

agency to bring this about was the Works Progress Administration. Since its Federal personnel consisted partly of FERA employees, it was the major Federal agency possessing contacts with and knowledge of the State and local organizations and administrations directly concerned with the needy unemployed. In July 1935 the WPA had begun setting up its own projects sponsored by State and local authorities. Thereafter, although funds continued to be allotted to the other Federal agencies,⁷⁸ work relief for the needy employable unemployed was primarily provided by projects operated by the WPA.

Legally the initiation of the projects lay with the local sponsors, while the certification of workers on the basis of need was made the responsibility of the State or local relief authorities.⁷⁹ But approval and operation of projects, assignment of workers to them, and the determination of the conditions of work and wages were Federal responsibilities.

The change from a Federal-State to a Federal basis of administration also affected the college student-aid program and the special measures for the agricultural population under the FERA. After the functions of the college student-aid program were taken over in June 1935 and expanded by the newly created National Youth Administration, which also operated work projects for youth, the program was federally administered.⁸⁰ Although at first the selection of applicants for the out-of-school work projects was carried out in the main by the local relief agencies, increasingly after early 1939 the NYA set up its own intake offices in the States. Regulations governing employment and the general nature of the program emanated from Washington, though considerable latitude was allowed to the State offices in carrying out the regulations, especially in the earlier years.

It has been already stated that the functions previ-

⁷⁸ Sections 3 and 11 of the Emergency Relief Appropriation Act of 1938 and 1939, respectively, authorized the allocation of WPA funds to other Federal agencies for the operation of projects similar to those prosecuted by WPA. Of these transferred funds, a total of \$131,865,369 was expended during the 2 fiscal years 1939 and 1940. During the year ending June 30, 1940, from 2 to 5 percent of all WPA workers were assigned to projects operated by 28 other Federal agencies, averaging about 73,000 workers for the year. (*Report on Progress of the WPA Program, June 30, 1940*, table 21, p. 54, and pp. 43 and 53.)

⁷⁹ However, in July 1938, the WPA attempted to influence the standards for determination of need insofar as WPA applicants were concerned by stipulating that "need shall be said to exist when the resources of the family or of the unattached individual are insufficient to provide a reasonable subsistence compatible with decency and health." (Administrative Order No. 65, Sec. 12.) This regulation was later implemented by requiring a written agreement from the referral agency in each State that it would determine need in accordance with see "State Unemployment and Relief Administration," *Social Service Review*, VII (March 1933), 137-41.

⁸⁰ Though the student program continued to be operated by the educational institutions within the States, the funds for the program were allocated from Washington instead of through the State relief administrations.

ously carried out by the Rural Rehabilitation Division of the FERA, which had involved close cooperation with State and local emergency relief agencies, were transferred at the end of June 1935 to the Resettlement Administration. Thereafter administration was in the hands of Federal officials,⁸¹ and remained so when the Resettlement Administration became the Farm Security Administration.

In the field of social insurance, the year 1934 marked the entrance of the Federal Government as direct administrator. In that year was passed the first Railroad Retirement Act, which was subsequently declared unconstitutional. Later acts of 1935 and 1937 put the national retirement system for railroad workers on a permanent basis. Similarly the Social Security Act established the Federal Government as the direct and sole administrator of the old-age insurance system for workers in industry and commerce. Important administrative, economic, and financial reasons called for a wholly Federal system of insurance against the long-term and costly risk of old age, which involved investment of large reserves and had to take into account the frequent State-to-State movement of many covered workers.

The Expanding Role of State and Local Governments

The great expansion of the functions of the Federal Government in the realm of security and welfare was paralleled by an equally important, although perhaps less spectacular, change in the welfare functions of State and local authorities. These developments reflect not only the influence of the sheer bulk of dependency during the years 1930 to 1940 but also the newer concepts of the functions of government in relation to the economically insecure, as exemplified in the evolution and expansion of specialized types of aid. Above all, the changes that took place at the State and local level show the influence of Federal action and leadership.

As already noted in an earlier part of this chapter, the increasing need for relief during the early years of the depression and the depletion of local funds precipitated reconsideration of the appropriate role of State governments. During the first 8 months of 1931, nine States had authorized the expenditure of funds for emergency relief or had provided revenues for in-

⁸¹ Under the FERA, Rural Rehabilitation Corporations had been set up in 45 States, the District of Columbia, Puerto Rico, Alaska, and Hawaii to hold and administer the loan funds. (Maris, Paul V., *Origin and Development of the Farm Security Program*, paper before Regional Staff of the Farm Security Administration, Raleigh, N. C., March 8, 1940, p. 12.) These were liquidated in consequence of a ruling by the Comptroller General that funds under the Emergency Relief Appropriation Act of 1935 must be disbursed from the U. S. Treasury.

creased poor-relief expenditures and one State (Oklahoma) had created a State emergency relief board to administer a special emergency relief fund.⁸²

This activity, however, was limited and sporadic, and it was not until the latter part of 1931 that State legislative action aimed more directly at providing funds and administrative machinery to meet the growing unemployment relief problem. During the period September 1931 to May 1932, five States created emergency relief agencies to administer State funds, and two other States appropriated emergency relief funds to be administered by existing State departments.⁸³

The passage of the Emergency Relief and Construction Act of 1932, which enabled the Reconstruction Finance Corporation to make advances to States for emergency relief, played an important part in the stimulation of State activity through both legislative and administrative channels. While a small group of States had provided financial assistance prior to the enactment of this legislation in July 1932, in most cases creating agencies for the administration of such funds, "the majority of the relief administrations and commissions were organized concurrently with the initiation of Federal assistance."⁸⁴ The early emergency agencies were in large measure, therefore, concerned with providing the machinery necessary to handle RFC funds.⁸⁵

Between June 1932 and May 1933, 27 additional

⁸² In 4 of these States (California, Massachusetts, New Hampshire, and Oklahoma) provisions were made for the use of State funds; in Indiana, Minnesota, Pennsylvania, and West Virginia, local funds were to be used, while in Ohio both local and State funds were appropriated. Maryland appropriated a small sum in April 1931, but the law did not become effective until January 1932. In addition, California and Connecticut authorized expenditures for the creation of State commissions to investigate the unemployment situation.

Inasmuch as information relating to appropriations made by State legislatures is based upon a digest of such legislation, "it should be kept in mind (1) that some expenditures were incurred without legislative authorization, (2) that some expenditures authorized were never invoked, and (3) that some authorizations were only partially utilized. In some instances the revenue source set aside for emergency relief proved to be unproductive, and in others the utilization of certain sources was prevented by judicial interference." ("Digest of State Legislation for the Financing of Emergency Relief," in *Monthly Report of the Federal Emergency Relief Administration, May 1 through May 31, 1935*, pp. 40-89.)

⁸³ These States, in the order in which their laws became effective, were New York, New Jersey, Rhode Island, Illinois, Wisconsin, Ohio, and Pennsylvania. In Wisconsin the administration of State aid was placed in the State industrial commission, while in Pennsylvania the State department of welfare was required to allot the State appropriation according to a formula established by law. (Haynes, Rowland, *State Legislation for Unemployment Relief from January 1, 1931, to May 31, 1932*, The President's Organization on Unemployment Relief, Washington, 1933, pp. 4-5.)

⁸⁴ Liebman, Henrietta, "Work Relief in Certain States, 1930-1933," in *Monthly Report of the Federal Emergency Relief Administration, May 1 through May 31, 1936*, Washington, 1936, p. 43. For a list of State emergency relief administrations in operation as of March 1933, see "State Unemployment and Relief Administration," *Social Service Review*, VII (March 1933), 137-41.

⁸⁵ During the quarter in which the RFC began operations under provisions of titles I and II of the Emergency Relief and Construction Act (July 1 to September 30, 1932, inclusive) advances were approved

States created emergency agencies; in four States⁸⁶ an existing or newly created State department was designated to administer either State funds or the advances made from the Federal treasury by the RFC; and in one State (Pennsylvania) an emergency agency was created to administer funds previously handled by an existing State department.⁸⁷

Consequently by the middle of 1933, 39 States had established or designated agencies for the administration of unemployment relief. Of the group of States which established such agencies during the period June 1932 to May 1933, only 12 made State appropriations for emergency relief which became effective during this period.⁸⁸

The change in Federal policy in 1933 further accelerated State and local activity. Many of the State agencies were reorganized under the supervision of the FERA, and there was a gradual separation of the emergency program from direct connection with permanent State agencies in those States where the latter had been originally designated to handle the emergency relief activities.⁸⁹ The emergency functions of unem-

to 25 States for relief and work relief. (*Quarterly Report of Reconstruction Finance Corporation, Covering the Corporation's Operations for the Periods July 1 to September 30, 1932, Inclusive, and February 2 to September 30, 1932, Inclusive*, Washington, 1932, table 4, pp. 8-9.) Forty-two States received RFC funds for purposes of relief and work relief under title I of the act during the period from August 1932 to November 1933. No funds were made available to Connecticut, Delaware, Massachusetts, Nebraska, Vermont, and Wyoming. (Watson, *op. cit.*, p. 378.)

⁸⁶ Arizona, Minnesota, Nevada, New Mexico. While the State Board of Control in Minnesota was originally requested by the Governor in October 1932 to assume responsibility for administering relief funds, an emergency relief administration was established in June 1934. (Liebman, *op. cit.*, pp. 44-45.)

⁸⁷ "Each State experimented independently with the new State activity, with a resultant wide range in the quality of administration. State legislation during this period made frequent changes in the administrative organization. Additional State appropriations were made, while governors reorganized administrations and made new appointments. There was little stability, but much experimentation." (Stevenson, *op. cit.*, pp. 25-26.)

⁸⁸ Alabama, Delaware, Indiana, Kansas, Minnesota, Missouri, Montana, Nevada, North Dakota, Oregon, Pennsylvania, Washington. There was no legislation for the financing of emergency relief in Georgia, Mississippi, North Carolina, South Carolina, Vermont, and Virginia during the entire period January 1, 1931, through June 1935. ("Digest of State Legislation for the Financing of Emergency Relief," in *Monthly Report of the Federal Emergency Relief Administration, May 1 through May 31, 1935*, pp. 39, 40-89.)

⁸⁹ In September 1934 it was reported that "The State welfare department or corresponding agency is used for this purpose in less than 10 States. Elsewhere the ERA is an independent agency organized, as its title indicates, for an emergency or temporary purpose * * * the only States in which the unemployment relief administration is integrated with the major State welfare agency are Arizona, Indiana, Maryland, Mississippi, Nevada, New Mexico, and West Virginia. Several of these welfare agencies, such as those in Mississippi and Nevada, are new ones established for the purpose of dealing with unemployment relief. In a few States, of which New Jersey is typical, the executive of the welfare department is a member of the controlling board of the State ERA. In several States the State department has had a closer relationship with emergency relief than it has at present. * * * Because State welfare departments had had so little responsibility along this line, the depression found them quite unprepared as a rule to assume direction of extensive unemployment relief administration. Partly for this reason and partly because unemployment relief was considered to be a temporary emergency function from which the State

ployment relief overshadowed the slower growth of the more permanent departments of public welfare, in which certain changes in organizational structure and in function were also taking place. At the beginning of the FERA program in May 1933, the President had made it clear that the Federal relief grants did not free State and local agencies from the responsibility of assuring the necessities of life to their citizens. The emphasis placed by the FERA on State and local responsibility for adequate administration and suitable standards of relief served therefore to stimulate State legislation, appropriations, and administrative changes. As a result of this situation every State had a State emergency relief administration which was in operation during the period 1933-35.⁹⁰

Changes in the Federal programs during 1935 played a very important part in the reorganization of State agencies. The withdrawal of the Federal Government from the field of direct relief, its failure to provide for all needy employable persons, and the liquidation of the Federal transient program left the States and localities with pressing and difficult problems. During 1936 some of the States liquidated their emergency relief administrations, some continued them for the time being, and others established new departments of public welfare or reorganized existing agencies with general relief as one of several functions. The availability of Federal grants-in-aid for special types of public assistance under the Social Security Act accelerated this movement, and the necessity of complying with the requirements of the Federal Act relating to sound administration in order to secure these Federal grants led to the establishment of new agencies and the reorganization of older ones. Many States absorbed the previous emergency relief administrations in new or reorganized departments of public welfare, to which was given responsibility for all forms of public assistance.

The outstanding characteristic of State relief and public-assistance legislation during this period was its marked dependence on Federal requirements.⁹¹ Practically every State legislature showed awareness of the need for State welfare agencies, with 10 States establishing new agencies and two reorganizing their

would soon withdraw, a comparatively independent development resulted." (Stevenson, Marietta, "Public Welfare, State Agencies," in *Social Work Yearbook, 1935*, New York, Russell Sage Foundation, 1935, pp. 403-04.)

⁹⁰ In addition to the 39 States which had organized emergency agencies before June 1933, the 9 remaining States (Connecticut, Iowa, Maine, Maryland, Massachusetts, Nebraska, Utah, Vermont, and Wyoming) had created such agencies by the end of the year. (Liebman, *op. cit.*, pp. 44-45.)

⁹¹ A similar hesitancy and dependence on Federal action characterized the States' adoption of unemployment compensation laws.

agencies during the first 5 months of 1935.⁹² There was a definite recognition that the administration of public assistance in cooperation with the Federal Government must be accepted as a continuing function of State governments. Most of the new State agencies integrated the administration of public assistance with unemployment relief.

During 1935 and 1936 official commissions concerned primarily with problems of welfare administration were appointed in a number of the States to conduct surveys.⁹³ Much of the legislation enacted in 1937 was based on reports made by these commissions.

Analysis of the situation in 1937 shows great variation between States, but the majority of the departments established in that year provided for a plan of State and county cooperation in administration, with actual administration lodged in the local units, and with supervision and control of standards retained as the responsibility of the State agency.⁹⁴

During the year 1939, the interrelationship between the public-aid programs of the Federal and State governments became clearer, with Federal policies and Federal statutes reflected in State legislation. State governments made a number of changes in their welfare agencies,⁹⁵ although consistent and orderly State planning for general relief was complicated by changing Federal policies.

In consequence of these developments, by 1940 all 48 States had departments of public welfare, agencies with State-wide administration or supervision of one or more categories of special assistance and some type of child-welfare program in cooperation with the Federal Government. All these programs involved also some measure of State financial participation.

The contrast between 1930 and 1940 in regard to general relief was less sharp but none the less significant. Some share of financial responsibility for general relief was borne by 36 States in 1940.⁹⁶ Only in Pennsylvania did the State assume both financial and administrative responsibility for the entire program,

⁹² Stevenson, Marietta, "A New Grist of Social Legislation," *The Survey*, LXXI (May 1935), 135-36. For a detailed digest of State legislation during 1935, see Stevenson, Marietta, and Posanski, Susan, *Digest of Social Welfare Legislation, 1935*, Chicago, American Public Welfare Association.

⁹³ During 1936 several additional States established new agencies. For the situation at the end of 1936, see Stevenson, Marietta, "Public Welfare, State and Local Agencies," in *Social Work Year Book, 1937*, Russell Sage Foundation, New York, 1937, pp. 393-403, and *Directory of State Agencies and Officials Administering Public Welfare Activities*. Chicago, American Public Welfare Association, May 15, 1937.

⁹⁴ American Public Welfare Association, *New State and Local Departments of Public Welfare, 1937, Outlined Digests of Recent Laws*, Chicago, 1937, and Stevenson, Marietta, "Public Welfare Reorganization," *The Social Service Review*, XI (September 1937), 349-59.

⁹⁵ For details, see Stevenson, Marietta, "Recent Trends in Public Welfare Legislation," *The Social Service Review*, XIII (September 1939), 440-59.

⁹⁶ For further discussion of financial responsibility, see ch. X.

while two States⁹⁷ carried and Rhode Island shared responsibility for employable persons only. In two States⁹⁸ practically all administrative control rested with the State, although the financial responsibility was shared between the State and the local units. In 28 of the States which contributed funds for general relief, administration was divided between State and local authorities, with varying degrees of State supervision and local administration.⁹⁹ In six of these States,¹ financial aid was accompanied by limited State supervision; while in three,² State financial aid was limited to nonresident cases and administration was entirely local.

The unemployment compensation provisions of the Social Security Act also expanded the public aid functions of the States by stimulating the creation of permanent State agencies in this field. As indicated earlier in this chapter, prior to 1935 only one State had enacted an unemployment compensation law. By the close of the fiscal year 1937, the remaining 47 States, the District of Columbia, and the territories of Alaska and Hawaii passed similar laws.³ Thereafter the States were involved in administering the benefit-paying and tax-collecting parts of this program.

At the same time their responsibilities in regard to the employment services were greatly expanded. The passage of the Wagner-Peyser Act in 1933 had given a considerable stimulus to the development of employment services at the State level,⁴ but by June 30, 1935 only 24 State employment services, operating 215 offices, had affiliated with the United States Employment Service. However, in 1934-35, 15 State legislatures opened the way for affiliation by accepting the provisions of the Federal Act. The requirement that unemployment compensation must be paid through employment offices and the availability of Federal funds from the Social Security Board for the cost of administering State un-

employment compensation led to a rapid expansion of employment services throughout the States. By 1939 all States had affiliated with the United States Employment Service and by June 30, 1940 there were in operation some 1,490 full-time offices and 3,115 localities at which itinerant service was provided.⁵

The Changing Content of Public-Aid Measures

From the point of view of the economically insecure person, the most outstanding feature of the years 1930-40 was the diversification of public-aid programs. The great elaboration of work programs after 1933, the development of special measures for young people after March 1933 and for the population dependent upon agriculture after April 1934, and finally, the adoption of social insurance and the expansion of special public-assistance measures after 1935 created a differentiated structure of social provision to compensate, at least in part, for loss or inadequacy of income. All of these special programs underwent significant changes of content. It is the purpose of the following pages to indicate briefly the nature of these changes.

The structure of public aid developed in the 10 years did retain one feature of its predecessor. Since all of the new special measures were available only to defined groups of applicants, persons who could not meet the eligibility requirements of these programs in 1940 were impelled to seek aid from general relief, just as in 1930 persons not eligible for the limited special programs of that period were forced to rely upon poor relief. Changes in the content of this residual program will also be indicated in the following pages.

Work Programs

Of all the special measures developed or expanded during the years 1930-40 to meet the problems of loss of private income, none was more significant than the provision of work by government. It has already been indicated that, prior to 1930, emergency work was resorted to in some communities during periods of acute unemployment and that the work-test for able-bodied needy persons was not uncommon.⁶ While as a whole the work programs of 1933-40 differed significantly from earlier sporadic local programs, important changes in the later programs indicate that a change in the concept of work relief took place between 1933 and 1940. As a result of these developments of concept and program, it may be said that, in general, while eligibility for work relief was still limited to needy persons in 1940, the conditions of work and the remuneration on these programs were divorced as far as possible

⁹⁷ California and Nevada. The State-administered program for employable persons in Nevada was practically inoperative, only small amounts of State funds being expended for this purpose. In addition, in Oklahoma, a State agency provided relief for employable persons from State funds, while the boards of county commissioners gave relief to both employable and unemployable persons from local funds. In New Mexico the State financed and administered the bulk of the general-relief program, although the boards of county commissioners administered some local funds.

⁹⁸ Delaware, Missouri. In Missouri small amounts of local funds were administered by county officials.

⁹⁹ For a more detailed discussion of State and local units involved in the administration of general relief, see ch. XIII.

¹ Kansas, Michigan, Minnesota, Ohio, West Virginia, Wisconsin.

² Connecticut, Maine, Massachusetts.

³ Only one State, Wisconsin, was actually paying unemployment compensation benefits in the fiscal year 1937. (*Third Annual Report of the Social Security Board, Fiscal Year Ended June 30, 1938*, Washington, 1938, pp. 4 and 175.)

⁴ Before the passage of the act, only about 120 cities had State employment offices, and half of the States had no public employment offices whatever. (Atkinson, Raymond C., and others, *op. cit.*, pp. 22-24, 29.

⁵ *Fifth Annual Report of the Social Security Board, 1940*, p. 69.

⁶ See p. 27, footnote 11.

from relief and budgetary-deficiency considerations. Furthermore, there was a tendency to develop more diversified projects which should offer types of employment more suitable than unskilled labor to the occupational background of many of the unemployed.⁷ Finally, more attention was paid to planning for and selecting projects, with a view to increasing both the efficiency of the work performed and the social usefulness of the undertakings.

Early FERA projects.—The work programs operated by the States under the supervision of the Federal Emergency Relief Administration prior to the establishment of the Civil Works Administration were part of a relief measure which aimed to relieve “the hardship and suffering caused by unemployment.” Relief status was the main condition for eligibility. The budgetary deficiency of the family of each applicant for FERA employment was determined locally.⁸ Workers were then employed for the number of hours necessary to earn their budgetary deficiency at the wage rates set by the Federal agency.⁹ Average monthly earnings increased, as compared with those paid in the earlier, purely local work programs.¹⁰ Workmen’s compensation was not compulsory on FERA projects, although it was encouraged by Federal officials. Projects were largely in the field of construction, especially roads and similar types of manual labor, with some diversification inaugurated under the “special programs.”¹¹ Relatively little use of equipment or supplies was involved.¹²

Civil Works program.—The nature of the work program changed considerably with the inception of the Civil Works Administration. To effect industrial

recovery and the speedy circulation of funds, CWA aimed to “provide regular work on public works at regular wages to unemployed persons able and willing to work,”¹³ without requiring previous relief status. Only about one-half of the employees were taken from the relief rolls. The remaining half were chosen through the expanded employment service offices from persons not previously on relief.

Unemployment and need of a job were the only requirements for employment.¹⁴ Only toward the close of the program, were need criteria introduced by the requirement that persons least in need be laid off first.

In keeping with the functions of the CWA as a pump-priming measure, payments to employees were at no time based on need, as measured by the budgetary-deficiency method. At the outset, the PWA zone rates for construction were adopted, and weekly and monthly hours of work were established. Workmen’s compensation for project employees was provided by the Federal Government, and an intensive safety program was conducted. In January 1934, as funds became exhausted, hours of work were drastically reduced,¹⁵ with consequent reductions in earnings.¹⁶

The function of the Civil Works program as a mechanism for ensuring rapid circulation of funds and as a supplement to the necessarily more slowly expanding public works program was also reflected in the conditions governing the nature of the projects. These projects were to be of a type which could be started quickly and completed in a short time and were to be prosecuted by “force account” and not by contract.¹⁷ In contrast to the earlier FERA work projects, those operated under the CWA involved an increased use of equipment and supplies.¹⁸ However, while projects were to be “socially and economically desirable” and to involve no duplication of normal governmental functions, they were required not to be of a type eligible for PWA loans.¹⁹ Employment opportunities became more di-

⁷ The major changes are shown in Appendices 2-5.

⁸ The FERA did not set uniform standards and practices for determining need and value of resources. This, as well as other factors, accounts for the fact that the size of the relief allowance or work-relief wage was not uniform throughout the United States.

⁹ Properly speaking, minimum hourly wage rates and maximum hours of work were set by the Federal agency.

¹⁰ Roughly from \$13 per month in May 1933 to \$20 in December 1933. (Burns, Arthur E., “Work Relief Wage Policies, 1930-1936,” in *Monthly Report of the Federal Emergency Relief Administration, June 1 through June 30, 1936*, table B-1, p. 33.)

¹¹ Aid to transients and cooperative and self-help associations, authorized by section 4-c of the Federal Emergency Relief Act of 1933, began in July of that year. The emergency education program began in August, and the women’s division was set up in October. Beginning in February 1934, the college student aid program made available part-time employment to needy college students. (Carothers, Doris, *Chronology of the Federal Emergency Relief Administration*, Research Monograph VI, Works Progress Administration, Division of Social Research, Washington, 1937, pp. 10, 15, 22, and 42.) The women’s division work included the production of goods for the home, the sewing and repairing of garments, canning and production of food, gardening, etc. The emergency education program employed teachers for adult education, vocational training, literacy classes, etc.

¹² Wage payments amounted to about 90 percent of total work-relief expenditures. (*Federal Emergency Relief and Civil Works Program*, Hearings Before the Committee on Appropriations, United States Senate, 73 Cong., 2d sess., Washington, 1934, p. 11. Document subsequently referred to by title only.)

¹³ Federal Civil Works Administration, *Rules and Regulations No. 1*, Washington, November 15, 1933, p. 1.

¹⁴ Since the CWA received its first allocation from funds made available by PWA, it was required to observe certain PWA conditions, such as priority for veterans and other preferences. For details, see Appendices 4 and 5.

¹⁵ Gill, *op. cit.*, p. 424.

¹⁶ *Federal Emergency Relief and Civil Works Program*, p. 15.

¹⁷ In the main the projects consisted of light construction and repair of roads, public buildings, and other public properties, rehabilitation and construction of school buildings and grounds, as well as the development of parks, swimming pools, athletic fields, and other recreational facilities. Nearly 86 percent of the expenditures were for construction projects, of which over 33 percent were for work on highways, roads, and streets, and only 14 percent of the expenditures went for nonconstruction activities. (Brown, Pamela, *op. cit.*, table 14, p. 27.)

¹⁸ Nonlabor costs accounted for roughly 20 percent of total expenditures of the CWA. (Gill, *op. cit.*, p. 421.)

¹⁹ See Appendix 4 for a brief description of these conditions.

versified; in particular, under the Civil Works Service program, operated by the FERA in conjunction with the CWA program, projects were developed for women and for white-collar workers.²⁰

Later FERA work relief.—On conclusion of the CWA, the FERA assumed many of its work activities, through what was known as the "Emergency Work Relief Program." Emphasis was again placed on work as a relief measure, and conditions of work resembled those on the earlier FERA work projects. Relief status once more became the main eligibility condition. Earnings were again based on need according to the locally determined budgetary deficiency of the family, although minimum hourly rates and maximum and minimum hours were established by the Federal agency.²¹ A 30-cent hourly minimum prevailed from April 1 to November 1934; after this date it was replaced by locally prevailing wage rates. Provision of workmen's compensation which had been provided under the CWA program was not required under the Emergency Work Relief program. Attention was paid to labor relations, and provision was made for the hearing of complaints.

Types of projects begun under the CWA, such as work on rural school buildings, farm-to-market roads, and similar activities, were generally continued by the new program, but a larger proportion of nonconstruction activities,²² and a greater diversification of projects were developed. Increasing emphasis was laid on careful planning.²³ Production activities included the production of goods for consumption by the relief population—the canning and processing of meats and other

foods, the making of shoes, clothing, etc.—and the development of relief gardening and other self-help activities. Such activities gave employment to many women, and the number of women workers increased in a variety of other projects.²⁴ Transients were employed in the maintenance of transient camps and shelters and in clerical, production, and construction activities in connection with or near their camps or shelters. "White-collar work" was an important category. In the spring of 1935, nearly 25 percent of all projects gave employment of this nature,²⁵ including planning, public-health and welfare activities, and education, arts, and research. However, it has been estimated that about 60 to 70 percent of the employees were engaged in common labor.²⁶ While the percentage of expenditures for "materials, supplies, and equipment" (10.6 percent) was lower than under the CWA (21.1 percent), it was slightly higher than under the earlier FERA work projects (10 percent).²⁷

WPA work projects.—With the creation of the Works Progress Administration, marked changes in the conditions of employment on work projects took place. These and subsequent modifications reflected the conflicts arising from the agency's dual function of carrying out useful projects and acting as the major work-relief measure for the unemployed.

Eligibility continued to be limited to needy employable persons.²⁸ But emphasis on the "work" aspect of WPA employment was reflected in the abandonment of the budgetary-deficiency method of wage payment in favor of a fixed monthly wage, and the consequent abandonment of the frequent reinvestigations of need. The "security wage" was determined not by reference to the budgetary deficiency of each individual but by the type of work he did and the region in which he was employed. Yet, the amount of payment in each category of employment was designed to be not so large as to encourage recipients to reject private employment, a practice which eliminated the possibility of

²⁰ Administrative, professional, and clerical work, as well as special projects for women, such as sewing, nursing, and home economics, were also developed under the Civil Works Service program, financed from FERA funds. Civil Works Service was set up in December 1933 because of the "construction" limitation of Public Works Administration, to provide work on projects relating to relief offices of benefit to relief clients, and generally of a nonconstruction nature. (*Monthly Report of the Federal Emergency Relief Administration, December 1 to December 31, 1933*, Washington, 1934, p. 17.) It was absorbed into Civil Works Administration during February 1934. For further details of the types of work undertaken, see Appendix 5.

²¹ Earnings on the Emergency Work Relief program (April 1934–December 1935) ranged from an average of \$23.82 to \$31.35 a month. (Burns, Arthur E., "Work Relief Wage Policies, 1930–1936." *Monthly Report of the Federal Emergency Relief Administration, June 1 through June 30, 1936*, table B-4, p. 43.)

²² Approximately 76 percent of the total expenditures were for projects involving the construction and improvement of public properties: Public buildings, sewers, and other public utilities; recreational facilities; conservation and flood control, etc. Over 26 percent of the construction costs went for streets and highways. The higher proportion of nonconstruction work was accounted for in large part by the fact that a severe drought occurred in the summer of 1934, and Emergency Work Relief developed an extensive production-for-use program for the processing of surplus products. (Brown, Pamela, *op. cit.*, table 15, p. 27.)

²³ *Monthly Report of the Federal Emergency Relief Administration March 1 to 31, 1934*, Washington, 1934, p. 5. Projects to be "of a public character, of economic and social benefit. * * * They should be carefully planned to be of the greatest efficiency and the greatest benefit to the community or the State. They should be coordinated with larger plans for local and State improvement."

²⁴ The peak monthly employment of women (297,800) on the Emergency Work Relief program was reached in March 1935. (*Monthly Report of the Federal Emergency Relief Administration, July 1 through July 31, 1935*, pp. 44–46.) At that time they constituted 12.6 percent of the total 2,369,605 workers employed on work projects. (Federal Emergency Relief Administration, Division of Research, Statistics, and Records, *Statistical Summary of Emergency Relief Activities, January 1933 through December 1935*, Washington, 1936, table 2, p. 2.)

²⁵ For week ending April 18, 1935. (*Monthly Report of the Federal Emergency Relief Administration, December 1 through 31, 1935*, Washington, 1935, p. 64.) For a detailed description of the projects, see Federal Emergency Relief Administration, *The Emergency Work Relief Program of the FERA, April 1, 1934–July 1, 1935*, Washington, 1935.

²⁶ *Supplemental Hearings, Emergency Relief Appropriations, Hearings Before the Committee on Appropriations, U. S. Senate, 74th Cong., 1st sess.*, Washington, 1935, p. 7.

²⁷ For the period April 1934 to December 1935, inclusive. See Appendix 2.

²⁸ For other limitations on eligibility, see Appendix 3. and ch. IX.

paying prevailing wages for the full normal working week.²⁹

Other changes in the work program under WPA which reflected the "work" aspects of employment included workmen's compensation, which was again provided for employees, and the establishment of standard administrative procedures for handling complaints. Assurance was given to project employees of their right to organize and select representatives for collective bargaining.

The nature of the projects operated under the WPA program was also different from earlier work projects. The general trend toward more careful planning and selection of useful undertakings, consistent with the emphasis upon "more substantial" types of projects, was limited by the relief aspects of the program, which implied a relatively large percentage of direct labor and the location of projects where they would serve the greatest unemployment needs. Nevertheless, up to June 1940, nonlabor costs represented a higher proportion of total expenditures (24.6 percent)³⁰ than under any of the earlier work-relief programs.

Over three-fourths of the cost of all WPA projects up to June 1940 was accounted for by construction activities.³¹ The other main category of operation was represented by professional and service projects including the arts and research.³²

Special types of activities—notably in the field of

²⁹ Prevailing rates, as provided for under the Bacon-Davis Act, were to be paid for construction on permanent Federal buildings.

A maximum of 8 hours per day and 40 hours per week was established by Executive Order No. 7046, May 20, 1935. The WPA established a range of from 120 to 140 hours per month, with the specific number to be determined by each State administrator. Abolition of the lower limit of 120 hours in September 1935 left project employees free to negotiate with the State administrators to adjust hours per month downward so that the number of hours worked multiplied by the prevailing hourly wage would equal the amount of the monthly "security wage." The resulting trend toward payment of prevailing hourly wages was given legislative sanction in 1936 when this policy was required by statute.

In 1939 the prevailing-hourly-wage policy was abandoned by the statutory requirement that all project employees, regardless of skill, should work 130 hours per month in order to earn the amount of the "security wage. At the same time Congress required that the monthly earnings should not vary for workers of the same type in different geographical areas to any greater extent than would be justified by differences in the cost of living. This involved a redetermination of the schedule of monthly payments.

For a discussion of WPA wage policy during 1935-37 see Burns, Arthur Edward, and Kerr, Peyton, "Survey of Work Relief Wage Policies" *The American Economic Review*, XXVII (December 1937), 718-22. Subsequent developments in the wage policy of the agency were discussed by the same authors in "Recent Changes in Work-Relief Wage Policy," *The American Economic Review*, XXXI (March 1941), 56-66.

³⁰ *Report on Progress of the WPA Program, June 30, 1940*, table XII, p. 124.

³¹ About one-half was new construction and one-half repair work. Road work constituted 38.9 percent of total expenditures, work on utilities, parks and recreational facilities, and public buildings about 10 percent each and projects for nonmanual workers about 22 percent.

³² *Report on Progress of the WPA Program, June 30, 1940*, table X, p. 124.

adult education, youth programs, and white-collar and women's projects—many of which originated under the earlier work programs, were carried on under the WPA.³³

Special Measures for Youth

From March 1933 to June 1940, the special public-aid programs for youth (the Civilian Conservation Corps and the National Youth Administration) showed important developments in both the content of the programs and the characteristics of the youth they served.

Changes in the groups eligible.—Although from time to time there were marked changes in other characteristics of the youth served by these programs such as age,³⁴ the most significant development was the increasing proportion of youth on both programs who came from nonrelief families. Neither the act authorizing the establishment of the CCC nor subsequent early legislation required that junior enrollees be selected from families on public relief rolls,³⁵ but in practice selections were made largely from this group.³⁶ The continuance of selection from this group was made likely by the limitation of total enrollments to 300,000 by the act of June 1937 and the adoption of priorities at that time.³⁷ Subsequent modifications encouraged the selection of youth from families above the relief level but "below a normal living standard," and successively larger proportions of all enrollees were drawn from such families.³⁸ In June 1940 eligibility requirements were

³³ See also ch. IX.

³⁴ The original age range of junior enrollees of the CCC was 18 to 25 years. In 1935 the maximum age was raised to 28, and the minimum age was lowered to 17 a few months later. After June 1937 the range was from 17 to 23 years, inclusive. Veteran and Indian enrollees, who were served by separate programs, were, of course, not subject to these age restrictions. (See Melvin, Bruce L., *Rural Youth on Relief*, Research Monograph XI, Works Progress Administration, Division of Social Research, Washington, 1937, p. 53.) The original age range of the NYA, 16 to 25, was still in force in 1940 for the student work program. The out-of-school work program was limited to youth between 18 and 25, with certain exemptions due to defense activities. (See ch. IX.)

³⁵ The purpose of the program was designated as the relief of unemployment; no mention of previous relief status was made. However, the plan of allotting the greater share of the enrollee's monthly wage to needy dependents probably influenced the public-welfare agencies, which certified CCC applicants, in selecting youth from families on relief rolls.

³⁶ Indeed, from May 1935 to June 1936, selection from relief families was required. In the latter month the requirement was modified to permit selection from families eligible for relief, as well as those actually receiving it.

³⁷ Priority was given to (a) applicants whose dependents were actually receiving or were certified as eligible to receive any type of relief (including work relief) or other public aid, (b) applicants with dependents not so situated, (c) applicants without dependents who desired to make voluntary allotments for the support of needy nondependent relatives. (Civilian Conservation Corps, *Standards of Eligibility and Selection for Junior Enrollees*, Washington, issues after June 1937.)

³⁸ See *Quarterly Selection Reports* of the Civilian Conservation Corps. In April 1938 this group made up 24 percent of all the juniors accepted for enrollment. By April 1940 the percentage had risen to 38 percent, and by October 1940 it was 45 percent.

further modified to bring into the Corps a still larger group from this stratum of the population.³⁹

A similar trend toward selection of youth from non-relief families characterized the NYA out-of-school work program. Through 1937 preference was given to youth from families on relief or eligible for it.⁴⁰ Certification was carried out by local relief agencies. Early in 1938 eligibility was extended to youth from families certified as eligible for relief, families in need of relief, and families eligible for any form of public assistance.⁴¹ Relief agencies could thereafter certify youth "for NYA only."⁴² In September 1939 the program was made available to any "youth member of a family whose income is insufficient to provide the basic needs of all members of the family, including the youth member, regardless of whether the family is receiving any form of public assistance."⁴³ At the same time NYA made more extensive arrangements for doing its own certification, thus avoiding some of the restrictive policies of the local relief agencies.⁴⁴

Changes in the character of the work.—The general character of the work of the CCC changed less than the characteristics of its enrollees. The original purpose of relieving unemployment, restoring depleted national resources, and conducting a program of public works was being implemented in 1940 as in 1933 by the work of youth living in camps where they were engaging in reforestation, prevention of forest fires, floods, and soil erosion, control of plant pests and diseases, and the like. However, there was a significant change in the content of the program with the increasing emphasis on education in the camps.

The first camps got under way in the spring of 1933 without special provision for education,⁴⁵ but after the appointment of the first director of camp education in December the educational content of the program was steadily expanded. Effort was made to supply

educational deficiencies of enrollees, with particular emphasis on the elimination of illiteracy and a grounding in elementary subjects. Very early in the life of the Corps, the value of training on the job was recognized and officials were appointed at the beginning of 1936 with special responsibilities for project training. As a result of this training and the acquisition of more and better technical equipment, work techniques improved considerably. The training value of the Corps was recognized in 1937 when the program was defined by Statute as a means of providing "employment as well as vocational training."⁴⁶ In connection with the vocational aspects of camp education, increased attention was given to counseling and guidance, but there were many obstacles to effective work in this field.

The nature of the NYA program has undergone more significant changes than that of the CCC. From the beginning of the NYA program in June 1935, two types of projects were conducted—one for students and one for out-of-school youth—with an increasing use of available funds for the latter.⁴⁷

The student phase of the program had its beginning before the establishment of the NYA. In February 1934, after an initial experiment at the University of Minnesota in the fall of 1933, the FERA inaugurated work projects in a number of colleges to help needy students continue their education. This student-aid program was continued by the NYA and expanded to permit assistance to graduate students in colleges and to elementary and high-school pupils. A shift in emphasis from the objective of merely keeping a student in school to that of training him through work as well as through formal education was indicated in the change of the name of the program from Student Aid to Student Work Program. The quality of the student work projects showed marked improvement and there was increasing recognition of the educational value of the training received from them.

At the beginning of the NYA out-of-school program emphasis was placed upon four types of activities: Community development and recreation, rural youth development, public-service training, and research.⁴⁸ Through such activities it was hoped that the NYA could encourage the extension of educational and recreational facilities and formulate independent projects, creating new facilities for young persons in areas

³⁹ Civilian Conservation Corps, *Standards of Eligibility and Selection for Junior Enrollees, Revision Effective June 17, 1940*, Washington, 1940, p. 3.

⁴⁰ For a considerable period employment was restricted to youth from families who were receiving relief or WPA employment. The regulations stated that 90 percent of those employed had to be certified as in need of relief. See WPA Administrative Orders Nos. 46, 59, 60.

⁴¹ WPA Administrative Order No. 59.

⁴² However, in localities where relief was limited or unavailable, local relief agencies were reluctant to investigate and certify as eligible for relief families to whom they could not possibly give relief because of lack of funds. This excluded from certification for NYA youth who were legally eligible.

⁴³ National Youth Administration, *Preliminary Manual of Employment Procedure*, revised January 15, 1940, Washington, 1940, ch. I, pt. I, sec. 2, p. 1. The same statement appears in the NYA *Handbook of Procedures* dated September 16, 1940.

⁴⁴ The NYA had begun to do its own certification in a few States before July 1, 1939, but after that date it became an accepted policy. By the end of the fiscal year 1939-40, there were 25 States which on an average did from 85 to 100 percent of their own certification.

⁴⁵ See Fechner, Robert, "The Educational Contribution of the Civilian Conservation Corps," *The Phi Delta Kappan*, XIX (May 1937), 305.

⁴⁶ Public, No. 163, 75th Congress, approved June 28, 1937, which prolonged the life of the Corps three years and defined its purposes and program.

⁴⁷ See ch. IX.

⁴⁸ Apprenticeship training was also fostered by the NYA until August 16, 1937, when the Federal Committee on Apprentice Training, which had been provided with funds by the NYA, was transferred to the Department of Labor. (Public, No. 308, 75th Cong.)

where they were needed. In December 1936, the first resident centers were established for youth in sparsely populated areas who could share in the benefits of the program only by living together in a center where they could be provided with work and instruction on special projects. Later, the development of workshops and other production projects received increased emphasis, to some extent at the expense of the recreational projects. Clerical projects at all times accounted for a significant proportion of the total volume of employment.⁴⁹

Construction projects received more emphasis in the later years than at the beginning of the program. Along with the development of the out-of-school projects, a program to establish and encourage the establishment of job-training, counseling, and placement services for youth was fostered.⁵⁰ Under the Appropriation Act for 1941 the NYA was prevented from engaging in placement activities, but it continued to make industrial and occupational information studies and to provide consultation services for young people regarding training and job opportunities. Increasing cognizance was taken of the interests and aptitudes of the project workers.

In the course of the development of the out-of-school work program, considerable change took place in the wage structure. At first, the wage scale used by the WPA was applied to youth employment; young people worked one-third the time and received one-third the security wage of WPA workers. This pattern was simplified by degrees⁵¹ until June 1940 only two wage rates for youth workers were in use; the Class A wage for junior foremen and crew leaders, and the Class B wage (lower than the Class A wage by \$6 per month) for all other youth workers.

Social Insurances

All social-insurance measures developed in 1930-40 differed from other governmental provisions for the economically insecure population in that persons eligible to receive benefits could do so without having to undergo an individual test of need. So long as the

other conditions of eligibility were fulfilled, the applicant could continue to draw his benefit as a right for the period of time stated in the law. All of the social-insurance programs had another common characteristic in that the amount of benefits provided was related in some way to the beneficiary's past earnings. However, the differences between these programs were such as to require separate treatment in this section.

Old-age insurance.—Under the Social Security Act of 1935 the amount of benefits provided for eligible workers in covered employment⁵² on reaching the age of 65 was calculated on the basis of the individual's total life earnings in covered employment, with minimum and maximum monthly benefits. Lump-sum payments were also made to the estates of workers who died before reaching the qualifying age or to workers who survived that age for too short a period of time to draw monthly benefits roughly equal to the wage taxes they had paid.⁵³ The costs of the program were to be provided by wage and pay-roll taxes levied on workers and employers in the covered industries. Annual appropriations were to be made to an old-age reserve account of an amount sufficient on an actuarial basis to provide the benefits.⁵⁴

The 1935 Social Security Act had thus set up an old-age insurance system whose main characteristics included many of those found in private insurance company plans, such as strict actuarial relationship between contributions and benefits. Radical changes were made in this program by the amending act of 1939, the groundwork for which was laid by the study of the Advisory Council on Social Security and the recommendations of the Social Security Board. The insurance system resulting from these amendments, while not abandoning the proportionality principle, applied the social, as against the private, insurance method by adjusting benefits in the light of social adequacy. Relatively greater benefits were provided for those who had earned low wages or were already in the higher age classes when the system began operating.⁵⁵ Allowances for aged wives and young dependent children of beneficiaries were provided. Furthermore, the risk against which protection was

⁴⁹ 19.9 percent of the total employment was on clerical projects in March 1939, 22.3 percent in March 1940, and 19.8 percent in August 1940. (*Work Relief and Relief for Fiscal Year 1940*, Hearings Before the Subcommittee of the Committee on Appropriations, House of Representatives, 76th Cong., 1st sess., Washington, 1939 (subsequently referred to as *Work Relief and Relief for Fiscal Year 1940*), table A, p. 158; and monthly statistical tables of the Division of Finance and Statistics, National Youth Administration.)

⁵⁰ By June 1940, junior placement services promoted by the NYA were operated in connection with State employment services in 198 cities in 41 States.

⁵¹ First by reducing the number of urbanization groups in the wage scale from 5 to 2 (WPA Administrative Order No. 46, August 21, 1936); later by dropping out the occupational categories and paying a Class A and Class B wage, the former \$3 higher than the latter (NYA Administrative Order, No. 2, July 13, 1939.)

⁵² For a list of the excluded employments, see column 5 of Appendix 7.

⁵³ See *ibid.* column 6, for the precise amount and conditions of these payments.

⁵⁴ Although not specifically stated in the act, it was intended that the reserve should be built up to a capital sum the interest on which, together with the yield of the taxes at the full rate, would suffice to meet the annual benefit costs once the scheme had been in operation for a full generation. It was hoped in this way to avoid the necessity of a subsidy from general taxes.

⁵⁵ This was made possible by modifying the benefit formula. Benefits were computed on the basis of average monthly wages from covered employment instead of total earnings, thus favoring workers with even short periods of coverage if their employment had been more or less continuous. See column 6 and footnote 9 of Appendix 7 for details of the benefit formula.

offered was widened by the provision of monthly benefits to survivors.⁵⁶ Thus the former system of compulsory individual savings was converted into a social-insurance system which emphasized the protection of the family as against the individual.

Benefit eligibility conditions underwent important modifications, in part to make possible advancing the date of first monthly benefit payments from January 1942 to January 1940. The amending act also made certain changes in the coverage of the program tending to bring more workers within the scope, but these involved no fundamental change in principle.⁵⁷ Finally, the amending act involved changes in the method of financing which may have far-reaching consequences. This act indicated that a much more modest reserve was contemplated⁵⁸ and made no direct provision against the time when the current yield from wage and pay-roll taxes at their maximum level should fall short of the annual sum needed for the payment of benefits.

In contrast to the drastic revision of the Social Security Act, railroad retirement legislation underwent less fundamental changes during the years 1935-40. The railroad retirement legislation of 1935 provided not only old-age annuities but also disability annuities and a measure of survivors' protection by permitting a retiring worker to choose a reduced annuity during his own life in order to provide a life annuity for his widow. In 1937 the amending act added a new class of beneficiaries by providing monthly payments to former pensioners of railroads; it also substituted lump-sum death payments for the death-benefit annuities payable for a period of 12 months to survivors of railroad workers. The benefit formula of the railroad retirement legislation resulted in old-age annuities considerably higher on the average than those available under the Social Security Act.⁵⁹ An important change occurred, however, in the method of financing railroad retirement benefits. While under the 1935 legislation the necessary funds were appropriated by Congress regardless of the revenues from the Carriers Taxing Act of that year,⁶⁰ the Railroad Retirement Act of 1937 established a special Railroad Retirement Account in the Treasury, and Congressional appropriations to the account were intended to cor-

respond roughly to the taxes collected under the Carriers Taxing Act of 1937.⁶¹ Like old-age insurance under the Social Security Act of 1935, the railroad retirement system of 1937 was set up on a reserve basis, *i. e.*, annual appropriations were to cover benefit payments and investments in a reserve fund.

Unemployment compensation.—The development of unemployment compensation after the passage of the Wisconsin unemployment insurance law in 1932 was characterized by considerable disagreement regarding its major purpose.⁶² Unemployment insurance plans abroad, which antedate action in this country, were designed for the payment of benefits for short-term unemployment of workers who were normally active members of the labor market. Under the Wisconsin plan, stabilization of employment was made a major purpose of unemployment compensation through the use of incentive taxation. Largely because this first State plan did so, most of the State laws in the United States provided both for the payment of benefits and the regularization of employment. The latter objective was implemented by varying the employer's pay-roll tax in accordance with his experience in stabilizing employment, hence the term "experience rating," earlier known also as "merit rating." Although there was a slight trend away from experience rating in the legislative year of 1941, the majority of amendments affecting the tax provisions of State unemployment compensation laws were concerned with the type and administration of plans for variable contributions.

Because the dual-purpose systems of unemployment compensation related the worker's eligibility and the amount and duration of his benefits to his previous earnings and also related the employer's taxes to his previous pay-roll experience, they required elaborate record-keeping and complex administrative operations. A considerable effort was made to simplify record-keeping and administration.

Between 1937 and 1941, all of the State unemployment compensation laws were amended, some of them several times. The amendments, however, did not produce significant changes either in the extent of coverage, the method of financing, or the amount of benefits payable. The basic features of the original laws characterized the later laws: exclusion of certain occupational groups, such as agricultural labor and domestic service; direct relation between a worker's benefit rights and his previous earnings or length of employment (thus incorporating the actuarial concepts of private, as opposed to social, insurance); and general reliance

⁵⁶ In the 1935 act this risk had been provided against only through lump-sum payments which, especially in the early years during which the act operated, were obviously inadequate.

⁵⁷ For the differences in coverage of the two acts see column 5 of Appendix 8.

⁵⁸ See ch. IV.

⁵⁹ For details of the benefit formula, see ch. IV and Appendix 8; average benefits and distribution of benefit payments by \$10 intervals are shown in table 34, ch. VII.

⁶⁰ In June 1936, the United States District Court for the District of Columbia enjoined the Commissioner of Internal Revenue from collecting the taxes imposed by this act; cf. Appendix 8 and ch. XIII.

⁶¹ Subch. B, ch. 9 of the Internal Revenue Code. For more details of railroad retirement financing under the 1937 legislation, see ch. IV.

⁶² For a detailed treatment and analysis of the origins and development of unemployment insurance in the United States, see Malisoff, *op. cit.*

upon payroll taxes as the method of financing. Very frequently amendments to State laws were guided by the administrative considerations indicated above, and it was thus impossible to distinguish clearly between the administrative implications of a given amendment and its effects on benefit liberality.⁶³

There were several important developments in the modification of the benefit formula during the years 1935-40. Changes in the eligibility requirements showed a trend away from a minimum number of weeks of work and toward a minimum amount of earnings in some specified period. The determination of the benefit amount came to be less directly related to previous full-time weekly earnings and increasingly determined as a fraction of total wages earned in some specified calendar quarter. To an increasing degree minimum benefit amounts were written into the laws. Whereas the original laws related the duration of benefits to the individual's previous employment or earnings record, in later years there was a tendency to provide a flat duration for all eligible workers. These changes did not substantially alter the original intention of the benefit formulas—the provision of weekly benefits equivalent to about one-half of normal weekly full-time earnings.

The character of unemployment insurance for railroad workers provided by the Railroad Unemployment Insurance Act of 1938 differed from the State systems of unemployment compensation in that it paid benefits on the basis of days rather than weeks of unemployment, computed benefit amounts by annual earnings categories, and provided for a flat duration of benefit. This system did not change significantly after the passage of the act of 1938, for the amending act of October 1940 liberalized benefits but made no change in the principles of computing them.

Special Public Assistance

The period 1930-40 witnessed great expansion of the special types of aid known variously as pensions or public-assistance measures. The programs outlined under titles I, IV, and X of the Social Security Act differed from the State and local services which preceded them in both the eligibility requirements for assistance and the conditions under which assistance was given.⁶⁴

⁶³ See Social Security Board, *Simplification of the Benefit Formula in State Unemployment Compensation Laws*, Washington, 1939, *passim*.

⁶⁴ According to the first annual report of the Social Security Board, "the public-assistance program outlined by the act represents * * * more than a mere extension of existing State services. It is based on a more definite recognition of the claims of the needy individual to assistance from his Government than that in which the older poor-relief programs were grounded. It implies a new conception of the value to the community, as well as to the individual, of a broadly conceived public-welfare program, national in scope but varying from State to State

Federal standards relating to eligibility for special assistance encouraged the States toward greater liberality in regard to age requirements. Most of the States lowered the minimum age for old-age assistance, raised the maximum age for aid to dependent children, and liberalized the age requirements with respect to aid to the blind.⁶⁵

The Social Security Act also stimulated liberality with respect to residence and citizenship. In the programs of old-age assistance and aid to the blind, there was a tendency to reduce the required number of years of residence prior to application for aid.⁶⁶ The same tendency occurred in programs of aid to dependent children.⁶⁷ Furthermore, State plans increased the number of relatives of second- or third-degree relationship with whom dependent children might live and

according to local needs and desires." (*First Annual Report of the Social Security Board, Fiscal Year Ended June 30, 1936*, Washington, 1937, pp. 25-26.)

⁶⁵ Almost half of the old-age assistance laws in effect prior to 1935 set 70 years as the minimum age. By 1940 all States had reduced this minimum to 65. (The Social Security Act stipulated that, after January 1, 1940, the Social Security Board should not approve any old-age assistance plan which imposed as a condition of eligibility an age requirement of more than 65 years.)

In 1934 over one-fourth of the States with mothers' pension laws granted aid to children under 14 or 15 years. By 1940, of the 42 States with approved aid-to-dependent-children plans, 21 States had an age limit of 16, 1 State had an age limit of 17 years, while 16 States set 18 years if the child was regularly attending school. Three additional States and Hawaii granted aid to children up to 18 but did not stipulate that the child must be regularly attending school.

In 1934 the majority of the blind laws in operation established a minimum age which was commonly 18 or 21 (2 States had a 40-year minimum and a 60-year minimum, respectively). In 1940, of the 43 States with plans approved by the Social Security Board, almost one-third had no age requirements; of the remainder none stipulated a minimum age of more than 21 years.

⁶⁶ Prior to the enactment of the Social Security Act, over two-thirds of the States having old-age assistance laws on their statute books imposed a State residence requirement of 15 years or more. The Social Security Act stipulated that the Board should not approve any plan for assistance to the aged or the blind which imposed as a condition of eligibility a residence requirement which excluded any resident of the State who had resided therein 5 years during the 9 immediately preceding application for assistance and had resided therein continuously for 1 year immediately preceding application. By 1940, six States required as a condition of eligibility only 1 year's residence immediately preceding application for old-age assistance and one State required but 6 months.

In 1934, over two-thirds of the blind statutes provided for a State residence requirement of 5 or 10 years. In 1940, nine States had residence requirements more liberal than those of the Federal Act which are the same as the Federal requirements in regard to old-age assistance described in the preceding paragraph. Some States had liberalized their residence requirements by accepting as an alternative to a certain number of years of residence the loss of eyesight while a resident of the State.

⁶⁷ The Social Security Act provided that the Social Security Board should not approve any plan "which imposes as a condition of eligibility for aid to dependent children, a residence requirement which denies aid with respect to any child residing in the State (1) who has resided in the State for 1 year immediately preceding the application for such aid, or (2) who was born within the State within 1 year immediately preceding the application, if its mother has resided in the State for one year immediately preceding the birth" (title IV, sec. 402 (b)). In 1934 approximately three-fifths of the States with mothers' pension laws required from 1 to 5 years' State residence. By 1940, 40 States with approved aid-to-dependent-children plans had accepted substantially the Federal definition of residence, while 2 had no residence requirements at all.

still qualify for aid. In the administration of all three assistances there was a tendency to liberalize citizenship requirements.

Less liberality with regard to the resources which an applicant might possess and still qualify for a grant marked the administration of the special assistances during the latter half of the decade. A gradual increase was discernible in the number of State plans which had some limitation on real and personal property owned by applicants. The most common limitation—that applicants might not have disposed of property or income in order to qualify for assistance—became a part of many State plans, particularly those for aid to the aged and the blind. A similar tightening of restrictions was clear in regard to relatives' responsibility for needy persons. Following the passage of the Social Security Act, there was a general relaxation in provisions for such responsibility which had appeared in former State laws, but in later years stricter provisions were made in many State plans.

On the other hand, character requirements for special assistance were made by fewer States after the passage of the Social Security Act. Such requirements appeared less frequently in State plans for aid to dependent children than in the mothers' aid laws enacted prior to 1935, and there was some liberalization of character provisions in the old-age assistance laws.⁶⁸ But there was a tendency in State plans for aid to the blind to deny aid to blind applicants who solicited alms.

It may be generally said that the conditions under which special assistance was given after the passage of the Social Security Act showed marked improvement. A very important stipulation of the act was that programs must "be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them."⁶⁹ Hence, while in 1934 approximately half of the State public-assistance laws simply permitted the counties, with or without financial help from the State, to give aid if they so desired, by 1940 all States with plans approved by the Social Security Board had State-wide operation of programs.

Provisions for keeping assistance records confidential were lacking in most State legislation prior to 1930,⁷⁰

⁶⁸ For character disqualifications in 1940, see ch. IV.

⁶⁹ Title I, sec. 2-a (1), title IV, sec. 402-a (1), and title X, sec. 1002-a (1).

⁷⁰ In some States the basic statutes made specific provisions for access to public-assistance records. In *Nevada* the record of the blind applicant's claim for aid was open to public inspection. (Nevada Compiled Laws of 1929, sec. 2316.) Likewise in *New Hampshire* the list of claims for blind assistance was filed in the order of their reception in a book kept for that purpose and open to public examination. (Public Laws, 1926, ch. 115, sec. 11.)

The mothers' aid statute in *California* stated that the county "books" of information on clients must be open to the State Board of Control or

but the Social Security Board emphasized the confidential nature of records, and encouraged States to keep records confidential. This administrative action was made law by the 1939 amendments to the act effective July 1, 1941, which stipulated that State agencies must provide safeguards to restrict the use or disclosure of information concerning recipients and applicants to purposes directly connected with the administration of assistance.

Few of the special assistance laws operating in 1930 made provision against arbitrary administrative action. Hearings conducted by administrative agencies were infrequent; the only opportunity for remedying real or imaginary discrimination (and this was not possible in all States) was through appeals to the courts.⁷¹ The Social Security Act provided that, as a condition of approval of any State plan, the State

to any person appointed by them to examine the same or to any committee of the legislature, or to any clerk or officer thereof duly authorized to make an examination.

The *New Hampshire* old-age assistance law of 1931 provided that "all records, papers, and other documents pertaining in any way to such assistance shall be maintained in a suitable and proper manner by said commissioners who shall retain the same in their custody, and which may be opened to inspection by any person interested at any time." (New Hampshire Acts of 1931, ch. 165.) According to the *West Virginia* law of 1931 all records, accounts, and order books pertaining to old-age assistance were kept by the clerk of the county court and were open to inspection during office hours by any citizen or taxpayer of the county. (West Virginia Acts of 1931, ch. 32, sec. 9.)

⁷¹ *Wisconsin's* blind assistance law provided that appeal from denial of assistance could be taken to the county court, while in *California* an appeal could be made to the State Board of Control for a hearing. (Laws of Wisconsin, ch. 47, sec. 47.09, and General Laws of California, 1931, act 775, ch. 882, sec. 5.)

Six of the old-age assistance statutes in effect in 1931 made some attempt to protect the citizen from arbitrary action on the part of local or State relief agencies. In *California* appeal was to the State Department of Social Welfare and in *Idaho* an applicant could request a hearing before the local county attorney and county commissioners. (California Acts of 1929, ch. 530, sec. 14, and Idaho Acts of 1931, ch. 16, sec. 8.) The *Nevada* statute included provision for an appeal to the district court and in *New Jersey* an aggrieved person could appeal to the State old-age relief division. (Nevada Acts of 1925, ch. 121, sec. 22, and New Jersey Acts of 1931, ch. 219, sec. 17.) Appeal to the *New York* State Department was permitted, and in *West Virginia* the aged applicant or recipient could appeal from the decision of the county commissioners to the circuit court of the county. (New York Consolidated Laws 1930, ch. 49½, sec. 124-b, and West Virginia Acts of 1931, ch. 32, sec. 6.)

The mothers' pension statutes of six States made some provision for appeals from determination of administrative agencies, and two specifically denied any appeal to the courts. *Nevada's* law permitted an appeal to the district court if an allowance was denied or modified. (Laws of Nevada, 1921, ch. 107, sec. 5.) In *California* the appeal was directly to the State Board of Control, and in *Maine* if no action was taken on an application within 10 days the State Board would, upon request, make an investigation and determination on the application. (Political Code of California, 1931, vol. 1, sec. 2283, and Laws of Maine, 1917, ch. 222, sec. 8.) The *North Dakota* law permitted an interested person to appeal to the district court in behalf of an applicant, while in both *Minnesota* and *Montana*, applicants whose claim for aid was questioned by a taxpayer, could appeal from any decision rendered on the basis of the taxpayer's petition that the applicant's need for aid did not exist. (Laws of North Dakota, 1923, ch. 156, sec. 6; Laws of Minnesota, 1917, ch. 223, sec. 7; Laws of Montana, 1921, 17th Session, ch. 257, sec. 1 (11).) The *Texas* and *Virginia* statutes specifically prohibited appeals. (General Laws of Texas, 1917, ch. 120, sec. 7, and Virginia Acts of Assembly, 1918, ch. 80, sec. 4.)

agency must provide an opportunity for a fair hearing before a State agency for individuals whose claims have been denied.

Possibly the most significant change in the conditions under which special assistance was given after 1935—at least from the recipient's point of view—was that all payments were made in cash. Prior to that time, provisions for cash payments were more common in assistances than in general relief, but some States permitted assistance payment in cash or its equivalent.⁷² However, the Social Security Act made cash payments mandatory upon all States receiving grants in aid, and consequently the advantages of such payments⁷³ were made possible for recipients.

Special Programs for the Agricultural Population

Special measures for needy rural families were undertaken by the Federal Emergency Relief Administration in April 1934 through two programs—one for rural rehabilitation and the other for the resettlement of needy families. These programs were carried on by the Resettlement Administration after July 1, 1935, and by the Farm Security Administration after September 1, 1937, although no new resettlement projects were begun after the latter date.

The resettlement program involved the purchase of land and other measures for resettling persons living on submarginal land or in stranded communities. Largely experimental in character and primarily a service program, it is not included in this study.⁷⁴

⁷² The Colorado mothers' aid law specified that the applicant should be paid "the amount so specified, or when so ordered by the court, its equivalent in supplies, nursing, medical, or other assistance. * * *" (Session Laws of Colorado, 1923, ch. 77, sec. 7-a.) In Connecticut the mothers' aid statute provided that "the manner and time of extending such aid whether the same shall be in cash or by furnishing necessary merchandise as may be of advantage in any case, shall be determined by said agent. * * *" (Public Acts, Connecticut, 1919, ch. 223, sec. 3.) In Delaware the Mothers' Pension Commission could, at its discretion, "vary the terms of such payments by directing the furnishing of food, clothing or supplies, instead of the payment of money. * * *" (Laws of Delaware, 1921, ch. 183, 3701 A, sec. 11-A.) Likewise in Kansas and Maine the local authority could order the mothers' aid to be given in supplies instead of money. (Laws of Kansas, 1921, ch. 153, sec. 1, and Laws of Maine, 1917, ch. 222, sec. 3.)

The New Jersey old-age assistance law indicated that the amount and nature of the payment and the manner of providing it was to be determined by the county welfare board in accordance with the rules and regulations of the division of old-age assistance (New Jersey Acts of 1931, ch. 219, sec. 6.) Similarly in New York, the type of old-age assistance granted was determined by the public-welfare official. "Whenever practicable, relief may be granted in the form of cash or a check." (New York Consolidated Laws, 1930, ch. 49½, sec. 124.) In West Virginia the amount and nature of the relief grant and the manner of providing it were to be determined by the county court with due regard to the conditions existing in each case. (West Virginia Acts of 1931, ch. 32, sec. 5.)

⁷³ See ch. VIII.

⁷⁴ Had all of the 193 plans for rural resettlement approved for study been carried into effect, they would have provided homes for 24,000 families, and incurred expenditures amounting to \$95,000,000. (First Annual Report, Resettlement Administration, Washington, 1936, p. 35.) In addition, four major suburban resettlement projects were contemplated to provide 3,000 to 5,000 families with low-rental homes at a

The rural-rehabilitation program of the FERA was begun with loans to enable needy farm families to purchase farm equipment, seed, and livestock. Originally an outgrowth of, and even an alternative to, direct relief or work relief for the needy agricultural population, these loans (known as "standard loans" after February 15, 1937) became only one of several types of loans for needy farm families. In April 1936 emergency loans were made available to farm families in the drought areas to purchase food and feed and to finance farm operations.⁷⁵ These emergency loans were restricted to persons previously obtaining a major portion of their livelihood from farming who had applications pending for standard loans or who were or had been receiving subsistence grants, to be described shortly. Supplemental loans were developed in 1938 for both standard and emergency loan clients whose needs exceeded the original loans and whose farm and home management plans showed sufficient income to repay increased indebtedness.⁷⁶ In addition to these standard, emergency, and supplementary loans to families, loans for community and cooperative services were developed in 1936 for groups of low-income farmers and persons who were already rural-rehabilitation clients.⁷⁷ The loan program in general was characterized in 1935-40 by an increasingly rigorous selection of clients who were judged good risks.

About a year and a half after the rural-rehabilitation program had been set up on a loan basis (November 1935), a system of direct grants was introduced. These grants were intended originally to provide emergency assistance to needy farm families who were judged by local advisory committees to be potential rehabilitation cases but, for one reason or other, were unable to secure assistance from any other source. Subsequently the limitation of these grants to potential rehabilitation cases was relaxed, and grants became available to "families who needed assistance for only a short time because of some catastrophe and who were soon able once more to go their independent way, and to families who never could be considered rehabilitation clients because of their economic or health situation but who, because they gained the greater portion of their livelihood from agriculture, were the responsibility of the Resettlement Administration and who would have been the objects

cost of around \$35,000,000. (*Ibid.*, pp. 43-48.) In 1939, about 14,000 families were residing on rural-resettlement projects, while three suburban projects provided homes for 2,129 families. (Report of the Administrator of the Farm Security Administration, 1939, Washington, pp. 18, 22.)

⁷⁵ These emergency loans are to be distinguished from the special feed and seed loans made by the Farm Credit Administration.

⁷⁶ Farm Security Administration, *Standard Rural Rehabilitation Loans, Criteria and County Office Routine*, FSA Instruction 731.1, October 25, 1938, Washington, 1938, sheet 7.

⁷⁷ First Annual Report, Resettlement Administration, pp. 14-15.

of much suffering without some public aid."⁷⁸ After October 1938, however, grants could be made only in open rural areas where the administrator declared an emergency to exist. This program differed in no essential from general relief except that it was directly administered and financed by the Federal Government and that, according to the Emergency Relief Appropriation Act of 1939, employable recipients of grants might be required to perform work on useful public projects, Federal and non-Federal.

Various special services were developed in addition to the loan and grant programs *per se*. None was more significant than the farm-and-home-management plans which were carefully worked out by the individual farm family in consultation with the county supervisor and the home-management specialist.

The farm debt adjustment service made it possible for local committees to bring together distressed farm debtors and their creditors to work out solutions to prevent foreclosure, bankruptcy, and destitution by scaling down debts or revising terms and interest rates, or both.⁷⁹ This program was purely on a service basis. It attempted to help individuals work out their financial problems through mutual consent, not by providing grants or loans. Instituted by the Farm Credit Administration in October 1933, it was taken over by the Resettlement Administration on September 1, 1935, and was carried on by the Farm Security Administration.

Since families in good health are better credit risks than those with serious health problems, a medical-care program for rehabilitation-loan families was undertaken in January 1936 by the Resettlement Administration and carried on by the Farm Security Administration. In some States dental care was also made available under these locally developed plans. The year 1939 gave increasing evidence of the concern of the Farm Security Administration with the health of loan clients. Surveys of health conditions were undertaken, and in the latter half of the year a program of environmental sanitation was inaugurated for selected rehabilitation families.

Special provision for the needs of the increasingly numerous migrant agricultural population was made by the institution of migrant camps. These camps made available shelter and subsequently, in certain areas, medical care.⁸⁰ In addition, the Farm Security Administration provided limited cash and commodity grants to migrants in acute need.⁸¹

⁷⁸ *Ibid.*, p. 11.

⁷⁹ *Ibid.*, pp. 12-14.

⁸⁰ See ch. IV.

⁸¹ *Work Relief and Relief for Fiscal Year 1941*, Hearings before the Sub-Committee of the Committee on Appropriations, House of Representatives, 76th Cong., 3d Sess., Washington, 1940, p. 168.

General Relief

The programs which have been discussed in the preceding sections show the extent of diversification which took place after 1933. As each of these programs developed its services to a special group, there was a corresponding change in the character and volume of the residual group of persons in need, and in the content of State and local general-relief programs which were the only source of aid for this group.

While the discussion which follows assumes the existence of a general-relief program during the entire decade, it should be pointed out that the concept of a residual general-relief program such as existed in 1940 was developed after 1935. Prior to that time, public relief was in the main provided on an undifferentiated basis. During the period 1930-33, prior to the creation of the FERA, public relief was provided mainly through local poor-relief systems, and, after late 1931, through programs of unemployment relief inaugurated by the States. During the FERA period (May 1933-December 1935) both direct and work relief were provided by the State and Federal Governments. Consequently on the FERA rolls there appeared not only the large group of unemployed persons who were in need of unemployment relief but also many unemployable persons who had previously received poor relief. With the liquidation of the FERA and the inauguration of special assistance for specified unemployable groups, as well as the development of a Federal work program for the employable unemployed, large groups of persons who had previously been on the FERA rolls were transferred to the special assistances or work programs. The remaining persons, who could not establish eligibility for special assistances or work programs, therefore constituted the core of the group which were to become the responsibility of States and localities through their general-relief systems.

Thus, by 1940 general relief was the one form of public aid, other than surplus commodities, available to the great numbers of people who could not obtain benefits under any of the specialized programs. Essentially a local and State program, it operated under the laws of 48 States, with variations in practice among States and among localities within States in respect to methods of administration, standards of aid and of personnel, and eligibility requirements. These differences were especially pronounced from 1930-33. The 32 months of the Federal Emergency Relief Administration, from May 1933 to December 1935, were characterized by some approach to uniformity, both among and within States, but the subsequent years saw a return to State and local responsibility resulting in variations in legislation and practice which were almost as marked as those of the early period.

While there was no clearly marked trend for the entire decade, in general it may be said that until 1933, when the Federal Government entered the relief picture, the position of the relief recipient deteriorated; between 1933 and 1935 it greatly improved; and after 1935, while the higher standards were retained in some States, in many others there was a marked reversal from the trends manifested in the years 1933-35. Furthermore, only a part of the "residual" load was at any one time actually in receipt of general relief. There was always an undetermined number whose needs were not met because of lack of funds or legal or administrative restrictions.

1930-33.—The extreme local variations of this period were not greatly influenced by the assumption of responsibility for unemployment relief by a number of State governments nor by Federal loans made by the Reconstruction Finance Corporation. Although no Nation-wide statistics or other relief data were gathered during these years,⁸² there is no doubt that local prejudice and policies of racial, political, and even religious discrimination seriously affected methods and standards of relief in many places. Nevertheless, there was no exclusion of whole categories or groups, such as single persons, unemployables, or employables. The provisions of the State settlement laws continued to operate, but otherwise eligibility was based on need. The definition of need ranged from stark destitution to a relatively liberal amount of income and resources, depending upon the locality.

The rapidly increasing demands upon relief agencies due to the volume of unemployment forced standards to low levels even in the more highly developed agencies.⁸³ Inadequate funds were spread thin over huge case loads. This forced private agencies reluctantly to replace cash payments with payments in kind, which were usual in most of the public agencies. Local work-relief programs were set up in some form in at least 200 municipalities by 1931.⁸⁴

Despite a great increase in transiency, there was no relaxation of the settlement requirements. Yet, under the pressures of the unemployment emergency, certain poor-relief practices were gradually given up in most

localities. There was no time to look into the financial responsibility of relatives. The "pauper's oath" was replaced by the signed or notarized application for relief.

1933-35.—The Federal loans administered by the Reconstruction Finance Corporation in 1932-33 affected the content of general-relief provisions but slightly. However, the Federal Emergency Relief Administration, through its policies governing the expenditure of Federal funds in all States and localities, profoundly influenced local relief practices. This influence tended to decrease the extent of variations between States and localities; but wide differences continued to exist, for State governments retained their essential autonomy throughout the program.

Since the FERA stressed the responsibility of all levels of government for the welfare of individuals and endeavored to combat the view that acceptance of public aid was synonymous with loss of self-respect and incapacity or moral weakness, it is not surprising that during the years 1933-35 there was a marked improvement in the content of general relief from the recipient's point of view. The aspects of general relief most affected by the newer policies were those relating to standards of administration, to eligibility, and to the amount and nature of the assistance to be provided. It should be noted again that, although FERA policies limited Federal aid to the needy unemployed or the inadequately employed, unemployable persons received relief under the FERA program and benefited from the improved standards of administration that characterized the period. The extent of this practice varied from time to time and from place to place.

FERA rules and regulations based eligibility for relief upon need, which was defined as the inadequacy of "available resources * * * to provide the necessities of life * * *" ⁸⁵ The test of need was considerably relaxed in favor of white-collar and professional workers, particularly teachers, and it was never applied to students employed on the college student-aid program. As already mentioned, the rules and regulations stipulated that there be no discrimination on grounds of race, religion, color, noncitizenship, political affiliation, or membership in any special or selected group. Furthermore, lack of residence or legal settlement was no bar to relief during this period.

Standards of eligibility varied greatly throughout the country. They were influenced by available funds, the numbers of people on relief, administrative policies, local tradition and practice, standards of living, and prevailing rates of wages.

Relief was administered in two forms: Direct (home)

⁸² Except for the activities described in footnote 39, p. 32.

⁸³ See *Unemployment Relief*, Hearings Before a Subcommittee of the Committee on Manufactures, United States Senate, 72d Cong., 1st sess., Washington, 1932; and *Federal Aid for Unemployment Relief*, Hearings Before a Subcommittee of the Committee on Manufactures, United States Senate 72d Cong., 2d sess., Washington, 1933.

⁸⁴ A study of 26 of these programs in 1931 showed that wages were usually paid in cash and that hours worked and amounts paid were not closely related to the relief grants, but appeared to depend upon the concept of what work relief was supposed to accomplish and upon differences in available resources. By 1932 payment for work in food orders became more usual, and the term "work for relief" came to be applied to this type of aid. See Colcord, Joanna C., *Emergency Work Relief*, New York, Russell Sage Foundation, 1932.

⁸⁵ FERA Rule and Regulation No. 3, July 11, 1933.

relief, for which no return was required; and work relief on projects set up for the purpose. Work relief and special programs for the rural population under the FERA have been discussed earlier in this chapter, and what follows, therefore, relates to the nature of aid available during this period to those not assisted through these special measures.

Direct relief was given in the form of food, shelter, clothing, light, fuel, necessary household supplies, medical supplies, and medical attendance, or the cash equivalent of any of these. Work-relief payments were also made either in cash or kind through March 1934, but after this time payments in cash or by check were required.

In large measure owing to the influence of the FERA, there was a marked trend toward the use of cash in direct relief during 1935. In the last half of 1934 more than half the States (28) either made no direct-relief grants in cash or gave less than 5 percent of all aid in that form.⁸⁶ By the period July-December 1935, the number of States in which cash payments accounted for less than 5 percent of the total amount given to individuals for direct-relief grants had decreased to 16, while 19 States granted more than 50 percent of all such aid in cash. Equally significant is the fact that most of the 8 States which accounted for the largest proportions of relief expenditures had substantially increased the proportion of payments made in cash.⁸⁷

The distribution of surplus commodities was gradually geared into the administration of direct relief after the Federal Surplus Relief Corporation was set up in October 1933.⁸⁸ Families on work relief also received surplus commodities. Strict instructions were issued by the FERA that these commodities were to be used to supplement grants. They were not to be substituted for any part of the usual grant because such

substitution would be equivalent to putting the commodities back on the competitive retail market, where they would tend to depress prices. As a matter of fact, the commodities were substituted for part of the usual relief grant in numerous localities in spite of the Federal orders to the contrary, even though these orders were reiterated by the State relief administrations. This was due in part to the inadequacy of relief funds, for the use of surplus commodities made it possible to spread the funds to meet the needs of a greater number of persons as well as to increase the amount of the individual grant. As a result, part of the direct Federal relief during this period was given in kind, even though the FERA was encouraging localities to give direct relief in cash and, in the spring of 1934, insisting that all work-relief wages be paid in cash.

The FERA exerted considerable pressure upon the States to raise the standards of relief. As a result, the average monthly relief grant per family was practically doubled between May 1933 and May 1935, having increased from \$15.15 to \$29.33.⁸⁹

Medical relief was recognized as a necessity and was accepted as a part of the responsibility of the Federal Government as well as that of States and localities. The provision of medical attendance and medical supplies for recipients of unemployment relief was first authorized by the FERA in June 1933.⁹⁰ In accordance with the usual Federal policy, these rules were drawn in general terms, leaving the States to formulate specific policies appropriate to local conditions. The result was a wide variation in the scope of care considered permissible and possible within State and local budget limitations, ranging from the general medical attention provided in a few States to emergency care only, in the States which interpreted the rules more strictly.⁹¹

The FERA period witnessed the single Nation-wide attempt during the decade to provide Federal funds for

⁸⁶ Only 2 of the 8 midwestern States, 1 of the 4 far western States, and 4 of the 11 southeastern States paid more than 5 percent of their direct relief in cash, while there were only 5 States in the entire country which granted more than 50 percent of cash aid. (Data supplied by the Division of Statistics, Work Projects Administration.) In December 1934 about 23 percent of the total payments for relief were made in cash, as compared with 10 percent in May 1934. (*Monthly Report of the Federal Emergency Relief Administration, January 1, through January 31, 1935*, Washington, 1935, p. 18.)

⁸⁷ Thus, between July-December 1934 and July-December 1935, the proportion of cash payments increased as follows: New York, 43.5 to 60.3 percent; Pennsylvania, 9.0 to 46.3 percent; Ohio, 4.8 to 53.2 percent; California, 29.8 to 94.4 percent; Michigan, 16.9 to 37.5 percent; New Jersey, 38.3 to 50.4 percent. Only Massachusetts (where the percentage of cash payments declined from 57.6 to 53.9 percent) and Illinois (where the percentage of cash payments increased only from 5.3 to 8.0 percent) were exceptions to this general trend. (Data supplied by the Division of Statistics, Work Projects Administration.)

⁸⁸ Another temporary but important part of the program of the Federal Surplus Commodities Corporation was the purchase and processing of cattle, calves, sheep, and goats in drought areas in 1934 and 1935 in cooperation with the State relief administrations.

⁸⁹ Brown, Josephine C., "Social Service Division," in *Monthly Report of the Federal Emergency Relief Administration, March 1 through March 31, 1936*, Washington, 1936, table A-1, p. 7.

⁹⁰ See FERA Rule and Regulation No. 1, issued June 23, 1933, implemented by FERA Rule and Regulation No. 7, issued September 10, 1933.

⁹¹ State and local relief administrations entered into working agreements with medical societies and individual physicians for the purpose of obtaining medical care for persons on relief. There was close cooperation with public-health agencies. Advisory services of State and local professional organizations were used. Accredited lists of physicians and dentists were limited to practitioners licensed or registered to practice in the State. Physicians and dentists were paid on a reduced-fee basis but were expected to give to relief patients the same type of service as they gave to their private patients. The Federal rules provided that at all times the traditional physician-patient relationship be safeguarded. Nurses were expected to maintain standards set by accredited local nursing organizations. However, because of widespread unemployment among nurses, much of the nursing service was provided through nursing work-relief projects rather than under the medical-care program.

the relief of nonresidents.⁹² Local emergency relief units required State residence of one continuous year or longer. Applicants who had been in the State for a shorter period were cared for by the transient bureaus, financed entirely from Federal earmarked funds granted to the State emergency relief administrations.⁹³ By the end of 1933 there were 261 transient relief centers and 63 transient camps in 40 States and the District of Columbia; within the next few months every State except Vermont had a transient program in operation.⁹⁴ It is estimated that the maximum size of the transient relief population was 200,000 unattached persons and 50,000 family groups. Because of the constantly changing membership of this group, it seems probable that at some time the number of individuals and family groups was two or three times these estimates.⁹⁵

1936-40.—When the FERA was liquidated in December 1935 and general relief made a State and local responsibility, methods and standards established under the FERA were retained in many States and in others abandoned entirely. In approximately one-third of the States general relief reverted to the standards of the old poor laws. The increasing burden thrown upon the State and local relief systems of the country because of the failure of the Federal Government fully to implement its undertaking to provide for all the employable unemployed was reflected in an increasing tendency on the part of many local relief agencies to impose more stringent eligibility requirements, to abandon some of the higher standards of administration that were developed during the years 1933-35, and to revert to some of the less desirable practices that characterized the period prior to 1933.⁹⁶

⁹² The Federal Emergency Relief Act of 1933 was the only Federal legislation passed during the decade which specifically authorized relief for such persons. It provided "that the Administrator may certify out of the funds made available by this subsection additional grants to States applying therefor to aid needy persons who have no legal settlement in any one State or community * * *" (Public, No. 15, 73d Cong., sec. 4 (c).) For discussion of the Farm Security Administration migrant camps, which were operated only in certain States, see the preceding section.

⁹³ For the purposes of this program, the FERA defined two types of transients—interstate and intrastate, and distinguished both from local homeless persons. Intrastate transients (those who had been in the State more than 12 months but had no State settlement) and local homeless persons were cared for by the emergency relief administrations from their regular funds as contrasted with the earmarked funds provided for interstate transients.

⁹⁴ Brown Josephine C., *Public Relief 1929-1939*, p. 260.

⁹⁵ Webb, John N., *The Transient Unemployed*, Research Monograph No. III, Works Progress Administration, Division of Social Research, Washington, 1935, p. 1.

⁹⁶ With the return of responsibility for unemployables to the States and localities after the liquidation of the FERA, it was no longer possible to maintain a Nation-wide reporting system to collect information about general relief comparable to information on other public-aid programs which was being collected by Federal agencies. The collection of information about general-relief recipients and the organization and admin-

In certain areas provision for general relief became increasingly uncertain and intermittent if not non-existent.⁹⁷ Increasingly, also, there was a tendency to impose restrictions upon the types of persons eligible for general relief. This trend toward more stringent eligibility requirements affected such persons as aliens, employable persons, farmers, unattached individuals, and persons without legal settlement.

The care of persons without legal settlement became a very real problem for the States when the FERA transient program was discontinued. While in some States attempts were made to continue the care formerly provided with Federal aid,⁹⁸ the majority reverted to the earlier practice of denying aid to this group, and many State settlement laws were revised and administrative procedures were established with this practice in view.⁹⁹ In general, settlement restrictions were tightened,¹ but there was no uniformity of practice, for some State requirements militated against interstate migrants and others against persons who had State residence but no local settlement (intrastate migrants).² Legal changes are described in table 2, and

istration of general-relief programs was left to the initiative of State and local agencies. Consequently there was a great lack of uniformity in data which were assembled and, in many instances, a complete absence of information on general-relief programs after 1935. Therefore many of the developments in these programs which culminated in the situation in 1940 cannot be described step by step. This is especially true of States where general relief was purely a local responsibility or where there was a minimum of State supervision.

⁹⁷ For the situation in 1940, see ch. VI.

⁹⁸ For a discussion of facilities provided through State and local programs in selected areas, during 1936, see *Migration of Workers, Preliminary Report of the Secretary of Labor Pursuant to S. Res. 298 (74th Congress)*, U. S. Department of Labor, Washington, 1938, vol. 1, pp. 174-98.

⁹⁹ The available data do not permit a comparison between the years 1935 and 1940. The following information therefore relates to change effected during the period January 1, 1933, and January 1, 1941. In this period 26 States changed their residence requirements for legal settlement, some of them more than once. (See table 2.) In three instances this change meant the establishment of residence provisions in States (Arizona, Idaho, New Mexico) that previously did not have such requirements.

It should be remembered that in some States there were various qualifying factors concerning the length of time during which a person may establish residence and/or legal settlement for general-relief purposes. The generalizations which are made in this discussion are, therefore, subject to the kinds of qualifications which are indicated in the footnotes to table 2.

¹ On January 1, 1933, only 4 States required more than 1 year of residence, but by January 1, 1941, their number had risen to 13. The range of requirements for State residence in 1941 was from 1 to 5 years, as against 1 to 3 years in 1933. Local residence requirements in 1941 ranged from 90 days to 5 years in 1941, as compared with 30 days to 10 years in 1933.

² In five States (Colorado, Indiana, Nevada, New Mexico, Oklahoma) the barrier against the interstate migrant was increased, while residence requirements relative to persons moving about within the State remained the same. In addition, State residence requirements for unemployment relief in California were increased, although requirements for unemployable persons remained the same. In 9 States (Arizona, Delaware, Idaho, Kansas, Minnesota, Montana, Nebraska, Oregon, Wyoming) legislative changes represented a tightening of restrictions for both the interstate and intrastate groups. Of the remaining 11 States which made legislative changes during the period, 2:

TABLE 2.—Length of time required by State laws to acquire legal settlement or residence or both for purposes of qualifying for general relief, 1933, 1938, and 1941, by States

State	Law in force as of January 1—					
	1933		1938		1941 ¹	
	State	Local	State	Local	State	Local
Alabama		6 mos.		6 mos.		6 mos.
Arizona			3 yrs.	6 mos.	3 yrs.	6 mos.
Arkansas						
California	3 yrs.	1 yr.	3 yrs.	1 yr. ²	3 yrs. ³	1 yr. ²
Colorado		6 mos.	1 yr. ⁴	6 mos.	3 yrs.	6 mos.
Connecticut		4 yrs. ⁵		4 yrs. ⁵		4 yrs. ⁵
Delaware	1 yr. ⁶		2 yrs.	1 yr.	2 yrs.	1 yr.
Florida	(⁷)	(⁷)	(⁷)	(⁷)	(⁷)	(⁷)
Georgia						
Idaho			1 yr.	6 mos.	1 yr.	6 mos.
Illinois		1 yr.		1 yr.		3 yrs.
Indiana		1 yr.		1 yr.	3 yrs.	1 yr.
Iowa		1 yr.		1 yr.		2 yrs.
Kansas		6 mos.		1 yr.	5 yrs.	1 yr.
Kentucky						
Louisiana					(⁸)	
Maine		5 yrs.		5 yrs.		5 yrs.
Maryland						
Massachusetts		5 yrs.		5 yrs.		5 yrs.
Michigan		1 yr.		1 yr.		1 yr.
Minnesota		1 yr.	1 yr. ⁹	1 yr. ⁹	2 yrs.	2 yrs. ¹⁰
Mississippi		6 mos.		6 mos.		6 mos.
Missouri		1 yr.		1 yr.		1 yr.
Montana		6 mos.		1 yr.	3 yrs.	1 yr.
Nebraska		30 days.	1 yr.	1 yr.	1 yr.	1 yr. ¹¹
Nevada		6 mos.	3 yrs.	6 mos.	3 yrs.	6 mos.
New Hampshire		7 yrs.		5 yrs.		5 yrs.
New Jersey		5 yrs.		5 yrs.	5 yrs. ¹²	1 yr. ¹²
New Mexico					1 yr.	
New York		1 yr.		1 yr.		1 yr.
North Carolina	3 yrs.		3 yrs.	1 yr.	3 yrs. ¹³	1 yr.
North Dakota	1 yr.	(¹⁴)	1 yr.	1 yr. ⁹	1 yr.	1 yr.
Ohio		1 yr.		1 yr. ¹⁵		1 yr. ¹³
Oklahoma		6 mos.		6 mos.	1 yr.	(¹⁶)
Oregon		6 mos.	3 yrs.	1 yr.	3 yrs.	1 yr.
Pennsylvania		1 yr.		1 yr.	1 yr. ¹⁷	
Rhode Island		10 yrs. ¹⁸		5 yrs.	(¹⁹)	(¹⁹)
South Carolina		3 yrs.		3 yrs.		3 yrs.
South Dakota		90 days.	1 yr.	90 days.	1 yr.	90 days.
Tennessee		(²⁰)		(²⁰)		(²⁰)
Texas		1 yr.	1 yr.	6 mos.	1 yr.	6 mos.
Utah		4 mos.	1 yr.	4 mos.	1 yr.	4 mos.
Vermont		3 yrs.	1 yr.	3 yrs.		3 yrs.
Virginia		3 yrs. ¹³		1 yr.	3 yrs. ¹³	1 yr.
Washington		6 mos.		6 mos.	(²¹)	(²¹)
West Virginia		3 yrs. ¹³	1 yr.	1 yr.	(²¹)	(²¹)
Wisconsin		1 yr.		1 yr.		1 yr.
Wyoming		90 days.		90 days.	1 yr.	1 yr.

Sources: Laws in force Jan. 1, 1933: Heisterman, Carl A., "Statutory Provisions Relating to Legal Settlement for Purposes of Poor-Relief," *The Social Service Review*, VII (March 1933), 95-106. Laws in force Jan. 1, 1938: U. S. Department of Labor, Bureau of Labor Statistics, and Children's Bureau, *Migration of Workers: Preliminary Report of the Secretary of Labor Pursuant to S. Res. 298 (74th Congress), A Resolution to Make Certain Investigations Concerning the Social and Economic Needs of Laborers Migrating Across State Lines*, vol. II, Washington, 1938, appendix B, pp. 214-21. Laws in force Jan. 1, 1941: Appendix 18.

¹ In 2 States, settlement and/or residence provisions are included for laws which have become effective since Jan. 1, 1941 (Iowa, July 4, 1941; Montana, Mar. 11, 1941).

² If applicant for indigent relief does not have 1 year's residence in a county, that county shall be responsible for his support wherein he was present for the longest time during the 3-year period. While there is no legal provision for local residence for unemployment relief, the requirements as set up for indigent relief are usually followed.

³ For unemployment relief, the 3-year period must begin on or before June 1, 1940; otherwise applicant must have lived in the State 5 years.

⁴ 1 year if self-supporting or member of self-supporting family; this requirement does not apply to persons who have been "bona fide" residents of the State for 3 years.

⁵ If from another State (a) in 1933, 1 year and vote of inhabitants; (b) in 1938 and 1941, 1 year if owning real estate worth \$500.

⁶ 1 year if applicant has held public office, resided on freehold property, or rented premises for such period. Paying taxes for 2 years also qualifies for settlement.

(Virginia and Vermont) made changes within the period but reverted to earlier provisions in 1941; of 5 States with local requirements only, 3 (New Hampshire, Rhode Island, and Washington) made changes more favorable to intrastate movement. (While the 6-months requirement for local residence was repealed in Washington, the State public-welfare agency established a State residence period for general relief under its rule-making authority.) Two States (Illinois and Iowa) increased local residence requirements. Changes in 2 States (New Jersey and Pennsylvania) resulted in a more favorable situation for intrastate migrants but less favorable for interstate migrants. In West Virginia the change was favorable to both groups, while in North Dakota State requirements remained the same and local requirements were increased.

details of administrative interpretations are given appendix 18.

While most of the changes relative to legal settlement occurred in those States having State residence requirements, it should be noted that within the group of States having only local requirements were some such as the New England States, which traditionally had longer settlement requirements than was characteristic of the States as a whole. This may account in some measure for fewer statutory changes increasing local settlement requirements, inasmuch as these communities already had erected a higher barrier against both interstate and intrastate migrants.³

With the inception of the Federal Works Program in 1935, the State and local governments, with only a few exceptions, confined their relief activities to direct relief. By 1938, however, there was a marked increase of interest in local work relief, and in 1939 approximately a dozen States enacted or reenacted provisions relating to the subject. During the winter and spring of 1939-1940 such work programs were in operation in certain areas of at least 24 States and may have employed as many as 180,000 workers. Some of these programs developed from the State work-relief programs begun under the FERA, but most of them were originated by local officials, such as county commissioners, town and city councils, or township supervisors, and were subject to little or no State supervision.

The low wages on these programs were paid on the old budgetary-deficiency basis. There was no test of "employability" and little attempt to fit the skill or experience of the worker to the demands of the job. The system took on many characteristics of the old poor-relief work test by which the needy person was

⁷ A residence of 2 years in the State and 1 year in the county is necessary to entitle needy persons to aid in certain counties of 9,700-10,500 population.

⁸ There is no statutory provision regarding settlement, but the State public-welfare agency, under its rule-making authority, has established a State residence requirement of 1 year.

⁹ In Minnesota, county or town of longest residence; in North Dakota, county of longest residence.

¹⁰ A person who has resided 2 years continuously in the State, but not in any one county: (a) Shall have settlement in the county in which he has longest resided within such 2 years, if it has the county system; (b) shall have settlement in the town, city, or village in which he has longest resided within such 2 years, if it has the town system.

¹¹ A person who has resided 1 year continuously within the State but not in any one county shall have legal settlement in the county in which he has resided 6 months continuously.

¹² State residence may be acquired by 1 year's residence without interruption immediately prior to May 4, 1936. A person who has State residence but has not been a resident of any municipality for 1 year without interruption shall have legal residence in that municipality wherein he has resided for the longer period of time within the preceding year.

¹³ 3-year requirement does not apply if, at the time of migration into the State, the person was able to maintain himself.

¹⁴ County of longest residence.

¹⁵ 1 year in county; 3 months in township or municipality.

¹⁶ An earlier statute, stipulating 6 months' residence in county, has not been repealed.

¹⁷ 1 year required to obtain legal settlement; 2 years required to obtain residence for general-relief purposes.

¹⁸ 3 years if applicant has a certain income; 5 years if applicant pays taxes.

¹⁹ Applicants for indigent relief must have 5 years' local residence, but no State residence is required. Applicant for State unemployment relief must have 1 year's State residence and 6 months' local residence.

²⁰ 1 year county residence is required for indoor relief.

²¹ Must "actually reside" in county.

³ For further discussion of this point, see ch. VI.

required to prove his "worthiness" to receive relief. It will be seen that this type of work-for-relief was a return to the low-standard State and local programs⁴ of 1932 and the early months of 1933 before the initiation of the CWA.

The years 1936-40 witnessed a reversion in some States to the payment of direct relief in kind, although there appeared to be a tendency, as reflected in reports of 31 States, to increase the proportion of cash payments (in amounts expended) in a sizeable group of States.⁵ By the first half of the year 1940, 7 of the 31 reporting States made no cash payments for general relief; all but 1 of these (New Mexico) were States which had made some payments in cash in the last half of 1935.⁶ In 5 other States the proportion of cash payments showed a marked decline as compared with the end of 1935.⁷ The remaining 19 of the reporting States showed an increased use of cash. For the country as a whole, it would appear, the proportion of cash payments increased by the end of June 1940 as compared to the period ending with December 1935.⁸ A larger proportion of the general-relief case load in June 1940 was located in States granting more than 50 percent of payments in cash than in the States granting more than 50 percent in cash during the last half of 1935.⁹

The States in the Northeast, Middle, and Northwest regions¹⁰ varied in the ratio of cash payments in the

first half of 1940 to those made in the last half of 1935. However, the proportion of cash payments made in the southern and far western States appeared to increase over this period.¹¹

While it is not possible to distinguish factors which might have influenced reversion to payments in kind in certain States, it is significant to note that 6 of the 12 States which showed a decline over the period had reverted to local administration and financing of general relief by 1940.¹² That financial stringency at the State level might also have played a part in this decline may be indicated by the decrease in cash payments in a State such as Missouri, where there were difficulties in financing the State's share of the general-relief program.¹³ The assumption, which is often made, that payments in kind involve less cost per case, might suggest that such States and localities decreased cash payments as the difficulty of financing the program increased. Then, too, the matter of local attitudes

⁴ See Gill, Corrington, "Local Non-WPA Work Relief," *American Federationist* (April 1940), 386-88, and "Local Work for Relief," *Survey Monthly*, LXXVI (May 1940), 157-59. See also ch. IX.

⁵ The following analysis is based upon data furnished by the Division of Statistics, Work Projects Administration, and Division of Public Assistance Research, Bureau of Research and Statistics, Social Security Board. Relief in kind is usually designated to include such items as grocery orders, clothing, fuel, and the direct payments of rent, utilities, and medical care.

⁶ At the end of 1935 the percentage of cash payments in these States was as follows: New Hampshire, 5.6; Vermont, 7.0; Indiana, 0.5; Minnesota, 0.1; South Dakota, 80.9; Mississippi, 57.3.

⁷ The percentage of cash payments declined in these States as follows: New Jersey, 50.4 to 2.5; West Virginia, 99.4 to 78.8; Missouri, 25.1 to 0.7; Colorado, 90.0 to 64.2; Nebraska, 37.1 to 16.4.

⁸ While in the last half of 1935 only 19 of the 49 jurisdictions made more than 50 percent of payments in cash, by the first half of 1940, 16 of the 31 reporting States paid more than 50 percent in cash and 4 of the nonreporting States are known to have been paying cash predominantly either as recently as the last half of 1939 (Rhode Island and California) or by January 1940 (Idaho and New York). (Information for Idaho and New York taken from an administrative study of general relief as of January 1940, made by the Division of Public Assistance Research, Bureau of Research and Statistics, Social Security Board.)

⁹ The 19 States in the latter group would have accounted for 48.6 percent of the general-relief case load as of June 1940, while the 20 States granting more than 50 percent in cash during the first half of 1940 accounted for 60.7 percent of the case load during this period.

¹⁰ The States included in each of the six socio-economic regions used in this study are:

<p><i>Northeast</i></p> <p>Connecticut. District of Columbia. Delaware. Maine. Maryland.</p>	<p><i>Northeast—Continued</i></p> <p>Massachusetts. New Hampshire. New Jersey. New York. Pennsylvania.</p>
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<p><i>Northeast—Continued</i></p> <p>Rhode Island. Vermont. West Virginia.</p> <p style="text-align: center;"><i>Middle States</i></p> <p>Illinois. Indiana. Iowa. Michigan. Minnesota. Missouri. Ohio. Wisconsin.</p> <p style="text-align: center;"><i>Northwest</i></p> <p>Colorado. Idaho. Kansas. Montana. Nebraska. North Dakota. South Dakota. Utah. Wyoming.</p>	<p style="text-align: right;"><i>Southeast</i></p> <p>Alabama. Arkansas. Florida. Georgia. Kentucky. Louisiana. Mississippi. North Carolina. South Carolina. Tennessee. Virginia.</p> <p style="text-align: right;"><i>Southwest</i></p> <p>Arizona. New Mexico. Oklahoma. Texas.</p> <p style="text-align: right;"><i>Far West</i></p> <p>California. Nevada. Oregon. Washington.</p>
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The six regions used in this report are those elaborated in Odum, Howard W. and Moore, Harry E., *American Regionalism*, Henry Holt and Company, New York, 1938; see especially pp. 435-61. The same regions were used in report of the Committee on Population Problems to the National Resources Committee, *The Problems of a Changing Population*, Washington, 1938. For detailed treatment of types of regional analysis, see National Resources Committee, *Regional Factors in National Planning and Development*, Washington, 1935. Unless specifically stated to the contrary, these socio-economic regions are used throughout this report whenever regional classifications or differences are discussed.

¹¹ Of 7 reporting States in the Northeast region, 3 increased the proportion of cash payments and 4 showed a decrease. Of 6 States in the Middle region, 3 increased cash payments, 2 remained approximately the same, and 1 showed a decrease. Of 7 States in the Northwest region 4 showed an increase and 3 reported a decrease. Data available for 6 of the 11 Southeastern States indicated a trend toward an increased proportion of cash payments, with 5 of these States showing an increase. In the Southwest, of the 2 reporting States, 1 increased cash payments and 1 showed no change. In the far West, all 3 States reporting to

¹² Indiana, Mississippi, Nebraska, New Hampshire, South Dakota, Vermont. In addition, in Minnesota, the administration of general relief in

¹³ See, for example, Missouri Association for Social Welfare, *Stones for Bread: A Description of Relief Needs in Missouri*, St. Louis, 1940.

undoubtedly influenced the situation in some areas, where local officials felt that it was not desirable to provide cash payments to recipients of general relief.

The distribution of surplus commodities increased each year between 1935 and 1940. Carload lots of commodities were shipped by the Federal Surplus Relief Corporation to State departments of welfare and distributed under their sponsorship by projects financed by the WPA.¹⁴ Food commodities were distributed through warehouses and commissaries and also through special depots or "drop-offs," retail stores, door-to-door delivery by trucks, and even by parcel post. Surplus cotton was made into clothing in WPA sewing rooms and distributed from warehouses or relief offices by the relief agencies. In 1939, a new method called the Stamp Plan was initiated experimentally in a few cities and gradually extended to approximately 500 counties in the fall of 1940.¹⁵

The use of surplus commodities became particularly important after the FERA was liquidated at the end of 1935. Since Federal funds were no longer granted to the States for relief and no State or local funds were provided to assist great numbers of cases formerly aided under the FERA program, surplus commodities became the only aid available to thousands of families. Nor was this a temporary hardship. Throughout the 4 years there continued to be great numbers of families who received surplus commodities only, because they were unable to secure any other type of benefit.¹⁶

In terms of average grants per case, general relief improved in the years 1936-40. After the middle of 1936 there was a general upward trend in national average general-relief payments, but there were great variations among States.¹⁷ In general, the States with

¹⁴ In the fiscal year 1939, the Corporation spent approximately \$66½ million for nearly 2 billion pounds of surplus farm commodities. "Purchases were made of nearly 40 different surplus agricultural commodities including dairy and poultry products, fruits, and vegetables, and flour and cereals. Some 3 million families, nearly 11 million people a month in all States, the District of Columbia, Puerto Rico, and the Virgin Islands received these commodities." *Report of Federal Surplus Commodities Corporation for the Fiscal Year 1939*, Washington, 1939, p. 2.

¹⁵ For a description of this plan in operation in 1940, see ch. IV.

¹⁶ See ch. VI.

¹⁷ The following tabulation shows national average monthly relief grants per case for selected months:

June 1936.....	\$21.34
June 1937.....	22.10
June 1938.....	23.20
June 1939.....	23.91
June 1940.....	23.90

Compiled from Baird, Enid, and Brinton, Hugh P., *Average General Relief Benefits, 1933-1938*, Works Progress Administration, Division of Research and Statistics, Washington, 1940, table 3, p. 12; and issues of the *Social Security Bulletin*, tables entitled "General Relief in the Continental United States, by States."

It should be borne in mind that national average payments do not show State variations (indicated below) and do not reveal the large number of States in which the average payment is far below the national average. On the other hand, the national average is somewhat lowered

the higher per capita incomes and the larger relief loads in proportion to total population provided the higher average grants.

Medical care for general-relief recipients had no Federal support after the liquidation of the FERA and the cessation of the few State medical-relief programs which continued to be financed in 1936 from final FERA grants. Yet, although public provisions for medical care under general relief after 1935 became very similar to those existing at the beginning of the depression, there were evidences that the FERA medical-care program had stimulated concern for health needs and enlarged "a previously more limited public responsibility for the medical care of persons without incomes."¹⁸ Studies made by the American Public Welfare Association show that there was "some extension of local systems of home medical care, as compared with the pre-depression period; new legislation in several States placing upon public-welfare departments responsibility for the medical care of their beneficiaries; and a greatly increased consciousness, among social workers and welfare administrators, of the importance and complexity of this problem."¹⁹

The Service Aspects of Public-Aid Programs

In the development of public-aid programs during the past decade, there was a growing recognition that a large proportion of the recipients are dependent on socially provided income because of the operation of economic forces beyond their individual control. The object of public aid was increasingly to maintain, if not the standard of living which had been achieved by families and individuals before disaster struck at the foundations of their security, at least a standard which would conserve health and make it possible for an individual to continue normal family and community relationships. This concept is far in advance of the attitudes which, with rare exceptions (notably in mothers' aid programs), dominated the administration of public aid in all but a few communities prior to 1933. Under these older concepts public relief was designed to be sufficient only to keep body and soul together and its recipients, whose own incapacity or lack of foresight was believed to be responsible for their destitution, were not regarded as fully qualified to exercise the responsibilities of citizenship.

by the fact that the total amount of general-relief grants includes grants made to persons who also benefit from the specialized programs. These supplementary grants are, of course, smaller in amount than grants made to persons entirely dependent on general relief; hence their inclusion raises the number of cases out of proportion to the increase in the total amounts granted, and lowers the national average accordingly.

¹⁸ Davis, Michael, M., and Hirsh, Joseph, "Medical Care," in *Social Work Year Book, 1939*, New York, Russell Sage Foundation, 1939, p. 244.

¹⁹ *Ibid.*

Even prior to 1930 the privately administered programs were for the most part based on a different philosophy, which ascribed destitution to personal maladjustment or individual misfortune. Therefore, the administration of relief was combined with an attempt to rehabilitate individuals and families through the process known as "social case work." The transition of family case work from the authoritative "adjustment of environment" approach to the cooperative psychiatric approach has been described elsewhere.²⁰ With both approaches, relief was regarded merely as a tool, one that had to be used with caution lest its effects should be destructive of the larger aim of restoration of the family to independence and self support.²¹

The mothers' pension or mothers' aid movement, developed out of experiments under private auspices, was the first widespread public-aid program to recognize the provision of income continuing during the period of need as a legitimate social end, not merely as a part of a more comprehensive case-work process. It grew out of the concept of the State as the ultimate parent of the children within its borders, earlier expressed in juvenile-court legislation. For the family deprived of the support of the normal breadwinner, especially the families of "worthy and deserving" widows, the State assumed coresponsibility with the mother for the support of the children during the period of dependence—it also assumed some responsibility for assuring the children adequate care. Thus, in well-administered mothers' aid programs (and many were not entrusted to qualified personnel), the social worker, representing the court or the welfare agency responsible for administration, was concerned not only with determination of eligibility, family budgets, and amounts of aid, but also with the kind of housing available to the family, the nutrition of the children, their clothing, medical care, education, and recreation.²² Some mothers' aid administrations developed special educational and other group activities for mothers in the families receiving assistance, and many of the mothers developed a sense of pride in their partnership with an agency of government with which they shared responsibility for the rearing of healthy and useful citizens. To some extent a similar philosophy was carried over into the programs of aid to the aged and the blind which developed

prior to the entrance of the Federal Government into the field of public aid.

Recognition of the service aspects of the public-aid programs was given very early in the development of the Federal Emergency Relief Administration. Rule and Regulation No. 3 issued July 11, 1933, included a section on "Investigation and Service," requiring each local relief administration to have at least 1 trained and experienced investigator on its staff. In the larger public-welfare districts, at least 1 supervisor, trained and experienced in the essential elements of family case work and administration, was required to supervise the work of not more than 20 investigating staff workers. The duties of this staff were described by directors of the Social Service Division of the FERA as including "not only the receiving of applications and the establishment of eligibility but the determination of the amount of relief to be given to a family or individual, the actual administration of that relief, and the regular visiting of the recipients to see that their needs were being met or that relief was discontinued if they were no longer eligible."²³

In the special-assistance programs made possible by the Social Security Act it was also recognized that the administration of special assistance is a function of social work and requires the insight and skills developed in professional preparation and in-service training. Increasingly, attention was paid to the organization of measures for social-work education and in-service training, consultant service, and field supervision, developed in Federal, State, and local agencies to make these principles effective. The much smaller child-welfare service programs administered by the Children's Bureau in cooperation with the State welfare agencies, which gave emphasis to specialized workers and small case loads, were used as supplementary resources by many agencies responsible for the administration of aid to dependent children.

The possibility of developing within local welfare departments, employment services, or other agencies special services available to any family or persons requesting such service, whether or not in receipt of some form of public aid, was demonstrated through the child-welfare-service program and the beginning of guidance services in employment offices.

²⁰ Cf. Brown, Josephine C., *Public Relief, 1929-1939*, ch. 10, especially p. 226.

²¹ See Marcus, Grace F., *Some Aspects of Relief in Family Casework*, New York, Charity Organization Society of New York, 1929, pp. 60-63.

²² See Bogue, Mary F., *Administration of Mothers' Aid in Ten Localities, With Special Reference to Health, Housing, Education, and Recreation*, U. S. Department of Labor, Children's Bureau, Publication No. 184, Washington, 1928, especially p. 4.

²³ Brown, Josephine C., *Public Relief, 1929-1939*, p. 218. The same writer has described the function of the social worker in the WPA as "one of interpretation, liaison, and adjustment, all of which are effective in three directions, with the workers on projects, with the other divisions of the WPA, and with the community, including other agencies, private and public, Federal, State, and local." It is stated, further, that the "Employment Division, and social work as a part of that division, is primarily concerned with what is happening to people and with the safeguarding of human values in a program which deals so largely in engineering problems and the materials used in construction." (*Ibid.* p. 397.)

Health and Welfare Services

The development of services to families and individuals receiving public aid under the programs previously discussed was closely related to the fact that standards of living are dependent not only upon individual income but also upon the availability of community services which supplement individual income. Public housing which adjusts rent to the needs of low-income families, free public education, public-health service and medical care, free library service, public recreation programs, all make important contributions to the standards of living which can be maintained at given levels of individual income. Such services first came to be regarded as essential either for children in all income groups, as in the case of education and recreation, or for children in all families—whether dependent on public aid or self-supporting—whose income will not cover the full cost of these services. The concept of the necessity of providing such services for adults in some of these groups was an extension of the original principle of services for children. The years 1930-40 witnessed the growth of a wide variety of these services.

Under the impetus of the Social Security Act certain services involving Federal-State cooperation were developed and others expanded. Parts 1 and 2 of Title V of this act, administered by the Children's Bureau, provided for grants to State agencies to assist their programs of maternal-and-child-health services and services for crippled children.

Grants to the States for maternal-and-child-health services were designed to enable "each State to extend and improve, as far as practicable under the conditions in such State, services for promoting the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress * * *."²⁴ The States were quick to take advantage of Federal monies; by November 1936 all the 48 States, the District of Columbia, Alaska, and Hawaii were receiving grants for maternal-and-child-health services. The 1939 amendments to the Social Security Act included Puerto Rico, and by February 1940 this Territory was also receiving Federal monies for maternal-and-child-health services.

Prior to the enactment of the Social Security Act, 31 States had had a child-hygiene division or a division of maternal and child health in the State health department, but in only 22 States was there a physician as full-time director. By July 1, 1937,

almost all States had such bureaus or divisions under full-time medical direction. In some instances such bureaus administered the crippled children's program as well.²⁵

Under the maternal-and-child-health program prenatal clinics, home-nursing in childbirth, child-health conferences, dental programs, public-health nursing service, postgraduate education of physicians and other health workers, and other activities were developed or established by State and local health departments.²⁶ Between January 1, 1936, and January 1, 1939, the number of prenatal clinics throughout the country increased 69 percent, and for the same period the number of child-health conference centers increased 61 percent.²⁷ Moreover, there was a steady increase in the number of State programs which strengthened their nutrition aspects either by employing one or more nutritionists (26 States) or by cooperating with other State agencies offering nutrition services (almost all the remaining States) by 1940.²⁸

Prior to the passage of the Social Security Act, 35 States had provided funds for the care of crippled children, but in several of these States the appropriations were so meager that only a small proportion of the children in need of such care could be served. Moreover, it was possible only in a few States to conduct a State-wide program providing diagnosis, medical and surgical care, hospitalization, and aftercare services.²⁹ When Federal funds authorized by the Social Security Act became available to the States for services for crippled children, State plans for these services were rapidly developed. By 1940 all of the States, the District of Columbia, Alaska, and Hawaii had established services for crippled children under the provisions of the act. In that year services were established in Puerto Rico which had been made possible by the 1939 amendments to the act. These State programs provided medical, surgical, and aftercare for crippled children.³⁰

In recognition of the need for expansion of the general public-health program, title VI of the Social Security Act authorized the appropriation of Federal funds to the States for health purposes, to be administered by the United States Public Health Service. Actually it was the passage of this legislation that marked the beginning of active cooperation by the

²⁴ Lenroot, Katharine F., "Health Security for Mothers and Children," *The Annals of the American Academy of Political and Social Science*, CCH (March 1939), 106.

²⁵ For discussion of the program in 1940, see ch. IV.

²⁷ Bierman, Jessie M., "Maternal and Child Health," in *Social Work Year Book, 1941*, New York, Russell Sage Foundation, 1941, p. 324.

²⁸ *Ibid.*, p. 323.

²⁹ U. S. Department of Labor, Children's Bureau, *Facts About Crippled Children*, Washington, 1940, p. 4.

³⁰ For details of the program in 1940, see ch. IV.

²⁴ Social Security Act, sec. 501. The Sheppard-Towner Act of 1921 had provided for Federal grants to States for the promotion of the welfare and hygiene of maternity and infancy. This act had lapsed in 1929, but it established a basis for future Federal-State relations in this field.

Federal Government with the States in the field of public health, since its provisions definitely recognized that the health of the people is a matter of national concern.³¹ The expansion of health services under the stimulus of Federal monies is evident from the fact that, by the end of 1936, public-health services with Federal participation were in operation in all jurisdictions of the United States.³² Moreover, by 1939, the number of counties served by health departments under the full-time direction of health officers was more than twice the number of counties so served before Federal funds became available under the Social Security Act.³³

Title V of the Social Security Act contained (in part 3) provision for Federal aid to another type of service conducted by States—child-welfare services—through annual appropriations “for the purpose of enabling the United States through the Children’s Bureau, to cooperate with State public-welfare agencies in establishing, extending, and strengthening, especially in predominantly rural areas, public-welfare services * * * for the protection and care of homeless, dependent, and neglected children, and children in danger of becoming delinquent * * *.” When the act was being discussed in Congress, only 26 States and the District of Columbia had divisions within their State welfare departments administering or supervising child-welfare services on a State-wide basis. By 1940, 52 jurisdictions were receiving Federal grants-in-aid for child-welfare services. However, with funds available by that year, the Federal-State program for these services had been extended to only about one-sixth of the counties of the United States.³⁴

Each State developed a State staff to assist local communities in the organization of community child-welfare activities and to consult with local workers on child-welfare problems. State workers also gave specialized types of services relating to the development of adequate care and protection of children. Among

³¹ The first Federal health service was the direct provision of medical care to sick and disabled seamen through the Marine Hospital Service. This was followed by quarantine research and cooperative assistance to State health departments. During the early years of the century there were isolated instances of Federal interest in specific health problems—e. g., the Chamberlain-Kahn Act of 1918 for the control of venereal disease, and the Sheppard-Towner Act of 1921 for the promotion of the hygiene of maternity and infancy—but the Social Security Act was the first general provision for services to the whole population.

³² Social Security Board, *Social Security Year Book for the Calendar Year 1939*, Washington, 1940, p. 6.

³³ Perrott, George St. J., and Holland, Dorothy F., “Health as an Element in Social Security,” *The Annals of the American Academy of Political and Social Science*, CCII (March 1939) 133; and *Proceedings of the National Conference of Social Work, 1940*, New York, Columbia University Press, 1940 p. 215. For discussion of public-health services in 1940 see ch. IV.

³⁴ U. S. Department of Labor, Children’s Bureau, *Summary of Developments in Child Welfare Services Under the Social Security Act*, Washington, pp. 1-5.

the results apparent from this service were: (1) The development in some States of a better quality of State supervision of institutional or agency care of children; (2) a change in other States in methods of institutional care for dependent and delinquent children; (3) a reorganization in still other States of programs for direct care of children, with greater emphasis upon local responsibility; and (4) an increased consciousness in some States of the needs of Negro children.³⁵

By 1920, 12 States had enacted legislation providing for the rehabilitation of physically handicapped persons. The Federal act passed in that year for the promotion of vocational rehabilitation of persons disabled in industry or otherwise was the first step in the establishment of a national program of rehabilitation of the handicapped. Under Title V, part 4 of the Social Security Act, the act of 1920 was extended and made permanent. The 1939 amendments to the Social Security Act further extended the program of vocational rehabilitation; under a legal interpretation of the purposes of this amendment, the Office of Education was made responsible for initiating in 1940 an experimental research project for the purpose of rehabilitating the “homebound,” persons with severe physical handicaps. By June 1940, all the States, the District of Columbia, Hawaii, and Puerto Rico had programs of vocational rehabilitation.

During the last decade (particularly during the last 5 years), cognizance was taken by Federal, State, and local governments of the housing needs of low-income and relief groups.³⁶ and for the first time housing became a public concern for the whole Nation. The Reconstruction Finance Corporation was empowered in 1932 to issue self-liquidating building loans for limited-dividend projects subject to State or municipal control, but the demand for loans did not materialize, and no loan was made until 1933 when, under the New York State Housing Board, Knickerbocker Village was built in New York City. Another publicly subsidized low-rent housing program was initiated in 1933 under title II of the National Industrial Recovery Act which provided for the construction, reconstruction, alteration, or repair, under public regulation or control, of low-cost housing and slum-clearance projects. A spe-

³⁵ *Ibid.*, pp. 13-14.

³⁶ Federal agencies concerned with housing between 1930-40 were: Federal Housing Administration, Farm Credit Association, Home Owners’ Loan Corporation, Federal Home Loan Bank Board, United States Housing Authority, Farm Security Administration, Federal Emergency Relief Administration, Public Works Administration, and Work Projects Administration. The first four will be eliminated in the following discussion because they were concerned with mortgage loans rather than the provision of housing for low-income groups.

cial division was created in the Public Works Administration to carry out the provisions of this title.³⁷

In 1937 the United States Housing Authority was created as a low-rent housing and slum-clearance agency, which set up a decentralized program operated through local housing authorities which were created in accordance with State enabling legislation. The 49 projects built under the Public Works Administration were transferred to the United States Housing Authority.³⁸ However, the Authority was required to sell or lease these projects and by January 1940, 32 projects had been leased to local public-housing agencies, two had been transferred to the Puerto Rico Reconstruction Administration, and the remaining 17 were being temporarily operated by the United States Housing Authority.³⁹

The history of the USHA shows the development of public recognition that continuing governmental subsidies are probably necessary if low-rent housing is to meet the needs of low-income groups over a period of years.⁴⁰

Under the PWA, rentals were set at rates that would enable the Federal Government, over a period of 60 years, to receive 55 percent of the project cost plus interest. The first consideration of the USHA was to establish rentals consistent with the low-rent character of the projects, as authorized by law. The USHA was

not designed to buy land, construct projects, or assist private builders. Rather it was authorized to make repayable loans to public-housing agencies up to 90 percent of the total development cost of the project and in addition to provide annual subsidies to help bring the rents on projects low enough for families of low incomes.⁴¹

In the field of rural housing a Federal program of subsistence homesteads was undertaken by the Subsistence Homesteads Division of the Department of the Interior and by the Federal Emergency Relief Administration. In 1935 the Resettlement Administration undertook three types of projects for rural workers: groups of farms, suburban communities known as "greenbelt towns," and subsistence homesteads. The objectives of the Resettlement Administration went beyond furnishing low-cost housing, for the task was one of resettlement and rehabilitation of farm families. The chief task of the Farm Security Administration, which succeeded the Resettlement Administration, was the continuation of the rural-rehabilitation program, but it likewise administered the rural and suburban resettlement projects started by the Department of the Interior, the Federal Emergency Relief Administration, and the Resettlement Administration. Some farm houses were constructed by the Farm Security Administration. By the beginning of 1940, 164 rural projects consisting of some 20,000 dwelling units had been provided under the rural program.⁴²

³⁷ Schoenfeld, Margaret H., "Progress of Public Housing in the United States," *Monthly Labor Review*, LI (August 1940), 269-70.

³⁸ U. S. Housing Authority, *Housing and Welfare, Report of Survey*, Washington, 1940, p. 7.

³⁹ Schoenfeld, *op. cit.*, p. 273.

⁴⁰ For analysis of the inability of unsubsidized housing projects to meet the needs of the worst-housed groups, see Graves, L. M., and Fletcher, Alfred, "Enforcement and Subsidy in the Control of Slums," *Housing and Health*, American Public Health Association, Committee on the Hygiene of Housing, Lancaster, Pa., 1941, pp. 18-36.

⁴¹ Schoenfeld, *op. cit.*, p. 273.

⁴² *Ibid.*, pp. 276-77. "This total includes the three greenbelt towns and three projects transferred to the Farm Security Administration, which were developed by the Federal Emergency Relief Administration and had previously been administered by corporations under the general guidance of the Works Progress Administration." (*Ibid.*)