The Federal-State unemployment insurance system and the separate railroad unemployment insurance system are other major income maintenance programs. Through them, nearly $2.5 billion of benefits were disbursed in the fiscal year 1965 and nearly $2.1 billion in fiscal 1966—years of relatively high employment and declining unemployment.

For those unemployed workers who qualify under State laws (or under the Federal railroad unemployment insurance act), assurance is provided that at least a part of their wage losses will be offset by insurance benefits.

The Department of Labor statement about the Federal-State system discusses particularly the countercyclical stabilizing effects. The system is described as "one of the fastest and most effective devices developed for preventing recessions from becoming depressions and for alleviating the human suffering that occurs when the wage income of an individual ceases."

The statement goes on:

> The effectiveness of a program which distributes some $2.4 to $2.5 billion a year in direct payment to unemployed workers in alleviating the hardship to these individuals and in maintaining their purchasing power and the volume of business in their communities is clear. At the same time, it should be recognized that the qualifications for drawing these benefits are strict, that the number of weeks of qualification is limited, and that the average weekly benefit check represents only about 30 to 35 percent of the weekly wage loss suffered by the claimant. This is clearly an insurance program, not a welfare program.

In the fiscal year 1965, unemployment insurance benefit payments accounted for about 6.5 percent of all transfer payments to individuals. With transfer payments equaling 8.6 percent of all disposable personal income, unemployment insurance provided about 0.6 percent of all purchasing power in the hands of individuals and families. The Department response observes that these percentages are low, but the volumes involved are large, and that insurance benefits provide purchasing power for such basic necessities as food, housing, medical care, and other essential goods and services.

The Railroad Retirement Board statement also emphasizes stabilization as an objective of the unemployment insurance program—in its field, stabilization of railroad employment. The tax structure is intended to give railroads some financial incentive to work toward that goal, and statistics are offered which suggest that turnover in railroad employment was appreciably smaller in the 1960's than it was in the late 1930's, before the unemployment benefit provisions became effective.

The preceding review of economic aspects of selected Federal Government programs by no means exhausts the avenues of inquiry that are suggested by the detailed statements in part III of this report. It should, however, indicate the diversity and importance of the many programs that support consumption or involve investments in people. It should suggest, also, that analytical exploration of this large area has barely begun and is urgently needed.