SEASONAL WORKERS AND UNEMPLOYMENT INSURANCE IN GREAT BRITAIN, GERMANY, AND AUSTRIA

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Basic differences between the American and the European concepts of unemployment insurance underlie the varying methods by which each system approaches the problem of the seasonal worker. Three concepts which are fundamental to unemployment insurance in the United States would seem to be particularly important in explaining why the American method of dealing with the problem of seasonality cannot be directly compared with the European approach. In the United States the assumption that unemployment, like accidents, is a responsibility of industry, and should therefore be a burden upon it, places the employer rather than the worker in the center of the unemployment compensation system. Merit rating, broadly speaking, was designed to reward those employers who reduce or abolish fluctuations in employment in their establishments. The charging of benefits against the individual employer's account raises problems in connection with seasonal workers which do not arise in European countries, where the concept of merit rating is practically unknown.

Closely allied to the important position assigned to the employer is the fact that, under most of our State laws, only the employer is liable for contributions. In European countries the worker also contributes. The seasonal worker in Europe, therefore, who has contributed to the unemployment reserve fund, out of which presumably compensation is paid for unemployment regardless of its economic causes, would seem to be in a position to argue that he is entitled to benefits even during the off season.

A third factor which illustrates the differences in approach is that in this country benefits and contributions are closely related to earnings; the rate and duration of benefits and the determination of the qualifying period are based directly on the individual worker's wage credits. European systems rely on flat qualifying and duration periods and frequently use either flat benefit rates or wage classes for determining the benefit amount.

Nation-wide compulsory systems, which are based on the principle of pooling the various occupational risks, must find a solution of the seasonal problem which is financially sound and socially equitable. From an economic point of view there is an important difference between one seasonal industry and another. Two kinds of seasonal industries may be distinguished: those which are wholly seasonal, i. e., where no, or practically no, employment can be obtained during certain parts of the year; and those which are only moderately seasonal, i. e., where employment opportunities exist all the year round but are better during certain parts of the year and more or less decidedly limited at other times. This study attempts to outline briefly the approach to the problem of seasonality made by three European compulsory systems—British, German, and Austrian.

General Unemployment Insurance Provisions

An unemployment insurance system which determines the duration of the benefit period by directly relating the number of benefit weeks to the number of weekly contributions takes into account primarily the individual risk. While the desirability of such a close relationship between benefits and contributions may be questioned in terms of social equity, it would seem obvious that such a system is soundest from the point of view of the actuary; it also to some extent makes unnecessary special treatment of the seasonal worker. The British unemployment insurance system of the years 1912–28 was built on this basis.

On the other hand, a system with flat qualifying and benefit periods, such as we find in Austria and Germany, disregards, in principle, the individual

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and the seasonal risk and attempts to pool the various risks of the whole insured population. Sooner or later such a system must establish some kind of relationship among the risk categories which it covers, and the seasonal risk will play an important role in this adjustment.

Exclusion of Seasonal Workers From Coverage

An unemployment insurance law may definitely exclude seasonal workers from benefits, either by limiting its scope to fairly stable employments or by requiring a long period of contribution to the unemployment fund each year as a qualifying condition for the receipt of benefits. Great Britain's unemployment insurance system, established in 1911, included only a few trades; but most of these were of a seasonal nature. When, in 1920, its coverage provisions were broadened to include most manual workers under a contract of service, it specifically excluded agriculture with its highly seasonal risk. So did Austria in its original law of 1920.

Germany, on the other hand, covered some agricultural employment in its original act but excluded it in 1933. It is interesting to note that the difficulties with seasonal workers which the German unemployment fund experienced in the first years of its existence were to a large extent due to the inclusion of agriculture. In both Austria and Germany the proportion of agricultural workers among the total number of gainfully employed is considerable, while in Great Britain it slightly exceeds 5 percent. When Great Britain covered agriculture in 1936, it was felt that a special agricultural system, based on ratio provisions similar to those of the 1911 original act, had to be set up.

Occasional, temporary, or inconsiderable employment, which frequently may be of a seasonal nature, was excluded in all three countries from the beginning. Domestic service, which may also in certain cases be seasonal employment, was originally excluded in Austria and Great Britain, although Great Britain extended coverage to certain types of domestic servants in 1938. In Germany, women in domestic service have been excluded from coverage since 1933. Austria has excluded, at different periods, employment in agricultural regions and employment on building and construction work in rural districts.

Qualifying Requirements

While exclusion from coverage works directly toward eliminating seasonal risks from the insurance system, the qualifying-period requirement may be just as important a factor. The British system always has been the most liberal in the qualifying-period requirement, which at first was 26 weeks of covered employment in 5 preceding years, later 10 and 15 weeks at any time; since 1924 it has generally been 30 weeks of covered employment in 2 years. The fact that weeks of employment are measured by the number of weekly contributions makes this requirement still more liberal, because a weekly contribution may represent only 1 day's work. If a person has exhausted his claim to benefit in a given benefit year, he may requalify by payment of 10 contributions. On the basis of this requirement, seasonal workers would only seldom be disqualified for benefits because, generally speaking, 15 weeks of employment per year would qualify a seasonal worker for benefit.

The Austrian law has been somewhat more restrictive in its qualifying-period requirements. Originally, 20 weeks of covered employment in 12 months were necessary to qualify for ordinary benefits. In order to restrict payment of benefits to bona fide members of the system, the qualifying period was extended to 52 weeks in 2 years for persons who before their employment in a covered occupation had been engaged mainly in agriculture or forestry. This meant that seasonal workers who depended for their livelihood mainly on small farm property of their own or on general farm work, and who sought and found employment in covered industries only during the busy season, were frequently unable to qualify for benefits, either during the season or in the off season.

The normal qualifying-period requirement in Germany has been even stricter, namely, 26 weeks in 1 year, or, since 1929, 52 weeks in 2 years in cases where benefit is claimed for the first time. Thus seasonal workers who have less than half a year of covered employment cannot qualify for benefits.

Benefit Duration

Provisions relating to the benefit duration may also, in certain cases, affect workers who have em-

ployment only during more or less limited periods of the year. Great Britain's original ratio provisions were important in this respect. From 1912 to 1928 ordinary benefit duration was related to the number of weekly contributions paid. At first at a ratio of 1 to 5, later of 1 to 6, the benefit duration depended primarily on the length of the worker's employment during the year. Combined with a flat maximum of 15—later extended to 26—weeks per year, it restricted payment of benefits to seasonal workers in two ways. It limited the number of weeks of benefit by requiring 75 weeks of employment for the payment of the 15-week maximum, and it paid benefits for not more than about one-third, later one-half, of the year.

The Austrian maximum duration for ordinary benefits—12 weeks in 1 year—was a similar restriction, with the further qualification that extension of the benefit period was possible only if the person was in serious need of relief. In Germany the maximum duration of benefits, which had originally been 26 weeks in 1 year, was shortened until finally only 6 weeks' benefits were payable as an insurance right. Any extension was conditioned on the passing of a means test.

The British system of allowing additional days of benefits to workers with steady employment, inaugurated in 1934, would seem to be one of the most desirable methods of distinguishing between seasonal and nonseasonal workers with respect to the benefit duration. The British law provides that, over and above the flat maximum duration of 156 days (26 weeks) per benefit year allowed in the general system, benefit is to be paid for a number of days computed on the basis of 3 days for every 5 weekly contributions paid by the worker in the last 5 years, less 1 day for every 10 days for which he had received benefits during the preceding 5 years. Seasonal workers will rarely qualify for the full length of this additional benefit duration—which may be as much as 156 days, bringing the total benefit duration up to a full year—because, first, they do not contribute all the year round, and second, because they will probably have drawn benefits during parts of the 5 preceding years. Under this general provision the British law, while not penalizing the less steady worker, affords the worker with year-round employment a more favorable treatment.

Other General Provisions

Certain other statutory provisions, such as the means test and the method of computing the benefit amount, may also restrict benefit rights of seasonal workers. The British interpretation of two of the general eligibility conditions during the years 1924–30 is an example of the effective use of certain general provisions of an unemployment insurance law to disqualify seasonal workers for benefits and thus avoid a possibly excessive burden on the fund. To be eligible for benefits an applicant had to prove, among other facts, that he was available for work and genuinely seeking work. The former requirement dated from 1920 while the latter was introduced in 1924. These provisions, applied in accordance with the decisions of the Umpire, excluded seasonal workers from receipt of benefit during the off season unless they could prove that they regularly worked in other occupations during the off season. The requirement that they must be available for work also resulted in the disqualification of seasonal workers who were kept from seeking work during the off season because of family responsibilities, age, or health.

Another example of a provision which tends to disqualify seasonal workers is the Austrian practice of disqualifying persons from emergency benefits, after the twelfth week of ordinary benefits, when conditions of the labor market in their occupation were relatively "not unfavorable," a principle which resulted in reducing the emergency benefit rolls during the busy season in a particular occupation.

The German statutory provisions of 1938, which provide unlimited benefit duration if, after the sixth week of statutory benefits, an applicant has passed a means test, may similarly result in disqualification of seasonal workers under the clause requiring the district labor offices to limit the maximum benefit period to 120 days if conditions of the labor market "make this necessary."

Special Statutory Provisions

Most European countries have found it necessary to limit the amount or duration of benefits for seasonal workers by special regulations. The nature and scope of such regulations depend on the importance of the seasonality factors in the

particular country. It is interesting to note, however, that financial reasons are not always the determining factors. The British regulations have only limited financial importance, because not more than 1 percent of the total benefits expenditure is saved by disqualifying seasonal workers during the off season. The reputation of the unemployment insurance system is the main argument in Great Britain for the introduction of provisions to prevent the anomaly of benefit payments to seasonal workers who made no effort to find work during the off season.

Determination of "Seasonal Workers"

Great Britain.—Seasonal unemployment does not seem to be an important problem in British unemployment insurance or, for that matter, in the British national economy. The temperate climate of the British Isles reduces considerably the number of wholly and moderately seasonal industries, and the nearly all-inclusive coverage of the unemployment insurance system allows almost complete pooling of the seasonal with the general occupational risk.

Up to 1931 the determination as to what constituted a "seasonal worker" had been made by the Umpire, the highest appeal tribunal in British unemployment insurance. When in that year special provisions for seasonal workers were enacted, the Umpire's findings served as the basis of the statutory regulation, which as a matter of fact was but an enactment of principles long before established by experience and practice. Under these regulations, as amended in 1935, a person whose normal employment is in a "wholly" seasonal occupation is considered a seasonal worker. A wholly seasonal occupation, in turn, is one in which, at certain regularly recurring periods of the year, no substantial amount of employment is available in the district in which the worker resides. Included in the category is employment in holiday and health resorts and in industries in which the period of operation is determined by weather, climate, custom, or law.

In general, the number of industries which have been regarded as seasonal in Great Britain is very small. The British attitude is that the principle of the pooled risk allows and calls for payment of benefits during the slack season to workers in "moderately" seasonal occupations where employment fluctuates regularly in the course of the year but some employment is always available even when operations are reduced. The building and clothing trades are foremost in this category. In such industries, unemployment during the year is a probability, whereas for wholly seasonal industries it is a certainty, and payment of benefits in this case would represent not insurance but a subsidy.

The British do not attempt to determine by statute the specific occupations that are wholly seasonal. Practical application and interpretation are left to the local appeal agencies, the courts of referees on which employers and employees are represented in equal numbers. This decentralized administration of a Nation-wide uniform system is most significant. Individual treatment of each seasonal worker's claim is correlated with local conditions by agencies thoroughly familiar with the industrial structure and customs of the region. In interpreting the statutes, the courts of referees give special attention to the question whether a person's seasonal employment is his normal employment or whether economic conditions rather than his own volition make him look for and follow a wholly seasonal occupation. Only if a person has, for a number of years, been employed in a wholly seasonal occupation and has had no other employment is he considered a seasonal worker. Very decidedly, the worker and his industrial status are placed in the center of the problem, not the industry or the establishment in which the individual happens to be employed.

Germany.—Contrary to the experience in Great Britain, the seasonal problem has been a matter of great concern to the German unemployment insurance system. Industries which are only slightly seasonal in Great Britain show marked fluctuations in Germany. In view of the nature and scope of the German unemployment insurance system, the problem of seasonal workers had to be taken into account from the very beginning. In Germany, as elsewhere, the basic approach is found in the method of determining who is to be considered a seasonal worker.

From 1928, the year after the unemployment insurance system was established, until 1934, by which time fundamental changes in the purpose and character of the scheme had abolished all special provisions for seasonal workers, a seasonal

worker was considered to be one who had been employed for a uniformly and strictly defined period of time in a seasonal occupation in a seasonal industry. Both seasonal occupations and seasonal industries were again defined in the statutes by a detailed enumeration, and the determination was applied equally to all regions of the country.

The specific definition of a seasonal worker as one who had been engaged in a seasonal industry and in a seasonal occupation (both were necessary) for more than half of the 26 weeks preceding his registration for benefits during the off season introduced chance as a major factor of the determination. Furthermore, it did not allow for differentiating between wholly seasonal workers (who looked for and performed only seasonal work and did not expect employment during the off season), seasonal workers who sought and obtained off-season employment, and workers who had taken up seasonal work temporarily because no employment was available in their regular nonseasonal trade. While the first type of seasonal worker is decidedly not an active member of the labor market during the off season, the dovetailing worker and, to an even higher degree, the chance seasonal worker offer their services at any time during the year.

This defect in the statutes was partially remedied later by changing the basis of seasonal determination to one-half of 52 weeks; but even then, any worker who had been employed in a seasonal industry and occupation for 26 weeks and 1 day was considered a seasonal worker when he became unemployed during the off season. When, in 1931, the special provisions for seasonal workers became applicable not only to the off season but to any spell of unemployment during the year, the seasonal factor was even farther removed from the determination of a worker's benefit rights.

Austria.—The considerable volume and degree of seasonal fluctuations in Austria had led to an early attempt to find an actuarially sound and socially equitable solution of the seasonality problem. Since the year 1931 special provisions for seasonal workers have been in force, and seasonal workers are considered to be those who belong to occupations in which unemployment for a part of the year is customary. Under the 1931 regulations the industries considered seasonal were established by law; under the 1935 provisions they were determined by administrative order, thus making a more flexible determination possible.

Two categories of seasonal workers were established: first, workers employed in certain establishments, if the latter were conducted on a seasonal basis, i. e., completely closed down or operating at considerable reduction during the off season; second, workers in trades or industries which by their very nature must be classified as seasonal. While not as exhaustive as the German classification, the Austrian provisions were still considerably more detailed than the British. Austria's differentiation between seasonally conducted establishments and industries which are seasonal by their very nature would seem to have been somewhat superior to the combined classification of seasonal industries and occupations in the German system.

Determination of "Off Season"

Great Britain.—The same principle of individual interpretation and application of deliberately vague provisions of law by experienced local authorities which is practiced with regard to the determination of "seasonal worker" applies with at least equal importance to the fixing of the term "off season" and, implicitly, that of the "season." For seasonal workers whose normal employment is in an occupation followed by them in one district only, off season is defined as that part or those parts of the year during which persons are not normally employed in the occupation and district in question. If they are employed in more than one district—as, for example, fish workers, who follow the various fishing seasons along the English and Scottish coast—then the determination must be made for each district separately. In holiday and health resorts, the off season is considered to be all the year except the holiday season. Under these general provisions, the courts of referees determine periods of season and off season for the various seasonal occupations, basing their findings on local industrial and climatic conditions. As a rule, their determination is not questioned by the Umpire.

Courts of referees may, particularly if other sources of information are not available, determine the season in a particular occupation by fixing its beginning as the date upon which 25 percent or more of all the workers in the industry became employed and its termination as the date on

which 75 percent of the workers were discharged. This determination is, of course, applicable only to the district over which each court has jurisdiction. While the Umpire admitted that this method was a "useful guide," he emphasized that it could not be used to decide that the duration of a season varied from one year to another. It is in the nature of the season, according to the Umpire, that it should be of regular annual recurrence and that it should cover approximately the same period each year.

Germany.—Disregarding local climatic and industrial conditions, Germany established a fixed off-season period for the whole country, determined by the national unemployment insurance agency and comprising the 4 winter months from December through March. The choice of these dates shows clearly that the Germans were primarily concerned with winter unemployment in the so-called outdoor occupations. Although for several years the district labor offices were authorized to establish additional off-season periods for certain occupations which they might consider seasonal, there is no evidence that they made use of this discretionary power to any considerable extent. When, in 1931, the restriction of benefit rights of seasonal workers was extended to apply throughout the whole year, definition of the off-season period became unnecessary.

Austria.—Austria, whose methods have been closer to the German than to the British system, used the German way of determining "off season," though in a somewhat modified form. Since it distinguished between a priori seasonal industries, on the one hand, and establishments conducted on a seasonal basis in certain industries which in themselves were not necessarily seasonal, on the other, it established two "season" periods, each uniform for the category. The determination was made by the central administrative agency, and although discretion was given to the district (State) labor offices to establish other seasonal periods, none had been made by 1938. The district offices were free, however, to determine the "not unfavorable" state of the labor market in certain occupations for the purposes of disqualifying seasonal workers from receiving emergency benefits during the season. In the case of a priori seasonal industries, the season period was the same as that used in Germany—April through November; for seasonally conducted establishments it lasted from May through September and, if there was a winter season, from December 15 through March 15.

Wholly Seasonal and Dovetailing Workers

There is little difference of opinion as to whether or not seasonal workers should be entitled to unemployment benefits during the employment season. Unemployment during the busy season, while not a certainty, is a probability, and if unemployment is at all an insurable risk, loss or lack of a job during the season must entitle insured workers to benefits. As a matter of fact, British experience shows that the risk of a seasonal worker's becoming unemployed during the season is about equal to that of a nonseasonal worker. We find, therefore, no unemployment insurance law imposing any special restrictions on payment of benefits to seasonal workers during the time when their employment opportunities are most favorable, with the possible exception of Austria, which, by practice if not by law, disqualified seasonal workers from the right to have their benefit duration extended during the season.

On the other hand, unemployment during the off season involves special financial and social problems. British opinion is that unemployment during the off season should, in principle, not give the right to benefit unless the applicant can prove that he works during the off season in another occupation. The German and Austrian unemployment insurance systems, which are inherently more relief than insurance systems, pay benefits to seasonal workers during the off season but only under certain restrictions. While both Austria and Germany assume that there is a certain amount of dovetailing of employment by seasonal workers, they do not take it into account in determining the eligibility of seasonal workers for benefit during the off season.

Payment of Benefits During the Off Season

Great Britain.—From an economic and actuarial point of view, the British principle of paying unemployment benefits to persons while they are bona fide members of the labor market is the most consistent and the clearest. A worker who normally depends for his livelihood on seasonal work but who must and does supplement his income by off-season work is, in principle, entitled to benefits during the off season if he can prove that he ordi-

narily gets other work. To qualify, such a worker must show not only that he has met the general eligibility requirements but also that he has been employed during the off season in each of the 2 complete insurance years preceding the beginning of the current off season for a period amounting, in the aggregate, to at least one-fourth of the combined duration of these two off seasons. Employment during the current off season may be substituted for that during the off season in any one of the 2 preceding insurance years.

He must further prove that, taking into account his individual circumstances, his industrial experience, and the industrial structure of the district, he can reasonably expect employment for a substantial part of the off season. If, however, a seasonal worker can prove that the aggregate duration of the seasons in the district or districts in which he is normally employed amounts to 39 weeks in the year, he is not subject to these special regulations. Nor will he be affected by them if, in 4 out of 5 consecutive insurance years within the last 10 insurance years prior to the registration of his claim for benefits, he had paid at least 150 weekly contributions, i. e., if he has had covered employment for 38.5 weeks on the average during those 4 years.

Before the 1935 amendments went into effect, neither the Umpire nor the courts of referees had had any statutory criterion for deciding whether off-season employment was of a "substantial extent," the term used in prior regulations. Since then, however, the allowance of benefits to seasonal workers during the off season is calculated mathematically on the basis of employment during off seasons. This off-season work may be in either covered or noncovered employment, although before 1935 it had to be insurable.

There is only one other special provision for seasonal workers in the British unemployment insurance law; namely, the clause providing that a worker may elect voluntary exclusion from coverage if he is employed in an occupation of a seasonal nature which ordinarily does not extend over more than 18 weeks in the year, provided he is not ordinarily employed in any other covered employment. Such persons would never qualify for benefits during the off season and rarely during the season.

Germany.—While we thus see a consistent development in the British method of dealing with seasonal workers, the German approach to the problem has varied. According to German principles, a seasonal worker should be entitled to benefits even during the off season, though possibly at a reduced rate or duration. The factor that decided whether or not he should receive benefits during the off season was not whether he normally worked during the slack season, but was, generally, the financial status of the unemployment fund. Since the latter was always precarious, seasonal workers had to be subject to certain restrictions. This is not to say that the Germans disregarded the seasonal problem in general and the possibilities of dovetailing employment in particular. They simply could not work out a satisfactory solution.

During the period 1927–31, three methods were tried: extension of the waiting period, reduction of the benefit duration, and reduction of benefit rates. The main defect of all three methods was that the centralized and strict determination made impossible any evaluation of basic differences in either economic or personal factors.

The extension of the waiting period was the first modification to be tried. Expressed as a flat duration—either 1 or 2 additional weeks—the method allowed small chance for individual treatment of seasonal workers. And, with a maximum benefit duration of 26 weeks and an off season of about 16 weeks, it could hardly effect great savings to the fund. At the same time this small difference of 1 or 2 weeks did not represent any noticeable differential between persons who are normally not active members of the labor market during the off season and those who, as a rule, look for and obtain off-season employment.

Not much more successful was the second attempt, the reduction of the ordinary benefit duration to 6 weeks, during the off season. This reduction could be justified only on grounds of preventing the fund from becoming exhausted. If for wholly seasonal workers unemployment during the off season is a certainty, there would seem to be no reason to pay benefits to them during that period, no matter how short the benefit period chosen. If, on the other hand, unemployment during the off season is a probability but not a certainty for workers who dovetail employment, benefits should be paid to them for the whole duration of the slack season.

The third method, that of reducing the benefit

rates for seasonal workers during the off season, would seem to have a certain social justification if, as was the case in Germany, the reduction affects only highly paid seasonal workers.

From 1931 to 1934 seasonal workers' benefit rights were limited not only during off-season periods but during the season as well. The distinction between season and off season lost its significance, and the true nature of seasonal employment was no longer taken into account. In 1934 all special provisions for seasonal workers were discarded.

Austria.—In addition to the socially objectionable practice of disqualifying seasonal workers from emergency benefits during the season, Austria applied two methods in dealing with the seasonal unemployment risk. The first was the imposition of higher contribution rates on seasonal workers. This was done in the original law of 1920 which had established "risk groups," dividing industries into three classes, one with an average risk which paid the "normal" contribution rate; one including particularly stable industries with lower rates; and the third comprising industries where the unemployment risk was higher than normal with higher contribution rates. This latter included the seasonal industries. The difficulty of administering these provisions and the insufficient financial return of the higher rates led shortly to their abolition. A similar attempt was made in 1931, when contributions of seasonal workers were increased during the season. Both methods attempted to balance the seasonal risk by higher contributions and were based upon the principle of paying ordinary benefits to seasonal workers regardless of season or off-season unemployment.

From a social point of view a satisfactory method had been initiated by the district labor offices, and in 1935 this was made the statutory basis of the treatment of unemployment during the off season. Its principle was found in the particular character of the unemployment insurance law in Austria. No person was entitled to benefits, not even for the first 12 weeks, whose "means of livelihood was not endangered" by his unemployment. While this might be regarded as a means test, it was but a routine matter, because a wage or salary earner's means of livelihood is endangered when he loses his job. In the case of seasonal workers (salaried employees were not affected by any of the seasonal workers' provisions) the endangered state of their livelihood might be determined on a stricter basis if they became unemployed during the off season and had high earnings during the busy period. In addition to the normal 7 days, such workers underwent a waiting period the duration of which depended on the amount of their average seasonal earnings or the length of their seasonal employment. The computation of the length of this additional waiting period was based on a comparison of the earnings of a seasonal worker with those of a nonseasonal worker of equal occupational training and skill over the same period. In the computation only earnings or employment during the season were counted. Thus the status of the seasonal worker in the labor market during the off season was disregarded. Whether or not he found dovetailing work, the application or the method of application of the additional waiting period provisions remained fixed.

Seasonal workers who received tips in addition to their wages were subject to an extension of the normal waiting period at the rate of 1 week or, in certain cases, 2 weeks for each month of seasonal employment. All other seasonal workers served an additional waiting period computed by dividing the difference between the average weekly earnings of a seasonal worker and those of a nonseasonal worker by the average wages of the latter. The result gave the number of weeks of waiting period per week of seasonal employment. By multiplying this quotient by the actual number of weeks of seasonal employment, one arrived at the total number of waiting weeks. If the seasonal earnings exceeded the annual earnings of a nonseasonal worker with the same occupational skill, no benefit was paid during the off season.

The computation of the additional waiting period was simplified by the fact that in all seasonal industries where collective wage agreements existed, an average scale could be applied for all members of a certain occupation, making individual calculation unnecessary. Thus the worker himself knew exactly how long his waiting period would be. The pronounced social character of the Austrian unemployment insurance system permitted modifications in the length of the additional waiting period, in view of family responsibility, unsatisfactory season, and similar reasons. The means test, an integral part of the Austrian system, lost to a certain extent its significance,

although it might be used as an expedient in dealing with the seasonal problem. In the Austrian regulation of 1935 it affected seasonal workers in only one respect. Those workers who, in addition to their earnings during the season, drew an income from agricultural property or an independent business of their own or their family household were not entitled to benefits during the off season if the combined income from all these sources ensured their livelihood the whole year round.

Conclusion

The problem of payment of benefits to seasonal workers during the off season will always resolve itself into two main questions: one of equity and social purpose, the other of actuarial soundness and financial stability of the fund. Any effort to solve the seasonal problem in unemployment compensation will have to be directed toward a compromise between the just needs of the individual and the collective guarantee of the funds accumulated for the various types of unemployment. The British approach, in particular, seems worthy of close study because it has proved to be remarkably adaptable to changing conditions and at the same time has retained the fundamental principles of insurance. Basic differences in the seasonal characteristics of the industrial structure and in the general concept of unemployment compensation, however, must be weighed carefully in any attempt at comparisons between Great Britain and this country.

ADMINISTRATION OF AID TO DEPENDENT CHILDREN AND MOTHERS' AID IN DECEMBER 1937

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Title IV of the Federal Social Security Act, enacted in August 1935, authorizes Federal grants-in-aid to the States for aid to dependent children. The provisions of this title represent the most significant development in legislation affecting the care of dependent children in their own homes since the first State-wide mothers'-aid law was passed in Illinois in 1911.[1] The necessity for meeting the standards stipulated in the act as well as a desire to broaden the provisions of State laws in order to take full advantage of available Federal funds has led many States to enact new legislation or to revise and amend old laws.

In December 1937, at the close of the second year in which Federal funds were available, 38 States,[2] the District of Columbia, and Hawaii were administering aid to dependent children under plans approved by the Social Security Board. In the following discussion, the characteristics of these plans[3] are summarized and, as far as possible, compared with the provisions of mothers'-aid laws in effect in the same States[4] in 1931, the year in which the last comprehensive study of mothers'-aid legislation was made.[5]

Although every State plan for aid to dependent children approved by the Social Security Board is necessarily based upon a State law, the extent to which the plan is embodied in the law varies greatly among the States. A description of the administration as revealed by the characteristics of State plans is, therefore, more enlightening than one based upon State laws. The provisions of State plans selected for discussion are those relating to: (1) the State agency designated to administer or to supervise the administration of aid to dependent children, and statutory provisions affecting the administrative relationship of aid to dependent children to other types of public assistance; (2) the allocation of primary responsibility for administration either to the State or to local agencies; (3) local participation in the administration of the program; (4) the division of financial responsibility between the State and its local subdivisions; (5) persons eligible for assistance; (6) property and income limitations; (7) ages of children for whom aid may be granted; and (8) amount of grant permitted. In the following discussion, Hawaii is omitted, and "State" is used to include the District of Columbia. The District of Columbia has been excluded from discussions which are irrelevant to that jurisdiction.

This article also presents a brief description of

* Bureau of Research and Statistics, Division of Public Assistance Research.
[1] See pp. 25–26 for all footnotes.