*The Civilian War Benefits Program: SSA's First Disability Program**

Disability benefits under Title II of the Social Security Act became part of the law in 1956, and Medicare came into being in 1965. We might assume, therefore, that the first cash disability payments made by the Social Security Administration (SSA) occurred sometime around 19.56, and the first medical benefit claims would have been processed sometime around 1965.' But in the early months of 1943, a small team from the Social Security Board (the organizational forerunner to SSA [2]), and the Public Health Service Administration, began adjudicating disability claims and medical benefit claims under the Civilian War Benefits (CWB) program.[3] From March 1943 until the program ended in May 1945, SSA adjudicated about 1,000 disability claims and assisted in the processing of thousands of claims for medical-care reimbursement.

The CWB program continues even into the present day. As of September 1996, there were four CWB beneficiaries-three receiving survivors benefits and one receiving partial disability benefits. The total benefit payout in fiscal year 1996 for this vanishing program was $14,773 .[4]

The idea behind this unique wartime program was that there are inevitably civilian casualties of war, civilians who become injured or killed through some action related to the hostilities of war, and the intent was to pay disability, survivors, and medical-care benefits to such civilians. As a Senate report on the issue described it:

> Since the outbreak of the war on December 7, 194 1, death and destruction have come not only to individuals in the armed forces but also to civilians. , . In the war we are fighting today civilians are also combatants. The fact that they are civilians has nothing to do with their safety or the risks they have to take when the enemy comes. Total war means a war affecting civilians as well as the military.[5]

These emergency wartime programs gave SSA its first direct experience with operating a disability benefit program. Many of the policies and procedures developed in administering these wartime programs presaged the later disability program; and the Civilian War Benefits program contained principles and features that we can recognize in the disability program of the present day.

Three Programs

There were actually three separate programs under the broad rubric of the War Civilian Security program:

- *Civilian War Benefits,* which paid disability, survivors, and medical benefits to U.S. citizens and enemy aliens; [6]
- *Civilian War Assistance* (CWA), which helped with expenses related to evacuations and repatriation of American citizens; and
- *Assistance and Services to Enemy Aliens* (ASEA), which helped finance the relocation or internment of Japanese-Americans, German-Americans, and Italian-Americans and their subsequent return to their homes after the war.

The Federal Security Administration (FSA) was responsible for all three programs, although the latter two programs were generally run by various other Federal and State authorities, with funds provided by FSA. The FSA delegated the administration of the CWB program to SSA, with the exception of the medical benefits, which were administered by the U.S. Public Health Service. Responsibility for the CWB program was in turn delegated to the Bureau of Old-Age and Survivors Insurance (BOASI). The CWA and ASEA programs were administered by SSA's Bureau of Public Assistance. This note focuses on the CWB program.

Origin and Development of the Programs

Following the outbreak of war in December 194 1, the entire government, including the Federal Security Agency and the Social Security Board, was mobilized in support of the war effort. President Roosevelt had been given an Emergency Fund by Congress to meet pressing exigencies in the months leading up to the war.' On February 3, 1942, the Director of the Bureau of the Budget sent a memo to the President lamenting the piecemeal approach to the problem of civilian casualties of

* Larry DeWitt, SSA Historian, Office of Library, Records and Reprographics, Office of Publications and Logistics Management, Social Security Administration, with research assistance by Robert Krebs, Office of Library, Records and Reprographics.

the war and urging the use of $5,000,000 from the Emergency Fund to address the problem. The Director wrote:

> Many proposals are being made by various departments and agencies of the Government to provide aid necessitated by enemy action to persons residing in the United States. Some of these proposals are for piecemeal legislation. .One proposal, providing for compensation for. . .workers of the Office of Civilian Defense, is contained in the Second War Powers bill (S. 2208, Title VIII) which has been passed by the Senate and may be enacted without adequate consideration of the total problem unless prompt action is taken. I think it is extremely important that instead of enacting a series of piecemeal bills. . .that a comprehensive plan. .be prepared and agreed upon. . .Pending the development of such a proposal. .I recommend an allocation from the Emergency Fund. .to the Federal Security Administrator to handle this problem on a temporary basis until adequate legislation can be developed.*

Three days later, President Roosevelt created the War Civilian Security Program (so named by SSA) by sending a letter to the Administrator of the Federal Security Agency authorizing the expenditure of these funds for this purpose and specifying the factors of entitlement for these benefits. This letter was the only authorizing guidance available. There was no congressional legislation underlying the creation of these benefit programs, it was done entirely by executive action. The President's letter stated:

> In order to permit sufficient time for the study and development of adequate legislation required because of enemy action which has necessitated aid to the civilian population, it is necessary that provision be made for temporary immediate aid. Pending the development of such legislation, I am asking you, as Federal Security Administrator, to assume responsibility for providing temporary aid necessitated by enemy action to civilians, other than enemy aliens, residing in the United States: (1) who are disabled; (2) who are dependents of civilians who are killed, disabled, interned, or reported as missing; or (3) who are otherwise in need of assistance or services. This aid may take the form of cash allowances or temporary provision for hospitalization, medical care, food, shelter, clothing, and transportation.'

The expectation was that Congress would follow the President's order with permanent legislation; but authorizing legislation was never passed, Senator Claude Pepper (D-FL) did craft a comprehensive bill (S 24 12) that expanded the scope of the programs and gave them a legislative foundation. Although Pepper got his bill passed out of the Senate Education and Labor Committee, it was never enacted into law.

Because of certain problems discovered in the administration of the CWB program, and given the continued absence of the expected legislative remedy, FSA approached the Bureau of the Budget and requested further executive action to expand the program along the lines of the Pepper Bill and to clarify certain policy interpretations.[10] The President expanded the scope of the program by issuing another letter on October 5, 1942, with modifications that extended the existing programs to include civil defense workers and resident enemy aliens in the benefit program."

The CWB program continued to take claims until June 30, 1945. Even though new benefit claims were not processed after that point, those individuals who were receiving benefits pursuant to a finding of permanent disability continued to receive benefits; and survivors benefits continued to be paid. The ASEA program continued until the end of fiscal year 1946, and the CWA program until the end of fiscal year 1947.

Benefits

Under the CWB program, disability and medical benefits were to be paid to affected individuals, and survivors benefits were to be paid to their families. There was a 7-day waiting period before a claim could be filed for disability benefits, and all claims had to be filed within 1 year of onset. Disability benefits were not payable to persons younger than age 16. The program had no connection to Title II, but SSA was to administer it, since it had the most expertise with these types of benefits. Benefit amounts were computed based on past earnings, but were capped within a narrow range of $20 to $85 per month (table 1). Up to $100 was payable for burial expenses.

Temporary and permanent disability benefits, and full and partial disability benefits were paid, as well as the reimbursement of all necessary medical-care expenses. To be eligible for a disability benefit under CWB, the individual had to be totally disabled (permanent or temporary), or have a permanent partial disability of at least 30 percent. In addition, the disability had to be the result of "enemy action," except for Civilian Defense Workers, who could qualify without reference to "enemy action" provided their disability was the result of an injury sustained in the performance of their civil defense duties. Those suffering total and permanent disability could also qualify for up to $50 a month for attendant-care expenses.

Monthly benefits were payable to the widow, child, or parent of civilians who died as a result of enemy action and to the categories of dependents of Civilian Defense Workers killed in the performance of their duties.

A lump-sum benefit of up to $100 was payable as reimbursement of burial expenses. Equitable entitlement to the lump-sum benefit was allowed if someone other than the family incurred the expenses. In addition, similar benefits were paid when the individual was missing or interned by the enemy.

Exclusions

There were several exclusionary conditions for benefits under the CWB program. Benefits were not allowed for:

- non-U.S. citizens;
- those cases where SSA "determines that it is not in the public interest to pay such benefits;"
- interned enemy aliens;
- injuries due to willful misconduct;
- disabilities being compensated under another governmental program;
- employees or agents of foreign governments;
- individuals during any residence outside of the United States; or
- those persons with multiple accounts.

Proofs and Claims Procedures

SSA developed claims procedures, disability rating schedules, and detailed criteria for eligibility, and distributed a 64-page CWB handbook to its employees. Claims were taken by local Social Security offices; and three employees from the Bureau of Old-Age and Survivors Insurance, along with physicians detailed from the Public Health Service (PHS), adjudicated the claims for both disability benefits and medical reimbursements.

The basic disability application was taken on a form CWB- 1. The C WB- 1 was a two-page application that, in addition to identifying information, asked the claimant to describe the nature of his/her injury, the date and place of the injury, witnesses, when work ceased, and the name and address of the treating physician. The form was signed over a penalty clause and witnessed by an SSA employee or a notary. The CWB-1 was taken in a local SSA field office and forwarded, along with the medical evidence forms, to Baltimore for adjudication.

For medical care, SSA provided the beneficiary with a form CWB- 100 authorizing reimbursement of medical-care expenses. The claimant presented the CWB- 100 to the treating source (rather like a Medicare card), and the treating source sent the bills directly to Baltimore, where SSA paid them. For nonmedical proofs, such as earnings levels, SSA relied primarily on existing SSA records.

Disability Evaluation

Disability evaluation under CWB was in many respects similar to that under the later Title II program. The fundamental concept of disability as used in Title II is that of a functional impairment of work capacity due to a medically determinable

Table 1 .-Table of benefit computations

Type of recipient	Percent of monthly earnings rate	Minimum[1] benefit,	Maximum[2] benefit
Recipient with:			
Total disability..	66 2/3	$30.00	$85.00
Partial disability..	66 2/3	30.00	85.00
Widow or wife, no child	30	30.00	45.00
1 child..	40	40.00	60.00
2 children..	50	50.00	75.00
3 children..	60	60.00	85.00
4 or more children..	66 2/3	66.67	85.00
1 child, no wife or widow..	20	20.00	30.00
2 children..	30	30.00	45.00
3 children..	40	40.00	60.00
4 children..	50	50.00	75.00
5 children..	60	60.00	85.00
6 or more children..	66 2/3	66.67	85.00
1 dependent parent..	20	20.00	30.00
2 dependent parents..	30	30.00	45.00

[1] The minimum benefit was also paid in cases where the civilian casualty was not gainfully employed; that is, where the monthly earnings rate was zero. Minimum benefits based on earnings rate of $45 or less for disability and $100 or less for dependents.

[2] Maximum benefits based on earnings rate of $127.50 or more for disability and $150.00 or more for dependents.

impairment(s). This same principle animated the CWB program more than 10 years before it was codified under Title II. Consider this description of disability evaluation from the musculoskeletal rating schedule:

> Orthopedic conditions particularly lend themselves to objective description in terms of functional impairment and consequently are more readily visualized and evaluated in terms of reduced earning capacity or percent of total disability than many other types of disablement. . .Loss or impairment of function is the primary consideration in rating disability; hence the particular need of the staff making disability ratings is such concrete detailed medical information as will reveal the extent of the functional impairment. In evaluating disability the consideration of the rating staff is not so much the disease or injury per se, but the relative disability resulting from the disease or injury.'*

Determinations of permanent and total disability appear to have been more easily made than determinations of partial disability; although in terms of caseloads, the overwhelming bulk of allowances were for temporary and/or partial disability. Extensive instructions were provided, along with a detailed rating schedule, for evaluating partial disabilities. The instructions involving total disability are very sparse and seem to imply that such cases will be obvious to the adjudicators. In effect, the adjudicators simply looked to medical evidence; and if in their judgment the disability was total, that was that.

The program was, in certain respects, more stringent than the later Title II program. It required a disability with a certain etiology-only disabilities incurred as the result of a war-related trauma qualified. At the same time, the program was much more liberal in its general definition of disability, in that it awarded both temporary and partial disability benefits.

Preexisting Disabilities

Even though entitlement to CWB required a war-related trauma, this did not preclude payment for preexisting conditions, if those conditions were somehow aggravated by a war-related trauma. The policy was stated in the disability rating schedule as follows:

> It is recognized that a civilian or a civilian defense worker may have a previously existing disability which may be aggravated by enemy action or by civilian defense activity which by definition may render the disability a compensable disability. Before consideration can be given to aggravation, it must be clearly established that an actual increase in the degree of disability occurred and that the aggravation was due to enemy action or civilian defense activity.[13]

Disability Rating Schedule

The CWB disability rating schedule adopted the now familiar shortcut of presumptive disability determinations in specified cases. Under CWB, an applicant was presumptively entitled to permanent total disability benefits if he/she suffered any of the following conditions:

(1) loss of both feet, or permanent loss of use of both feet;

(2) loss of both hands, or permanent loss of use of both hands;

(3) loss of one hand and one foot, or permanent loss of use of one hand and one foot;

(4) permanent loss of vision; or

(5) any disability which requires the individual to be permanently bedridden.

Because the CWB program paid partial disability benefits, SSA needed to consider the development of a rating schedule for partial disabilities. They first consulted with Wisconsin State Workmens' Compensation officials who advised adoption of a rating schedule based on the Veteran Administration's (VA) 1933 schedule, although not as "liberal" as that schedule. SSA's Bureau of Research and Statistics (BRS) was given the job of developing the schedule. The BRS convened a panel of technical experts from the VA, Workmens' Compensation agencies, medical experts from academic and business circles, and Civilian Defense officials to advise BRS on development of a rating schedule. The proposal developed by the group called for permanent partial disabilities to be compensable if the impairment reached 30 percent of capacity, and had age-based differentials for workers aged 30 or older (the age differential was dropped in later considerations). The ratings developed were in general higher than those under Workmens' Compensation, but lower than the VA's ratings. This "imbetween" posture was deliberate. In fact, the age-differential was dropped because it resulted in ratings higher than the VA's.

The rating schedule that was ultimately developed had six sections:

- musculoskeletal
- organs of special sense
- the nose and throat
- scars and disfigurements
- neuropsychiatric disabilities
- dental and oral disabilities

The musculoskeletal section was developed and distributed first; the other five sections were introduced later. The development of the neuropsychiatric section is noteworthy. A special group of consultants was engaged to consider this section. The group judged the VA's mental impairment classification outdated, and it adopted the definitions from the 1942 edition of the "Standard (classified) Nomenclature of Disease." Reflecting attitudes of the era toward mental illnesses, the schedule provided benefits for psychotic conditions only if the person had been hospitalized. Psychoses were considered total during the hospitalization and for 3 months thereafter and would be appraised as partial disabilities thereafter. Psychoneuroses would only be compensable for 3 months.

One unique feature of the rating schedule was that it could be waived if its use were judged to be "inequitable." Such cases could be submitted to the Social Security Board for an executive determination.

Multiple Impairments

The CWB program considered the effect of multiple impairments in assessing disability. When multiple impairments were present, the percentage of each impairment was first determined using the rating schedule. Then the combined ratings table would be used to compute a total percentage of impairment. The combined ratings table was designed in such a way that any combination of impairments could be computed and a percentage ranging from 10 percent to 100 percent could be assigned to the combined impairments (table 2).

Continuing Disability Reviews

The concept of Continuing Disability Reviews (CDRs) also was introduced into the CWB program, although there is little evidence that CDRs were a significant factor during the program; and there are no readily available data on the number of cessations processed. The policy on CDRs was:

> *I. The civilian casualty shall as frequently and at such times as may be required submit a statement of continuance of disability together with a statement by the attending physician showing the continuance of the disability.*
>
> *2. The civilian casualty shall as frequently and at such times andplaces as may be reasonably required, submit himself to an examination by a medical officer or duly qualifiedphysician designated or approved by the Social Security Board If the civilian casualty refuses to submit to or obstructs such examination, no benefits shall be payable. .*[14]

Benefit Caseloads

The first claims under CWB were taken in March 1942; by June 1942, there were 1,307 beneficiaries receiving $34,178 in monthly payments. These were all dependents of civilians killed or missing overseas. At the end of 1942, SSA transferred jurisdiction for 1,258 beneficiaries, and pending claims on another 180 workers, to the U.S. Employees' Compensation Commission (USECC) under the provisions of Public Law No. 784, enacted on December 2, 1942. This law provided a separate program for employees of government contractors. As a result, the caseloads under the jurisdiction of SSA declined precipitously beginning in January 1943. (There were only 262 CWB beneficiaries on the rolls by June 1943.)

The first disability claims were adjudicated in March 1943, 1 year after the program began. New claims were taken through June 1945, and SSA continued payments for existing beneficiaries through December 3 1, 1946, when the remaining caseloads were also transferred to the USECC.

Through the end of SSA's involvement with the CWB program, a total of 896 claims were processed for temporary disability benefits, and 3 1 beneficiaries were still receiving such a benefit on December 3 1, 1946, and there were 38 beneficiaries receiving permanent disability benefits. There also were 2 11 dependents receiving benefits of various types—for a total of 280 CWB beneficiaries in payment status at program turnover. So, we can conclude that approximately 1,000 disability claims were processed by SSA during the CWB program.[15] About 4,600 claims of all types were received during the program. The total amount of benefit payments made under the CWB program through December 1946 was $1,028,569.[16]

Social Insurance as a Model

Since two Presidential letters were the only authorizing guidance regarding the CWB program, SSA had an unusual degree of freedom in formulating operating policies for this

Table 2.—Combined ratings table used in Civilian War Benefits program

Level	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95
5	10																		
10	15	20																	
15	20	25	30																
20	25	30	35	40															
25	30	35	35	40	45														
30	35	35	40	45	50	50													
35	40	40	45	50	50	55	60												
40	45	50	50	55	55	60	60	65											
45	50	55	55	60	65	60	65	65	70										
50	55	55	60	60	65	65	70	70	75	75									
55	55	60	60	65	70	70	70	75	75	80	80								
60	60	65	65	70	70	70	75	75	80	80	80	85							
65	65	70	70	75	75	75	75	80	80	85	85	85	90						
70	70	75	75	75	80	80	80	80	85	85	85	90	90	90					
75	75	75	80	80	80	80	85	85	85	90	90	90	90	90	95				
80	80	80	80	85	85	85	85	90	90	90	90	90	90	95	95	95			
85	85	85	85	85	90	90	90	90	90	90	90	90	95	95	95	95	100		
90	90	90	90	90	90	90	95	95	95	95	95	95	95	95	100	100	100	100	
95	95	95	95	95	95	95	95	95	95	100	100	100	100	100	100	100	100	100	100

program. As a result, the CWB program ended up with many policy features that were similar to the familiar policies in use under the Old-Age and Survivors (OASI) benefit program of Social Security. For example, the idea of a benefit computation based on past earnings; the use of a family maximum in benefit computations; and equitable entitlement to the burial benefit, all were policies adapted from the OASI program. The claims procedure, with the field offices taking benefits claims and developing evidence and Central Office adjudicating the claims, was also a system in use under the OASI program.

In terms of disability policy, SSA consciously modeled its program after those in use in the VA and in workers' compensation programs. Even so, efforts were made to separate CWB policy from each of these models. Features of disability adjudication were adopted based on prevailing social insurance theory of the time. This is evident in the attitudes toward mental illnesses and in the use of presumptive disability, multiple impairment schedules, CDRs, and the like.

Despite marked similarities between CWB and OASI, and between CWB and general thinking regarding disability programs, there is no evidence that the planners at SSA explicitly debated the appropriateness of applying these existing social insurance concepts to the CWB program. Instead, they appear to have simply assumed that the CWB program would of course operate under standard social insurance precepts.

The Pepper Bill

Beyond their tendency to use OASI as a model, the planners at SSA clearly felt constrained by the assumption of all parties that congressional legislation was forthcoming. Consequently they designed the CWB program to track the features of the pending Pepper Bill, which the Administration was supporting and which was expected to be the permanent form of the program. Coverage of resident enemy aliens, coverage of civilian defense workers, and coverage of resident workers in the United States were all adopted from the corresponding provisions in S 2412. There were, however, some significant deviations from the provisions of the Pepper Bill in the CWB program that excluded payments for:

- husbands or widowers;
- a dependent child older than 18;
- dependent parents under age 65;
- seamen and their dependents;
- civilian munitions handlers injured or killed as a result of accidental discharge of munitions; and
- reimbursement of workers' compensation for any payments made for injuries covered by CWB.

Each of these were provisions of the Pepper Bill and their absence from CWB represented deliberate policy determinations made by SSA within the wide scope of its policymaking authority. This is in itself somewhat remarkable in that it shows SSA exercising wide policymaking latitude over a program that had no legislative foundation. Authority for the entire program could easily be questioned, and yet SSA felt secure in making substantive policy for such a program.

Similarities and Differences Between CWB and Title II Disability

In many respects the CWB program seems remarkably modern in the sense that it operated under many of the same principles as the later Title II disability program. In fact, the similarities were more numerous than the differences, although some of the differences were of large magnitude (table 3). Certainly, the payment of partial and temporary disability under CWB is a major difference with Title II-but on this score some might be tempted to judge the difference as being in CWB's favor. In any case, it seems fair to judge the CWB program as a serious full-fledged disability program.

The Need for a Disability Program in the United States

Although disability benefits were not part of the original Social Security Act, there was a widespread view among social insurance advocates that disability benefits were a logical part of the "comprehensive package of protection" that President Roosevelt had called for in announcing his Administration's initiative to create a social insurance system. Although the Committee on Economic Security that drafted the President's proposal did not advance a disability plan, the staff did publish two studies examining the issue and the Committee's report recommended ". . . that provision should be made for the further study of the occurrence of permanent disability and of measures to furnish protection against this risk.""

There was a determination to encourage expansion of the program to include disability and there were continuous efforts, both within and outside of SSA, to achieve this aim.

Table 3 .-Similarities and differences between civilian war benefits and Title 11 disability benefits

Item	Program characteristics
Similarities	Permanent/total disability benefits; benefit amount earnings related; eligibility based on medical evidence of functional impairment; presumptive disability criteria; continuing disability reviews; consultative exams; and multiple impairments considered
Differences	Partial disability; temporary disability; war-related trauma requirement; disability rating schedule; quarters of coverage requirement; listing of impairments; and State/Federal partnerships

The all-important Advisory Council of 1937-38 recommended the expansion of Social Security to include disability benefits, and SSA's own report cautiously supported this recommendation. In its February *1939* issue, the *Social Security Bulletin* published its first major study of disability, in which Elizabeth Otey estimated that on any given day as many as 7 million Americans were unable to work due to a disability, and Otey made the case that voluntary disability coverage was not meeting the demonstrated need. In its January 194 l issue, the *Bulletin* featured an article coauthored by I.S. Falk (the Director of the Bureau of Research and Statistics) and Barkev Sanders, which attempted for the first time to estimate the potential size of a program for permanent disability coverage along lines then being considered in Congress. The March *1941* issue of the *Bulletin* then led with a long policy essay by Arthur Altmeyer titled "Social Insurance for Permanently Disabled Workers," in which Altmeyer argued that "the social insurance method is applicable to the risk of disability as well as old age." And the June issue headlined a "special article" by one of the Bureau's physicians describing how the difficult problem of making disability determinations could effectively be handled.'* It was clear that SSA was steadily laying the groundwork to argue that the Social Security Act should be extended to cover disability benefits.

In spite of all this effort, and the well-documented need for them, cash disability benefits would not become part of Title II until more than 20 years after the original Act was passed. The reasons are many and complex, and no one explanation is universally accepted. Certainly, there were powerful political and societal forces in opposition to this expansion. For example, The American Medical Association viewed any involvement by the government in disability decisions as trespassing on the prerogatives of the physician. Private insurance companies were opposed to the government offering disability coverage, despite the fact that the private sector had abandoned this market following their disastrous losses on disability insurance during the early 1930s. Indeed, the insurance companies were certain that the government could not operate a successful disability program, since they had found it impossible to do so. Many in Congress were worried that disability insurance would entangle the government in a benefit program whose costs could not be contained. And almost everyone worried about the problem of "moral hazard," which meant that it was too difficult to tell if someone was really disabled. Many people doubted that any sound system of disability determinations could be devised."

A Missed Opportunity?

Even under the weight of all these concerns, SSA found itself in the disability business during 1943-45. The CWB program was special in many respects, to be sure, and yet it was a fairly comprehensive social insurance program paying survivors benefits, dependents benefits, disability benefits, and health-care benefits. Prior to the creation of the CWB program the only similar programs in operation in the United States were those for veterans, and State-run workers' compensation programs. But the CWB program was not just workers' compensation for civilian defense workers (they were added to the program by the second Presidential letter), and it was not a program limited only to veterans. CWB paid its range of social insurance benefits to any and all American civilians, provided only that they were in some way harmed by a war-related trauma. So we could say that this little program represented in microcosm a large part of the comprehensive Federal approach to social insurance provision so ardently sought by the advocates of social insurance.

How was President Roosevelt able to create the CWB program without the consent of Congress, and how was SSA able to operate the CWB program, including making many substantive policy decisions, all without any serious public objection? The answer is that the CWB program was unique in many ways. First, it was an emergency wartime program and many government activities were tolerated in the name of the war effort. Second, it was a small program, involving only a select group of especially "deserving" beneficiaries who had become disabled in the service of their country. It did not cost much money; and finally, it was temporary, so opposition hardly seemed necessary.

At the same time, it is important to appreciate that SSA successfully operated a disability program, including the key sensitive issue of making disability determinations, for more than 2 years. Strategies were found to accommodate the concerns of the medical community; disability determination schedules were developed; and rigorous procedures and evidentiary requirements were put in place to guard against "moral hazard." Familiar disability concepts were introduced and put into operation that included presumptive disability, multiple impairments, waiting periods, continuing disability reviews, and so forth. In short, SSA was in the disability business and was successful at it.

It would be natural then to expect that this early success with disability would be used by the advocates of expanding Title II benefits as a foot in the door to get SSA into the disability business. After all, a plausible argument could be made that many of the core problems in operating a disability program had been faced and solved in the CWB program. And yet this argument was never made. As World War II was drawing to a *close,* the *Social Security Bulletin* again took up its crusade on behalf of disability. In its January 1945 issue, just 3 months before the last disability claim was taken under the CWB program, the *Bulletin* published two excerpts from the Ninth Annual Report of the Social Security Board on the need for disability and health insurance. The argument for disability insurance was passionate and sustained. The Board argued:

> the United States is the only Nation which insures workers against old age without insuring them against permanent or chronic disability. . .The vast wage loss from disability in any given year falls on only a small minority of all workers' families, though all are subject to risk of loss. . .Disability insurance, like life insurance

> or fire insurance, is a way of distributing the losses of the relatively few over the many who are subject to the risk. . . The field organization, wage records, administrative experience, and other characteristics of the Federal old-age and survivors insurance system provide a ready framework for administering benefits for permanent total disability.[20]

Here was SSA making the argument that a permanent disability program was needed and that its experience administering *old-age benefits* qualified it to run such a program. SSA's experience with the CWB program is never mentioned. SSA simply turned over the C WB program to the Employees Compensation Commission and went back to its old approach to the advocacy of disability insurance. The explanation for this is probably the same as the reason why the CWB program was so easily created in the first place. The CWB program was a small, temporary, wartime emergency program, and as such, it was not seen as having precedential value in the larger struggle for disability insurance.

Even so, it is surprising that the argument was not made that the experience with the CWB program proved SSA could operate a successful disability program. Whether it would have been persuasive is another matter; but the fact that it was not even attempted is puzzling. I think we are entitled to conclude that this failure to build on the CWB program was a small but significant missed opportunity for advocates of disability insurance.

Conclusions

Almost as soon as the Social Security Act was signed, executives at SSA began a long, determined campaign for disability benefits. For years, a viable disability program, along with some form of health insurance, were viewed as the obvious missing elements in Social Security, and SSA was conducting research on disability programs and subtly lobbying for the addition of disability to its existing programs.

Thus, when the Federal Security Administrator tasked SSA with the operation of the CWB program, they were, you might say, rehearsed and ready. And, quite naturally, the program SSA devised had many features in common both with the existing OASI program and other governmental disability programs. Indeed, as we have seen, there was a remarkable degree of similarity between the CWB program and the later Title II cash disability benefits program. Conceptually speaking, the CWB program can be viewed as a clear intellectual progenitor of Title II cash benefits.

The officials at SSA who created and managed the CWB program clearly saw it as being in the social insurance tradition and as having intellectual roots in existing disability programs. And yet when it came time to use the experience with CWB as a "foot in the door" in pursuing cash disability benefits, that connection was not made. This failure to retain the CWB program and to use it to make the case for Title II cash benefits may well be judged a significant missed opportunity.

In any event, it is certainly significant that SSA was in the disability business as early as 1943, long before cash disability benefits became part of Title 11. This largely overlooked episode in the history of disability benefits at SSA is yet another intriguing facet of disability's rich history.

Notes

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The records of the Civilian War Benefits program are available at the National Archives II; RG-47, 833.2-847.2, Boxes 342-346. Some portions of the records are also available in the SSA History Archives at SSA Headquarters in Baltimore.

[1] The first cash disability payments under Title II were paid in January 1957 to disabled adult children of retired or deceased wage earners. Monthly disability payments to the wage earners themselves were first made in July 1957. Although Medicare was enacted into law in July 1965, the first reimbursement claims were not processed until July 1966, after the completion of a 1-year implementation period.

[2] From 1935 until 1946, SSA was known as the Social Security Board (SSB). As part of the President's Reorganization Plan of 1946 the Board was abolished and was replaced by the Social Security Administration (SSA). The three-member executive board of the SSB was also replaced in favor of a single commissioner as head of the agency. Throughout this note, for convenience, SSA is referred to, rather than SSB and SSA. The reader should keep in mind that, technically, it was the SSB rather than the SSA that was involved in most of the events discussed herein.

[3] In fact, the first claims under this program, for dependents' benefits, were paid in March 1942.

"The CWB program formally ended in May 1945, although entitled beneficiaries continued receiving payments. SSA turned the remaining caseload over to the U.S. Employees Compensation Commission (USECC), a sister organization within the Federal Security Agency, in 1947. The USECC was described by contemporaries as the "Smithsonian attic" of Federal programs, since it housed several extinct programs with lingering beneficiary caseloads. In 1950, the USECC was abolished and its functions, including the CWB program, were subsumed by the Department of Labor. The Department of Labor continues to administer the CWB program to the present day.

[5] "*Civilian War Benefits and War Relief Act* of *1942*," Report No. 1448, from the Committee on Education and Labor, June 8, *1942,* p. 6.

[6] The term "enemy alien" when used in these programs meant simply a resident noncitizen of Japanese, German, or Italian origin.

[7] This special Emergency Fund was part of the Independent Offices Appropriations Act of 1942, approved April 5, 1941.

[8] *"Memorandum For The President, Subject., Compensation for Civilian War Injuries or Dependency Resulting from Enemy Action,"* from Harold D. Smith, Director of the Bureau of the Budget, to President Roosevelt, dated February 3, 1942, Franklin Delano Roosevelt Library, copy in SSA History Archives. This memo not only recommends the $5,000,000 allocation, but it identifies the Federal Security Administration (FSA) as the appropriate agency of responsibility; and it outlines the criteria for eligibility in even more detail than given in the President's subsequent letter. For example, it states that "A definite schedule of benefits would be set up, based upon the number and composition of the dependent family and possibly to some extent upon the wages of the persons affected by enemy action." This level of detail and specificity makes it highly likely that the Bureau of the Budget had prior contact with FSA on this issue and that FSA was the source of this initiative, although no documentation of such prior contact has been found.

[9] Presidential letter, dated February 6, 1942 (Allocation No. 42-70). Copy available in the SSA History Archives and text reprinted in the Senate Report referenced in note 5 above.

[10] The Director of the Bureau of the Budget sent his formal request to this effect to the President in a memorandum dated October 3, 1942. *"Memorandum For The President, Subject: Amendment of Allocation No. 42-70, from the Emergency Fund of the President,"* from Harold D. Smith, Director of the Bureau of the Budget to President Roosevelt, dated October 3, 1942, Franklin Delano Roosevelt Library, copy in SSA History Archives.

[11] Presidential letter, dated October 5, 1942 (Allocation No. 42/3-56). Copy available in the SSA History Archives.

[12] Disability Rating Schedule, Social Security Board, December 1943, SSA History Archives, pp. 3-4.

[13] Disability Rating Schedule, December 1943 edition, p. 1.

[14] "Handbook of Instructions and Procedures for Payment of Benefits Under the President's Allocation for Temporary Aid to Civilians," Social Security Board, January 1, 1943, Part IV, Sec. 41, SSA History Archives.

[15] We cannot say with precision that the 934 cases identified in these data were the total caseload since we do not know the number of unique individuals who received permanent disability benefits. In particular, we cannot account for the possibility of some recoveries and/or deaths among this beneficiary population over this period. As a consequence, the estimate of 1,000 cases is probably fairly close to the real value.

[16] Since the CWB program was nonstatutory, its beneficiaries were left in a kind of limbo after President Truman ended the program in May 1945. Current beneficiaries continued to receive benefits even though the program had ended. SSA turned the remaining caseload over to the United States Employees' Compensation Commission and, ultimately, to the Department of Labor. Under these circumstances, it was difficult to promulgate new policies regarding the program. Thus, the $85 maximum benefit established in 1942 remained in effect until December 1962, when the Secretary of Labor, by executive action, granted a 50-percent increase to all remaining beneficiaries. (There were 38 beneficiaries at that point.) In 1973, the Secretary again authorized a benefit increase of 42.6 percent. These two actions raised the maximum payment amount to $181.82, where it apparently has remained ever since. According to the Department of Labor, there were 21 beneficiaries in 1978; 13 in 1984; and 4 at the end of FY 1996.

"Letter of Transmittal and Summary of Major Recommendations on Health Insurance from the Committee on Economic Security to the President. Letter dated November 6, 1935. Reprinted in Edwin Witte's, The Development of the Social Security Act, University of Wisconsin Press (1963), p. 208.

[18] Elizabeth Otey, "Cash Benefits Under Voluntary Disability Insurance," *Social Security Bulletin,* Vol. 2, No. 2, February 1939, pp. 27-33; I.S. Falk and B.S. Sanders, "The Prevalence of Disability in the United States With Special Reference to Disability Insurance," *Social Security Bulletin,* Vol. 4, No. 1, January 1941, pp. 2-8; A.J. Altmeyer, "Social Insurance for Permanently Disabled Workers," *Social Security Bulletin,* Vol. 4, No. 3, March 1941, pp. 3-10; and Ruth E. Stocking, M.D., "Certification of Disability in Social Insurance," *Social Security Bulletin,* Vol. 4, No. 6, June 1941, pp. 3-14.

[19] A thorough and authoritative account of the early efforts of SSA to advocate disability insurance, and the opposition to this expansion of the program, can be found in Edward D. Berkowitz', *Disabled Policy,* Cambridge University Press (1987). Other explanations of why social insurance did not expand in the immediate post-war period can be found in the essay by Skocpol and Amenta, "Redefining the New Deal: World War II and the Development of Social Provision in the United States," in Theda Skocpol, *Social Policy in the United States,* Princeton University Press (1995).

[20] "Disability and Medical Care Insurance: An Excerpt From the Board's Ninth Annual Report," *Social Security Bulletin,* Vol. 8, No. 1, January 1945, pp. 12-16.