

Social Welfare Expenditures in the United States, 1955-56

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This review of social welfare expenditures in the United States carries forward the data and analyses on trends in Federal, State, and local government spending that have been presented in the Bulletin beginning in 1951.¹

Data for the fiscal year 1955-56 and some estimates going back to 1890 are given in the article, which also discusses some of the reasons for including or excluding certain items in the series.

SOCIAL welfare expenditures under civilian public programs took the same proportion—8.6 percent—of the total national output in the fiscal year 1955-56 as in the preceding year, although they increased by more than \$2 billion. The major expenditures were made for education and social insurance.

As in 1954-55, the growth in old-age, survivors, and disability insurance accounted for a large part of the increase in total social welfare expenditures. The \$1,049-million increase in benefits under the old-age, survivors, and disability insurance program was actually larger than the net increase in all social insurance payments combined.

In view of the increasing importance of old-age, survivors, and disability insurance in relation to total welfare expenditures, it is of interest to note that in the fiscal year 1956-57 expenditures under this program increased \$1,179 million to \$6,665 million. Preliminary figures are also available for the State and railroad unemployment insurance programs, which together made payments in 1956-57 that were slightly more than \$200 million above the 1955-56 amounts. Data for public assistance

indicate that assistance payments and costs of administration for the four federally aided programs and general assistance combined were \$3.2 billion in 1956-57, compared with \$3.1 billion in 1955-56. Data for most of the other Federal programs for 1956-57 either are available in preliminary form or will become available within a few months, but most of the State and local estimates cannot be prepared in less than a year after the fiscal year to which they relate.

Historical Trends in Welfare Expenditures

The basic series on social welfare expenditures in the United States that has been developed by the Social Security Administration carries the data back to the fiscal year 1934-35. Staff time has never been available for the preparation of comparable estimates for earlier years. Indeed, the data for the first few years in the series are not strictly comparable with those for recent years, in the sense that most of the underlying estimates and statistical series from which the data are derived have been refined and improved over the years. When such refinements are made, it is usually possible to make corrections for only a few of the earlier years. The data for programs under the Social Security Act are reported figures; States operating public assistance and unemployment insurance programs have been, from the beginning, required to make statistical reports as a condition for receipt of the Federal grants for the programs. Some of

the other data—those for the veterans' programs, for example—also come from operating reports, and there has been relatively little change in classification of the data. In general, however, the farther back one goes the greater the necessity to use approximate figures, particularly those relating to State and local programs.

A number of revisions of previously published figures are incorporated in table 1 and the derived tables presented in this article. Some of the revisions are small in amount and result from the use of new source data or refined methods of estimating. One large change appears in the figures for public aid in 1934-35. A recheck of these estimates that was undertaken for a special purpose brought to light an error in the data previously presented. The primary source of the error was the inclusion of certain expenditures under the Federal Emergency Relief Administration program—which in different source documents are variously classified as Federal and as State-local expenditures—in both the Federal and the State-local sections of the table. The duplicated amounts have now been taken out of the State-local expenditures; except for the fiscal year 1934-35, and to a lesser extent 1935-36, the amounts involved were relatively small.

Even an approximate picture of long-term trends in the development of social welfare expenditures is of interest and value. For that reason, estimates for the years 1890, 1913, and 1929—which were developed independently by the author last year for presentation at a meeting of the American Economic Association—are included in tables 2 and 5.

In 1890, all social welfare expenditures amounted to about 2.4 percent of the Nation's total output. By that year, the United States had a well-developed system of public primary education. Compulsory school-attend-

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¹For the early history of the programs included in the series, see the *Social Security Bulletin*, February 1953, pages 3-12; for a description of the programs and annual data from 1934-35 to 1953-54, see the *Bulletin*, October 1955, pages 3-14; for a description of the public housing program, newly added to the series, and data for 1954-55, see the *Bulletin*, October 1956, pages 3-10.

ance laws were still few in number, however, and the rather widespread use and acceptance of child labor held down attendance in many areas. Though tax support for high schools had begun in the 1870's, the real development of public secondary education came after 1900. In 1890, public expenditures for education, almost exclusively from State and local funds, were about 1 percent of the total national output.

Veterans' benefits, including medical care, involved expenditures only slightly smaller than the amount spent for education in 1890 and represented almost as large a share of the gross national product as did total veterans' benefits in 1955-56. The Federal Government was also spending a small amount for the operation of the marine hospital service, which had its beginnings in 1798,

and for quarantine and other public health activities of a limited nature. In the States and localities, the movement for environmental sanitation and general public health services that had begun in the 1850's was getting well under way. Specialized institutional care for the sick, the mentally ill or retarded, the blind, and the deaf and for children and aged persons represented a forward step from the local poorhouse. State and local expenditures in 1890 for these purposes and for local poor relief can only be roughly estimated, and the classification of such expenditures as health or as public welfare is far from clear cut. Together, public expenditures for health and assistance or welfare services came to less than ½ of 1 percent of the total national output.

By 1913, just before the beginning

of World War I, secondary education had expanded significantly, and general public health activities had grown in extent and importance. Veterans' pensions, on the other hand, had declined in relation to the growing national output, as the major impact of the Civil War lessened with the passage of the years.

Social insurance for workers in industry and commerce began, in this country as in most others throughout the world, with workmen's compensation. A Federal law covering civilian employees of the Federal Government engaged in hazardous jobs was adopted in 1908, and the first State law to be held constitutional was enacted in 1911. By 1929, workmen's compensation laws were in effect in 44 States, Alaska, and Hawaii. Special retirement systems for State and local government employees—pri-

Table 1.—Social welfare expenditures under civilian public programs, selected fiscal years 1934-35 through 1955-56 ¹

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
	Total									
Total.....	\$6,811.1	\$9,101.3	\$7,992.3	\$24,099.8	\$24,005.9	\$25,074.6	\$26,542.2	\$29,141.7	\$32,155.5	\$34,522.6
Social insurance.....	383.7	1,214.9	1,363.5	4,764.7	4,759.2	5,665.4	6,600.0	8,245.2	9,862.3	10,585.0
Public aid.....	2,997.6	3,597.0	1,029.7	2,494.8	2,591.1	2,583.0	2,726.3	2,778.7	3,001.6	3,113.1
Health and medical services ²	641.8	799.2	995.9	2,385.3	2,673.9	2,823.2	2,895.7	2,978.5	3,074.2	3,249.7
Other welfare services.....	113.3	171.0	285.2	616.4	660.6	675.5	761.1	867.8	885.4	1,015.0
Veterans' programs ³	449.8	535.0	914.2	6,534.5	5,506.1	4,720.1	4,220.9	4,115.1	4,369.3	4,619.0
Education.....	2,224.9	2,780.0	3,392.6	7,289.1	7,782.8	8,573.5	9,291.4	10,083.6	10,874.1	11,830.2
Public housing ⁴		4.2	11.0	12.0	32.2	33.9	46.8	64.8	88.6	110.6
	From Federal funds									
Total.....	2,966.0	3,235.9	2,375.5	9,585.2	9,663.7	9,805.5	10,541.7	11,407.4	13,186.0	14,606.1
Social insurance.....	98.7	350.1	704.5	1,911.3	2,710.2	3,330.3	4,213.8	5,073.9	6,429.2	7,528.7
Old-age and survivors insurance.....		28.1	266.8	784.1	1,568.5	2,067.0	2,716.9	3,364.2	4,436.3	5,485.2
Railroad retirement.....		116.8	144.0	304.4	321.0	300.7	465.1	490.4	575.6	603.2
Public employee retirement ⁵	90.0	107.5	184.8	433.4	553.6	585.0	654.4	735.8	799.8	935.7
Unemployment insurance and employment service ⁶	(?)	65.8	90.5	213.6	177.8	195.3	230.6	291.3	354.1	338.9
Railroad unemployment insurance.....		18.9	4.3	119.6	28.3	26.3	57.8	100.4	158.6	59.7
Railroad temporary disability insurance.....				31.1	28.9	27.7	45.4	45.8	54.2	52.7
Workmen's compensation, total.....	8.7	13.0	13.2	25.1	32.1	38.3	43.6	46.0	50.6	53.2
Hospitalization and medical benefits ⁸	3.8	5.3	4.8	5.2	4.6	6.0	6.0	6.3	6.9	6.8
Public aid.....	2,373.7	2,244.2	419.3	1,101.8	1,194.5	1,209.6	1,359.2	1,418.0	1,502.8	1,553.8
Public assistance, total ⁹		279.4	417.6	1,095.8	1,187.7	1,209.1	1,358.8	1,406.1	1,440.8	1,462.8
Other ¹⁰	2,373.7	1,964.8	1.7	6.0	6.8	.5	.4	11.9	61.0	91.0
Health and medical services ²	16.8	51.2	126.9	256.6	318.6	350.3	341.7	311.5	299.0	349.2
Hospital and medical care.....		5.0	15.7	51.0	55.8	64.7	68.8	67.1	68.0	77.8
Hospital construction.....		1.0	1.5	60.3	110.0	126.1	111.4	96.1	84.9	71.3
Maternal and child health services.....		7.7	55.1	20.0	23.6	24.5	26.9	24.0	23.6	27.6
Other community and related health services.....		37.5	54.6	125.3	129.2	135.0	134.6	124.3	122.5	172.5
Other welfare services.....	2.1	9.7	87.0	166.7	167.4	142.6	194.7	265.4	244.2	318.5
Vocational rehabilitation, total.....	1.0	2.0	7.5	21.0	21.7	22.8	23.6	23.6	26.0	33.1
Medical rehabilitation ⁸.....	.1	.2	.7	3.7	3.9	4.3	4.4	4.4	5.7	6.8
Institutional and other care ¹¹	1.1	6.1	16.0	21.7	22.3	13.8	25.6	58.1	41.4	50.3
School lunch ¹¹	(?)	47.4	119.7	118.2	118.2	98.5	137.7	176.3	169.5	227.7
Child welfare.....		1.6	16.1	4.3	5.2	7.5	7.8	7.4	7.3	7.4
Veterans' programs ³	449.8	535.0	914.2	6,063.4	5,171.4	4,577.3	4,106.8	4,012.3	4,307.7	4,529.8
Pensions and compensation ¹²	390.2	447.8	755.9	2,092.8	2,120.8	2,195.0	2,467.7	2,534.1	2,712.3	2,826.0
Readjustment allowances.....			24.1	148.3	11.0	.7	(13)	(13)	(13)	(13)
Health and medical services.....	58.9	86.2	114.5	742.0	691.1	764.8	737.4	740.1	761.1	767.2
Hospital and medical care.....	56.0	72.1	98.3	585.9	584.7	649.5	647.4	687.9	728.1	730.0
Hospital construction.....	2.9	14.1	16.2	156.2	106.4	115.2	90.0	52.2	33.0	27.2
Education.....			9.7	2,689.1	2,020.5	1,382.2	704.6	590.0	700.0	803.5
Welfare and other ¹⁴.....	.7	1.0	10.0	391.1	328.1	234.7	197.1	148.1	134.4	143.0
Education.....	24.9	41.5	112.6	73.4	82.8	173.5	291.4	275.2	329.1	235.2
Public housing.....		4.2	11.0	12.0	18.8	21.9	34.1	51.1	74.0	90.9

See footnotes at end of table.

marily teachers, policemen, and firemen—were in existence in a few localities before 1900. The Federal civil-service retirement system was established in 1920. By 1929, combined payments under these various programs amounted to about \$340 million and represented about 0.3 percent of the gross national product.

Further expansion in secondary school education and the development of public support for higher education after World War I brought total government expenditures for public education in 1929 to a level where they accounted for about 2.3 percent of the total national output. This proportion is only about a fifth less than the share of the national output used for public education in 1955-56.

Mother's pension laws, designed to make it possible for orphans, and,

under later provisions, for other children without paternal support, to live at home with their mothers rather than in institutions or foster homes, were adopted in a number of States even before World War I. In the mid-twenties, a few States began to experiment with old-age assistance laws. Most of these laws and most of the mother's pension laws were permissive rather than mandatory on the localities, with little or none of the cost borne by the State governments. Nevertheless, there was some expansion in public aid during these years. These newer developments, together with the continued gradual spread of public health activities, brought total social welfare expenditures as defined here to about 4 percent of the gross national product in 1929.

Three major developments largely account for the changing relative importance of social welfare expenditures in subsequent years. The great depression of the thirties at its lowest point cut the national output to almost half what it had been in 1929. After some delay, the National Government stepped into the situation with major expenditures for public aid. Regular expenditures for health, education, veterans' programs, and the limited social insurance programs then in existence were continued and expanded. As a result, social welfare expenditures in 1934-35 accounted for slightly less than 10 percent of the gross national product.

The second overshadowing change was the tremendous expansion of the national output during World War II and the utilization of that output

Table 1.—Social welfare expenditures under civilian public programs, selected fiscal years 1934-35 through 1955-56—Continued

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55	1955-56
	From State and local funds									
Total.....	\$3,845.1	\$5,865.4	\$5,616.8	\$4,514.6	\$4,342.2	\$5,269.1	\$6,000.5	\$7,734.3	\$8,969.5	\$9,916.5
Social insurance.....	285.0	864.8	659.2	2,853.4	2,049.0	2,335.1	2,386.2	3,171.3	3,433.1	3,056.3
Public employee retirement ⁵	120.0	147.0	198.0	310.0	367.0	414.0	460.0	515.0	565.0	620.0
Unemployment insurance and employment service.....	(?)	485.9	71.3	1,868.2	872.7	991.8	912.9	1,588.8	1,759.9	1,282.5
State temporary disability insurance, total ¹⁵			5.1	72.3	139.6	178.0	197.9	210.5	218.8	232.0
Hospital and medical benefits ⁸				2.5	9.8	12.2	14.9	17.6	20.6	22.7
Workmen's compensation, total ¹⁶	165.0	231.9	384.8	602.9	669.7	751.3	815.4	857.0	889.4	921.8
Hospitalization and medical benefits ⁸	62.2	84.7	117.2	187.8	211.4	239.0	264.0	293.7	313.1	333.2
Public aid.....	623.9	1,352.8	610.4	1,393.0	1,396.6	1,373.4	1,367.1	1,368.7	1,498.8	1,559.3
Public assistance ⁹	623.9	843.2	610.4	1,393.0	1,396.6	1,373.4	1,367.1	1,368.7	1,498.8	1,559.3
Other ¹⁰		509.6								
Health and medical services ²	625.0	748.0	869.0	2,131.7	2,355.3	2,472.9	2,554.0	2,667.0	2,775.2	2,900.5
Hospital and medical care.....		410.0	470.0	1,123.0	1,255.0	1,391.0	1,482.0	1,542.0	1,571.0	1,628.0
Hospital construction.....		40.0	50.0	302.0	334.0	321.0	309.0	262.0	298.0	252.0
Maternal and child health services.....		6.0	6.8	9.7	11.3	11.9	13.0	66.0	69.2	76.5
Other community and related health services.....		292.0	342.2	697.0	755.0	749.0	750.0	797.0	837.0	944.0
Other welfare services.....	111.2	161.3	198.2	449.7	493.2	532.9	566.4	602.4	641.2	696.5
Vocational rehabilitation, total.....	1.2	2.1	2.7	9.0	9.3	10.6	11.6	12.4	15.1	19.0
Medical rehabilitation ⁸.....	.1	.2	.7	3.7	3.9	4.3	4.4	4.4	3.5	4.2
Institutional and other care.....	110.0	120.0	140.0	301.0	334.0	362.0	384.0	408.0	429.0	474.0
School lunch.....	(?)	(?)	(?)	39.0	46.5	54.4	57.2	63.0	69.0	65.4
Child welfare.....	(?)	39.2	55.5	100.7	103.4	105.9	113.6	119.0	128.1	138.1
Veterans' programs ¹⁸				471.1	334.7	142.8	114.1	102.8	61.6	89.2
Education.....	2,200.0	2,738.5	3,280.0	7,215.7	7,700.0	8,400.0	9,000.0	9,804.4	10,545.0	11,595.0
Public housing.....					13.4		12.7		14.6	

¹ Data represent expenditures from public funds (general and special) and trust accounts, and other expenditures under public law; exclude transfers to such accounts and loans; include capital outlay for hospitals, public elementary and secondary schools, and publicly controlled higher education; include administrative expenditures. Fiscal years ended June 30 for Federal Government, most States, and some localities; for other States and localities fiscal years cover various 12-month periods ended in the specified year. Data for education and workmen's compensation relate to continental United States only; for other programs, data include some payments and expenditures outside continental United States. (State temporary disability insurance programs operate in 4 States only.)

² Excludes expenditures for domiciliary care (in institutions other than mental and tuberculosis) included under institutional care; excludes health and medical services provided in connection with veterans' programs, public education, public assistance, workmen's compensation, State temporary disability insurance, and vocational rehabilitation (included in total expenditures shown for those programs); also excludes international health activities, and medical expenditures of the Military Establishment and the Atomic Energy Commission and those provided subordinate to the performance of other functions, such as those of the Civil Aeronautics Authority.

³ Excludes Federal bonus payments, appropriations to Government life insurance trust fund, and accounts of several small revolving funds.

⁴ Federal and State subsidies (and administrative costs) for low-cost housing.

⁵ Excludes refunds of employee contributions to those leaving service. Federal expenditures include retirement pay of military personnel.

⁶ Includes unemployment compensation for veterans of the Korean conflict

(beginning 1952-53) and for Federal employees (beginning 1954-55).

⁷ Not available.

⁸ Included in total shown directly above; excludes administrative expenditures, not separately available but included for entire program in preceding line.

⁹ Old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled (beginning 1950-51), and, from State and local funds, general assistance.

¹⁰ Work program earnings, other emergency aid programs, and value of surplus food distributed to needy persons. (From 1935-36 through 1939-40, includes unknown amount of surplus food distributed to institutions.)

¹¹ Includes value of surplus foods for school lunches or nonprofit institutions. (See footnote 10.)

¹² Includes burial awards.

¹³ Net refunds.

¹⁴ Vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and, beginning 1949-50, domiciliary care; for earlier years, domiciliary care included with health and medical services.

¹⁵ Payments by private insurance carriers, State funds, and self-insurers of benefits payable under State law and estimated State costs of administering State funds and of supervising private operations. Administrative costs of private insurance carriers and self-insurers not available. Before 1948-49 excludes all administrative costs for workmen's compensation.

¹⁶ State expenditures for bonus and other payments and services for veterans; local data not available.

for military purposes. Increased employment opportunities and family incomes during the war years had a part in holding down insurance and assistance expenditures. Although total social welfare expenditures increased 4 percent in dollar amounts from 1934-35 to 1943-44, in the latter year they represented only 3.5 percent of the gross national product.

The third development, which has not yet reached its full potential, started with the Social Security Act of 1935 and the foundation it laid for a nationwide system of social insurance. The depression of the thirties brought home to the American people the realization that they no longer had a predominantly agricultural economy with an open frontier. With an increasing proportion of the population working as employees and with farmers also becoming largely dependent on cash income, a new institutional mechanism was needed to channel money incomes to persons for whom earned income had been interrupted or had ceased because of unemployment, illness, retirement, or the death of the family breadwinner. Social insurance, with benefits related in amount (though not entirely proportionately) to the individual's

past earnings and paid without regard to other income, provided a mechanism well-suited to a competitive, free-enterprise economy.

The Social Security Act of 1935 set up two major social insurance programs. It laid the basis for a nationwide system of unemployment insurance through the provision for a uniform Federal tax on employers against which could be offset, up to 90 percent of the tax, any contributions paid (or excused) under a State unemployment insurance law meeting certain requirements. The requirements under the act related primarily to administration and included the provision that the insurance benefits must be administered in conjunction with a system of public employment offices; restrictions on the use of the benefits to depress labor standards or prevent union membership; and requirements that the State insurance reserves be deposited in a trust fund in the United States Treasury (to prevent adverse effects on the fiscal position of the Federal Government), that regular statistical reports be made to the Federal Government, and that (under a 1939 amendment) the employees be selected on a merit system basis.

By 1937, all 48 States, Alaska, the District of Columbia, and Hawaii had unemployment insurance laws in effect. The benefit provisions vary considerably from State to State, as do the effective rates of contributions. Benefits are nominally about 50 percent of previous wages, but as a result of fixed dollar maximums they have in recent years, for the country as a whole, been only about one-third of average covered earnings. There are also a few groups still not covered—primarily agricultural and domestic workers and employees in small establishments in some States. In general, however, barring major changes in social policy, any large fluctuations in the proportion of the national output going into unemployment insurance benefits in the future will result from changes in employment conditions. The figures in table 1 reflect the way in which unemployment insurance benefits expand and contract as employment falls off or picks up. To assess adequately the extent and limits of the employment stabilization effects of unemployment insurance it is, of course, necessary to look at month-to-month changes in contribution income as well as in benefit payments.²

The other social insurance program established by the original Social Security Act was a national system of old-age insurance, now covering 90 percent of the total paid labor force of the country and providing also disability and survivor protection. Although old-age, survivors, and disability insurance benefit payments are somewhat affected by employment conditions—a tight labor market makes possible and encourages employment rather than retirement—the major changes in payments under this program are long-term. Up to the present, aggregate benefit payments under old-age, survivors, and disability insurance have increased (from \$28 million in the fiscal year 1939-40 to \$5,485 million in 1955-56 and \$6,665 million in 1956-57). There are, in addition to the statutory changes in the benefit rates, two reasons for the increase:

² See Ida C. Merriam, "Social Security Programs and Economic Stability," in *Policies to Combat Depression*, National Bureau of Economic Research, Princeton University Press, 1956.

Table 2.—Social welfare expenditures as percent of gross national product, selected fiscal years, 1889-90 through 1955-56

[Revised estimates]

Fiscal years	Gross national product (in billions)	Social welfare expenditures as percent of gross national product						
		Total	Social insurance	Public aid	Health and medical services	Other welfare	Veterans' programs	Educational
1889-90	\$13.0	2.4	(1)	² 0.3	0.1	(3)	0.9	1.1
1912-13	36.0	2.8	(1)	² .4	.4	(3)	.5	1.5
1928-29	104.0	4.1	0.3	² .6	.4	(3)	.5	2.3
1934-35	68.7	9.9	.6	4.4	.9	0.2	.7	3.2
1935-36	77.6	9.2	.5	4.0	.9	.1	.6	3.1
1936-37	86.8	8.9	.5	4.0	.8	.1	.6	2.9
1937-38	88.0	9.3	.9	3.7	.9	.2	.6	3.1
1938-39	88.2	10.9	1.3	4.8	.9	.2	.6	3.1
1939-40	95.7	9.5	1.3	3.8	.8	.2	.6	2.9
1940-41	110.5	8.2	1.1	3.1	.7	.2	.5	2.6
1941-42	140.5	6.1	.9	1.9	.6	.2	.4	2.1
1942-43	178.4	4.1	.7	.8	.5	.1	.3	1.7
1943-44	202.8	3.5	.6	.5	.4	.1	.3	1.5
1944-45	218.3	3.7	.6	.5	.5	.1	.4	1.6
1945-46	202.1	5.9	1.3	.6	.5	.2	1.5	1.8
1946-47	221.5	7.5	1.2	.7	.5	.2	3.0	1.9
1947-48	245.0	7.7	1.2	.7	.6	.2	2.8	2.2
1948-49	260.5	8.3	1.4	.8	.7	.2	2.7	2.4
1949-50	263.0	9.2	1.8	.9	.9	.2	2.5	2.8
1950-51	311.8	7.7	1.5	.8	.8	.2	1.8	2.5
1951-52	336.8	7.4	1.7	.8	.8	.2	1.4	2.5
1952-53	357.9	7.4	1.8	.8	.8	.2	1.2	2.6
1953-54	359.7	8.1	2.3	.8	.8	.2	1.1	2.8
1954-55	373.8	8.6	2.6	.8	.8	.2	1.2	2.9
1955-56	403.0	8.6	2.6	.8	.8	.3	1.1	2.9

¹ Less than 0.05 percent.

² Includes other welfare.

³ Included with public aid.

the expansion of coverage, which is now almost complete, and the gradual maturing of the program, which is by no means complete, as the discussion below indicates.

The Committee on Economic Security and the Congress in 1935 recognized that self-employed persons and those engaged in agriculture needed old-age insurance protection as much as did wage and salary workers. Because of doubts as to whether a broader coverage could be effectively enforced and administered, however, the 1935 act covered only industrial and commercial employees. The 1950 amendments resulted in the first major extension of coverage, bringing in most of the urban self-employed and some agricultural workers, as well as a few other groups, effective January 1951. Self-employed farmers were brought under coverage beginning in January 1955 (through the 1954 amendments to the act). Most State and local government employees are now eligible for coverage through voluntary agreements. Amendments in 1956 extended coverage to members of the military services. The only major groups in paid employment who are now excluded from coverage are most Federal civilian employees, self-employed physicians, persons whose self-employment earnings are less than \$400 a year, and nonregularly employed farm and domestic workers.

The data in table 1 do not reflect any major change in the scope or character of the benefits provided under the program. (The original act had been amended, before benefits became payable, by the addition of survivor insurance, and disability insurance benefits were first paid in August 1957.) They do reflect the timing of adjustments made in the benefit formula in response to changes in the value of money and in wage levels. The basic intent of a social insurance program with benefits related to wages is to assure beneficiaries of the means to achieve a level of living that bears some understood relationship to their level of living while earning. The relationship may vary at different earnings levels—the old-age, survivors, and disability insurance benefits, for example, are designed to give the person with low earnings a higher proportion of

Table 3.—Capital outlays from public funds for schools and hospitals, fiscal years 1949-50 through 1955-56

Fiscal year	[In millions]			
	Total	Schools ¹	Hospitals	
			Veterans'	Other
Total:				
1949-50....	\$1,532.7	\$1,014.2	\$156.2	\$362.3
1950-51....	1,809.5	1,259.1	106.4	444.0
1951-52....	2,039.6	1,477.3	115.2	447.1
1952-53....	2,400.3	1,889.9	90.0	420.4
1953-54....	2,772.3	2,362.0	52.2	358.1
1954-55....	3,202.3	2,786.4	33.0	382.9
1955-56....	3,253.9	2,903.4	27.2	323.3
From Federal funds:				
1949-50....	222.4	5.9	156.2	60.3
1950-51....	225.5	9.1	106.4	110.0
1951-52....	303.2	61.9	115.2	126.1
1952-53....	341.3	139.9	90.0	111.4
1953-54....	268.1	119.8	52.2	96.1
1954-55....	259.3	141.4	33.0	84.9
1955-56....	201.9	103.4	27.2	71.3
From State and local funds:				
1949-50....	1,310.3	1,008.3	-----	302.0
1950-51....	1,584.0	1,250.0	-----	334.0
1951-52....	1,736.4	1,415.4	-----	321.0
1952-53....	2,059.0	1,750.0	-----	309.0
1953-54....	2,504.2	2,242.2	-----	262.0
1954-55....	2,945.0	2,645.0	-----	298.0
1955-56....	3,052.0	2,800.0	-----	252.0

¹ Includes capital outlays for public elementary and secondary schools and publicly controlled higher education.

earnings, since otherwise he might not have enough to live at even a minimum subsistence level. Benefits may also be designed to provide a level of living that is close to "adequate" for the average individual or family, and the extent to which they approach adequacy may be different for full-time earners and for persons who are in the labor force part-time or only during part of their working lifespan. Whatever the intended relationships, however, they are constantly in danger of being distorted by changes in price and wage levels. At the same time concepts of what is appropriate are inevitably affected by changes in the general level of living resulting from changes in productivity and in the total national output.

From 1939 to 1950, no changes were made in the benefit provisions of the Social Security Act. As a consequence, a worker who retired in 1940 and received the average benefit awarded in that year—\$22.60 a month—was, at the beginning of 1950, receiving the same dollar amount but was able to purchase with it only the amount of goods

and services he could have purchased in 1940 with \$13.47. The 1950 amendments restored benefit levels to approximately the same real dollar value they had had in 1940. Further increases in benefits in 1952 and 1954 not only matched subsequent rises in the price level but went somewhat further. (The differential between the benefit levels for persons in the system a short time and the levels for those with a long period of contributions was also decreased by these benefit formula changes.) The tremendous increase in benefit payments under old-age, survivors, and disability insurance since 1940 therefore does not stem, to any considerable extent, from liberalization in the general relative level of benefits under the program.

The other reason for the larger aggregate expenditures, in addition to the change in benefit rates and the expansion of coverage, is the increasing proportion of persons reaching retirement age who have been insured long enough to qualify for benefits. An unemployment insurance program or a temporary disability insurance program may reach maturity in a few years. That is to say, since benefits are paid on a test of current attachment to the labor force and for relatively short durations, it is not long after the system is initiated before all workers in covered employment have had time to acquire insured status and are thus eligible for benefits when they become unemployed or sick. Survivor benefits (life insurance) for younger survivors are also ordinarily paid after the worker has spent a relatively brief period in covered employment. Since such benefits may be payable to children from infancy to age 18, however, some time must elapse before all orphans will have had parents who could have been covered. At present, for example, about 90 percent of all children under age 18 would receive benefits if their fathers should die. However, only 59 percent of the children under age 18 whose fathers have died are now receiving benefits.

An even longer time must elapse under programs like old-age, survivors, and disability insurance before all persons over age 65 can have had an opportunity to become in-

sured. A few countries pay pensions of uniform amount to all persons who have reached a specified age. A needs test program can also apply to all persons over age 65 or any specified age, but an insurance program usually implies a relationship between earnings and contributions and benefits. If a long record of earnings is required, it will be many years before anyone can qualify for benefits. To achieve the program's objectives with the least possible delay, benefits under old-age, survivors, and disability insurance were paid only 3 years after contributions became payable. Moreover, workers at or close to age 65 when the program started, and after each major extension of coverage, have been enabled to acquire insured status on the basis of only a very brief work history. In effect, an assumption has been made that such persons have been workers throughout most of their lives. The cost of their benefits cannot, of course, be met from their individual contributions. The present financing arrangements in effect make use of the employer contributions to cover these costs. Even with these provisions, however, many persons now over age 65 could not become insured. Many of them will still be living for a number of years to come.

The increasing proportions of aged persons in the population will affect future outlays as well. Without any changes in coverage or benefit provisions, therefore, expenditures under the program will inevitably increase for many years. How large the increases in aggregate expenditures will be in relation to the gross national product will depend on the extent to which benefit levels are kept in the same relation to earning levels as at present. It is clear, however, that social insurance, and especially old-age, survivors, and disability insurance, will become an even more important element in the total social welfare picture than it has been up to now.

The time factor in the growth of old-age, survivors, and disability insurance has a bearing on trends in expenditures for public assistance, and particularly for old-age assistance. A large proportion of the present old-age assistance caseload is

made up of persons too old to have had an opportunity to qualify for social insurance benefits. The average age of persons receiving old-age assistance is over 75. Many are in institutions or nursing homes and presumably will stay on the rolls for the remainder of their lives. Old-age, survivors, and disability insurance has had a major impact on old-age assistance in reducing the number of persons coming on the rolls. The proportion of the total population aged 65 and over receiving old-age assistance dropped from 22 per 100 in 1940 to 17 per 100 in 1956. A still small but growing part of the old-age assistance load is made up of persons receiving assistance to supplement old-age, survivors, and disability insurance benefits that are inadequate for their basic needs or for such special needs as medical care.

Old-age, survivors, and disability insurance has also had a major effect on the aid to dependent children program. In earlier years the great majority of children receiving aid to dependent children were orphans. Now only 13 percent of the caseload is in need because of the death of the father; the others need assistance for such reasons as the disability of the father or, more frequently, his absence because of estrangement. It

will be some years before the disability insurance benefits can have any significant effect on either aid to dependent children or aid to the permanently and totally disabled. The total dollar expenditures for public assistance are affected by population growth and changes in the price level. As table 4 shows, per capita expenditures for public aid, adjusted for price changes, have increased relatively little since 1950.

Social Welfare and Other Government Expenditures

Another perspective on social welfare expenditures in the United States is gained from looking at them in relation to all government spending for all purposes (table 5). The long-term changes in this relationship are particularly interesting and significant. Social welfare expenditures as defined here represented a larger part of all government expenditures in 1890 than they do today. The difference is even greater when the comparison is for expenditures from general revenues only, since there were no social insurance expenditures of any magnitude until after 1935.

In 1890, about 40 percent of the Federal budget and 36 percent of all State and local expenditures went for social welfare programs. The vet-

Table 4.—Social welfare expenditures per capita under civilian public programs, actual and 1956 prices, selected fiscal years 1934–35 through 1955–56

[Revised estimates]

Fiscal year	Per capita ¹ social welfare expenditures								Social welfare expenditures in 1956 prices	
	Total	Social insurance	Public aid	Health and medical services	Other welfare services	Veterans' programs	Education	Public housing	Total ² (in millions)	Total per capita ¹
1934-35.....	\$53.71	\$3.03	\$23.64	\$5.06	\$0.89	\$3.55	\$17.54	.....	\$13,487.3	\$106.36
1939-40.....	69.33	9.26	27.40	6.09	1.30	4.08	21.18	\$0.03	17,502.5	133.33
1944-45.....	62.86	10.73	8.10	7.83	2.24	7.19	26.68	.09	12,073.0	94.95
1949-50.....	160.75	31.78	16.64	15.93	4.11	43.50	48.62	.08	27,355.1	182.46
1950-51.....	159.36	31.59	17.20	17.75	4.39	36.55	51.66	.21	25,674.8	170.44
1951-52.....	164.72	37.22	16.97	18.55	4.44	31.01	56.32	.22	25,638.7	168.43
1952-53.....	171.57	42.66	17.62	18.72	4.92	27.28	60.06	.30	26,756.2	172.95
1953-54.....	184.95	52.33	17.69	18.90	5.51	26.12	64.00	.41	29,112.6	184.77
1954-55.....	200.10	61.37	18.68	19.13	5.51	27.19	67.67	.55	32,252.3	200.70
1955-56.....	210.79	64.63	19.01	19.84	6.20	28.20	72.23	.68	34,522.6	210.79
Percentage change, 1956 from 1935:										
Actual expenditures.....	+292	+2,033	-20	+292	+597	+694	+312	.....	+407	+292
Expenditures in 1956 prices.....	+98	+977	-59	+98	+252	+301	+108	.....	+156	+98

¹ Per capita figures relate to total civilian population of the continental United States as of the end of December.
² For actual expenditures, see table 1.

erans' programs accounted for most of the Federal expenditures and education for most of the State and local spending in this area. The intervening years have seen a great increase in social welfare programs but an even greater increase in other functions of government. The overshadowing change in the Federal budget has been the increase in military and defense spending. Both the Federal and the State governments have increased other activities as well—road and airport building, agricultural price support, land conservation, subsidies to shipping and aviation, support for scientific research, and so forth. By 1955-56, social welfare expenditures from Federal funds represented 20.5 percent of all Federal expenditures. Only 11.7 percent of all Federal expenditures from general revenues went for social welfare purposes. State and local funds for social welfare represented about 57 percent of all State and local government expenditures. Education took about 36 percent and other programs 18 percent of State and local general revenues alone. In all these comparisons Federal grants-in-aid are treated

as Federal funds though they go to support programs administered by the States or localities.

Over the 65-year span since 1890 the change in the relative importance of Federal and State-local financing of social welfare expenditures has been less than might be expected. In the earlier period, the responsibility of the Federal Government for veterans' programs and of State and local governments for education resulted in a roughly 1-to-2 division of total social welfare costs. On the one hand, the national old-age, survivors, and disability insurance program, the expansion of veterans' benefits, and the use of Federal grants-in-aid for other welfare programs, and on the other hand the expansion in the States of public education, public health, and public welfare programs resulted in a 42-to-58 division of the total costs in 1955-56. With the contributory social insurance program omitted, 31 percent of social welfare expenditures from general revenues in 1955-56 came from Federal funds and 69 percent from State and local funds. The most significant long-term shifts that have occurred in the

financing of the programs have been those from local to State funds and from general revenues to earmarked contributions. The latter shift may also, within a few years, substantially alter the overall Federal and State-local ratios.

Program Definitions

Any attempt to take a broad view of social programs and developments runs into questions of definition. The general principles of inclusion and exclusion followed in this series, as well as the basis for internal classification of the data, have been described in some detail in the earlier articles. In general, social welfare programs are defined to include the major public programs directed specifically toward promoting the well-being of individuals and families. Programs directed toward economic development, price support or control, or similar objectives are not included even though they may have important consequences for social welfare. Expenditures under social welfare programs are grouped and classified essentially on the basis of administrative structure. To the maximum extent possible, however, the data are subclassified in such a way as to permit significant regroupings. It is possible, for example, to derive from table 1 a figure that brings together expenditures under health programs and those for hospital benefits and medical services under workmen's compensation, temporary disability insurance, and vocational rehabilitation. All veterans' benefits are grouped together but subclassified so that data for pensions and compensation can be regrouped with social insurance, medical care with health expenditures, and educational benefits with education.

Excluded from this social welfare series are certain public expenditures that might be included in a series designed to be completely comprehensive with respect to health or education. In addition to relatively small and marginal items such as employee health services maintained by government agencies, which are not readily identifiable on a continuing basis, the major exclusions are expenditures by the Military Establishment. The amounts are not very large, although if they were added

Table 5.—Social welfare expenditures in relation to government expenditures for all purposes, selected fiscal years 1889-90 through 1955-56

[Revised estimates]

Fiscal year	Social welfare expenditures					Social welfare expenditures from general revenues					
	Total as percent of government expenditures for all purposes ¹		From Federal funds as percent of Federal expenditures for all purposes	From State and local funds as percent of State-local expenditures for all purposes ²		Total as percent of government expenditures from general revenues		From Federal funds as percent of Federal expenditures from general revenues		From State and local funds as percent of State-local expenditures from general revenues	
	All programs	All except education	All programs	All programs	All except education	All programs	All except education	All programs	All except veterans'	All programs	All except education
1889-90	38	20	41	36	10	38	20	41	1	36	10
1912-13	34	16	22	40	14	34	16	22	1	40	14
1928-29	42	18	24	48	16	42	17	23	3	48	16
1934-35	51.7	34.5	47.1	56.2	23.0	51.0	33.7	46.5	39.4	55.2	21.8
1939-40	49.4	34.0	35.5	63.5	33.0	46.2	30.2	32.8	26.9	60.5	27.9
1944-45	7.4	4.1	2.5	67.6	26.0	6.6	3.3	1.8	.9	65.9	23.3
1949-50	37.8	26.1	23.2	66.4	32.2	33.4	21.1	19.7	4.6	62.2	24.3
1950-51	35.1	23.4	21.5	63.2	27.8	31.0	18.8	16.9	4.9	60.6	23.3
1951-52	26.9	17.4	14.6	61.2	25.9	23.0	13.1	10.6	3.5	58.3	21.2
1952-53	25.6	16.4	13.9	60.3	24.7	21.4	11.7	9.3	3.6	57.7	20.3
1953-54	28.5	18.4	16.2	58.0	24.5	23.8	12.7	10.6	4.3	55.3	18.9
1954-55	31.4	20.5	19.2	58.5	24.5	24.9	13.2	11.4	4.6	54.1	18.2
1955-56	32.1	20.8	20.5	56.7	22.2	28.7	13.5	11.7	4.7	54.1	17.7

¹ Expenditures from general revenues and from social insurance trust funds; the portion of workmen's compensation and temporary disability insurance payments made through private carriers was

omitted in computing percentages.

² Includes expenditures from State accounts in the unemployment trust fund but excludes Federal grants-in-aid.

to the figure for Federal expenditures for these purposes they would raise the totals significantly. Expenditures by the Department of Defense for medical care for members of the Armed Forces (and to a limited extent for others, such as retired military personnel and Members of Congress) have amounted to some \$260-\$270 million in each of the past few years. During war periods, they would, of course, be much larger.

In the fiscal year 1955-56, the Defense Department spent \$16.9 million on the Military Academies and \$8.6 million for the education of military personnel at civilian colleges and universities. In addition, \$9.3 million was spent for the off-duty educational program for servicemen.

If one were concerned primarily with a measure of the total resources going into health services or into education and training, these expenditures by the Military Establishment undoubtedly should be included. It can be argued that in peacetime the medical care provided to servicemen is merely a substitute for similar care that they would or should be getting if they fell sick or were injured in civilian life. The same type of argument cannot be advanced with respect to military education, for the pattern of what is learned and taught is dictated by a military purpose, and though some of the education received may be transferable to non-military uses, much of it is not.

The determining consideration has been that one of the primary uses of the social welfare expenditure series is to provide a measure of the share of the national output or of all government spending that is going at any time to what would generally be regarded as social welfare purposes—as distinguished from other purposes. From this point of view, amounts spent by the Defense Department for the health and the education of military personnel are more appropriately classified as military expenditures than as social welfare expenditures. The general principle followed, therefore, has been to include in the series only those expenditures made under civilian programs.

There are, however, no easy or completely clear-cut answers in matters involving social institutions or

social values. Should the dependents of servicemen be considered as part of the Military Establishment or as civilians—particularly when most servicemen are not career military employees but drafted personnel? The issue arises with respect to the health services provided under Medicare—the new program³ for dependents of servicemen outside military installations. Since this program did not start operations until December 1956, after the end of the period covered by table 1, the decision concerning its inclusion in the series did not have to be made this year. Inclusion of the Defense Department's expenditures for the schools for children of military and Federal civilian employees abroad (\$17.5 million in 1955-56) poses a somewhat similar problem. This year, however, table 1 was revised to include such expenditures, previously omitted. On balance, it seemed preferable to treat these expenditures as a reflection of the national policy of providing from public funds for the education of all children and to regard as incidental their inclusion in the Defense Department's budget.

Veterans' benefits and military retirement pensions have been included in the series from the outset on the ground that at the time benefits are paid the recipients are in civilian life. In part they receive these benefits in lieu of similar protection that they might have acquired under civilian programs had they not been in military service. It is true that the service-connected pensions and medical care for veterans, in particular, represent payment for a risk that would not have arisen except for their military service. In any accounting of the total costs of war, veterans' benefits should certainly be included as war-related. On the other hand, omitting them from the social welfare series would give an incomplete picture of the income-maintenance and medical care benefits available to the civilian population. It is also desirable to include veterans' benefits in the social welfare series for the United States to make com-

parisons with other countries that provide for their veterans primarily through the social insurance and medical care programs for the general population.

A related but somewhat different question is sometimes raised concerning the inclusion in the series of benefits under the railroad retirement and public employee retirement systems. Here the question is whether these systems are properly regarded as social insurance programs. The answer cannot be entirely clear cut. From one point of view, the railroad retirement and civil-service retirement systems are simply substitutes for coverage under the general social insurance program. Most countries have developed retirement systems for special groups in advance of a general system. Many countries retain special systems for such occupations as miners, seamen, and railroad workers as well as for government employees. The fact that the benefit structure may be more favorable under the special systems does not seem controlling as to their classification. Some social insurance systems vary benefit levels in relation to occupation as well as to earnings levels. When Congress was considering extension of old-age, survivors, and disability insurance to Federal employees in 1956, much of the discussion treated the existing civil-service retirement system as a substitute for coverage under the general social insurance program.

On the other hand, part of the argument for continued exclusion of Federal employees from old-age, survivors, and disability insurance coverage was that benefits for long-service employees were more nearly adequate under the civil-service system. Recent proposals for increasing the benefits under military retirement and other special systems have used both the argument that the protection should be equal to that under old-age, survivors, and disability insurance and the argument that, to attract manpower, the benefits should be modeled on those under private employee benefit plans.

The analogy with private employee benefit plans is closer when the special system is supplementary to old-age, survivors, and disability insurance coverage. As of January 1957,

³ See Major General Paul I. Robinson, "Medicare: Uniformed Services Program for Dependents," *Social Security Bulletin*, July 1957.

almost 1 million State and local government employees were covered by both old-age, survivors, and disability insurance and a special retirement system. Tennessee Valley Authority employees, as a result of a 1956 amendment and the subsequent modification of their special system, also have dual coverage.⁴ At some time in the future it might seem preferable, on balance, to exclude benefit payments under such supplementary systems from a social insurance or social welfare series. At present and for some years to come, however, the great bulk of the payments under these special systems will be going to persons who retired before the systems were made supplementary. For the time being, at least, they will continue to be treated as substitutes for, and therefore classed as, social insurance benefits.

Private Welfare Expenditures

Information about private "welfare" expenditures is much less readily available than information relating to public programs. Some significant check points can, however, be identified.

With respect to the relation between total private and total public spending for purposes that have come to be regarded as social welfare in nature, it is possible to compare the general magnitudes involved. Between 75 percent and 80 percent of all expenditures for civilian education in the United States is from public funds. Private expenditures for education in 1955-56 included about \$514 million for construction and \$3.3 billion in current expenditures. About 40 percent of these current expenditures went for higher education, compared with about 11 percent of public expenditures.

For medical care and health services, private expenditures are considerably larger than those made under public programs. In the fiscal year 1955-56, for example, private medical care expenditures were about \$11,690 million and public expenditures for civilian health purposes

⁴ See Robert J. Myers, "Tennessee Valley Authority Retirement Plan: Coordination With Old-Age, Survivors, and Disability Insurance," *Social Security Bulletin*, September 1957.

Table 6.—Estimated expenditures for personal health services, selected fiscal years, 1928-29 through 1955-56

[In millions]

Expenditures	1928-29	1939-40	1944-45	1949-50	1954-55	1955-56
Total.....	\$3,175.0	\$3,490.8	\$5,644.3	\$9,942.2	\$13,921.5	\$14,766.2
Public program expenditures, total.....	275.0	590.8	769.3	1,992.2	3,021.5	3,166.2
Hospital and medical care (other than veterans').....	215.0	415.0	485.7	1,174.0	1,639.0	1,705.8
Veterans' hospital and medical care.....	30.0	72.1	98.3	585.9	728.1	730.0
Maternal and child health services.....	5.0	13.7	61.9	29.7	92.8	104.1
Workmen's compensation.....	25.0	90.0	122.0	193.0	320.0	340.0
Public assistance, vendor payments.....					211.9	252.6
Medical rehabilitation.....			1.4	7.4	9.2	11.0
Temporary disability insurance, hospital benefits.....				2.2	20.6	22.7
Private expenditures.....	2,900.0	2,900.0	4,875.0	7,952.2	10,900.0	11,600.0
Public expenditures as percent of total.....	8.7	16.9	13.6	20.0	21.7	21.4

amounted to \$4,614 million. Since some of the public health functions, such as environmental sanitation, quarantine and epidemic control, and food and drug inspection, could hardly be carried out except by government agencies, a more significant comparison would relate to expenditures for personal health services only. Such a comparison can be only approximate, since the line between personal health services and public health activities is not at all clear—as in the program for venereal disease control or that for distribution of the Salk poliomyelitis vaccine, for example.

Under a narrow definition of personal health services—that is, excluding all community and general public health activities—it would appear that a little more than one-fifth of all expenditures for personal health care is now being made under public programs (table 6). It is of interest to compare this figure with the proportion paid through private health insurance or prepayment arrangements. In the fiscal year 1955-56, private insurance payments were about 19 percent of all expenditures for personal medical care; 21 percent of these expenditures were made from public funds.⁵ Expenditures un-

⁵ In most discussions of private health insurance, its coverage is measured in relation to all private medical expenditures only. In the fiscal year 1955-56, private insurance covered 24.1 percent of the private medical bill.

der private insurance and prepayment arrangements have in the past few years been increasing at a faster rate than public expenditures for personal health services. From 1948-49, the first year for which comparable estimates have been made, to 1955-56 private insurance payments increased from 7.4 percent to 18.9 percent of total personal health care costs while public expenditures went up 2 percentage points—from 19.4 percent to 21.4 percent.

Private pension plans paid out about \$725 million in 1955-56, compared with \$5.5 billion under old-age, survivors, and disability insurance and a total of \$7.4 billion under that program and the railroad retirement and public employee retirement systems. In most instances, the private annuity supplemented an old-age, survivors, and disability insurance benefit. Very few private pension plans pay survivor benefits except when a retiring employee has elected to receive a reduced benefit. Death benefit payments under group life insurance in 1956 are estimated by the Institute of Life Insurance to have been \$700 million, and payments under all types of policies, including those individually purchased, \$2.4 billion.

In 1955 private cash sickness insurance payments (not including payments by private carriers or self-insurers under the public laws of California, New Jersey, and New York) amounted to \$506 million and paid sick leave in private industry

amounted to approximately \$304 million.⁶

It is estimated that private contributions for all philanthropic and religious purposes in 1956 amounted to about \$5.8 billion. About \$3.1 billion of the total went to religious organizations. Private charitable organizations spent for health purposes about \$800 million, including about \$90 million spent by religious organizations. Perhaps \$1.2 billion, including \$290 million from church funds, went for welfare services—family counseling, specialized services for

⁶ For an analysis of the extent of protection against sickness costs in 1955, see the *Social Security Bulletin*, January 1957, pages 4-6.

children, recreation, group work, institutional care, and similar services.

Social welfare programs as they have developed in the United States represent a combination of public and private and of national and local responsibilities that is different from that found in almost any other country in the world. The use of the grant-in-aid device, which keeps the administration of social welfare programs in the States and localities but still draws on the broader fiscal resources of the Federal Government to help finance the programs and to achieve at least a partial equalization of costs and benefits between regions, has been more fully developed in this country than anywhere else with

the possible exception of Canada. At the same time the almost universal coverage of the national old-age, survivors, and disability insurance program is rapidly building up a base of nondiscretionary income payments to major groups of nonearners in the population that is as important to the functioning of the national economy as it is to the welfare of the beneficiaries.

No social welfare structure is ever completed. Concepts both of what is desirable and of what is possible will change. No picture of the United States today is valid or meaningful, however, unless it includes the Nation's social welfare goals and achievements.