

TABLE 6-1.—*Unemployment benefits for full-time work in relation to price and wage movements, 1939, 1946, 1952, and 1957*

	1939	1946	1952	1957
Average weekly payments for total unemployment.....	\$10.66	\$18.50	\$22.79	\$28.21
Adjusted for price change.....	\$10.72	\$13.26	\$11.82	\$13.90
Average weekly wages of covered workers.....	\$26.15		\$69.09	\$84.18
Percentage of benefits to average weekly wage uncovered.....	40.8		33.7	34.8

Source: U.S. Department of Labor, Bureau of Employment Security, "Adequacy of Benefits Under unemployment Insurance," a staff report prepared for the steering committee of the Federal Advisory Council, October 1958.

Inadequacy of unemployment compensation is partly the result of the failure to impose adequate tax rates, in turn related to the merit rating system. But also as inflation proceeds and incomes rise, both because of inflation and other reasons, there tends to be a lag in the adjustment of maximum benefits and the like. In the early years of the program only about 25 percent of claimants were restricted by the maximum benefit provision. In more recent years the proportion has been about 50 percent, suggesting the needs of lifting of the maximum benefit as the proportion rises. In the absence of inflation, these adjustments probably would have been more substantial and, therefore, benefits would have been greater. Merit rating has had its disadvantages, as we shall see, in that it tends to encourage excessive interstate competition and to keep payroll taxes and benefits down.

Obviously, as prices rise, needs of workers increase to meet a minimum standard of living.

One should compare the modest budget that has been worked out by the Department of Labor for a city worker's family of four persons with the average benefits paid under unemployment insurance. For example, in October 1951, the total cost of the budget varied in 34 large cities from \$3,812 for New Orleans to \$4,454 in Washington, or roughly from \$320 to \$370 per month. At this time, unemployment benefits, which were likely to be exhausted after 20 weeks, averaged less than \$100 a month, or substantially less than one-third of the cost of this modest budget.

A study has been made by the Government of the effects of unemployment on cash income and spending patterns.