

PRESS RELEASE

From the office of:
Congressman John E. Fogarty, (D), R.I.

For release:
March 10, 1958

Congressman John E. Fogarty today introduced a bill in the U.S. House of Representatives to provide for supplemental unemployment compensation benefits. The bill would supplement State unemployment insurance benefits to assure that workers get at least half their former weekly wages. It also provides that such benefits continue for a period of up to 40 weeks if a worker remains unemployed that long.

In presenting his bill Congressman Fogarty stated, "The present situation as regards the unemployed has come upon the country at a time when the State unemployment insurance laws are not providing adequate unemployment benefits. Total unemployment in January was about 4.5 million and may have reached 5 million or more. If consideration is given to those who are working only a partial week the total of unemployed is undoubtedly over the 6 million mark."

"The latest reports on unemployment insurance claims show that unemployment is still growing," said Fogarty. "In the week ended February 22nd, new claims for benefits increased by 33,000 to a total of 459,200 - more than double the number in the corresponding week a year ago. Insurance unemployment for the week ended February 15 totaled 3,130,200 or 1.4 million more than a year earlier. The rate of insured unemployment averaged 7.5 percent - the highest rate on record."

The Congressman pointed out that the average weekly benefit being paid in the United States is under \$30, although average wages are over \$80. Average benefits therefore represent only a little over a third of average wages, although it has been recognized from the beginning of the program that workers should receive at least half their regular earnings. The main reason these benefits are not higher is that the States have not raised their maximum weekly benefits as much as wages have increased, especially since the war. The average duration of benefits for the country as a whole is only a little over 20 weeks. In some States it is even less (15 weeks in Rhode Island). This is not only because the maximum number of weeks is limited to 26 weeks or even less, but also most of the State laws have other restrictions that cut down duration. These restrictions particularly result in inadequate benefits in periods of high unemploy-

ment. As a result, the number of workers exhausting their unemployment benefit rights is increasing rapidly. In January, the number exhausting benefits was about 147,000, about 75 percent above November, 1957. If this rate continues through 1958, more than 2 million workers will exhaust their benefit rights and will have to fall back on charity.

"The long-range solution to these inadequate benefits is the enactment of adequate legislation in the States," Fogarty argued. "But with unemployment as high as it is today, we cannot wait for State action. Only 17 State legislatures are meeting this year, and some will soon adjourn. And there is also a question as to whether the Federal government should not step in and help the States when unemployment becomes as serious as it is today. In my State of Rhode Island, we have been charging employers maximum unemployment tax rates for years and have provided as adequate benefits as we can afford. However, these amount to only \$30 as a maximum weekly benefit and 26 weeks maximum duration, with many getting less than these amounts."

"The situation calls for emergency Federal action. I am therefore today introducing a bill which will supplement State unemployment insurance benefits up to 50 percent of a worker's former average weekly wages up to a maximum equal to two-third of the average wages of all covered workers in the State. This will bring weekly benefits up to the levels that the President has recommended for several years, and will assure that the great majority get at least half their former weekly wages. The bill also provides for supplementing the duration of State benefits up to 40 weeks if a worker remains unemployed that long. While the President has recommended 26 weeks duration of benefits to the States as the normal period, the additional 14 weeks that would be provided under my bill is amply justified, since as unemployment increases in amount, it also increases in duration.

The bill would place this program in effect 30 days after enactment and would continue it until July 1, 1959. I am providing that the program go into effect at the earliest possible moment because it is already needed and should be delayed only long enough to get the program in motion. The terminal date of July 1, 1959 is necessarily arbitrary. If reemployment and recovery develop sooner than that date, workers who are reemployed will automatically, of course, stop receiving these supplementary benefits. The States in the meantime will have time to im-

prove their laws so that they can take over entirely when this supplementary program ends."

Congressman Fogarty commented that the increases in unemployment benefits that would result from this bill would not only be of immeasurable help to the unemployed, but also would be a very effective method of bolstering the economy. Every additional dollar that would be paid out in these supplementary benefits would be immediately spent for groceries, rent, fuel, needed clothing and would keep up the level of retail trade and in general put a brake on the downward spiral of the economy.