

## Unemployment Compensation in the Reconversion Period: Recommendations by the Social Security Board\*

AFTER 7 MONTHS of congressional consideration of reconversion problems by five important committees, Congress has decided that the major responsibility for unemployment compensation during the reconversion period rests with the States. In making its decision the Congress was impressed by the testimony of many State administrators and governors. What is equally important is that unemployment compensation became front-page news. During the summer months hardly a day passed without long reports concerning unemployment compensation and reconversion appearing prominently in all the large metropolitan newspapers and in many others. There seemed general agreement among business, labor, government interests, and the press on the major role that unemployment compensation was to play in the reconversion period. The differences arose about methods of accomplishing that single purpose.

The Senate Special Committee on Post-War Economic Policy and Planning in reporting on "Changes in the Unemployment Compensation System" on June 23, 1944, stated:

"In the case of some of the individual States, the Committee feels that the benefits might well be somewhat higher . . . It points out, however, that more adequate State benefits would do much to weaken the argument for federalization of the State systems and the Committee respectfully recommends that the States survey their situations in the light of the generally increased wage scales and in the light of the greatly increased reserve fund.

"The evidence before the Committee leaves little doubt of the adequacy of unemployment compensation funds to meet any possible drain on them . . .

"The Committee also feels that there should be brought under the State systems all classes of workers

\*Recommendations for improvement of State unemployment compensation legislation in the 1945 State legislative sessions, sent by the Board to State unemployment compensation agencies.

which, within the limits of administrative possibility can be brought under them . . .

"If developments prove that the unemployment compensation system as now constituted is inadequate to take care of any situation that may arise in the future, steps can then be taken to supplement it, but the integrity of that system should be preserved unless any proposed change is demonstrated to be imperative."

Senator George, reporting on S. 2051 for the Committee on Finance on August 3, and Mr. Doughton, reporting for the Ways and Means Committee on August 21, concurred in the conclusions of the Special Senate Post-War Committee.

The House Special Committee on Post-War Economic Policy and Planning in its third report issued August 14, 1944, stated:

"The Committee believes that 'unemployment compensation' is the principal means of protection which the Government can provide for the unemployed worker.

"A study of the provisions of the several State laws, however, indicates that if adequate protection is to be provided, there should be increases in the duration of benefits and in the weekly amounts in most States . . . The Committee strongly urges the State authorities to give immediate consideration to improving the State laws, particularly with respect to increasing the duration and level of benefits.

"The Committee also feels that the unemployment compensation law should be extended to cover groups which are not now included such as Federal Government employees, maritime workers and employees of concerns having less than eight workers."

The 1945 State legislative sessions will thus be of historic importance, for they will come at a time when fighting on the European front will probably have ceased or be approaching an end and when curtailment of war contracts will have already begun on a large scale. The economic problems of the next few years have been

foreshadowed by the tremendous impact the war has had on our economy. Since 1940 our Nation has almost doubled the amount of goods and services produced annually. The tremendous industrial expansion necessary to do this job was accompanied by the greatest mobilization of human resources in the history of our country. Our labor force, including the armed forces, totaled about 57 million in July 1940; by July 1944, 66.6 million people were available for civilian or military work. This rapid growth in the labor force includes roughly 7 million "emergency workers"—individuals who ordinarily would be housewives, students, or in retirement—who have been drawn into employment. The armed forces grew from under 1 million in the middle of 1940 to over 11.5 million by the middle of 1944. Employment rose from 48 to 54 million over the 4-year period; absorption of the "emergency workers" and of most of the 8.5 million unemployed more than offset losses to the armed forces.

The war has caused not only overall expansion but also tremendous shifts in our labor force. Workers formerly employed in peacetime employment in automobile production, in the services, and trades went into war production. They migrated from the interior toward the coastal and Great Lakes States. Figures on employment expansion in individual industries show the magnitude of the change that has taken place in our economy. Factory employment in aircraft construction was 17 times greater in the spring of 1944 than in 1939; 14.5 times as many employees were engaged in shipbuilding; almost 3 times as many workers were making electrical machinery; and more than twice as many were making other types of machinery. These industries, and others, face sharp curtailments when wartime needs diminish.

The immediate future, whether it brings with it defeat of one or both of the Axis members, will usher in a period of vast reorganization. The problem of reconversion will be less difficult if the war ends in two stages. Even in this event, however, many individuals who helped us realize our astounding production levels will be thrown out of jobs. At the very best

if reconversion is perfectly smooth, unhampered by any material shortages or hesitancy on the part of businessmen, many of these workers will be without work for short periods of time. Foreseeable difficulties in the reconversion process may increase the number and duration of their unemployment. As a result, the situation facing the State legislatures will be different from that faced at any time since the inception of the unemployment compensation program. Next year, for the first time, the State legislatures will be confronted with the prospect of rising unemployment and with a going unemployment compensation system. Changes made in the program then will be done in the light of expected post-war economic developments. It is not idle speculation to state that, for the first time, the individuals insured under the program will scrutinize the program differently from the way they did when the program was just starting or they did in the last few years when they were more than fully employed. They will be affected in this scrutiny by comparison with veterans' readjustment allowances. In 1945, our program will have its first real test. In that year, the action of the State agencies and the State legislatures will indicate whether unemployment compensation is to play a major role in the reconversion period or whether other more drastic and less desirable measures will have to be taken.

In taking no action on the basic organizational structure of the Federal-State program, Congress has indicated that it was the responsibility of the States, and not the Federal Government, to provide adequate protection during reconversion to workers who become unemployed. What is probably more important is the extent to which all interests in the community are placing major emphasis on the unemployment compensation system to do that job. No better system exists to protect workers who are part of the labor market during their periods of unemployment between jobs than employment security—the public employment service and unemployment compensation. It is the function of that system to know where new jobs are developing, to direct unemployed workers to these jobs, and, if no suitable work is available for

them, to pay them benefits until they are reemployed. If the system is to perform its necessary task, the benefits should be sufficient to permit unemployed workers to maintain themselves without recourse to other community resources, and they should provide sufficient differential from the wages a worker receives when he is fully employed as not to retard the taking of work. They should be paid for a period long enough to tide the individual over temporary unemployment between jobs and to give the individual the assurance of security that is necessary if he is to continue his search for work and remain an employable member of the labor force. Yet the period should not be so long as to result in demoralization of the individual and the development of work-shy habits.

Because the unemployment compensation system provides for periodic payments of benefits to workers who are part of the labor market and expect to remain in the labor market during their periods of temporary unemployment, it offers a mechanism peculiarly sensitive to changing labor-market conditions and capable of affecting greatly the level of unemployment and employment in the country. For that reason, organized groups in the community will be far more interested in substantive changes in the system, once it is fully operating in a period of unemployment, than in any other social insurance system. It is no idle prophecy to say that workers will have as much at stake in a change in the major provisions of the law during the reconversion period as they had in wage-stabilization policies during the war period. Far-sighted employers will recognize in the system a means of maintaining purchasing power and employment at less personal cost than many other competing measures. Properly balanced, unemployment compensation should provide a bulwark to private enterprise that cannot readily be obtained in other ways. With benefits equal to a specified percentage of wages, unemployment compensation provides the basic flexibility that is needed without introducing rigidities into the economy or increasing the volume of unemployment in the country.

This is not to say that unemployment compensation should take the

place of a well-developed plan of full employment, or that planning for the improvement of unemployment compensation is necessarily predicated on a defeatist philosophy. As the fourth report of the House Special Committee on Post-War Economic Policy and Planning, issued September 8, 1944, indicated:

"The goal of post-war economic policy is the creation of conditions favorable to the expansion of our peacetime production, so that the national labor force will be gainfully employed and the national income will be adequate to sustain an active market for goods and services, with improved living conditions.

"For the attainment of post-war prosperity, we must look to the efforts of private enterprise, its management, and its labor force. The role of the Government is essentially to provide the setting in which these efforts will have the best prospects of success. At the same time it is the obligation of the Government to take direct public measures for the protection of its citizens against the economic hazards which are unavoidable in a progressing economy that preserves freedom of private enterprise and individual opportunity—especially during the difficult period of transition from production for war to production for peace."

In the tasks that lie ahead, it will be the responsibility of the States, as expressed not only by Congress but by representatives of the States themselves, to make the unemployment compensation program effective in the post-war period—effective for unemployed workers, for private enterprise, and for the community in general. The coverage of the laws should be extended to many workers not now included under unemployment compensation. Benefit rates must be increased in order to reflect the rise in weekly wages. Duration of benefits should be lengthened in order to lessen the possibility that, during the reconversion period, workers will exhaust benefits before they are reemployed. The disqualification provisions need amendment in order that they not continue to nullify the purpose of the program, which is to compensate for involuntary unemployment. Consideration should be given to the payment of benefits to persons

who have worked in covered employment and who, upon becoming unemployed, undertake training which will enhance their opportunity for employment. Administration should be simplified in order to expedite the payment of benefits, reduce the difficulties of employer reporting, increase the understanding of workers, and reduce administrative expenses. Finally, there needs to be a closer relationship between the administrative agencies and the beneficiaries of the program—workers, employers, and the public—if it is to continue to develop and meet the needs of the community.

This year more than ever before, the changes that will come up for consideration at the State legislative sessions will be changes that involve the substantive provisions of State laws, and not merely technical changes to clarify provisions or remove inconsistencies. These substantive changes will affect the beneficiaries of the program, for they will determine who will be eligible for benefits and under what conditions, what benefits they will receive, and for how long. They will affect the employers contributing to the system, for they will determine the tax rates that employers pay directly as well as the economic setting, so basic to the future of private enterprise. They will affect the community at large in determining the need for other measures to protect its citizens against the hazards of unemployment. It would be well for every State agency to discuss its legislative proposals with its advisory council, since these proposals will be matters of public policy and need public support and public understanding.

### Coverage

There is now general agreement that unemployment compensation needs to be extended to many groups not now included in the system. State agencies should review carefully the degree to which existing unemployment compensation coverage can be extended. They should compare the size-of-firm exclusions under their workmen's compensation laws to see whether unemployment compensation coverage is more limited. Attention should be centered on the proportion of gainfully employed wage and salaried workers now included

under the unemployment compensation system and the significance of the excluded groups in the State economy.

Although the employed workers covered by State unemployment compensation laws increased from 20 million in 1938 to nearly 31 million in September 1943, many workers are still not included under any unemployment compensation law. Among the more important groups still not covered are employees of small firms, maritime workers, government employees, agricultural labor, and workers of nonprofit institutions. While the States can extend coverage to many of these groups without congressional action, some of the groups, such as Federal workers, cannot be covered by a Federal system or included under the State systems without specific congressional authorization. State and local government employees, however, should be included by any State able to do so. Because of the particular employment characteristics of the maritime industry, a Federal system seems more appropriate for this group.

Three million workers are still without coverage because they work for small employers. While workers employed by these small firms have generally not had the same increase in wages as those employed by large firms, many of them, also, will lose their jobs in the post-war reconversion period, either because a returning veteran has a prior right to the job or because of the difficulties that the small businessman is likely to face in this period. The job of covering employers of one or more has already been accomplished by the old-age and survivors insurance system and by 13 State unemployment compensation systems. This need be no great administrative burden on employers, since they are already reporting under the old-age and survivors insurance program.

Another large group of workers not now protected by unemployment compensation laws are agricultural workers. In their search for new jobs, they, too, need the type of protection offered by an unemployment compensation program. Every State which feels capable of doing so should extend coverage to agricultural labor; if the administrative task of includ-

ing all agricultural labor is too great at this time, at a minimum, workers on industrialized farms should be included. The work on such farms is in many ways similar to work in manufacturing establishments. The administrative task of including these workers under an unemployment compensation program should create no difficult problem.

### Weekly Benefit Amount

Although the average weekly benefit amount for total unemployment rose from \$10.66 in 1939 to \$13.84 in 1943, and to \$15.87 in the second quarter of 1944, it has not kept pace with the rise in weekly wages. This is primarily because of low maximum benefit amounts in State laws. At the present time, 22 State laws still contain a \$15 maximum and in only 1 State is it more than \$20. The low maximum benefit amounts have had the effect of reducing benefits to a large proportion of claimants to something far less than 50 percent of weekly wages, the general level for other eligible workers. In 1943, 44 percent of all benefit payments for total unemployment were at the maximum specified in the State law. In 9 States, more than 60 percent of the payments were at the maximum. All 4 States paying 72-85 percent at the maximum specified a maximum of \$15. State agencies might well examine the proportion of payments being made at the maximum. If that proportion is high, the maximum weekly benefit amount has been set too low to reflect local wages. Estimates that have been made indicate that, on the average, workers eligible for the maximum amount receive only about 25-30 percent of previous earnings; for some high-paid workers, the percentage would be nearer 15-20 percent. Benefits at such rates constitute meager compensation for wage loss and run the danger of being too low to carry the individual through his period of unemployment without drawing on other community resources.

With benefits fixed as a percentage of wages, the maximum weekly benefit amount might well be raised to \$25. Raising the maximum benefit would not result in having some workers eligible for more in benefits than they receive in wages while working

but would result in having many more high-paid workers receive in benefits the same proportion of wages as low-wage workers now do. It will therefore not deter individuals from taking suitable work. Increasing the maximum benefit amount will not only be more equitable, by increasing the proportion of workers who will be compensated for something like half their wage loss, but will also be a recognition of the increased cost of living (particularly for the family man, who is generally the best wage earner) and will give much greater assurance that the unemployment benefit will be sufficient to enable him to get along without drawing on other community resources until opportunity comes for reemployment. It will also ensure a better adjustment to local wage levels, especially in the high-wage States. At the present time, maximum benefits are higher in Georgia and Louisiana than in Ohio and Oregon, yet average weekly earnings in the third quarter of 1943 were \$27.82 in Georgia, \$33.69 in Louisiana, \$45.55 in Ohio, and \$46.96 in Oregon. Certainly these provisions do not reflect adjustments to local conditions. Of the 16 States with average weekly wages above \$40 in the third quarter of 1943, three have maximum benefits of \$15, two of \$16, five of \$18, five of \$20, and one of \$22.

Another way of adjusting benefits to meet the needs of this period would be to relate benefits not only to past earnings but to the claimant's dependents. Since size of family is one of the basic sources of insecurity, benefits during unemployment might well reflect this fact. Seven State workmen's accident compensation laws provide dependents' allowances for temporary unemployment due to industrial injury. Dependents' allowances are simply a method of obtaining maximum utilization of available funds at a minimum cost. If the States do not wish to include provision for dependents' allowances, however, but wish to raise the level of benefits, the simplest thing to do would be to raise the maximum weekly benefit amount for all persons.

#### *Duration of Benefits*

There is general agreement that in the reconversion period primary reliance is to be placed on unemployment

compensation to protect workers when they are unemployed and able and available for work. Yet, in 1941, a year of relatively good employment, 50 percent of the eligible workers exhausted their benefit rights before they were reemployed. It would be well to examine the experience of workers in each State and see how many workers exhausted benefits in previous years of relatively good employment. Such an analysis should indicate how strong a first line of defense each law has erected for the reconversion period.

There are, however, honest differences of opinion on the length of the period for which benefits should be paid. There is no categorical answer to this question. The duration of the benefits should be long enough to tide the worker over a temporary readjustment period. If the readjustment period takes on the aspects of a depression, and workers remain continuously unemployed with little chance of reemployment, mere extension of benefits will not serve the desired purpose. While no one knows how long the reconversion will take, there is no question but that 16 weeks of benefits is not long enough to tide workers over this period; yet only 23 States provide duration of benefits longer than that; no State provides duration of benefits of 26 weeks. These variations in duration of benefits in the State laws are not adjustments to local conditions; Alabama provides a maximum of 20 weeks of benefits, and Kansas and Washington, only 16, under a similar formula. Duration of benefits is longer in New York than in Pennsylvania or Illinois. Certainly 26 weeks' duration is not too long to give workers the needed assurance that unemployment compensation will tide them over this period. Nor is it so long as to demoralize the individual and make him work-shy. Mere extension of potential duration of benefits will not automatically provide benefits for longer duration; workers who refuse suitable work will still be disqualified from receiving benefits. Twenty-six weeks of benefits should go a long way toward giving the worker, business, and the community the assurance that unemployment compensation is performing its allotted task and that other measures will not be necessary for this period.

If we are to enter the reconversion period with the unemployment compensation system geared to handle adequately the unemployment problems with which we may be faced, it would be desirable to provide, not only for substantial duration of benefits, but for duration of benefits which is uniform for all eligible claimants. In 36 States the duration of benefits is related to the amount of employment or earnings which the individual had in a previous period, with a specified maximum duration. The other 15 States have uniform duration of benefits for all claimants. Nor are the existence of variable and uniform duration of benefits an adjustment to local conditions. Georgia, Mississippi, and North Carolina provide uniform duration of benefits; Louisiana, Texas, Missouri, and Arkansas do not; New York and Ohio provide uniform duration; Maryland, Michigan, and Pennsylvania do not. Uniform duration of benefits is simple to understand and treats all eligible workers within the State alike; consequently, it will go further to supply workers with that security which is needed and business and the community with a solid foundation upon which plans for economic prosperity must rest.

#### *Disqualifications*

One of the weakest features of existing laws is the disqualification provisions. The administration of these provisions, moreover, will be the most troublesome in the reconversion period. Workers will be changing jobs that they will have held for years. They may find newly acquired skills of little aid to them in a peacetime economy. Jobs will develop in localities far distant from the places in which they now live. Hours of work will change and with them the take-home pay. The entire labor market will be in a state of flux. These are the problems that will confront the administrator daily in his task of determining whether the individual is involuntarily unemployed and eligible for benefits. The need for simple disqualification provisions in the law, readily understood and acceptable by the public, will be more important than ever. It will be important, too, to have the appeals authorities representative of the interested groups in the community—labor and manage-

ment—in order that decisions are realistic and understandable and do not defeat the purpose of compensating for unemployment.

There is no place in the unemployment compensation program for imposing disqualifications for refusal of suitable work, voluntary leaving, and discharge for misconduct solely for punitive purposes. Disqualifications properly should prevent the payment of benefits for voluntary unemployment but never completely bar payments to eligible individuals who are involuntarily unemployed, able, willing, and available for work. Unemployment compensation should not be payable for periods of voluntary unemployment, but neither should it act to introduce rigidities in the system or hinder the free mobility of labor, especially in this period. Disqualifications might well be limited to a suspension of benefits for the weeks, up to 4 or 5, which immediately follow the act for which the individual is disqualified. Such suspensions are sufficient to deter workers from voluntarily becoming unemployed and to bar the compensation of voluntary unemployment. Cancellations or reductions in benefit rights, on the other hand, nullify the duration provisions and prevent the compensation of involuntary unemployment. By so doing they withdraw insurance protection from both business and workers and curtail the usefulness of unemployment compensation, particularly for the kind of economic period that is ahead. The administrators of the 28 State laws which contain provisions canceling all or a part of a worker's benefit right for a disqualifying act might well examine the decisions being made in the light of future reconversion problems and acceptable public policy.

In addition, good cause for leaving a job should not be limited to causes "attributable to the employer"; recognition should also be given to good *personal* reasons. As long as the worker is available for work, good personal reasons for quitting a job are just as valid as reasons "attributable to employers." The administrators of the 20 State laws containing such provisions should examine the implications of decisions they must make on mobility of labor, economic freedom of the individual, and compen-

sation for involuntary unemployment. Disqualification provisions should not be used to prevent individuals from relocating in new communities or attempting to better themselves by trying for more desirable jobs.

Lastly, the special causes of disqualifications, such as disqualifications of women who get married, or because of pregnancy, which have been written into many State statutes, should be removed or modified so such cases could be handled by State administrative action which appraises all the circumstances surrounding the individual case. While the elimination of such disqualifications from the statutes will increase the administrative burden on the State agencies, they will eliminate the inequitable treatment that now exists and fulfill the function of compensating the bona fide unemployment of individuals who are in fact able and willing to work and available for work.

#### *Payment of Benefits to Young People While Undertaking Training*

At the present time, the State laws require that a claimant for unemployment compensation must, in order to be eligible for benefits, be available for work. In the administration of this condition, State administrative authorities most commonly find that claimants who are full-time attendants at educational institutions are not available for referral to work and consequently are not entitled to benefits. Therefore, claimants who might otherwise undertake special training or return to regular school because they have little likelihood of finding jobs with the skills they now have may be deterred from doing so because benefits would be withheld for the weeks of school attendance. In the interest of promoting greater training in order to enhance opportunities for employment, States might give consideration to amending their laws or revising their administrative practices to permit the payment of benefits, if, though attending training, the individual is available for work and does not refuse suitable work without good cause. In such cases, the factors to be considered in determining whether the individual has good cause for refusing work should include consideration of whether the training will

enable the individual to obtain work at a higher skill.

#### *Administrative Simplifications*

One of the primary concerns during this period should be the simplification of procedures to reduce reporting burdens on employers, to expedite payment, and to promote public understanding. It will be important that benefits not only be adequate but that they be paid promptly. Much has already been done, but there is ample room for continued improvement if the program is to maintain the confidence and understanding of the public. One of the procedures that might aid greatly in the expeditious payment of benefits would be payment at the local level. Four States are already doing this and other States have been studying similar plans. Employers, especially large interstate employers, have complained about the burdens of variations in the forms used by State agencies for similar procedures—variations in reporting wages and contributions, in low-earnings reports, and separation reports. Simplification of such reports and uniformity where possible can go a long way toward relieving employers of unnecessary burdens and creating public confidence.

Public understanding can also come if employers, workers, and the public are more actively concerned with the development of the program. They should be made aware of the problems as they arise in detailed form. There is no better way to begin to build up this proper understanding of these problems than by having appeal tribunals representative of labor and employers hear and decide the troublesome daily issues that will arise during this period. If administrative proposals for amendment of the law are discussed with the State advisory councils, there is no question but that such proposals as are endorsed will have greater public support.

#### *Conclusion*

It is fortunate that we can face the reconversion period with ample funds to do the job that lies ahead and with staff skilled in the administrative jobs that must be done. When the 1945 State legislative sessions convene, more than \$6 billion will probably have accumulated in the State unem-

ployment funds. There seems general agreement that these funds are more than sufficient to withstand the reconversion period; that they are sufficient for a more adequate program in the immediate post-war period. For the few States that may run into difficulty, the provision for loans to the States incorporated in

the George bill is one step forward in provision for financial security to the State funds. There is every reason, therefore, why the States should examine their unemployment compensation programs now and make such changes as are desirable. Despite any differences of opinion concerning the best way of making

this program effective, we all know that improvements are necessary. An attempt has been made to outline those important aspects of the program which need primary attention. If these aspects are given attention now, the program will be in a far better position to make its maximum contribution in the post-war period.

## New Developments in Workmen's Compensation

By Verne A. Zimmer\*

IT IS NOW 33 YEARS since the first State workmen's compensation law became operative. The casual observer might point with pride to the fact that 47 States<sup>1</sup> now have workmen's compensation acts—the Mississippi legislature has again defeated the most recent of the long series of attempts to secure a compensation law in the forty-eighth State—but the serious analyst may well be somewhat discouraged by the relatively slow progress in developing anything approaching adequate protection under the acts in many of the States. Indeed, in many jurisdictions the acts are little changed from the original laws of 30 years ago.

For example, 28 of the acts are still of the elective type, and only 19 are compulsory. Under the elective form, employers can accept the workmen's compensation act or reject it, as they see fit. True, under most of these elective acts the rejecting employer loses certain common-law defenses if an injured employee brings action for personal injury. This legal device, intended as a potent means for persuading "acceptance" of workmen's compensation protection by management, however, is no particular threat to the little employer, who is judgment-

proof, or to the large employer, on the other hand, who rejects the act and then insures his common-law liability under a so-called Lloyd's of London protective plan. This stubborn adherence to the elective system is a hang-over of an outmoded theory that compulsory State laws are unconstitutional, but a trend to the compulsory form is already under way. Within the past 2 years, Delaware, Massachusetts, and Michigan have changed from elective to compulsory compensation laws.

### *Size-of-Firm and Industry Exemptions*

Of perhaps more concern to the American workman, however, is another defect in the workmen's compensation structure common to many State acts. That is the device of exempting small employers from workmen's compensation liability. Today 29 jurisdictions exempt employers of less than a stipulated number of employees. The exemptions range from employers of not more than 2 in Oklahoma to employers of 15 or less in South Carolina. The new Massachusetts law exempts employers of 6 or less from the compulsory feature of the act.

There is no logical justification for these numerical exemptions other than legislative expediency. Actually the injured worker or his widow has a much better chance of redress in court action against the noninsuring large employer, who is generally solvent, than against the little employer, who frequently is unable to pay a judgment that is entered against him. To put the matter bluntly, I believe that an employer engaged in business for pecuniary gain, who is un-

able to meet the expense of workmen's compensation coverage for even one employee as a charge against his product or service, should keep out of business.

This exemption by size of firm, in conjunction with another device of exempting specific industries, means that today, in 1944, probably not more than half of the gainfully employed workers in the United States actually are protected against loss of earnings occasioned by work injuries. In appraising the present protective status of our workmen's compensation laws it should be kept in mind that almost all States exempt agricultural employees from coverage, and yet, in 1942, deaths from accidents in agricultural employment greatly exceeded those in manufacturing industries (4,400 to 3,100).

### *Court Administration*

In an appraisal of workmen's compensation statutes, the important factor of administrative methods and facilities is too often overlooked. It can be accepted as axiomatic that no compensation law is better than its administration. Unfortunately, a realistic survey of the situation reveals that, in this factor too, some early unfortunate concepts and errors which had their origin in lack of experience have been carried over. Six States still adhere to court administration of workmen's compensation, which in effect means no administration. This statement is no reflection on the integrity of the courts. It is a simple recognition of the fact that courts are neither equipped nor organized to carry out effectively the multitude of details incident to the proper administration of workmen's compensation laws. There is no more reason for using courts of law for administration of workmen's compensation acts than there is for the administration of unemployment insurance acts. As a matter of fact, court administration

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<sup>1</sup>Laws are also in operation in the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Philippines. This discussion is limited to the 47 State laws.