

It is with regard to the latter programs that our witnesses had considerable reservations in terms of their implications for national economic efficiency. Most generally, they argued that by affording special treatment, the federal government distorts the functioning of the market economy, creates false bases for individual decisions, reinforces economic inefficiency, and exacerbates the structural causes of regional disparities.

## Unemployment Insurance

The regional diversity of the Canadian economy and the pervasiveness of economic disparities have meant that opportunities for Canadians to avail themselves of the various assistance programs operated by government differ from place to place. Unemployment insurance, for example, is available only to those unemployed Canadians who qualify by having worked for a certain period of time in the preceding 52 weeks. Applied all across Canada, these rules make it relatively more difficult for persons most needing the program, those in high unemployment areas, to qualify. As a result, the government has added to the program a regional dimension, which reduces the requirements for qualification and extends the eligible benefit period for individuals living in areas of high unemployment (See Table 11-2). In addition, a special program has been created to allow fishermen to receive unemployment insurance payments. In theory, these changes help to reduce the inequities that would result from the uniform application of a national system. A less biased system should be the result and, again in theory, the impact on national development of the unemployment insurance system should prove more positive.

**Table 11-2**  
**The Regional Dimension of Unemployment Insurance**

Regional Unemploy- ment Rate (%)	Required Weeks of Insurable Employment	Maximum Labour Force Extended Benefit	Maximum Regionally Extended Benefit	Total Weeks of Eligibility After 32 Weeks of Employment
				Total
6 and Under	14	28 weeks	0-8 weeks	28-36
6-7	13	28 weeks	10-12 weeks	38-40
7-8	12	28 weeks	14-16 weeks	42-44
8-9	11	28 weeks	18-20 weeks	46-48
Over 9	10	28 weeks	22 weeks	50

According to witnesses appearing before us, however, the system is anything but neutral in its effects on the economy. Dr. Thomas Courchene commented forcefully on the matter:

In the late 1950s the federal government decided to allow self-employed fishermen to become eligible for unemployment insurance. This was ... a most unfortunate step, in my opinion. Consider the impact on Newfoundland. Not only has it served to increase the rate of unemployment as unemployment insurance has generally, but as