5 per cent, which meant workers needed 665 hours (on average) of work to collect 15.3 weeks of EI benefits.

By comparison, during the same period, the average unemployment rate in rural Atlantic Canada was 11.3 per cent, which meant workers needed 507.5 hours (on average) for 22.7 weeks of benefits.

But in the June/ July EI period of this year, the average monthly unemployment rate was 10.1 per cent in urban areas, requiring an average of 533.8 hours of work for 20.8 weeks of benefits.

Crucially, if current levels of unemployment persist, EI in Atlantic Canada's urban areas will become more generous than it was in rural areas last year.

And previous research has found that overly generous employment insurance discourages workers from rejoining the workforce, even creating worker shortages when unemployment is high, since the work they may find might provide less income than EI payments.

“To prevent the harmful effects of EI from spreading to Atlantic Canadian cities, provincial and federal policymakers should review the program with an eye to reform,” McMahon said.

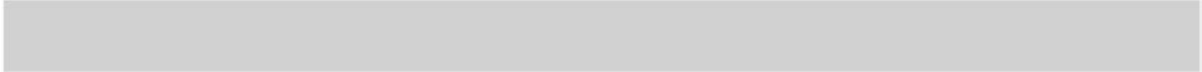
(30)

### **MEDIA CONTACT:**

Fred McMahon, Resident Fellow  
Fraser Institute

To arrange media interviews or for more information, please contact:  
Drue MacPherson  
[communications@fraserinstitute.org](mailto:communications@fraserinstitute.org)

Follow the Fraser Institute on [Twitter](#) and [Facebook](#)



The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit [www.fraserinstitute.org](http://www.fraserinstitute.org)