

Intelligence MEMOS



From: Don Drummond
To: Ahmed Hussen, Minister of Families, Children and Social Development
Date: April 17, 2020
Re: **RELEASE EI DATA FAST TO TRACK THE COVID-19 DAMAGE**

Many economists and policy authorities appear to have initially underestimated the economic blow from the COVID-19 pandemic, just as health authorities missed the depth of the blow to public health.

A consensus is emerging, however, that the economic damage will be sharp and prospects for quick and forceful recovery by no means certain. Yet this shift in economic opinion is to a large extent occurring in the absence of reliable information.

There are considerable lags in the release of key economic indicators, to allow for processing and ensure accuracy. But there is one indicator that could provide an almost real time tracking of the economic carnage: Employment Insurance (EI) claims. It is unacceptable that the Government of Canada is withholding this crucial piece of information.

The C.D. Howe Institute's Crisis Working Group on Household Income and Credit has [repeatedly called for release of this data](#), emphasizing its importance for Canadians to understand the rapidly changing trajectory of our economy.

Under the normal schedule of releases, information on EI for March 2020 would be released May 21, 2020. We have, however, had a few peekaboo glimpses of the numbers.

In a March 20 speech, the Prime Minister revealed that 500,000 claims had been processed for the week of March 16. Eight days later, there were media reports that the week's number was actually 929,000, after the count was revised to include the weekend. That data observation was attributed to an unidentified and perhaps unauthorized source.

On April 7, there were media reports that 2.72 million EI claims had been made from March 16 through April 5. The source of the information is not clear.

Clearly, the Government of Canada collects the data on EI claims on a daily basis and can, if it wishes, release the figures with almost no lag. Yet it is not doing so. Instead we get little nuggets dropped on occasion with no indication whether the figures are official and even correct.

This is no way to operate. On almost any front we should be ashamed to have less data transparency than the United States. Yesterday, the US Department of Labor reported that 5.2 million unemployment benefit claims had been made during the week ending April 11, with a four-week tally of 22 million.

The Canadian Government could easily provide the comparable information on a comparable schedule.

The task could be handled by Statistics Canada. Its release last week of the March 2020 Labour Force Survey proved its worth. That release includes an excellent analysis of how the 2.2 percent increase in the unemployment rate, as shocking as it may seem, dramatically understates the weakening of the labour market.

In particular, the release featured a measure of "recent labour underutilization rate," which combined the official measure of unemployment with those who recently worked and wanted a job but did not meet the definition of unemployed and those who remained employed but lost all or the majority of their usual work hours. The underutilization rate soared to 23 percent, almost double the worst reading during the 2008 financial crisis and ensuing recession.

Release of the EI claims data would help enormously in figuring out how the March 2020 Labour Force Survey, which was based on labour market readings from the reference week of March 15-21, could be updated in a rough fashion for more recent developments.

There is an understandable concern within the government that the EI claims data have a certain amount of unreliability in the form they are originally processed. With time, problems are typically sorted out before public release. But the need for current information is so pressing, it can release the data soon after compilation and make any revisions required after the fact.

There is a desperate need for accurate, timely information on the economy's response to the pandemic.

Critical data are available. We have the professionals who can put it out on a timely basis with objective explanation.

What are we waiting for other than a quest for perfection when perfection seems the enemy of good?

And while we are at it, we should have weekly and official reports on the number of people applying for the new Canada Emergency Response Benefit. The timely data releases won't make the economic suffering any less. But at least we will have a better idea of how the economy is faring and that will better inform how responses should be shaped.

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