Review of the Book Nonmonetary Eligibility in State Unemployment Insurance Programs: Law and Practice

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Review of the Book *Nonmonetary Eligibility in State Unemployment Insurance Programs: Law and Practice*

**Abstract**

[Excerpt] This monograph focuses on a relatively under-researched topic, namely, the effects of nonmonetary eligibility rules for both initial receipt of benefits and continued receipt once benefits are granted on the rates at which UI benefits are denied to applicants. The authors very competently employ both econometric and case study research methods to address these issues. Their econometric work utilizes quarterly state-level data between 1964 and 1981 and a fixed-effects framework to isolate those parameters of state unemployment insurance laws that influence denial rates. To supplement these analyses, they conduct interviews with key state and local program officials in six states; these interviews yield them a better understanding of the administrative policies agencies follow (given the statutory rules) that lead to high denial rates.

**Keywords**

unemployment insurance, nonmonetary eligibility, state laws, denial rates

**Disciplines**

Labor Economics | Labor Relations

**Comments**

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threats) that are not within the union’s power to effectuate.

Williams rejects this approach, instead advocating, indeed championing, the idea that union power is as great as employers’ power in many cases, so that the restraints on employers should be lifted. His reasons for this position are not convincing—at least not to anyone who, like me, has often met with employees late at night in out-of-the-way places to prepare for NLRB hearings because the employees feared employer retaliation if their pro-union sympathies became known.

Further, the author’s conclusions are based more on ideology than fact. Thus, he states that “unionization accompanied by increased benefits, job classification requirements, or reduced productivity as the result of strikes may well push the marginally profitable employer into a situation where it must shutdown or relocate” (p. 72). This kind of overgeneralization unfortunately is typical of the author’s statements about unionization. Such statements, useful though they may be to employers in anti-union election campaigns, stand in the way of reasoned discussion of important issues and, in my judgment, undermine the legitimacy of the work. Indeed, the author, who could have used his excellent summaries of the current law as a basis for further discussion of election reform issues, has produced what is basically just another apology for the policies of the current NLRB.

Bruce S. Feldacker
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Economic and Social Security and Substandard Working Conditions

Plant Closings: Power, Politics, and Workers.

A book that tries to speak successfully to two disparate audiences sometimes fails to speak entirely successfully to either. Lawrence Rothstein’s book falls into this category. It provides a useful political history of plant closing legislation in the United States and France, then narrows to a closer comparison of opposition to plant closings in Youngstown, Ohio, and Longwy, Lorraine, in France. Unfortunately, it flips back and forth between scholarly description and polemical exhortation. As a result, it doesn’t make very good reading either for academics or for activists.

Rothstein argues that various “myths,” including the myth of excessive trade union power and the myth of foreign competition, have blinded the public to the importance of plant closing legislation. But he presents these “myths”—and, indeed, all the arguments against plant closing legislation—in a highly simplified, almost caricatured form. As a result, he often sounds as though he is preaching to the already converted.

The more interesting sections of the book compare French and U.S. trade union resistance to plant closings. The comparison between Youngstown and Longwy, in particular, suggests that the political theory of pluralism has undermined trade union militance in this country.

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Nonmonetary Eligibility in State Unemployment Insurance Programs: Law and Practice.

Economists have conducted a substantial amount of research on the effects of various parameters of the unemployment insurance system on labor market outcomes. Among the now well-researched topics are the effects of benefit levels, maximum duration of benefits, and experience rating.

This monograph focuses on a relatively under-researched topic, namely, the effects of nonmonetary eligibility rules for both initial receipt of benefits and continued receipt once benefits are granted on the rates at which UI benefits are denied to applicants. The authors very competently employ both econometric and case study research methods to address these issues. Their econometric work utilizes quarterly state-level data between 1964 and 1981 and a fixed-effects framework to isolate those parameters of state unemployment insurance laws that influence denial rates. To supplement these analyses, they conduct interviews with key state and local program officials.
in six states; these interviews yield them a better understanding of the administrative policies agencies follow (given the statutory rules) that lead to high denial rates.

The book contains a wealth of solid research and is well worth reading by both researchers and practitioners in the field. It is written at a nontechnical level to make it accessible to a wide audience. Unfortunately, however, two omissions limit its usefulness.

First, labor leaders (at least in New York State) have long stressed that the greater the extent of experience-rating in a state unemployment insurance system, the greater the incentive that exists for employers to challenge both valid and invalid unemployment insurance claims. It is thus reasonable to expect that the extent of experience rating is an important determinant of the denial rate. Sadly, analyses of the effects of experience rating do not appear in either the econometric or interview research in this book.

Second, the authors do not satisfactorily address the issue of whether high denial rates under the unemployment insurance system really are desirable. Certainly increased denial of benefits to individuals who fail to meet eligibility criteria may save states money (if the costs of detecting and denying ineligibles doesn't exceed the benefits they would have inappropriately received), and the improved enforcement of existing rules at first glance seems desirable. A complete analysis, however, would have to address issues such as the impact of denial of benefits on the subsequent labor market experience of the people denied benefits (in terms of both unemployment durations and post-unemployment wages) and the impact of denial rates on employed workers' propensity to quit their jobs. It is disappointing that these issues, which have received attention in a few (though not many) econometric studies, go unexamined in this book.

Ronald G. Ehrenberg


This book reports on a policy study carried out from 1984 to mid-1985 by the Work in America Institute. Acknowledging that the Institute lacks the well-developed health care expertise that would allow an evaluation of the entire health care system, the authors assign themselves two narrower purposes: to "study actions that employers and unions have taken to improve health care in the workplace," and to provide "pragmatic" recommendations (at the end of each chapter) "based on recent research and on actions that have proved themselves in practice."

On both scores, this volume proves disappointing. Much of the book is a general overview of the health care system, and provides little or nothing new for the knowledgeable reader. Although the authors provide occasional sketches of employer and union efforts in managing health care, the detailed case examples have been reported in a companion book (Brookhieroughs in Health-Care Management: Employer and Union Initiatives). Finally, the recommendations at the end of each chapter, though good in form, are typically far too general. Recommendation 20, for example, that "employers and unions intent on improving health-care management should develop a strategic framework to coordinate their action programs," seems rather obvious.

The book is not without highlights. The chapter entitled "Managing Health-Care Benefits" contains useful information on using market data, claims data, and measures of the quality of care to evaluate and manage health plans. Two other chapters, "Reducing Excess Hospital Capacity" and "Controlling the Use of Medical Technology," discuss some novel roles for employers and unions in what is usually approached as a "system" problem. But the omission of some current topics, such as PPOs, flexible (cafeteria-style) benefits, and the increasing trend via government legislation to shift the responsibility for financing the nation's health care to business, limits the book's relevance for today's health-care environment.

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This is the second volume of essays on economic issues in workers' compensation