### A. Maine

In 1939, 1949 and 1959, Maine’s base period for the computation of UI benefits was the calendar year preceding the date of the claim. If eligible, a worker was entitled to 16 weeks of benefits in 1939, 20 weeks in 1949 and 26 weeks in 1959. Eligible workers’ weekly benefit amount ($wba$) was related to base period earnings via a fixed schedule (expressed in nominal dollars).\(^1\) The original federal Act excluded from coverage workers in small firms, as well as agricultural and government workers.\(^2\) In 1954, federal civilian employees became included in the UI system under a separate program created especially for them. Self-employed workers have never been covered under Maine’s UI system.

Maine’s UI program underwent some further changes between 1959 and 1969. By 1969, the base period was defined as the first four of the previous five calendar quarters immediately prior to an application for benefits. Workers still needed to earn a minimum amount in the base period to be eligible for benefits, but now also needed positive earnings in at least two quarters of the base period. Total benefits were simply calculated as 1/3 of base period earnings, within a minimum and maximum. The specific weekly benefit amount paid was determined by a fraction of high quarter earnings with benefit durations being determined residually (i.e., as total benefits/$wba$). The program parameters were such that benefit durations were restricted to a maximum of 26 weeks, with a minimum that ranged from 8 to 11 weeks depending on the year.\(^3\) A dependents’ allowance also became available, provided that the claimant’s spouse was not employed full-time. In addition, in 1969 and 1979 special restrictions applied to individuals working in firms that systematically employed their work force for 40 weeks or less; this was reduced to 26 weeks by 1989.\(^4\)

Two other changes that are relevant to our analysis occurred in the U.S. unemployment insurance system between 1969 and 1979. First, coverage was extended to all employees of state and local governments.\(^5\) Also, agricultural employers with ten or more workers or a payroll of at least $20,000 were required to pay UI taxes. Second, benefits for high income earners

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2. To be included, an employer needed to employ eight or more workers during at least 20 weeks of the year; this was reduced to four or more workers in 1954 and to one or more in 1970.
3. Another change in UI in the United States was the implementation of federal-state extended benefits. This program extends benefits to worker during a defined period of high unemployment. Essentially, extended benefits are triggered if the insured unemployment rate equals or exceeds 120 percent of the average insured unemployment rate for the corresponding period in each of the two preceding calendar years (and must also be above 5%). Extended benefits were not in effect during any of the relevant census years for Maine.
4. Maine has had a long history of special seasonal regulations, which restrict benefits to unemployment that occurred during the seasonal operating period. For example, in 1989, an employee of a designated seasonal employer who worked 20 weeks would only be able to collect six weeks of benefits.
5. In the estimates of UI benefits used in the cell data analysis, we assume that all government workers became covered in Maine between 1969 and 1979, and that agricultural workers remained uncovered during the entire period.
became subject to federal income taxation. Apart from some changes in the benefit parameters and some other minor changes, the UI program in Maine has retained the above features to this day.

B. New Brunswick

Canada’s first Unemployment Insurance Act was passed in August 1940. According to Human Resources Development Canada’s (2005) own history of UI, this made Canada “the last western industrialized nation to have unemployment insurance”. Because Canada’s system did not pay benefits until 1942, no UI system existed in New Brunswick in the first year of our data (1940). By 1950, Canadian workers had to prove 180 contribution days within the preceding two years to qualify for regular UI benefits. Further, 60 of these days must have occurred within the year (or 45 days within the 6 months) prior to the current claim. Weekly benefit amounts (which included a dependents’ allowance), were a function of nominal weekly earnings; the maximum duration of benefits was one day of benefits for each five daily contributions made in the previous five years. This formula allowed a claimant with five years of continuous employment to get one year of benefits. A final key feature of New Brunswick’s 1950 UI system was the so-called ‘ratio rule’, which reduced the maximum benefit duration by one day for each three days of benefits received in the previous three years. For seasonal workers, this imposed significant limits on benefit duration. Indeed the ratio rule was, to some extent, viewed in the early years of the plan as a way of ensuring that the seasonally unemployed would not draw out large amounts of benefit, thereby upsetting the actuarial basis of the plan.

In 1960, aside from being converted from a daily to a weekly basis, the qualifying requirement for regular UI in Canada was essentially unchanged from 1950: 30 weeks of work in the two years preceding the date of the claim, 12 of which must be in the past year. Between 1950 and 1960, however, significant changes occurred that substantially expanded benefits available to persons with short work histories. In particular, the 1955 Unemployment Insurance Act introduced an explicit program of Seasonal Benefits. These benefits, payable only during the winter months, were available under quite broad conditions to workers unable to qualify for regular benefits, including those whose benefit rights had been exhausted. Workers attempting to

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6 In 1979 UI benefits in the U.S. became taxable at one-half the recipient’s normal tax rate, for recipients who income exceeded $20,000 ($30,000 for married couples, assuming joint filing). For our analysis we incorporate taxes, for both regions, by assuming that the worker’s only income is from wages and salary (i.e. due to data constraints, we ignore other income in the household).

7 Interestingly, the 1940 Act specifically excluded a long list of detailed occupations and groups from UI coverage, including agriculture, forestry, fishing, logging, hunting, teachers, part-time workers, and most government workers. With the exception of agricultural and workers, these restrictions were eliminated by 1950, the first year in our data with an operational Canadian UI system.

8 Beginning in 1951, workers who failed to meet these criteria were – under certain circumstances – eligible for a program of Supplementary Benefits. These benefits were paid only during the winter months, at 80 percent of a worker’s regular weekly benefit amount. Since these benefits were not yet available in the winter of 1950, we do not include them in our measure of benefit generosity for that year.

9 Benefit schedules are posted at http://www.econ.ucsb.edu/~pjkuhn/Data/NBMaine/NBMaineIndex.html

10 For a review of many of the key aspects of Canada’s UI system over the 1942 to 1980 period see Dingledine (1981).

11 The Seasonal Benefits program replaced the Supplementary Benefits program that was in place from 1951 through 1954. Another interesting feature introduced in the 1950s was a requirement for married women to demonstrate that they had not willingly left the labor market as a consequence of marriage, in order to qualify for UI.
qualify for a second regular or seasonal claim within two years, however, had also to satisfy a set of repeat user rules, leading to a very complex set of requirements, summarized in the final section of this Appendix. As we demonstrate quantitatively in the paper, the system of seasonal benefits available in 1960 constituted a significant enrichment of Canada’s UI program for persons with short work histories, and marked a clear departure from the traditional insurance principles that had been its original foundation. Between 1960 and 1970, the main parameters of Canada’s UI system remained virtually the same, though the real value of maximum weekly benefits was eroded somewhat by inflation.

The second major enrichment of UI benefits pertaining to Canada’s part-year workers during our sample period was contained in the 1971 Unemployment Insurance Act (Bill C-229), which came into effect in 1972. Benefit schedules that made the wba a function of the nominal weekly wage were abolished, as was the seasonal benefits system. By 1980, UI in Canada had taken on the following features. There were now three types of benefits available: regular benefits, labor force extended benefits and regional extended benefits. To qualify for regular benefits, workers were required to have worked 10 to 14 weeks, depending on the regional unemployment rate, in the last 52 weeks. Once eligible, each week worked qualified the worker for one week of regular benefits, up to a maximum of 25 weeks. Workers with longer attachment to the labor force were rewarded with one extra week of labor force extended benefits for each two additional weeks worked beyond the first 26 weeks. For harder hit areas, regional extended benefits offered an additional 2 weeks of benefits for every .5% the regional rate exceeded 4%, up to a maximum of 50 weeks.12

The method of determining the wba had also changed. By 1980, the wba was calculated as (up to a maximum) 60% of average insurable earnings in the most recent 20 paid weeks prior to unemployment, and 67% for individuals with dependents.13 Benefits were also, by this time, subject to taxation.14 In contrast to the 1950s, 1960s and early 1970s, the 1980s saw little change to Canada’s UI program.

C. Canada’s Regular and Seasonal UI programs in 1960

i) Qualifying for UI:

To qualify for regular benefits, claimants must have made at least 30 weekly contributions in the two years preceding the date of the claim; 8 of these must have occurred since the start of the last preceding regular benefit period or within the year preceding the claim, whichever is the shorter period; and 24 of these since the start of the last preceding benefit period, either regular or seasonal, or in the year preceding the claim, whichever is the longer period.

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12 As well, a new entrants/re-entrants rule was introduced in 1979, which established a 20 week entrance requirement for individuals who had less than 14 weeks worked in the 52 weeks prior to the start of their qualifying period. A repeater rule was also introduced in 1979. Coupled with the new entrants/re-entrants restriction, the repeater rule was an attempt to decrease the ease of entry for low attachment workers. However, since regions (such as New Brunswick) with an unemployment rate over 11.5% were exempted from the repeater rule, this rule does not enter into our analysis.

13 All weeks were used if the period was less than 20 weeks.

14 UI benefits first became taxable, as ordinary income, in 1972. As well, in 1979, recipients with annual net income greater than $20,670 (1.5 times maximum insurable earnings) had to reimburse 30% of the benefits that made up the excess. For example, a person who received $3000 in UI, and whose net income exceed the threshold ($20, 670 for the 1980 census year) by $3000 had to repay $900 (.3*$3000).
Workers who failed to qualify for regular benefits could qualify for Seasonal Benefits (payable only between from December 1 to mid-May) in two ways. “Class A” seasonal claimants must have failed regular benefit requirements, and have made 15 contributions since the Saturday preceding the 31st of March immediately prior to the date of the claim. “Class B” claimants must have failed regular and seasonal class A requirements, and have had a regular benefit terminate since the Saturday following the 15th of May immediately prior to the claim. Weekly Seasonal benefit amounts were equal to the regular benefit amount.

**ii) Benefit Duration:**

A claimant was entitled to receive one week’s regular benefit for every two contribution weeks in the two year period prior to the claim. However, if there was a regular or seasonal benefit period within this period of two years, only contribution weeks in the last year, or in the period since the start of the last benefit period, whichever was longer, could be used for computing benefit. The minimum duration of benefit is 12 weeks. The duration of Class A Seasonal Benefits was determined by either five benefit weeks for every 6 contribution weeks made since the last March 31st or the number of possible benefit weeks from the claim to May 15, whichever is less. The duration of Class B Seasonal benefits was the number of weeks in the immediately previous regular benefit period, or the number of possible benefit weeks from the claim to May 15, whichever is less. The minimum duration for Class A benefits was 13 weeks; for Class B it was 12 weeks unless the number of possible weeks from the claim to May 15 was less than that.

**iii) Repeat-user rules:**

For persons classed as “repeat claimants”, Section 45(2) of the 1955 UI Act restricted the degree to which contributions could be used a second time as qualifying credits. Section 45(2) of the Act applied to all persons for whom a previous benefit period (either regular or seasonal) was established within the two year period preceding the current claim. The operation of this Section is best illustrated by three examples:

Claimant I had no previous benefit period within the last two years. To qualify for regular benefit he was required to prove 30 contribution weeks in two years, of which eight must be shown in the year immediately preceding the claim.

Claimant II had a previous benefit period 18 months ago. He also must prove the 30 and 8 weeks requirement. However, 24 of the 30 contribution weeks must occur since the commencement date of that previous benefit period 18 months ago. In addition, only the 24 weeks count in calculating the duration formula, the remaining contribution weeks within the two years having been used to calculate the previous benefit rights may not be used a second time.

Claimant III had a previous benefit period 10 months ago. He must prove the 30 week requirement, but in this case, the 24 weeks must have been accumulated within the last year. The eight week test is automatic upon the fulfillment of the 24 week test.

Failures resulting from these tests during December to mid-May were considered for Seasonal benefit. The contribution record since the preceding March 31 was be examined first and if at least 15 contribution weeks were shown, a Class A Seasonal benefit period was established. Failing this, the benefit record was examined and if a regular benefit period was
shown as terminated since the previous mid-May, then eligibility could be established under Class B.

If it is assumed that all three examples cited above were failures for regular benefit and that this occurred during the months when seasonal benefit was operative, the following adjudications were possible: Claimant I could qualify under class A provided he had at least 15 contribution weeks since the preceding March 31. He would not be eligible under class B. Claimants II and III would be tested first for the 15 contribution weeks since the preceding March 31 and failing that, they could qualify under class B provided the termination date of their previous benefit periods was subsequent to the preceding May 15.