

The accompanying table presents estimates of the number of workers and primary dependents in the civilian population for the years 1940, 1947, 1948, 1949, and 1950, based on decennial census data for 1940 and on the monthly sample surveys of the Bureau of the Census for the other years.¹ Workers are defined as persons in the labor force in the survey week, other than unpaid family workers; primary dependents are the nonworker wives and the nonworker children under age 18 of persons classified as workers.

The table suggests that, during a period of full employment, about 85 percent of the population would have potential social insurance protection against risks common to all persons, under a program or programs covering all workers in the country and their dependents and with relatively low earnings requirements for insured status. (In time, a substantial proportion of the remaining 15 percent would consist of beneficiaries whose protection had matured.) The proportion of the total population with such potential protection has been fairly stable over the past 4 years. A like stability is shown by the relative size of the two groups comprising the 85 percent. Workers constituted 40–41 percent of the population in 1947–50, and primary dependents 44–45 percent. For every 100 workers there were from 108 to 112 primary dependents.

Between 1940 and 1950 both the number of workers and the number of primary dependents increased somewhat more rapidly than the population as a whole, while the number of persons who were neither workers nor primary dependents remained at approximately the same absolute level. As a result the proportion of workers and primary dependents in the population rose from 82 to 84 percent, but the worker-dependent ratio showed little change.

The more rapid increase in the number of primary dependents was due entirely to the growth in the

number of dependent children, since the gain in the size of the group made up of dependent wives was at a rate below that for the total population.

These changes reflect, among other things, the shift from large-scale unemployment in 1940 to full employment in 1950, the increased proportion of married women in the labor force, and the very substantial rise in the birthrate.

Trust Fund Operations, 1950

Sums equivalent to 100 percent of current collections under the Federal Insurance Contributions Act are transferred under permanent appropriation to the Federal old-age and survivors insurance trust fund as such collections are received by the Treasury. In the calendar year 1950, appropriations of such contributions amounted to \$2,667 million. The trust fund also received \$257 million in interest on investments and \$3.7 million in appropriations from the general fund as reimbursement for costs incurred in benefit payments to survivors of certain World War II veterans under the Social Security Act Amendments of 1946. Expenditures for old-age and survivors insurance benefits totaled \$961 million, and administrative expenses amounted to \$61 million. For 1950 the fund's assets showed a net increase of \$1,905 million and totaled \$13,721 million at the end of the year.

The unemployment trust fund is composed of the State accounts and the railroad unemployment insurance account. In 1950, deposits in the State accounts amounted to \$1,191 million and interest credited was \$147 million. Withdrawals totaled \$1,366 million, and the net balance in the State accounts declined \$28 million. The railroad unemployment insurance account in the unemployment trust fund also declined during the calendar year 1950. Deposits in the railroad account were \$13.8 million and interest was \$17.7 million. Benefit payments, on the other hand, amounted to almost \$90 million. The net balance in the railroad unemployment insurance account declined \$57 million.

The assets of the unemployment trust fund, as a whole, showed a net decline of \$85 million during 1950. In the previous year the assets of the fund had dropped \$772 million, mostly as a result of the high level of compensable unemployment. Unemployment declined, however, throughout most of 1950. On December 31, 1950, the assets of the fund amounted to \$7,663 million.

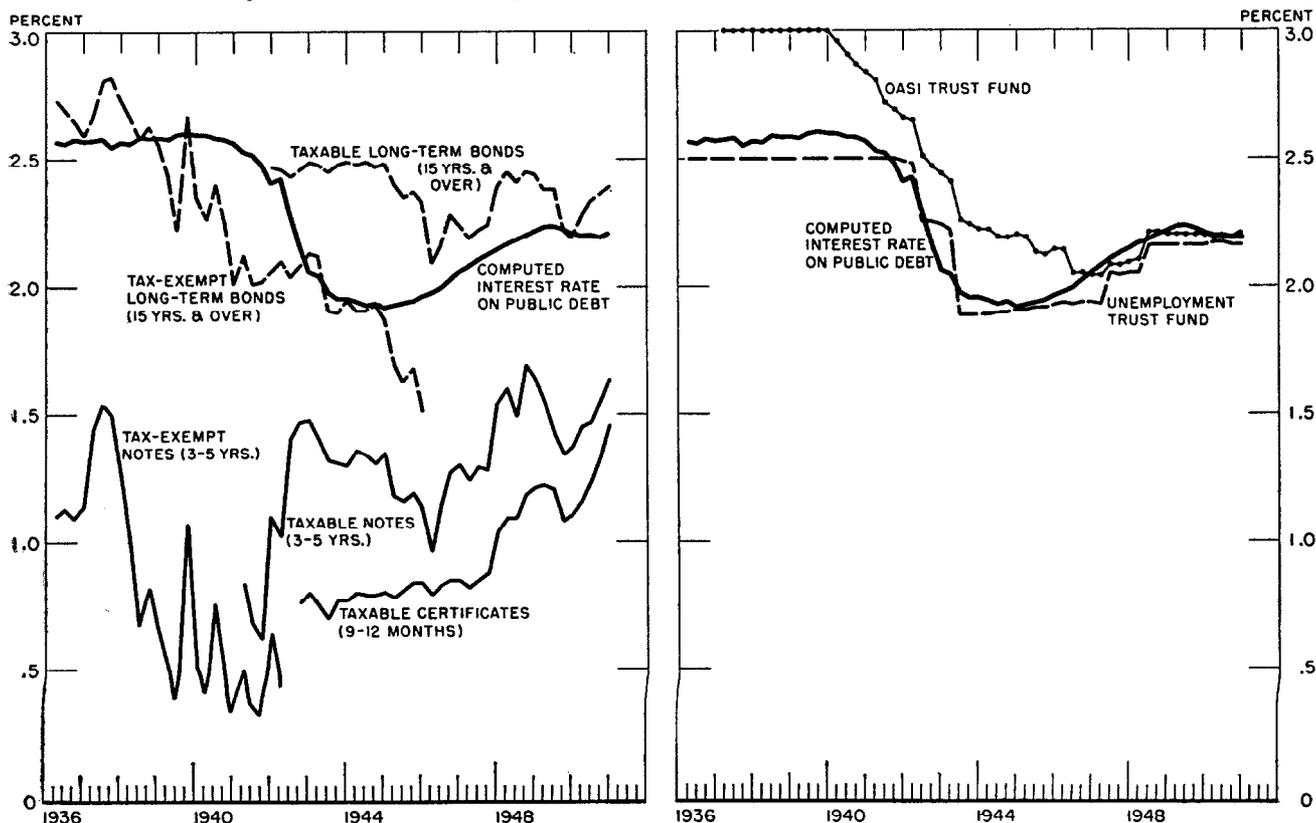
Investments

Under the provisions of the Social Security Act as amended the Federal old-age and survivors insurance trust fund is held by a Board of Trustees, which is composed of the Secretary of the Treasury, who is the Managing Trustee; the Secretary of Labor; and the Federal Security Administrator. The Secretary of the Treasury invests that portion of the trust fund which, in his judgment, is not needed to meet current expenditures for benefit payments and administrative expenses. The Act restricts the permissible investments of the trust fund to interest-bearing obligations of the United States Government or to obligations guaranteed as to principal and interest by the United States. Regular obligations of these types may be acquired on original issue at par or by purchase of outstanding obligations at their market price. In addition, the Act authorizes the issuance of special obligations exclusively to the trust fund if the Managing Trustee determines that the purchase of other eligible securities is not in the public interest. Regular obligations acquired by the trust fund may be sold at market price. Special obligations are to be redeemed at par plus accrued interest. The special obligations issued to the trust fund have generally been special Treasury notes or special certificates of indebtedness.

Investments are made by the Secretary of the Treasury for the unemployment trust fund as a unit, although the fund is composed of 51 separate State accounts and the railroad unemployment insurance account. Interest earned on the fund's investments is distributed quarterly among all accounts on the basis of the average daily balance of each account. Permissible types of investments are the same for this fund as

¹ For a discussion of worker-dependent relationships in 1948 and of 1940–48 changes, see Jacob Fisher, "Earnings and Their Dependents in the Population in April 1948," *Social Security Bulletin*, September 1949.

Average yields on special groups of United States obligations, the computed rate of interest on the public debt, and yields on obligations acquired by two social insurance trust funds, 1936-50



Source: *Daily Statement of the U.S. Treasury and Federal Reserve Bulletin.*

for the Federal old-age and survivors insurance trust fund.

Net investments made during 1950 for the old-age and survivors insurance trust fund were \$1,603 million. At the end of 1950 the investments of the fund totaled \$13,331 million, as compared with \$11,728 million at the close of the preceding year. Of the securities held by the unemployment trust fund, a net total of \$57 million was redeemed in 1950; by the end of the year the fund's investments had declined to \$7,639 million (table 1).

The net acquisitions of the two social security trust funds amounted to \$1,546 million in Government securities—considerably more than the 1949 figure of \$372 million but less than that for all but one of the years from 1942 through 1948. The decline in the net acquisitions from earlier years can be accounted for largely by three factors—the high rate of withdrawals from the State accounts, the high rate of benefit payments from the

railroad unemployment insurance account, and what was, in effect, a reduction in the current contribution rate for railroad unemployment insurance as a result of the June 1948 amendments to the Railroad Unemployment Insurance Act.

At the end of 1950 the investments of the two social security trust funds amounted to \$20,970 million. Despite the net redemptions by the unemployment trust fund in 1949 and 1950, this figure represents the largest amount of investments held by these two funds to that date (table 2).

Interest Rates

The Social Security Act of 1935 had required that the investments of the old-age reserve account (now the old-age and survivors insurance trust fund) must earn at least 3 percent. The amendments of 1939 removed all reference to a minimum yield except on special obligations issued to the fund. These special obligations are

required to bear the average rate of interest on the interest-bearing public debt, computed as of the end of the month next preceding the date of issue. If, however, this average is not a multiple of $\frac{1}{8}$ of 1 percent, the rate of interest is to be the multiple next lower than the average rate.

The interest provisions governing the investments of the unemployment trust fund have remained unchanged since the fund's establishment in 1936, and the rates for special obligations issued to it are determined in the same manner as for those issued to the old-age and survivors insurance trust fund. Investments in other issues must bear rates at least equal to those of the special obligations.

Thus, the interest earnings of the unemployment trust fund and, from 1940 on, of the Federal old-age and survivors insurance trust fund have been directly affected by Federal debt financing (table 3). During the war years, when the computed average

Table 1.—Changes in social security trust fund investments and the interest-bearing public debt, as of the end of December, 1947-50

[Amounts in millions]

Item	Investments at end of December—						Net acquisitions				
	1947		1948		1949		1950		Dec. 31, 1947, through Dec. 31, 1948	Dec. 31, 1948, through Dec. 31, 1949	Dec. 31, 1949, through Dec. 31, 1950
	Amount	Average interest rate (percent)	Amount	Average interest rate (percent)	Amount	Average interest rate (percent)	Amount	Average interest rate (percent)			
Total interest-bearing public debt.....	\$254,205	2.144	\$250,579	2.216	\$255,019	2.208	\$254,283	2.209	-\$3,626	+\$4,440	-\$736
Securities acquired by social security trust funds, total.....	17,371		19,052		19,424		20,970		+1,681	+372	+1,546
Old-age and survivors insurance trust fund.....	9,268	2.09	10,556	2.20	11,728	2.20	13,331	2.19	+1,287	+1,172	+1,603
Unemployment trust fund.....	8,102	2.05	8,496	2.16	7,696	2.16	7,639	2.16	+394	-800	-57
All other interest-bearing securities.....	236,834		231,527		235,595		233,313		-3,307	+4,068	-2,282

Source: Daily Statement of the U. S. Treasury.

rate on the interest-bearing Federal debt declined, the rate of earnings of the two social security trust funds also declined.

In 1945 the computed average Federal interest rate began to rise; this rise was reflected later in the com-

puted average interest rates of the social security trust funds. In the last half of the calendar year 1949, however, the average Federal interest rate declined slightly. There were two reasons for this drop. Some long-term issues bearing relatively high rates of interest matured or were recalled and replaced by issues with lower rates, and an increasing proportion of the total debt was made up of relatively short-term Treasury notes and savings notes bearing low rates of interest. On December 31, 1948, the average interest rate was 2.216 percent, while at the end of 1949 and 1950, it was 2.208 and 2.209 percent, respectively.

Until November 1947 the investments of the two social security funds were in the form of special issues or regular Treasury bonds purchased on original issue at par. In that month the Treasurer began buying Treasury bonds on the open market for the trust funds. Since the bulk of these securities bear 2½-percent interest, the average interest rate on the investments of the old-age and survivors insurance trust fund had increased to 2.09 percent by the end of 1947 and to 2.20 by the end of 1948. It remained at 2.20 through January 1950; for the balance of the year it was 2.19. The unemployment trust fund was less affected by the open-market purchases because of the smaller amount of net acquisitions during the postwar years. Nonetheless, the average interest rate rose to 2.05 by the end of 1947 and subsequently to 2.16, where it remained

fairly steadily through December 1950 (table 3).

By the end of 1950 the old-age and survivors insurance trust fund held \$11,104 million in 2½-percent special certificates of indebtedness, \$4 million in 2¼-percent Treasury bonds, \$2,217 million in 2½-percent

Table 2.—Investments of social security trust funds and the interest-bearing public debt at end of specified period, 1936-50

[Amounts in millions]

At end of—	Interest-bearing public debt	Social security trust fund investments			
		Total amount	Percent of public debt	Old-age and survivors insurance trust fund	Unemployment trust fund
1936.....	\$33,699	\$64	0.2		\$64
1937.....	36,715	1,138	3.1	\$513	625
1938.....	38,599	1,926	6.0	862	1,064
1939.....	41,446	2,944	7.1	1,455	1,509
1940.....	44,458	3,962	8.9	2,016	1,945
1941.....	67,451	5,438	8.0	2,750	2,732
1942.....	107,308	7,342	6.8	3,655	3,687
1943.....	164,508	9,874	6.0	4,779	5,095
1944.....	228,891	12,546	5.5	5,967	6,579
1945.....	275,694	14,563	5.3	7,054	7,508
1946.....	257,649	15,643	6.1	8,079	7,564
1947.....	254,205	17,371	6.8	9,268	8,102
1948.....	250,679	19,052	7.6	10,556	8,496
1949.....	255,019	19,424	7.6	11,728	7,696
1950.....	254,283	20,970	8.2	13,331	7,639
1950					
Jan.....	254,869	19,384	7.6	11,768	7,616
Feb.....	254,406	19,493	7.7	11,898	7,595
Mar.....	253,506	19,566	7.7	12,148	7,418
Apr.....	253,516	19,598	7.7	12,278	7,308
May.....	254,183	19,781	7.8	12,336	7,445
June.....	255,209	20,059	7.9	12,645	7,414
July.....	255,403	20,206	7.9	12,855	7,351
Aug.....	255,764	20,483	8.0	12,922	7,561
Sept.....	254,968	20,601	8.1	13,087	7,516
Oct.....	254,731	20,703	8.1	13,215	7,488
Nov.....	254,837	20,936	8.2	13,250	7,686
Dec.....	254,283	20,970	8.2	13,331	7,639

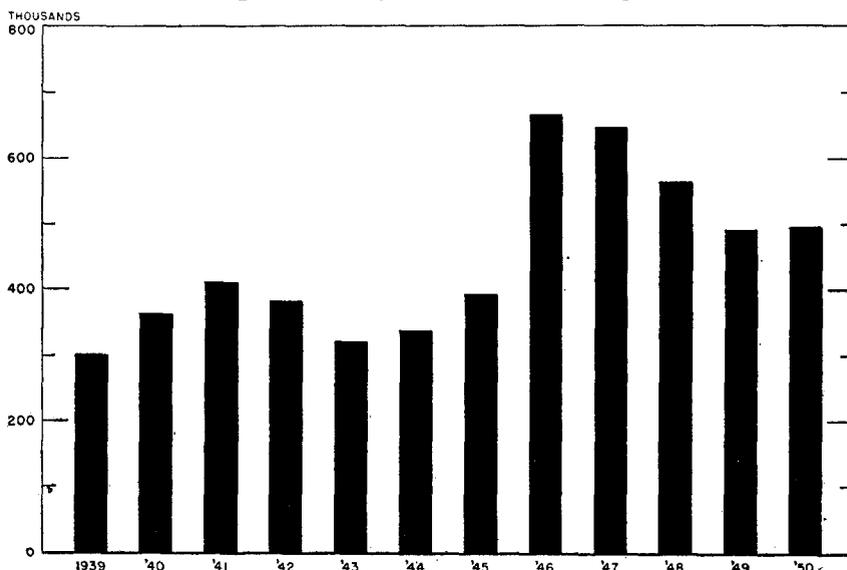
Source: Daily Statement of the U. S. Treasury.

Table 3.—Average interest rate on social security trust fund investments and interest-bearing public debt at end of specified period, 1936-50

At end of—	Computed average interest rate (percent)		
	Interest-bearing public debt	Old-age and survivors insurance trust fund investments	Unemployment trust fund investments
1936.....	2.570		2.50
1937.....	2.568	3.00	2.50
1938.....	2.586	3.00	2.50
1939.....	2.598	3.00	2.50
1940.....	2.566	2.84	2.50
1941.....	2.400	2.66	2.40
1942.....	2.059	2.44	2.24
1943.....	1.956	2.22	1.89
1944.....	1.919	2.20	1.91
1945.....	1.965	2.14	1.93
1946.....	2.057	2.04	1.94
1947.....	2.144	2.09	2.05
1948.....	2.216	2.20	2.16
1949.....	2.208	2.20	2.16
1950.....	2.209	2.19	2.16
1950			
January.....	2.205	2.20	2.16
February.....	2.204	2.19	2.16
March.....	2.199	2.19	2.17
April.....	2.200	2.19	2.17
May.....	2.199	2.19	2.17
June.....	2.200	2.19	2.17
July.....	2.200	2.19	2.17
August.....	2.200	2.19	2.16
September.....	2.191	2.19	2.16
October.....	2.201	2.19	2.16
November.....	2.204	2.19	2.16
December.....	2.209	2.19	2.16

Source: Daily Statement of the U.S. Treasury.

Chart 1.—Employer identification numbers assigned, 1939–50¹



¹ Data for 1950 exclude about 6,000 numbers assigned in that year to employers whose employees were covered for the first time on Jan. 1, 1951, as a

result of the Social Security Act Amendments of 1950.

Treasury bonds, and almost \$6 million in unamortized premiums. As of the same date the unemployment trust fund held \$6,841 million in 2½-percent special certificates of indebtedness, \$4 million in 2¼-percent Treasury bonds, \$793 million in 2½-percent Treasury bonds, and from \$1 million to \$2 million in unamortized premiums.

The two social security trust funds held investments totaling \$20,970 million at the end of 1950, of which \$17,945 million, or 86 percent, was in special obligations bearing 2½-percent interest.

In addition to the old-age and survivors insurance trust fund and the unemployment trust fund, the Treasury manages 10 other social insurance and related trust funds. The interest rates on most investments of these funds are higher than those for the two large social security funds.

All types of special Government securities outstanding at the end of 1950 totaled \$33,707 million, of which the two social security trust funds held 53 percent. Other trust funds held most of the remainder. Among them, the national service life insurance fund held 16 percent, the railroad retirement account 7 percent, the postal savings system 5 percent, and the Government life insurance fund 4 percent.

The securities held by the two social insurance trust funds comprised 8.2 percent of the total interest-bearing public debt (\$254 billion). They had accounted for 7.6 percent at the end of 1949. For the year 1950, however, the combined investments of these trust funds increased while the total interest-bearing public debt declined slightly.

vivors Insurance.¹ Employer identification numbers are issued chiefly when a new business is started, when a business undergoes a reorganization, when a going business is transferred from one owner to another, when an employer for the first time hires a worker in covered employment, and when a business engaged in covered employment moves from one internal revenue district to another.

On the basis of the Bureau's reports of operations and other tabulated data, it is possible to show the fluctuations in the number of employer identification numbers assigned and to indicate the factors that brought about the changes observed. The data presented in this note are not directly comparable with data on new businesses published by the Department of Commerce, chiefly because the old-age and survivors insurance data exclude new businesses that have no employees and include old businesses to which new employer identification numbers have been assigned.

¹ In October 1950 the job of assigning employer identification numbers was transferred from the Bureau of Old-Age and Survivors Insurance to the Bureau of Internal Revenue. The Bureau of Old-Age and Survivors Insurance continues, however, to maintain records for each employer.

Between the fall of 1936 and the end of 1938, approximately 2.5 million identification numbers were assigned to employers. During the following 7 years—from 1939 through 1945—a period of large wartime expansion of industry, the number of employer identification numbers issued did not vary greatly from year to year (chart 1). There was first a rise from 301,000 in 1939 to 411,000 in 1941, when industry expanded to meet the needs of defense production, and then a decline for the next 2 years to 322,000 in 1943 as wartime economic controls became progressively more severe and the rate of

Table 1.—Index of change in the number of employer identification numbers assigned, by industry, 1946–49

Industry	[1945=100.0]			
	1946	1947	1948	1949
Total ¹	169.7	164.2	143.6	124.6
Agriculture, forestry, and fishing.....	165.8	152.8	128.1	120.2
Mining.....	132.8	143.8	169.6	116.4
Contract construction.....	244.7	225.5	205.5	166.6
Manufacturing.....	186.4	155.6	112.5	86.7
Transportation and communication.....	168.4	158.2	126.3	99.8
Wholesale trade.....	201.4	186.5	144.9	115.5
Retail trade.....	161.8	154.2	129.1	109.8
Finance, insurance, and real estate.....	134.9	119.8	105.9	93.8
Service industries.....	169.1	160.5	137.6	110.8

¹ Includes cases in which the industry was not reported and those not elsewhere classified.

Employer Identification Numbers Assigned, 1937–50

Ever since the old-age and survivors insurance program began to operate, employers of covered workers have been assigned identification numbers, and records containing detailed identifying information for each employer have been maintained by the Bureau of Old-Age and Sur-