Social Welfare Expenditures in the United States

In the clash of ideas and ideals that characterizes the world of today, the goals of economic and social welfare stand out as stated objectives of all parties and all governments. Definitions of welfare differ, of course, as do prescriptions for achieving it. But, increasingly, nations and social philosophies are being evaluated in terms of social welfare goals. Impressions as to how the United States measures up in such an evaluation—as indicated in statements by persons at home and abroad—vary within wide extremes. Differences in points of view will always color the picture. There are some objective measures, however, that can be used to delineate the main outlines.

In this context, it has seemed useful to bring together certain basic information relating to general welfare and to government expenditures for welfare purposes in the United States. Data on government expenditures for social security and health programs are published annually in the Bulletin. For purposes of the present analysis, the term social welfare has been broadly defined to include, in addition, education, housing, and community development programs.

This analysis has been limited to the over-all national situation. A closer examination would reveal relatively advantaged and relatively disadvantaged groups and areas. The spread between the lowest and the highest levels of living within a nation is a significant aspect of social welfare for which adequate statistical measures have yet to be developed for most countries of the world. Nor has any attempt been made here to indicate gaps in existing programs in the United States or to measure unmet needs. Such gaps and needs are serious and must be of continuing concern to all who are interested in human welfare. Nevertheless, in terms of current achievement, and absolutely as well as relatively, the United States has made notable progress toward safeguarding, assuring, and improving the general welfare of its people.

General Measures of Welfare

The welfare of any people should be evaluated not primarily in terms of government programs but in terms of the general well-being of the population. While there are many intangibles that cannot be measured, the over-all level of social welfare can be gauged in terms of a number of generally accepted indexes.

Mortality data give some indication of health conditions. In the United States the average expectation of life at birth is now 67 years. Not many countries of the world have a better record in this respect. The increasing life span of our population has resulted in large measure from a dramatic reduction in infant mortality. In 1950 our infant mortality rate was 29 per 1,000 births. Only a few countries, including Sweden, the Netherlands, Australia, and New Zealand, had lower rates. In most countries, the rate was much higher.

The United States has 1 physician for every 800 persons. More doctors are needed, but the rate compares favorably with that of every other large country in the world. Only Austria and Israel have more physicians per 1,000 persons.

The most recent survey (October 1947) showed a very low rate of illiteracy in the United States, with 97 percent of the population aged 14 or over able to read and write. In 1960, 84 percent of the youths of high school age (14–17) and 29 percent of those aged 18–20 were in school or college. About half the young adults aged 20–24 had completed 4 years of high school or had higher education. Perhaps the best single measure of the standard of living of a country is its per capita income. In 1950 the national income per capita in the United States was $1,576, by far the highest in the world. This figure is the more significant because income is not concentrated in a small class but is widely distributed among the population. The average money income of all spending units in 1950 was $3,520; that is to say, had the total been divided equally among all spending units, each would have received this amount. Actually, half the spending units had incomes of $3,000 or more, and in general these units included more members than those with incomes of less than $3,000 a year. When the money income left after payment of Federal income taxes is considered, the spread is less; average disposable income per spending unit was $3,320, while half of all such units had disposable incomes of $2,850 or more.

Government Social Welfare Programs

The high standard of living of the American people rests in large measure on the increasing productivity of the economy, a relatively healthy and well-educated population, sustained employment, high wages and good working conditions, scientifically developed and prosperous agriculture, a strong trade-union movement, and increasingly cooperative industrial relations. These conditions depend in large part on individual and voluntary group action. From the very beginning of its history, however, the United States has recognized that certain objectives can only be achieved by all the people working together through government. Welfare programs carried out by local, State, and Federal government units have long had an important place in our national life.

Education.—Public education in the United States is the legal responsibility of the several States. The States have enacted laws and established a system of local school districts that operate free public elementary and secondary schools. Most of the funds required to operate these schools come from State and local sources—on the average, 39 percent from the

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1 See the Bulletin for September 1951, table 6, p. 25 (Annual Statistical Supplement, 1950).

2 In 1949, when the United States national income per capita was $1,458, no other country had a per capita income as high as $900. See United Nations Statistical Papers, Series E, No. 1, New York, October 1950.

Social Security
Welfare expenditures in the United States under civilian public programs in relation to national income and to total government expenditures, fiscal year 1949-50

[Corrected to Sept. 6, 1951]

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount (in millions)</th>
<th>As percent of—</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Federal</td>
</tr>
<tr>
<td></td>
<td>$22,775.0</td>
<td>$9,902.4</td>
</tr>
<tr>
<td>Social insurance 1</td>
<td>4,096.2</td>
<td>1,933.4</td>
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<tr>
<td>Old-age and survivors insurance</td>
<td>717.1</td>
<td>717.1</td>
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<tr>
<td>Unemployment insurance and</td>
<td>2,081.8</td>
<td>213.6</td>
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<tr>
<td>employment service</td>
<td>921.9</td>
<td>163.9</td>
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<tr>
<td>Workers’ compensation</td>
<td>1,137.4</td>
<td>388.8</td>
</tr>
<tr>
<td>Public assistance</td>
<td>2,488.7</td>
<td>1,053.8</td>
</tr>
<tr>
<td>Health and medical services 1</td>
<td>2,144.8</td>
<td>268.7</td>
</tr>
<tr>
<td>Other welfare services 2</td>
<td>217.0</td>
<td>108.1</td>
</tr>
<tr>
<td>Education</td>
<td>5,920.0</td>
<td>46.0</td>
</tr>
<tr>
<td>Veterans’ programs</td>
<td>6,221.4</td>
<td>6,221.4</td>
</tr>
<tr>
<td>Pensions and insurance benefits</td>
<td>2,492.8</td>
<td>2,492.8</td>
</tr>
<tr>
<td>Health services</td>
<td>749.1</td>
<td>749.1</td>
</tr>
<tr>
<td>Other (education benefits and</td>
<td>3,222.5</td>
<td>3,222.5</td>
</tr>
<tr>
<td>special welfare benefits)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing and community</td>
<td>261.0</td>
<td>261.0</td>
</tr>
<tr>
<td>development</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 For fiscal year 1949-50, $219.2 billion.
2 Federal Government expenditures (including expenditures from the social insurance trust funds, except state accounts in the unemployment trust fund) of $41.6 billion; State and local government expenditures (including expenditures from the State accounts in the unemployment trust fund) of $22.8 billion.
3 Includes hospital construction and medical research, except veterans’ programs.
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5 Less than 0.05 percent.
6 Represents railroad and Federal, State, and local government employee insurance systems and temporary disability insurance programs in 3 States.
7 Includes hospital construction and medical research, except veterans’ programs.
8 Represents vocational rehabilitation, child welfare services, school lunch program, and institutional care.
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For those who would not otherwise have sufficient income on which to live, the public assistance programs provide monthly grants related to individual need. Public assistance is administered by the States and localities, with the help of substantial Federal grants-in-aid for old-age assistance, aid to the blind, aid to dependent children, and aid to the permanently and totally disabled.

In the fiscal year 1949-50, the total expenditures under the social insurance programs amounted to $4.7 billion or about 2 percent of the national income and 6.3 percent of all government expenditures. Public assistance expenditures of $2.5 billion represented 1 percent of the national income and nearly 4 percent of all government expenditures.
Other welfare services under public auspices include the school lunch program; the Federal-State vocational rehabilitation program; institutional care for specialized groups other than veterans; and social services provided through public welfare agencies for children who are homeless, dependent, neglected, or in danger of becoming delinquent.

Veterans' programs.—For some purposes, the substantial Federal expenditures for veterans are appropriately classified along with other costs of waging war. The veterans' programs are also, however, designed to meet the needs of individuals and in considerable measure take the place of more general welfare measures. They cannot be omitted in any survey of government welfare expenditures. Disabled veterans and the survivors of veterans receive pensions and insurance benefits. The Government provides comprehensive medical services to veterans for all service-connected illness and for most non-service-connected hospitalized illness and some nonhospitalized illness. Veterans are also entitled to special rehabilitation and welfare services. A special program of government scholarships and aids enabled veterans of World War II to continue their education. In the fiscal year 1949–50, total expenditures under these programs amounted to a little more than $6 billion, nearly 3 percent of the national income, more than 9 percent of all government expenditures, and 15 percent of Federal Government outlays.

### Relation to National Income

Welfare expenditures under civilian public programs (including veterans' programs) in the United States in the fiscal year 1949–50 are summarized in the accompanying table.

These welfare expenditures, as broadly defined in the table, represented between 10 percent and 11 percent of national income in that year. They accounted for 34 percent of all government expenditures. The amounts from Federal funds represented 24 percent of Federal Government expenditures. State and local expenditures for welfare programs took 52 percent of State and local budgets.

### Recent Publications

**Social Security Administration**


Summarizes the coverage and financing provisions of the 1950 amendments, describes the changes in financing old-age and survivors insurance, and discusses each of the coverage groups separately. Limited free distribution; apply to the Social Security Administration, Washington 25, D. C.


This report, the second in a series of industry studies, summarizes and analyzes the major provisions of 73 employee-benefit plans in operation in refineries employing approximately 139,000 workers. Limited free distribution; apply to the Social Security Administration, Washington 25, D. C.


Includes a chart showing the main provisions of 10 recently adopted group insurance plans, nine of which provide for both hospital and surgical benefits for employees’ dependents.


The chapter on social security taxes includes discussion of their position in the Federal tax structure and the shifting and incidence, as well as the allocation, of the employee and employer taxes.


### Retirement and Old Age


Goldner, William. *Pensions under..."*