To What Extent is Household Spending Reduced as a Result of Unemployment?

Final Report

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Executive Summary

It is difficult to measure the level of hardship undergone by individuals during a period of unemployment. Possibly the most useful indicator is the level of consumer spending that the household is able to maintain. Therefore, this monitoring report examines:

- which individuals are more likely to experience a decline in household consumption one year after a job loss; and
- the possible impact of EI reform in attenuating consumption decline.

Data and Methodology

The Canadian Out-of-Employment Panel (COEP) survey provides important information on the consumption patterns of households one year after the job separation that placed the person in the survey. In this paper, consumption refers to the total amount of household spending at the time of the first interview. The analyses of these data use tabulations to begin identifying which individuals are more likely to experience a decrease in consumption, the size of these changes, and the observed changes in consumption patterns in both the pre- and post-EI reform periods. The initial results are then tested for statistical significance using multivariate regression analysis.

Main Findings

Only a small portion, around 12 percent, of those separated from their jobs experienced a decrease in household consumer spending one year after their job separation. For this group, the decrease averaged about 24 percent of monthly household income.

The analysis of who was most likely to experience a statistically significant decrease in consumer spending after a job separation indicated the following:

- Youth (age 15 to 24) and prime age persons (age 25 to 54) were more likely to experience a decrease in consumption than older workers (age 55 and over).
- All family types had significantly different patterns, with single parents living alone experiencing the most prominent decrease.
- Those with less than 13 weeks of unemployment were less likely to decrease consumption while those with more than 52 weeks of unemployment had a significantly greater probability of experiencing a decrease in consumer spending.
- Part-time workers are less likely to decrease their consumption than full-time workers.
- Seasonal workers are less likely to decrease their consumption than non-seasonal workers.

- Those in Atlantic Canada showed a significantly lower probability of having a fall in consumption while those in British Columbia were slightly more likely to decrease their consumption level.
- EI reform did not appear to influence consumption behavior except in the case of single parents, where the extent to which they appear to be more affected by job loss is ameliorated. This could possibly be due to the Family Supplement.

1. Introduction

EI reform included a number of changes that can affect the benefit level and income of households in a variety of ways. These changes include:

- reducing the maximum period of benefits from 50 to 45 weeks (e.g., which can affect claimants in higher unemployment regions);
- switching from a weeks-based to an hours-based system (e.g., which can increase EI entitlement duration for claimants who work more than 35 hours per week);
- reducing maximum insurable earnings (which reduced the maximum weekly EI benefit from $465 to $413);
- introducing the minimum divisor rule (which links benefits more directly to earnings over a fixed period); and
- replacing the 60 percent low-income dependence rate with the Family Income Supplement.

Given the range and diversity of the impacts of EI reform on the labour force, it is useful to look at overall indicators of the well-being of individuals in periods of unemployment. One possible indicator is the level of consumer spending, or consumption, that individuals and their households are able to maintain one year after a job loss.

The Canadian Out-of-Employment Panel (COEP) survey contains information on the level of consumer spending that households maintain one year following a job loss. The analysis presented here focuses on:

- identifying which individuals are more likely to experience a decrease in household consumption one year after a job loss; and
- examining consumption patterns under pre-EI and post-EI reform periods.

2. Data and Methodology

The basic methodology is to compare consumption patterns before and after EI reform. The COEP surveyed some 4,000 individuals in selected quarters. These individuals are drawn from HRDC's Record of Employment (ROE) administrative file and have experienced a job separation as documented by that file. Each survey participant was interviewed twice following the job separation. The first interview occurred one year after the job separation, and the second interview occurred 10 months after the first interview.

The first round of COEP interviews (cohort 1) was completed in July 1996 – and collected information from individuals who experienced a job separation one year earlier (i.e., in the third quarter of 1995). Twelve cohorts were used in this analysis:

- 4 cohorts with a job separation in the four quarters prior to EI implementation (i.e., 1995 Q3 to 1996 Q2);
- 4 cohorts with a job separation following EI reform (i.e., 1997 Q1 to 1997 Q4); and
- 4 cohorts with a job separation four years after EI reform (i.e., 2000 Q4 to 2001 Q3).

For the purposes of this study, the pre-EI reform period (third quarter of 1995 to second quarter of 1996) is compared to the post-EI reform period (first to fourth quarter of 1997) as a means of determining the changes associated with EI reform. Using four pre-EI reform quarters and four post-EI reform quarters, it becomes possible to control for changes that would have been associated with seasonality alone. No analysis was done during the first phase of EI reform (third and fourth quarters of 1996) as the implementation of EI reform was not complete and any resulting analysis may be inconclusive. A cursory examination of changes occurring in 2000/2001 is also possible with the cohorts covering the last quarter of 2000 and the first three quarters of 2001.

The COEP survey was designed to collect important information on the background demographics of individuals and households, job search activities and outcomes, assets and debts, expenditures, and use of employment insurance and social assistance.[1]

COEP includes extensive questions on the consumption patterns of households one year after a job separation. Three of these consumption questions are particularly relevant to this analysis of the impacts of unemployment and EI reform on consumption:

- The first question assesses the direction of the change in household consumption (gone up, gone down, or stayed the same) since the time of the job separation that placed the person in the COEP survey.
- The second question gives an estimate of the monthly amount of the change in consumer spending.

1 For more details on the COEP, see the report entitled *COEP as a Tool for Legislative Monitoring and Evaluation*.

- The last question asks: "In the past four weeks, what was the total income, before deductions, from all household members?" This information will be useful in determining the magnitude of the change in consumer spending as a proportion of household income on a monthly basis.

It is important to emphasise that these questions refer to the month of the survey, which is conducted approximately one year after the job loss.

Using the COEP data for the pre-EI period (i.e., 1995 Q3 to 1996 Q2) and post-EI reform (i.e., 1997 Q1 to 1997 Q4), the analysis presented in this monitoring report initially uses tabulations to identify which individuals are more likely to experience a decrease in consumer spending. Tabulations are also used to compare the average size of their declines in spending and to begin examining the impact of EI reform.

In the latter part of the report, regression techniques are used to test the initial results and to further examine changes associated with EI reform.

3. Who is More Likely to Experience a Decrease in Consumer Spending: Tabulation Results

In this paper, the term "consumption" refers to the total amount of spending of the household of the respondent in the month prior to his/her interview date. While this information is a point in time, it still allows for comparisons between different demographic groups. In the majority of cases, COEP respondents (both EI claimants and non-claimants) answer the consumption questions by indicating that there has been no change or that consumption has actually gone up. A high degree of confidence can be placed in this result because similar conclusions were obtained with a previous version of COEP,[2] which used a different wording of the question. Browning (1998) finds the median expenditure change is zero subsequent to the 1994 UI reform and suggests that it must be a result of individuals running down assets or incurring more debts. As long as the job separation is temporary and expected long-run income is unchanged, individuals may wish to maintain their usual expenditure patterns.

At the same time, the answers to the consumption questions indicate that there is a minority who did experience some decrease in consumer spending following their job loss. Table 1 provides an overview of the characteristics of these persons and their households.

As indicated in Table 1, approximately 12 percent of the COEP respondents experienced a decrease in their household consumption. For those who experienced such a decrease, the average decline in monthly consumption was about 24 percent of their monthly household income at the time of the first interview. Monthly household income is used as a denominator in order to make comparisons possible between individuals.

In many cases, these numbers do not vary by much across the respondent characteristics. Table 1 shows that gender had no real impact. Also, the type of job that was lost (e.g. part-time versus full-time) does not appear to have had a large impact on the share of those who experienced a decrease in consumer spending. As well, the job type does not appear to have had much impact on the magnitude of the average decrease.

Looking at the results by household types, however, it seems that respondents without a working spouse (either single and living alone or married but with an unemployed spouse) are more likely to experience a decrease in consumer spending than other types of households. This is consistent with the idea that when there are other working members in the household, there will be more resources to draw upon to maintain the usual level of consumption. An unpublished evaluation paper by HRDC shows that the

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[2] EKOS Research Associates Inc. carried out the first version of the 1993 COEP Survey. The 1995 and 1996 versions of COEP were carried out by Statistics Canada on behalf of HRDC. See Martin Browning, "Income and Living Standards During an Unemployment Spell, EDD, May 1998", page 24, for more details.

new employment of the spouse (after a job separation) has a positive impact on household income, which increases available resources.[3]

An examination of the effect that household type has on consumption reveals the following:

- Single individuals living alone (with or without children) are the most likely to experience a decrease in household consumption expenditures as compared to all other types of household (17.1 percent for single parents and 16.8 for singles). The average decrease in consumption as a percent of total income is among the highest at approximately 30 percent for these groups (31.1 percent for single parents and 27.8 percent for singles).

- 13.8 percent of couples without children and with one unemployed spouse decrease their consumption after the job loss. The average decrease in monthly consumption is at 29.2 percent.

- Those with a working spouse (with or without children) decrease their consumption by less than 20 percent of household income. The share of individuals decreasing their consumption in these two groups is also among the smallest at about 10 percent.

Examination of the effect of the length of time of unemployment also yields two useful observations:

- Some of those who did not experience a period of unemployment after a job loss (e.g. moved directly into another job) still experienced a decrease in consumption.[4] For this group, the average decrease was about 20 percent of household income. This finding points to the probability for household spending patterns to vary as a result of natural fluctuations from one year to another or reduced expectations of long-run income. While the analysis of household spending will proceed without further treatment of this issue, the reader can take into account that the other rows must be interpreted with this number in mind.

- The fraction of those who reduced their consumption does not rise substantially until the person has been unemployed for more than 52 weeks. About 21 percent of those unemployed for more than 52 weeks experienced a decrease in consumer spending, with the average decrease corresponding to about 27 percent of household income.

By employment type, seasonal workers are less likely to experience a decrease in consumption (8.4 percent) as compared to other (non-seasonal) workers (12.2 percent). For those seasonal individuals who do experience a decrease, the magnitude of the decrease is 21.3 percent of household income as opposed to 24 percent for non-seasonal workers.

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3 See Ahmad, N., W. Lo, T. Siedule and G. Wong, *Family Income Dynamics after a Job Separation*, EDD, May 2000, p.18.

4 A similar result was found in the EI evaluation *Job Quality of Displaced Workers*. This report found that there was a drop in wages between the old job at the time of the ROE and the new job.

Table 1 **Characteristics of Those Experiencing a Decrease in Household Consumption**		
	% Experiencing Decrease	**Magnitude of Average Decrease (% of Household Income)**
Total[3]	11.6	23.7
Gender		
Female	11.9	24.6
Male	11.3	22.9
Age		
Youth (15-24)	10.7	27.5
Prime (25-54)	11.9	22.8
Older (55+)	11.1	0.3
Household Type		
Single Without Children[1]	12.8	26.4
Living Alone	16.8	27.8
Living With Others	9.9	24.2
Single With Children	13.6	30.0
Living Alone	17.1	31.1
Living With Others	8.1	23.0
Married[2] Without Children and Spouse Not Employed	13.8	29.2
Married Without Children and Spouse Employed	10.1	17.2
Married With Children and Spouse Not Employed	12.7	26.3
Married With Children and Spouse Employed	9.1	17.6
Length of Time Unemployed (Continuous Weeks)		
0 Weeks	9.2	20.1
1 - 12 Weeks	10.2	23.5
13 - 26 Weeks	12.2	21.5
27 - 51 Weeks	11.0	28.1
52+ Weeks	20.8	26.7
Job Type		
Part-time	10.7	24.3
Full-time	11.8	23.6
Seasonal Worker	8.4	21.3
Other Non-Seasonal Worker	12.2	24.0
Union	12.3	20.8
Non-Union	11.5	24.3
Worked Continually for last 52 Weeks	13.7	25.0
Periods of Unemployment in Last 52 Weeks	10.4	22.6

Notes:

1. Refers to dependents aged 0-15.

2. Includes common-law marriages.

3. Individuals Cohorts 1 - 10 (1995Q3 - 1997Q4), omitting Cohorts 5 & 6 (1996Q3 & 1996Q4) as they coincided with the phase-in of EI reform.

Data Source: COEP Survey

4. Impact of EI Reform: Tabulation Results

To examine the impacts associated with EI reform, Tables 2 to 6 compare changes in consumer spending before and after EI reform. For this analysis, two twelve-month periods were compared to take seasonality into account. Specifically, COEP data for the third and fourth quarter of 1995 and the first and second quarter of 1996 were used as the pre-EI period. COEP data for the four quarters in 1997 were used as the post-EI reform period.[5] As noted earlier, the COEP data for each of these quarters consists of a sample of persons who experienced a job separation in that quarter but who were interviewed for the first time approximately one year later.

4.1 Consumption Changes by Length of Unemployment

Tables 2 and 3 present information on the length of unemployment. Table 2 shows that individuals with a job separation but experiencing no weeks of unemployment experienced a slightly greater chance of a decrease in consumer spending following their job loss if they were in the post-EI reform period. By contrast, individuals experiencing unemployment of more than one week following their job separation seem to be somewhat less likely to have experienced a decrease in consumer spending in the post-EI reform period. For example, in the pre-EI period, a decrease in consumption was experienced by about 22 percent of those with more than 52 weeks of unemployment, compared to about 19 percent in the post-EI reform period.

Table 2
Decrease in Consumption by Duration of Unemployment (%)

Weeks of Unemployment	Pre-EI Reform (95Q3 - 96Q2)[1]	Post-EI Reform (97Q1 - 97Q4)[1]	Total
0 Weeks	8.8	9.7	9.2
1 - 12 Weeks	11.1	9.5	10.2
13 - 26 Weeks	14.9	9.9	12.2
27 - 51 Weeks	11.4	10.4	11.0
52+ Weeks	22.4	19.2	20.8
Total	12.4	11.2	11.8

Notes:
1. Refers to date of initial job loss.
Source: COEP Survey

5 COEP data for the third and fourth quarters of 1996 are omitted as they coincided with the phase-in period for the EI reforms.

Table 3 compares the average decrease in consumption before and after EI reform for those people experiencing a decrease in consumption. The numbers in Table 3 show the change in consumption as a percent of total household income so that percentage changes can be used to form comparisons between individuals. The actual amount of change in consumption is harder to interpret as a 100 dollars decline per month may mean greater hardship for those with low income than those with high income. The results from Table 3 are mixed but the general tendency is for the drops in income to be greater as spells of unemployment increase.

Table 3
Decrease in Consumption as Percentage of Household Income by Duration of Unemployment (%)

Weeks of Unemployment	Pre-EI Reform (95Q3 - 96Q2)[1]	Post-EI Reform (97Q1 - 97Q4)[1]	Total
0 Weeks	18.9	21.4	20.1
1 - 12 Weeks	27.3	19.6	23.5
13 - 26 Weeks	19.3	24.7	21.5
27 - 51 Weeks	26.5	30.1	28.1
52+ Weeks	25.8	27.6	26.7
Total	23.2	24.1	23.6

Notes:

1. Refers to date of initial job loss.

Source: COEP Survey

4.2 Consumption Changes by Types of Households

To examine the possibility of some variation in the support levels over the length of a claim, Table 4 compares the share of EI benefits of total income. In Tables 4 and 5, the impact of EI reform on consumption is explored from the perspective of types of households. These results suggest an overall decrease in the portion of families experiencing a decrease in consumption after EI reform.

Table 4 shows that single parents with children have experienced the largest increase in consumption in the post-EI reform period compared to the pre-EI reform period. Single parents with children experiencing declines in consumption decreased from 17.2 percent before EI reform to 10.0 percent following EI reform. The most significant decrease in declining consumption was observed for single parents with children living alone, which dropped from 21.4 percent in the pre-reform period to 12.6 percent in the post-reform period. Single parents living with others experienced a similar improvement, decreasing their declining consumption from 10.1 percent in the pre-reform period to 6.3 percent in the post-reform period.

The only family type exhibiting a larger decline in the post-reform period than the pre-reform period was single individuals without children. The percentage of single individuals who experienced a decline in consumption increased from 12.2 percent prior to EI reform to 13.4 percent after EI reform.

Table 4 Decrease in Consumption by Household Type (%)			
	Pre-EI Reform (95Q3 - 96Q2)[1]	Post-EI Reform (97Q1 - 97Q4)[1]	Total
Single without Children[2]	12.2	13.4	12.8
Living Alone	16.4	17.2	16.8
Living with Others	9.2	10.6	9.9
Single with Children[2]	17.2	10.0	13.6
Living Alone	21.4	12.6	17.1
Living with Others	10.1	6.3	8.1
Married[3] without Children and with Spouse not Employed	14.6	13.0	13.8
Married[3] without Children and with Spouse Employed	11.0	9.2	10.1
Married[3] with Children and with Spouse not Employed	13.0	12.5	12.7
Married[3] with Children and with Spouse Employed	10.3	8.0	9.1
Total	12.2	11.0	11.6

Notes:

1. Refers to date of initial job loss.
2. Refers to dependants aged 0 to 15.
3. Includes common-law marriages.

Source: COEP Survey

Table 5 compares the average decrease in consumption before and after EI reform.

- Single parents (living alone) who experience a decrease in consumption reported a smaller decrease as a share of monthly income in the post-EI reform period (from 33.1 percent to 27.6 percent).
- Married individuals without children also experience a smaller decrease in consumption after EI reform (31.2 percent to 27.3 percent with spouse not employed, 18.9 percent to 15.3 percent with spouse employed).
- The most substantial decrease in household consumption is for married couples with children and with an unemployed spouse. The average decrease went from 23.9 percent to 29.1 percent for married workers with non-working spouse and with children.

Table 5
Decrease in Consumption as Percent of Household Income by Type of Household (%)

	Pre-EI Reform (95Q3 - 96Q2)[1]	Post-EI Reform (97Q1 - 97Q4)[1]	Total
Single without Children[2]	25.3	27.4	26.4
Living Alone	26.8	28.8	27.8
Living with Others	22.9	25.3	24.2
Single with Children[2]	31.5	27.5	30.0
Living Alone	33.1	27.6	31.1
Living with Others	18.7	27.4	23.0
Married[3] without Children and with Spouse not Employed	31.2	27.3	29.2
Married[3] without Children and with Spouse Employed	18.9	15.3	17.2
Married[3] with Children and with Spouse not Employed	23.9	29.1	26.3
Married[3] with Children and with Spouse Employed	16.4	19.4	17.6
Total	23.2	24.3	23.7

Notes:

1. Refers to date of initial job loss.

2. Refers to dependants aged 0 to 15.

3. Includes common-law marriages.

Source: COEP Survey

5. Who is More Likely to Experience a Decrease in Household Spending: Multivariate Results

Although the above tabulations are informative, they do not distinguish between random fluctuations and changes that are statistically significant, after controlling for all relevant factors. For example, in Table 5 the average decrease in consumption for single individuals is shown as increasing from about 25 percent of household income in the pre-EI period, to 27 percent in the post-EI reform period. These average results raise the question of whether the observed changes are statistically significant and whether they should be considered the result of EI reform or the result of random fluctuations in the economy or due to other relevant factors. In order to explore these and other questions, further statistical analysis was conducted using COEP data to allow for the influence of changes in relevant factors to be captured in estimates of consumption levels.

Table 6 presents results of a regression analysis that examines the possible determinants of the probability of a decrease in consumption one year after a job loss. The explanatory variables include the relevant personal and household characteristics such as those examined in the tabulation analysis. However, the regression analysis also includes additional variables for region and the quarter in which the job loss occurred to capture regional and seasonal or quarterly differences. Estimates of the marginal impact of each explanatory variable on the probability of experiencing a decrease in consumption based on the probit coefficients are provided.

In general, a substantial portion of the variables tested did have a significant impact on the probability of a decrease in consumption.

- Youths (15 to 24 years old) and prime age (25 to 54 years old) individuals were more likely to experience a decrease in consumption than older workers.
- By household type, single individuals living alone with and without children were the most likely to experience a decrease.
- When examining the length of time employed, those with no weeks of unemployment were less likely to decrease consumption while those with more than 52 weeks of unemployment had a significantly greater probability of experiencing a decrease in consumer spending.
- Looking at the type of job, the probability of a decline in consumption decreased for part-time workers compared to full time workers and for seasonal workers compared to non-seasonal workers. However, there was no statistically significant change in the decline in consumption between union and non-union workers.
- Individuals in the Atlantic region had a significantly lower probability of decreasing their consumption level while those in British Columbia were more likely to decrease their consumption.

Table 6 Probit Regression of the Probability of a Decrease in Consumption				
	Cohorts 1 to 25 (95Q3 - 01Q3)[6]			
	% Impact[2]	*P* Value[3]	Confidence Interval (90%)	
			Low	*High*
EI Reform				
Jan. 1997 - Sep. 2001[1]	-0.8	0.27	-1.9	0.4
Oct. 2000 - Sep. 2001	-0.6	0.37	-1.7	0.5
Single Parents - Living Alone (Jan. 1997 - Sep. 2001)[6]	-4.4	0.06	-7.6	-1.2
Single Parents - Living Alone (Oct. 2000 - Sep. 2001)	1.7	0.53	-3.1	6.6
Gender				
Female	0.3	0.67	-0.7	1.2
Male (Control)	…	…	…	…
Age				
Youth (15-24)	2.4	0.06	0.2	4.7
Prime (25-54)	2.4	0.02	0.7	4.0
Older (55+) (Control)	…	…	…	…
Household Type				
Single Without Children - Living Alone[4]	3.1	0.01	1.1	5.2
Single Without Children - Living With Others	-1.8	0.10	-3.5	-0.1
Single With Children - Living Alone	5.4	0.04	0.6	10.3
Single With Children - Living With Others	-2.6	0.11	-5.0	-0.2
Married Without Children and Spouse Not Employed[5]	-0.1	0.95	-2.1	1.9
Married Without Children and Spouse Employed	-2.3	0.03	-3.9	-0.7
Married With Children and Spouse Not Employed (Control)	…	…	…	…
Married With Children and Spouse Employed	-4.1	0.00	-5.6	-2.6
Length of Time Unemployed (Continuous Weeks)				
0 Weeks	-1.7	0.06	-3.1	-0.2
1 - 12 Weeks	-0.9	0.29	-2.3	0.5
13 - 26 Weeks (Control)	…	…	…	…
27 - 51 Weeks	0.5	0.63	-1.3	2.3
52+ Weeks	8.2	0.00	6.0	10.4
Job Type				
Part-time	-1.5	0.05	-2.7	-0.3
Full-time (Control)	…	…	…	…
Seasonal Worker	-2.3	0.00	-3.5	-1.2
Other Non-Seasonal Worker (Control)	…	…	…	…
Union	-0.7	0.32	-1.7	0.4
Non-Union (Control)	…	…	…	…
Worked Continually for last 52 Weeks	2.3	0.00	1.3	3.3
Periods of Unemployment in Last 52 Weeks (Control)	…	…	…	…
Region				
Atlantic	-2.7	0.00	-3.7	-1.6
Quebec	0.9	0.27	-0.5	2.3
Ontario (Control)	…	…	…	…
Prairie	-0.4	0.55	-1.5	0.7
British Columbia	2.1	0.01	0.7	3.5

Table 6 Probit Regression of the Probability of a Decrease in Consumption				
Assets				
Have Net Assets (Assets - Debts)	-0.3	0.64	-1.2	0.6
Quarter of Job Loss				
1st Quarter	0.3	0.73	-1.0	1.5
2nd Quarter	1.6	0.05	0.2	2.9
3rd Quarter	0.8	0.31	-0.5	2.0
4th Quarter (Control)	…	…	…	…
Log-Likelihood	-16,095			
Number of Observations	47,388			

Notes:

1. Refers to date of initial job loss.
2. Probit results show the exact change in probability of decreasing consumption as result of one unit change in each of the independent variables.
3. A *P* value less than 0.1 is normally interpreted as indicating that the variable does have a significant influence on the dependent variable.
4. Refers to dependents aged 0-15.
5. Includes common-law marriages.
6. Available cohorts 5, 6, 13, 17 and 21 are excluded.

Data Source: COEP Survey

Impact of EI Reform: Updated to Include October 2000 – September 2001 Data

The regression results presented in Table 6 also tested whether or not consumption decreases significantly in the post-EI reform period. Dummy variables were included to examine any changes in the most recent period, October 2000 to September 2001. The results for EI reform showed that consumption did not decrease significantly at any time after EI reform, including the most recent period. The results for the variable that focused on single parents' consumption did show, however, that the probability of a decrease in consumption has gone down for this group following EI reform compared to before EI reform. This result is sustained in the most recent period. It could possibly be the result of the Family Income Supplement, which will provide increased benefits to low income families.

6. Conclusions

A statistical analysis of the COEP data reveals that only a small portion of those who leave their jobs, around 12 percent, experienced a decrease in the amount that they consume at the time of the COEP interview (i.e. 12 months later). However, for those that did experience a decrease, the sizes of the decreases were at an average of approximately 24 percent of total annual income. These amounts vary somewhat among various household types, with those who only have one income earner being more susceptible to decreases in consumption. Very long unemployment spells are also associated with drops in consumption.

Technical Notes

1) Cohorts 1 to 4, 7 to 10 and 22 to 25 were used. Cohorts 5 and 6 were omitted as that covered the implementation of EI reform.

2) The data used has been weighted using weights provided by Statistics Canada to make the sample comparable to the overall population of unemployed.

3) The magnitude of the average monthly decrease in consumption is given as a ratio of monthly total household income (i.e. monthly consumption decrease/total household income in past 4 weeks).

The reason for using monthly household income as the divisor (denominator) is that the newest version of COEP does not contain any question household expenditures.