

4

Influencing UI Policy Debates

From their beginning, UI policy debates have divided UI’s supporters and critics along recurring lines. The divide falls between supporters who see UI as a helpful social program protecting jobless workers from wage loss while boosting the economy—from critics who view UI as hurting the economy and jobless workers by prolonging unemployment spells and increasing the costs of doing business. Underlying this divide is a difference in perception about who bears primary responsibility when an individual is out of work. Critics of UI assume that the behavior of jobless workers largely determines when they lose or find a job, while supporters give broader forces in the economy overall responsibility for unemployment. And, this fundamental distinction in judgments about unemployment and UI runs back even before the program’s creation in 1935.

The voices of those who view UI as encouraging sloth and discouraging reemployment have grown louder in recent years. Opposition to UI ranges from academic critics who cloak their opposition in mathematics and economic theory to charges based on crude stereotypes of jobless workers as avoiding work or engaging in fraud. In our view, to an increasing degree, many critics of UI are not interested in a debate based upon facts. They are very unlikely to change their minds. Rather than convincing critics, though, UI supporters must defend the role of UI among those with open minds or those who are unfamiliar with the program or only rarely tune into these recurring debates.

A silver lining rising from the Great Recession was renewed interest from academic researchers and government in unemployment insurance. A significant number of studies have re-examined questions like the disincentive effects of UI benefits, the role of UI in supporting job matching, and the effectiveness of reemployment services in job placement. And, to a significant degree, mainstream economic thinking about UI has shifted from its narrow focus on moral hazard in the 1970s and 80s toward a fuller recognition that UI promotes overall economic welfare.

In Chapter 4, we furnish advocates with an overview designed to inform readers who are engaging with recurring policy debates concerning the impact of UI on jobless workers and the economy. In particular, we cover common public policy arguments about UI and furnish an overview of relevant social science research.

Resources:

Claire McKenna, “The Job Ahead: Advancing Opportunity for Unemployed Workers,” National Employment Law Project, Report (February 2015), <http://www.nelp.org/page/-/UI/Report-The-Job-Ahead-Advancing-Opportunity-Unemployed-Workers.pdf?nocdn=1>.

Chad Stone and William Chen, “Introduction to Unemployment Insurance,” Center on Budget Policy and Priorities (July 2014), <http://www.cbpp.org/research/introduction-to-unemployment-insurance>.

Wayne Vroman, “Unemployment Insurance: Problems and Prospects,” National Academy of Social Insurance, Brief #2 (2011), [http://www.nasi.org/sites/default/files/research/UI Brief No 2.pdf](http://www.nasi.org/sites/default/files/research/UI%20Brief%20No%202.pdf).