

Labor Law - Rights to Unemployment Compensation Where Unemployment Arises From a Strike

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Labor Law — Rights to unemployment compensation where unemployment arises from a strike. — Claimants¹ appealed from a decision of the Michigan Circuit Court which denied their petition for unemployment compensation on the ground they were “directly interested” in the strike within the meaning of the statute.² The United Furniture Workers of America, CIO, was not the established union of their employer, the Shaw-Walker Company, nor were the claimants members of this or any other union. The union’s demand was threefold: sole bargaining agency; steward system for presentation of grievances; and seniority rights. Before the strike was called, the union so modified its demand as to seek bargaining rights for union members only; after the strike, the union reverted to its original three demands. Now the appellants claimed, in the light of the pertinent Michigan Statute,³ that they were not directly interested in the strike, because at the time the strike was called the union had limited its demand so as to include bargaining rights for the union employees only. They claimed it made no difference that the union had increased its demands after the strike was in progress. *Held*: Claimants were not entitled to compensation.

The question arises as to legislation in the States generally, pro- for victims of a maladjusted economy who are unable to obtain

The circuit judge stated in his opinion:

“Claimants who were not members of the union and had nothing to do with the calling of the strike, were nevertheless interested in the two latter demands (Steward System and Seniority Rights) and would have been affected by these systems being installed.”

The Michigan Supreme Court continued:⁴

“The circuit court in reaching its decision relied upon the decision in *Chrysler Corporation v. Smith*,⁵ wherein it was stated that ‘an employee is directly interested in a labor dispute if

¹ *Nobes, et al. v. Michigan Unemployment Compensation Commission*, 313 Mich. 472, 21 NW 2d 820 (1946).

² Pub. Acts (1936, Ex. Sess., No. 1, Par. 29 (c), as amended by Pub. Acts 1941, No. 364.

An individual shall be disqualified for benefits: “(c) For any week with respect to which his total or partial unemployment is due to a stoppage of work existing because of a labor dispute in the establishment in which he is or was last employed: Provided, however, that no individual shall be disqualified under this section if he shall establish that he is not directly involved in such dispute. For the purpose of this section, no individual shall be deemed to be directly involved in a labor dispute, unless it is established: . . . (2) That he is participating in or financing or directly interested in the labor dispute which caused the shortage of work: Provided, however, that the payment of regular union dues shall not be construed as financing a labor dispute within the meaning of the subsection.”

³ *Ibid.*

⁴ *Fn. 1, Supra.*

⁵ 297 Mich. 438, 298 NW 87 (1941).

his wages, hours, or conditions of work will be affected by the outcome of the dispute'."

And it was said in the instant case as in the Chrysler case,

"The labor dispute involved new contract provisions in which claimants were directly interested, and the stoppage of work and calling of a strike . . . were well calculated to bring about a new contract of employment of direct interest to all claimants."

The question arises as to legislation in the States generally, providing for unemployment compensation in the event of loss of work due to a strike. It appears that the Michigan statute may, but as interpreted, does not grant relief. The pertinent Wisconsin Statute⁶ is clear and unambiguous. There are no provisions for unemployment compensation under these circumstances. One writer sums up the legislative situation as follows:⁷

"Social security or unemployment compensation acts generally contain provisions in substance disqualifying employees from participation in unemployment benefits where their unemployment was due to a strike or labor dispute."

The reason for such provisions appears in the purpose of the unemployment compensation acts to provide unemployment benefits for victims of a maladjusted economy who are unable to obtain work at a suitable wage. These acts are social legislation and obviously are not meant for those who voluntarily cease work to seek additional advantages. The statutes awarding unemployment compensation apparently do not contemplate relief where the unemployment arises from voluntary work stoppage in the form of a strike. It seems a serious question whether such results are fair to the worker who exercises no volition in the matter, not even to the extent of a union vote.

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⁶ Section 108.04 (5), Wisconsin Statutes (1945). "An employee who has left (or partially or totally lost) his employment with an employer because of a strike or other bona fide labor dispute shall not be eligible for benefits from such (or any previous) employer's account for any week in which such strike or other bona fide labor dispute is in active progress in the establishment in which he is or was employed."

⁷ 135 ALR 920.