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Labor, industry fighting over unemployment benefits — sounds a lot like the 1960s

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By Charles Scontras Special to the Sun Journal

Current legislative efforts to reform the unemployment compensation law (LD1725) by increasing penalties for fraud and tightening qualifications for benefits, e.g., removal of the exemption of vacation time as a factor in assessing benefits and lengthening the search for employment after six weeks rather than the current requirement of twelve weeks, triggers some historical images.

On Dec. 16,1936, following the landslide victory of President Franklin Roosevelt, who lost only two states, (Maine and Vermont), the Maine legislature met in special session on Dec. 16, 1936, to consider the precedent shattering national legislation which required that a state plan for unemployment compensation tobe submitted to the Social Security Board before Dec. 31, 1936. The social security system designed to provide funds for a limited time to those who were laid off or discharged for reasons beyond their control, provided that any employer could credit 90 percent of the federal tax imposed under the law if it was paid to the state.

Some Maine legislators opposed the "most disagreeable and offensive act" on the grounds of states' rights, and its questionable constitutionality. Still others feared the consequence of not acting in compliance with the national requirements: "If we didn't, employers of the state would pay in $1,500,000 to the federal government and get nothing in return." Others argued that the tax was excessive and that the cost of goods produced would increase and destroy all hope of competing with foreign producers. Nevertheless, Maine joined the crusade for unemployment security on Dec. 18, 1936, launching a long, and often contentious, political debate between labor and capital on the issue of unemployment insurance.

While the issue of unemployment insuance had always generated controversy, ideological sparks were first sharply visible in the early 1960s. Organized labor fared poorly in the 100th Legislature (1961) as it encountered strong reactionary pressures against its legislative successes in the 97th, 98th, and 99th Legislatures. "Never before in history of Maine," reported legislative representatives of organized labor, "have we witnessed such an organized drive on the part of industry to cripple, curtail and suppress labor. More than 200 registered lobbyists, representing every conceivable business, industry, profession, and cause, converged upon the Capitol with formidable finances and planned strategy for a calculated legislative campaign. The members of the "Third House" consisted of representatives of the Associated Industries of Maine, the Maine railroads, the truck owners, the paper companies, the textile companies, the manufacturing companies, and dozens of other interests, most of whom were deemed to

favor legislation which labor would oppose."

In 1961, the Maine Citizens for Right to Work was organized and was well into its crusade, as were efforts to tighten eligibility for unemployment compensation requirements with amendments that originated with the Associated Industries of Maine, the statewide association of manufacturers and leading legislative voice of Maine industry.

*** Proponents of the drastic amendments to the law claimed the changes were necessary to prevent "chiseling" by the unemployed, to safeguard the trust fund which had been "bled by abuses," and to "preserve a healthy business climate." Labor officials argued that the harsh disqualifications provided in the measure were designed to disqualify as many of the unemployed as was necessary to build up the fund which has been depleted because of heavy unemployment and the continuous raiding by business on the fund through the Merit "Raiding" (rating) System." (The textile industry was in decline, and the cataclysmic effects of mill closings radiated throughout textile communities. The Biddeford-Saco-Sanford area reported the highest rate of unemployment in the nation, 23.1 percent in 1959).

A glance at some of the provisions revealed labor's cause for anxiety: vacation pay became deductible in calculating benefits; a pregnant women was denied benefits from the day of pregnancy; and unemployed workers would be denied benefits if they became ill and could not accept a job if one was offered to them. If disqualified for various reasons, such as misconduct, which included limited absenteeism, tardiness after warning, insubordination without provocation by the employer or his agent, and disregard of the employers' interest, rules, and regulations, it was necessary for the worker to earn 15 to 20 times his weekly benefit amount, but no less than $300 or $400, dependent upon the reason for disqualification. If the worker already received a pension, he/she was automatically disqualified. Lack of transportation was not an excuse for not accepting a job, providing that what was offered was suitable. Claimants who left their job voluntarily, or had retired, could not receive benefits until they had earned 15 times their weekly amount.

Labor condemned the amendments and believed that the broad definition of voluntary "quit" would unfairly be applied to workers who left their job in search for a better paying job, or who quit because the employers could make the work more oppressive, etc. Labor perceived the legislative reforms as a disguise for "involuntary servitude."

The election in 1964 Maine produced a "Democratic revolution" which had given the Democratic Party control of both houses for the first time in 52 years. In the 102nd Legislature, 76 bills in which labor had an interest passed, prompting labor officials to state it was "the finest this state has ever

experienced in terms of our goals," and corrected many of the "wrongs" suffered by labor.

The "revolution" brought with it amendments to the employment security act which proved to be to the advantage of the unemployed worker, e.g., if workers appealed to the courts after a commission decision and won, their lawyer's fees would be paid by the commission; workers could no longer be disqualified for sickness, lack of transportation, or participating in a strike, and holiday pay was no longer considered as wages if a worker was unemployed.

Such changes prompted the Daily Kennebec Journal to use its columns to shout "The foolish and costly notion that unemployment insurance is a right, and that it is anything but disgraceful to enjoy a prolonged period of leisure at the taxpayer's expense should never be encouraged." Others advanced generic arguments that the changes would cause "hardships on the manufacturers," reduce their competitive edge, and would be detrimental to the economic well-being of the state and the creation of jobs, which was the real solution to unemployment compensation questions.

Workers have long applauded the program which offers them compensation when the means of their livelihood have been aborted through no fault of their own, which offers them a lifeline to keep body and soul together should they become casualties of the gyrations of an impersonal and competitive market economy, which places purchasing power in their hands when unemployed, and which makes public relief unnecessary.

No human system is without flaws. Maine workers should, and would, support any legislative changes which are meritorious, but, understandably, they will be on guard to prevent reforms should they become a pretext to unnecessarily and wrongfully take from them the benefits they have won, or to still their collective voice.

The debates of the 1960s surrounding unemployment compensation have a contemporary ring to them. Like today, they occurred in a period of a major employer offensive against organized labor. And, like today, cries could be heard that economic survival and growth required legislative changes in the law to foster a favorable business climate and improve a system that had spawned debilitating character traits and abuses.

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