

STATE OF NEW YORK  
DEPARTMENT OF LABOR  
Elmer F. Andrews, Industrial Commissioner

INTERIM REPORT  
ON  
PARTIAL UNEMPLOYMENT

SUBMITTED TO THE INDUSTRIAL COMMISSIONER

by the

COMMITTEE ON PARTIAL UNEMPLOYMENT

Marion B. Folsom  
George Meany  
Herman A. Gray, *Chairman*

February 1, 1938

Price 75 Cents

DIVISION OF PLACEMENT AND UNEMPLOYMENT INSURANCE

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STATE OF NEW YORK  
DEPARTMENT OF LABOR

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STATE OF NEW YORK  
DEPARTMENT OF LABOR  
ALBANY

New York Office, No. 80 Centre Street

New York, February 1, 1938

I have the honor to submit herewith the report and recommendation of the Committee on Partial Unemployment appointed by me in accordance with Section 527, Article 18, of the Labor Law of the State of New York. In support of its recommendation the Committee submits a study of this problem prepared by the Division of Placement and Unemployment Insurance of the Department of Labor.

In view of the heavy costs which partial unemployment benefits might add to the drain on the fund and the danger of serious depletion of the unemployment insurance reserves which might attend such a large extension of coverage at this time—unless additional revenues were provided—and in view of our unsatisfactory knowledge as to the exact nature and extent of partial unemployment and the need for further experience and study before undertaking to provide for its compensation, I therefore recommend that no payments for partial unemployment in New York State be made this year, but that authority be provided to begin such payments under an appropriate plan as soon as feasible after April 1, 1939.

I concur in the recommendation of the Committee that the law be amended to postpone the due date of a final report until February 1, 1939.

Respectfully,



ELMER F. ANDREWS,  
*Industrial Commissioner*



**LETTER OF TRANSMITTAL**  
to the  
**INDUSTRIAL COMMISSIONER**  
from the  
**COMMITTEE ON PARTIAL UNEMPLOYMENT**

New York, N. Y.  
February 1, 1938

To the Hon. Elmer F. Andrews  
Industrial Commissioner of the State of New York  
80 Centre Street  
New York, N. Y.

Sir:

The Committee on Partial Unemployment, appointed by you pursuant to Section 527 of the Labor Law, submits herewith as its Interim Report a study prepared at the request of and in cooperation with the Committee by the Bureau of Research and Statistics of the Division of Placement and Unemployment Insurance.

This document is concerned mainly with a description of the nature and scope of the problem of partial unemployment in its many ramifications. No attempt has been made to reach final conclusions. It should be clearly understood that any conclusion found in the report is based on the incomplete information now available and is therefore wholly tentative and subject to change in the light of fuller knowledge and additional study.

Partial unemployment is found to be much more serious, in terms of possible drain on the fund, than was at first supposed. While we appreciate that a fully rounded system of unemployment insurance may require provision for partial unemployment, it appears to us unwise to embark at this time on a specific plan in advance of the accumulation and analysis of further experience and information. The Committee therefore makes no recommendation other than that for continued study.

The above conclusion is enforced by the following considerations:

- (1) Partial unemployment is as pervasive and widespread as total unemployment and occasions losses in wages which may be comparable in magnitude with the losses caused by total unemployment.
- (2) The devising of equitable and practicable provisions affording protection against partial unemployment and their administration are more complex and difficult tasks than that of framing and putting into operation the provisions covering total unemployment.

- (3) It would be unsafe to introduce partial unemployment benefits into the present system before the adequacy of the fund has been tested, since the available evidence indicates that a larger fund may be required if partial unemployment is to be compensated.

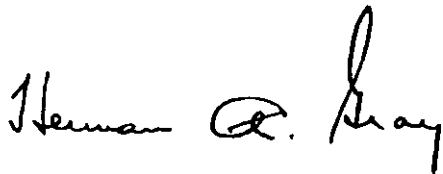
The Interim Report analyzes sample data relating to industries representing approximately one-third of aggregate annual payrolls in New York State during 1936. The results of the study indicate that several moderately liberal plans of partial unemployment benefits, described and analyzed in the report, might have cost almost half of the annual contributions of these industries to the Unemployment Insurance Fund at the present 3 per cent rate during that year.

The report presents no data concerning the possible cost of partial unemployment benefits for industries representing two-thirds of the payrolls in the State not covered by the data analyzed. If the illustrative results of the sample study were found to obtain for the remaining industries of the State, however, the cost of compensating partial unemployment in the degree indicated would have left for total unemployment benefits only about one-half of the aggregate 3 per cent contributed by employers. In recent Wisconsin experience one-half of the individual benefit payments provided compensation for partial unemployment, these payments aggregating about one-third of the total disbursements for all types of claims.

The Committee directs your attention to the fact that the data analyzed for New York State and the figures for Wisconsin relate to a period of expanding employment. To what level the cost of partial unemployment benefits would rise in periods of marked employment decline cannot now be estimated, but it is probable that they would be considerably higher than for 1936. On the basis of the data available no approximation of total costs and no forecasts can now be made.

For the above reasons the Committee recommends an amendment postponing the due date of a Final Report on Partial Unemployment until February 1, 1939.

Very respectfully submitted,



*Chairman (for the Committee)*

MARION B. FOLSOM  
GEORGE MEANY

## TERMS OF REFERENCE

Section 527 of Article 18 of the New York State Labor Law, as inserted by Chapter 468 of the Laws of 1935, and amended in 1937, provides as follows:

**Study of Partial Unemployment.** The commissioner shall appoint a committee of not more than three persons who shall make a study of partial unemployment, in whatever form it may occur and shall make recommendations to the commissioner in respect to provision for the inclusion of benefits for partial unemployment under this article, and to compensate for loss of earnings resulting from such partial unemployment. The commissioner shall transmit the report and recommendations of the committee with his comments thereon and recommendations to the legislature, not later than the first of February, nineteen hundred thirty-eight.

The amendments of 1937 included the introduction of the following phrases in Section 527:

“. . . . in whatever form it may occur . . . .”

and

“. . . . and to compensate for loss of earnings resulting from such partial unemployment.”





## PREFACE

This interim report deals with the problem of partial unemployment in the specific legislative and administrative setting provided by the Unemployment Insurance Law (Article 18, Labor Law) of the State of New York. The report has been prepared for the Committee on Partial Unemployment by the Bureau of Research and Statistics, Division of Placement and Unemployment Insurance. As an interim document this study is a progress report on a continuing investigation conducted by the Bureau for the purpose of establishing the required basis for specific plans and a legislative proposal for partial unemployment insurance benefits in this State.

It is hoped that the present report, and more particularly the further investigation under way, will throw needed light on the character, extent, and incidence of this insidious form of unemployment which presents so many difficulties from the statistical and economic, as well as the administrative, point of view.

Any definition of partial unemployment for statistical purposes is necessarily arbitrary. This point, stressed in the report, deserves special emphasis for readers who are primarily interested in the economic nature and scope of the hazard rather than in considerations relating to the methods of coping with it under the framework of social insurance. The present study has been prepared for the specific purpose defined by law, namely, that of implementing a plan of partial unemployment insurance. For administrative reasons under the New York law and procedure it is necessary to use the *week* as the line of demarcation between total and partial unemployment. Thus, full unemployment of one or more weeks in duration is defined as total unemployment. Conversely, partial or fractional unemployment occurs only within spells of lesser duration than a week.

It is recognized that a statistical study of time lost, measured in man hours or man days in relation to full-time employment on a monthly or an annual basis, would yield results of intrinsic value in measuring partial unemployment as an economic phenomenon. If the materials required for such a study were accessible, however, it would still be necessary to determine what fraction of partial unemployment could be compensated under a given administrative plan.

The definitions used in this study require close examination—especially the distinctions between “fractional,” “partial,” and “part-total” unemployment. The distinctions represented by these terms are essential and sound, although the terminology of the subject is not a matter of settled usage.

One purpose of this Interim Report is to invite and stimulate critical discussion of approach and method in advance of final conclusions and recommendations. It is hoped, therefore, that those who read or use this report will submit comments, questions, and suggestions to the Bureau.

The detailed work of this study has been planned, supervised and carried through by Karel Ficek, with the active advice and collaboration of other members of the Bureau's research staff. The charts were prepared by Louis Yaphé.

MEREDITH B. GIVENS

*Director of Research and Statistics  
Division of Placement and Unemployment Insurance*

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