

## Determination of Suitable Work During Reconversion\*

UNEMPLOYMENT COMPENSATION was conceived as a means of tiding over workers between jobs by providing a partial income based on the individual's previous earnings. From a broader point of view, its purpose is to ensure a smooth turn-over of the labor force and its adjustment to the changing demand for labor.

Continuous changes in the demand for labor by individual firms and in the work opportunities for individual workers, characteristic of an economic system based on individual initiative, imply temporary interruptions of employment of individuals and their redistribution among industries and establishments. The duration of the interruptions—or individual spells of unemployment—depends on business conditions but cannot be reduced to zero without infringing on the flow of the labor force. An employer should not be compelled to hire the first applicant for a vacant job; he should, rather, have time to make his choice from several applicants. For similar reasons, an unemployed worker should not be forced to accept the first job offered him but should have enough time to decide which of the available positions suits him best. A certain amount of frictional unemployment while jobs are going begging is therefore necessary for the smooth operation of our system of free enterprise and for the adjustment of the working force in individual concerns and of individual workers to changing work conditions.

The procedure described does not necessarily imply a lasting discrepancy between the demand for labor and its supply, as in the case of round pegs and square holes. As a rule, some of the pegs are square, others round, and so are the holes. The task is to find the proper peg for each hole.

\*Based on Unemployment Compensation Program Letter No. 113, February 25, 1946, sent by the Bureau of Employment Security to all State employment security agencies for consideration in general policy decisions. The material on which this statement is based was prepared by Clare D. Belman, Administrative Standards Division.

If employers or workers are compelled to make decisions under duress, round pegs will be forced into square holes and vice versa. Work crews will be engaged in work which they dislike, labor relations will deteriorate and labor turn-over increase. Elimination of frictional unemployment will turn out to be harmful for the economic system as a whole.

The necessary frictional unemployment increases naturally in the periods of extensive economic shifts and must be considerable during the transition from war to a peacetime economy.

Under these conditions, the unemployment insurance program should ensure to separated workers the necessary freedom in accepting or rejecting new jobs. This task is not identical with the defense of workers against lower wages or occupational down grading. After he exhausts his benefit rights—and usually long before that point—the unemployed worker must choose between jobs in the labor market. In some cases his new job will be less attractive than the earlier one, in other cases it may be more attractive. The brief spell of benefit payments can change neither the level of wages nor the distribution of jobs by occupational level. Least of all can it create new and better jobs. All that it ensures to the unemployed worker is *time*. By assuring workers greater freedom of choice, unemployment insurance contributes to the smooth readjustment of the labor force to changed conditions.

A better distribution of the labor force among industries, occupations, and establishments means a better utilization of the available human and technical resources, which, in its turn, implies more production and more purchasing power, higher real earnings of workers, and higher gains of capital.

One of the most difficult tasks in the administration of unemployment compensation laws is determining whether a job offered a worker was suitable for him within the meaning of the law or whether he refused it

with good cause.<sup>1</sup> As a minimum standard, all State laws provide that benefits shall not be denied an otherwise eligible individual for refusal of new work if the position is vacant because of a labor dispute; if the wages, hours, or other conditions are substantially less favorable than those prevailing in the locality for similar work; or if the worker as a condition of being employed would be required to join a company union or resign from or refrain from joining a bona fide labor organization. Other factors to be considered under most laws in determining whether work is suitable are the degree of risk to the worker's health, safety and morals; his physical fitness and prior training, experience, and earnings; the length of time he has been unemployed; the prospects of getting local work in his customary occupation; and the distance of the work from his residence.

Few laws attempt to further define suitable work because whether a job is suitable for a worker can only be determined in relation to all the circumstances in the case, and the policies and interpretations applied must be constantly adjusted to the changing labor-market situation. Policies appropriate before the war were modified of necessity by war conditions. Reconversion now presents new demands and new problems.<sup>2</sup>

From 1938, when payment of unemployment compensation benefits began, until the defense program started in 1940, there was an over-all surplus of labor. For every job open there were usually several workers seeking

<sup>1</sup> The Bureau of Employment Security has recently issued a series of releases to State unemployment compensation agencies dealing with principles underlying disqualifications for refusal of suitable work (Unemployment Compensation Program Letter No. 101, Nov. 26, 1945) and for voluntary leaving (Unemployment Compensation Program Letter No. 107, Jan. 28, 1946). Another Unemployment Compensation Program Letter (No. 103, Dec. 10, 1945) deals with principles underlying availability for work.

<sup>2</sup> Copies of the statements of policy issued by Illinois, New York, and Canada on refusal of suitable work during reconversion were sent to the State agencies with Unemployment Compensation Program Letters No. 97, issued October 29, 1945; No. 98, issued November 5, 1945; and No. 105, issued December 24, 1945.

employment in the locality who were customarily engaged in the occupation and for whom the wages offered were comparable to their previous earnings. Accordingly, claimants were not normally expected to accept work outside their customary occupations, at substantially lower wages, or at a distance. There were always other unemployed workers for whom the work was more suitable.

Because of the extreme shortage of labor during the war, suitable-work policies were calculated to promote placement of workers in essential jobs. Benefit-appeal decisions reflected the urgent need for productive utilization of every available man-hour. Claimants were frequently disqualified for refusing jobs outside their customary occupations when they had been unemployed only a short time. Benefits were often denied for refusal of work in distant localities where there was a critical shortage of labor. Differences between the worker's former rate of pay and the wage rate offered were given little weight because of the increase in weekly earnings and the opportunities for rapid advancement on the job; and personal circumstances received little consideration in determining whether the work offered was suitable.

With the end of the war we were plunged into a period of general economic readjustment which is not directly comparable to either the depression of the thirties or the war years of the forties.

The rapidity with which the surrender of Japan followed the surrender of Germany allowed no time for integrating the change-over to civilian production or for gradual absorption by industry of the men and women returning from the armed forces. While some war-production programs were cut back after VE-day, most manufacturing plants did not start to reconvert until their contracts were canceled after VJ-day. As a result, most of the workers who had been employed in the manufacture of war materials were laid off at the same time that millions of ex-servicemen began returning to the civilian labor market.

By the end of 1945—4 months after VJ-day—the first impact of unemployment which resulted from the release of men and women from war

jobs and military service at a faster rate than they could be reabsorbed by industry had passed. Most of the larger plants which had closed down to reconvert had reopened. Most of the workers who had been seeking employment had either been recalled by the establishments at which they had been employed or had found new jobs—for the most part jobs which became available as a result of reconversion and the cut-back in hours. Some had dropped out of the labor market.

We are, however, still experiencing unemployment due to reconversion. Additional workers are being laid off by establishments which are just winding up their wartime operations, and more veterans are returning from the armed forces and either replacing men and women now employed or joining the ranks of those seeking work. In general it appears that most of those who are and will be unemployed during the first 3 quarters of the year will find jobs before autumn, most of them jobs which will become available as reconversion progresses. Of those who are not reemployed, some will drop out of the labor market, and it seems probable that the number of unemployed will be no greater by September than it was at the turn of the year.

But the kind of jobs those seeking work will be able to obtain and the adjustments they may have to make as individuals are not much clearer now in many localities than at the beginning of reconversion.

### *Unemployment Compensation and Changing Industrial Opportunities*

The volume, nature, and location of job opportunities are still changing as industry adjusts to new markets and new levels of production. Few of the large plants which have reopened have yet reached full production or taken on their full complement of workers. Many small plants are still retooling or marking time until they can size up their markets and obtain materials and new contracts. Some plants which had apparently closed down permanently are converting to civilian production and will offer jobs similar to those they had during the war. Industries which disappeared for the duration are just

getting into gear again, others which were curtailed for lack of manpower and materials are expanding, and new industries based on wartime discoveries and techniques are offering new job opportunities. Wage rates are undergoing adjustment. Work shifts and hours are still being rearranged.

On the labor side of the picture, some workers, stranded in areas where there is no longer any work or enough jobs to go around, are faced with a choice of moving to new areas or changing their means of livelihood. Some, employed in higher-skilled jobs before the war, have key skills which will again be needed. Most of those who entered the labor market during the war have become experienced workers and have skills which are adaptable to peacetime employments. Most of those with prewar work experience who were employed in war industry have acquired new or additional skills as a result of their wartime training and experience. Many returning veterans have likewise acquired new skills.

Our industrial goal is to coordinate these two sides of the labor-market picture in the interest of both management and labor, so that more can be produced than was ever produced before in peacetime and wage increases can be absorbed without greatly increasing prices. To do this, workers must have a chance to find the place in the industrial picture where their skills will be fully utilized and they can produce to their full capacity.

In such times of short-run unemployment due to major industrial and technical change, unemployment compensation can best serve the community by helping to make possible an orderly adjustment of jobs and skills. By tiding claimants over as far as benefits permit, it can help them obtain work which will utilize their training and experience at wages most nearly comparable to their previous earnings. By not putting pressure on workers to take lower-skilled jobs before the local labor-market picture is clear, it can conserve skills for employers who will need them. By giving workers a chance to adjust to the new conditions of the labor market and preventing unnecessary downgrading and needless turn-over, it can protect the community as a whole

from the economic and social dislocations attendant on extensive industrial change.

For these reasons the Bureau of Employment Security is recommending the policies on refusal of work outlined below as a way of achieving the objectives of unemployment insurance during the present period of general economic readjustment. The recommendations are confined to the three major problems now facing the State agencies and the appeals tribunals: determining the claimant's customary work; determining what constitutes a reasonable period of adjustment; and determining the circumstances under which work outside the claimant's customary occupation may become suitable.

While these policy recommendations are based for the most part on the current practices of various administrative agencies, they are general in character and are subject to modification according to circumstances. Moreover, they do not deal with all factors which may be involved in determining whether a particular job is suitable for a particular claimant. Only the factors which have greatest weight in the majority of cases are discussed.

#### *Determination of the Claimant's Customary Work*

Perhaps the most difficult problem, and the key to the application of the suitable-work disqualification in many cases, is the determination of the claimant's customary occupation.

It is not necessarily the occupation in which he was last or longest employed but the highest-skilled work which he is qualified to do and in which he has been employed for an appreciable period of time that is ordinarily considered the claimant's customary occupation. For example, a claimant who worked for 2 years as an electrician's helper and for 6 months as a first-class electrician is considered a first-class electrician. Similarly, a girl who had been a dime-store clerk and later became a stenographer is considered a stenographer, and a chief accountant who took a job as a bookkeeper when there was no work in his own occupation is considered an accountant.

On the same basis, the work in which the claimant exercised his

highest skill, whether he was so employed during the last 4 or 5 years or before the war, should be considered his customary occupation, provided he is still qualified and physically able to perform the duties involved. Thus, a claimant who was a waiter but became a skilled engine-lathe operator during the war should be given a reasonable chance to obtain such work or related employment before other work is held suitable for him. Similarly, a woman who entered the labor market during the war and became a precision assembler or a welder or a punch-press operator through training and advancement on the job should be given an opportunity to obtain like work, and a construction carpenter who took a job nailing shipping crates together when there was no work in his own occupation should be considered a construction carpenter and not a shipping clerk or a laborer.

By the same reasoning, if the claimant has acquired new and higher skills in his period of military service which can be utilized in civilian employment, the nearest related civilian occupation may be deemed his customary work. A claimant who was a truck driver before the war, for example, and who learned to repair trucks and jeeps and Army staff cars while in the Army should have an opportunity to obtain work as an automobile mechanic, and a claimant who was a laborer before the war and was sent to a bakers' school while in service and trained to bake bread and pastry should have a chance to obtain work as a baker. On the other hand, a claimant who sold farm equipment before the war but spent his Army career as a company clerk should be considered a salesman and not a clerk.

#### *Determination of a Reasonable Period of Adjustment*

Claimants who are seeking work in their customary occupations at their former wages should be allowed a reasonable period either to find such work or to satisfy themselves that it no longer exists and to adjust to the new conditions of the labor market.

In determining what constitutes a reasonable period of adjustment for such claimants, the principal factors to be considered are: the skill involved in the claimant's customary occupation, the wages he earned in such em-

ployment, the length of his employment experience in the occupation, and the prospects of obtaining such work in the locality.

*Skill and wages.*—It takes longer to place workers in specialized occupations, and the loss to both the worker and to industry is greater if highly skilled workers are placed in less-skilled jobs. Accordingly the minimum period of adjustment allowed claimants to find work in their customary occupations at their former wages should be related to skill. The simplest way to do this is to graduate the minimum period of adjustment according to the skill classification of the claimant's customary occupation.

Illinois, for example, is allowing workers whose customary occupations are classified as unskilled a minimum of 6 weeks in which to find such work; semiskilled workers a minimum of 8 weeks; and skilled workers a minimum of 10 weeks. In each case the minimum period begins on the date the claimant was laid off from his last regular job or, if he takes time out to rest, from his return to the labor market. During that period, the claimant is not subject to disqualification for refusing work outside his customary occupation or for refusing work in his customary occupation but at a substantially lower rate than he had formerly earned. After the minimum period of adjustment has elapsed, the time allowed the claimant to seek his customary work may be extended, but if there are no prospects of obtaining his former rate of wages he may be required to accept such work at the prevailing rate.

The use of graduated minimum periods such as those adopted by Illinois is of course only a means to an end. The same results may be achieved by allowing a reasonable time for adjustment according to the circumstances in the individual case, as is done by North Carolina and California and a number of other States which do not use fixed minimum periods. Whatever method or periods are adopted, however, the time allowed should be sufficient to give claimants a real chance to find their customary work or to adjust to the new conditions of the labor market.

*Experience.*—Workers with long experience in their customary occupations should be allowed more time to

find such work because they are likely to be both more skilled and better qualified and because they are also likely to be older workers who cannot readily adapt to new kinds of work. This is especially the case with skilled workers, but it also holds for workers engaged in semiskilled work and in the so-called unskilled occupations. The unskilled classification, for example, includes armature testers, mold burners, locomotive couplers, plate repairmen, and track inspectors, as well as ditch diggers and sweepers.

One way to establish the minimum period of adjustment in relation to the length of a claimant's employment experience in his customary occupation would be to adopt the practice applied by the Canadian unemployment compensation agency in the case of skilled workers whose skills have peacetime application. Under the Canadian policy such workers are allowed 3 months, or about 13 weeks, in which to find work in their own occupations. They are also allowed a week for each year of employment experience in the occupation. The two periods run concurrently, and the claimant is allowed the longer of the two as a minimum period of adjustment.

The same time period of a week for each year of employment experience in the occupation could as easily be applied in connection with the Illinois periods of adjustment for skilled, semiskilled, and unskilled workers. Under a policy of this kind, for example, a claimant employed as a crane-rigger during the war would be allowed a minimum of 10 weeks in which to find similar work, on the basis of the skill involved, but a claimant with 15 or 20 years' experience in that occupation behind him would be allowed a minimum of 15 or 20 weeks before he was expected to accept another kind of work. Similarly, a worker whose customary occupation is classified as unskilled—an armature tester, for example—who had been employed in the occupation 6 years or less would be allowed a minimum of 6 weeks, while a claimant with 8 or 9 years' experience would have at least 8 or 9 weeks to find work in his own occupation.

*Prospects.*—Because new job opportunities are constantly opening up, prospects of work in the claimant's

customary occupation or closely related work may often be better after the initial period of adjustment allowed him has elapsed. As a general policy, the time allowed the claimant should be extended when there are reasonable prospects of work in his customary occupation. Only if such work is not likely to be done in the locality to any substantial extent so that chances of obtaining that type of work are remote or nonexistent should other work be deemed suitable. Moreover, discriminatory practices, such as the refusal of employers to continue to hire workers of the claimant's age, sex, or color, should not enter into the determination of the prospects of obtaining such work.

*Migration.*—The preceding discussion has been largely concerned with claimants who have remained in the same locality, and the recommendations may not be entirely applicable to claimants who have migrated from one area to another either in search of work or to go back home. Ordinarily, though, claimants who move out of an area of general labor surplus to a new locality and who are available for work should be allowed at least as much time for adjustment as most other workers in the same skill classification before they are held subject to disqualification for refusing work outside of their customary occupations. If there are reasonable prospects of employment in the claimant's customary occupation in the new locality, he should be allowed additional time to seek such work on the same basis as other claimants.

#### *Circumstances Under Which Work Outside the Customary Occupation May Become Suitable*

In some instances the entire benefit period may be none too long for adjustment, whether or not there are prospects of work in the claimant's customary occupation. The majority of claimants can be expected to accept other work after a reasonable time for adjustment has been allowed. Claimants should not be disqualified, however, for refusing work outside their customary occupations if there are prospects of work in their own occupations or in other occupations which would be more suitable for them than the work offered, or if there is a surplus of workers in the locality

for whom the work offered would be more suitable. Thus, for example, even though the period of adjustment allowed an accountant on the basis of his skill and experience has elapsed, he should not be disqualified for refusing work as a pay-roll clerk if there are prospects of work in the locality either in his own occupation or as a bookkeeper. Similarly, he should not be disqualified for refusing work as a pay-roll clerk if there are more pay-roll clerks in the locality than job openings.

*Type of work.*—In determining whether the type of work offered is suitable, both the degree to which it would utilize the claimant's skill, training, and experience and the length of time he has been unemployed should be considered. Only as the period of unemployment lengthens should work which is not closely related to his customary occupation and which requires successively less skill be deemed suitable. However, while work which requires less and less skill may become suitable as the length of the claimant's unemployment increases, as a general principle claimants should not be disqualified for refusing work which bears no relation to their skill and experience. For example, an industrial engineer who is unemployed because such work has been curtailed in the locality should not be disqualified for refusing work as a car loader.

*Wages.*—The difference between the worker's former earnings and the wages offered should also be considered in relation to the length of time he has been unemployed, and only as his unemployment lengthens should work paying progressively lower rates be deemed suitable. In determining whether the rates offered are suitable as compared with the claimant's former earnings, it may be helpful to adopt a sliding scale of rates, such as that used by Illinois during the war, for the guidance of claims personnel. On a like basis, the Canadian agency suggests allowing a drop in hourly rate of 5 cents per week after the initial period of adjustment in determining whether the wage offered for work outside the worker's usual occupation is suitable.

Whether or not a sliding scale of rates is used, however, a definite lower

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gram and compulsory health insurance. The same issue comments editorially on Mr. Miller's address.

"The Proposed National Health Service." *British Medical Journal*, London, No. 4432, Dec. 15, 1945, pp. 833-834. 1s. 6d.

A statement of fundamental principles drawn up by representatives of the various medical associations of Great Britain.

RICHARDSON, HENRY B. "A Health Program for America." *American Federationist*, Washington, Vol. 53, Jan. 1946, pp. 18-21. 20 cents.

Discussion of the need for a national health program and of the proposals of the Wagner-Murray-Dingell health bill (S. 1606).

STUCKE, ADELA. "Notes on Compulsory Sickness Insurance Legislation in the States, 1939-1944." *Public Health Reports*, Washington, Vol. 60, Dec. 28, 1945, pp. 1551-1564. 10 cents.

A review of State legislation.

THORNBURGH, FRANCES. "How Arkansas Hospitals and Health Department Built a Program for Care of

the Indigent." *Hospitals*, Chicago, Vol. 19, Dec. 1945, pp. 70-71. 30 cents.

U. S. CONGRESS. SENATE. COMMITTEE ON EDUCATION AND LABOR. *National Health Act of 1945*. Washington: U. S. Govt. Print. Off., 1945. 36 pp. (79th Cong., 1st sess., Senate Committee Print No. 1.)

The text of President Truman's message on a national health program, a summary of the Wagner-Murray-Dingell national health bill of 1945, and questions and answers on prepaid medical care.

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creasing in the second half of 1944. By November of that year the decrease in number of families and children receiving aid was halted, and the rolls rose almost uninterruptedly throughout 1945. Some of this rise, however, was due to a change in administrative procedures, which encouraged the transfer to aid to dependent children of some children who had previously been aided through payments of old-age assistance or aid to the blind made to another person in the family. General assistance, the program most quickly and drastically affected by the wartime rise in employment opportunities, responded even earlier to the changes in the labor market. From July 1944 on, reports from 19 of the largest cities in the country showed more cases opened each month because of loss of a job or earnings than

were closed because of getting a job or an increase in earnings; the effect on the total case load for the country as a whole, however, was not evident until the latter months of 1945. In September the total number of aged recipients rose for the first time since June 1942, and in November the number of recipients of aid to the blind increased for the first time since June 1943.

Average payments for each of the three special types rose in every month of 1945 and for general assistance, in 5 of the last 6 months. The range for the year was as follows:

Program	January	December
Old-age assistance.....	\$28.52	\$30.82
Aid to dependent children....	45.08	52.05
Aid to the blind.....	29.40	33.52
General assistance.....	28.88	32.83

The total amount expended under

the four assistance programs rose from \$80 million in January to almost \$88.5 million in December.

### State Legislatures Memorialize Congress

During January both the old-age and survivors insurance program and that for old-age assistance were the subjects of memorials addressed to the President and Congress by State legislatures. The South Carolina Legislature requested enactment of legislation reducing the age limit for old-age and survivors insurance and providing disability benefits to commence with disability. Colorado asked that the Social Security Act be amended to permit recipients of old-age assistance to reside in public institutions. Both memorials were referred to the House Committee on Ways and Means.

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limit should be drawn, and claimants should not be disqualified for refusing work at wages substantially less than those prevailing in the locality for similar work, or at rates which would reduce their weekly earning to an unreasonable degree. Whether the difference between the wages offered and the worker's prior earnings is such as to render the work unsuitable depends on the specific facts in each case.

In this connection it should be pointed out that the reduction in weekly hours of work from 48 to 40 has in itself reduced the earnings of most workers by 23 percent. If, in addition, the hourly rate offered the claimant is as much as a third less

than he has been getting, his weekly earnings would be only half as much as his wartime wages. For example, a worker who had been getting \$1 an hour, with time and a half for overtime, received \$52 for a 48-hour week. At the same rate of pay, he would earn \$40, or \$12 less, for a 40-hour week. But if the job offered paid only 65 cents an hour, he would earn only \$26, or just half his former pay. Such a reduction from the worker's prior earnings should bear heavily in determining whether the work offered was suitable.

### Summary

The Bureau of Employment Security believes that these recommendations on the determination of the

claimant's customary work, the allowance of a reasonable period of adjustment, and the circumstances in which work outside the claimant's customary occupation may become suitable will be helpful in handling the majority of work-refusal cases which will arise during reconversion. As already indicated, however, these recommendations are general and the use of minimum time periods is suggested primarily as a guide. Neither the policies nor the time periods adopted should be rigidly applied. Both should be modified or extended according to the circumstances in the case, and all factors relevant to the determination should be considered in deciding whether the job which the claimant refused was in fact suitable for him.