In States where unemployment is high, rates tend to be high, but especially for the unstable industries. The unstable industries pay heavily and withdraw disproportionately.

TABLE 6–5.—*Amount of unemployment insurance payments per dollar of contribution* [1]

	1947	1948	1949	1950	1951
Textiles	$1.92	$0.77	$5.34	$1.86	$1.69
Manufacturing	.67	.73	2.84	1.32	.60
All industries	.49	.60	2.25	1.32	.56

[1] Payments from letter of Mary E. Wilcox, chief supervisor of research and statistics, Division of Employment Security, Massachusetts, and employment figures from "Employment and Wages," of Bureau of Employment Security and Regional Statistics.

Experience rating tends to aggravate cyclical fluctuations. One of the great advantages of unemployment compensation was held to be that it would reduce economic fluctuations: funds would be collected (withdrawn) in periods of high employment and spent (and hence stimulate the economy) in periods of depression. But under experience rating taxes are cut in periods of high employment (favorable employment experience) and raised in periods of depression. Hence, the contracyclical effects are greatly reduced. Thus, receipts from unemployment trust funds declined only from $1.3 billion in 1948 to $1.1 billion in 1949, and benefits rose by $1 billion.[45] A greater contribution might have been made had experience rating not been effective.

The result of experience rating is that in periods when employment is high, rates tend to go down because of the effect of experience rating. Hence, contributions do not fall as much as they otherwise would in periods of declining wage payments. Thus, in fiscal year 1956–57, total contributions were $1,537 million; in fiscal year 1958, $1,500 million. But the reduction is very small in view of the fact that the fiscal year 1958 was a depression year. Again, the average contribution rate in 1957, half of which was a depression year, was 1.31 as against a rate of 1.32 for the calendar year 1956.

CONCLUSION

It is quite clear that benefits under unemployment compensation are inadequate when matched against wages, but the rise of benefits has exceeded that of prices and to this extent the program may be held to have been successful. This success is to be associated in part with the fact that the system developed under a theory that benefits should be adjusted to wages and to this extent the system has been more successful than the old-age and survivors insurance program.

The failures of the system and the inadequacy of benefits both in amount and duration are not to be explained primarily by inflationary process. But there can be little doubt that the continued rise of prices and hence the cost of the consumer's budget contributed to the inadequacy. In order to achieve adequate benefits, it was necessary to raise the maximum benefit allowable under the various State pro-

[45] Figures from Social Security Bulletin, September 1954 (Annual Statistical Supplement).