

in the preceding year. Public expenditures for education were about \$1 billion more in 1950-51 than in the preceding year but continued to represent 3 percent of the larger national income.

Workmen's Compensation Payments, 1951

More work injuries and higher rates of payment brought workmen's compensation benefits to an estimated \$707 million in 1951, about 15 percent above the 1950 total. The proportionate increase was considerably greater than that for immediately preceding years and has not been exceeded at any time during the 13-year period for which estimates of payments are available. Even in the year 1942, marked by the shift into high gear for the war effort, payments of \$330 million topped the preceding year's total by only 13 percent.

Contributing to the record increase in payments was a 9-percent rise in payments was a 9-percent rise in disabling work injuries—compensable and noncompensable—between 1950 and 1951. The Bureau of Labor Statistics estimate of 2.1 million work injuries in 1951 reflects not only higher employment with more hours of exposure to industrial injuries but also an increase in the rate of injuries. Compensation payments to injured workers were based on the high wages of recent years; medical benefits showed the effect of higher costs of hospitalization and medical services. Thus, the continuing upward trend in workmen's compensation payments was greatly accelerated in 1951.

The increase was far from uniform from State to State. Under nine programs, payments in 1951 were at least 25 percent higher than in 1950. Most of these were in States that had failed to register as large a gain as the national increase during the preceding year; they had enacted legislation during 1951 to liberalize the maximum on the weekly benefit amount. In nine other States, 1951 payments were at more or less the same level as 1950 payments. A few of these States had outstepped the

national increase between 1949 and 1950.

Of the estimated \$707 million, \$444 million (63 percent) was paid by

Preliminary estimates of workmen's compensation payments, by State, 1950 and 1951¹

[In thousands]			
State	1950	1951	Percentage change, 1951 from 1950
Total.....	\$616,789	\$707,075	+14.6
Alabama.....	2,137	3,264	+52.7
Arizona.....	5,800	5,900	+1.7
Arkansas.....	3,705	4,430	+19.6
California.....	57,070	66,570	+16.6
Colorado.....	3,568	3,200	-10.3
Connecticut.....	9,500	11,182	+17.7
Delaware.....	720	840	+16.7
Dist. of Col.....	2,360	2,635	+11.7
Florida.....	7,418	9,340	+25.9
Georgia.....	4,287	5,150	+20.1
Idaho.....	1,950	2,008	+3.0
Illinois.....	31,370	35,090	+11.9
Indiana.....	8,920	11,270	+26.3
Iowa.....	4,985	5,510	+10.5
Kansas.....	4,260	4,917	+15.4
Kentucky.....	6,767	7,400	+9.4
Louisiana.....	11,400	13,070	+14.6
Maine.....	1,600	2,040	+27.5
Maryland.....	6,920	8,410	+21.5
Massachusetts.....	24,100	27,600	+14.5
Michigan.....	23,243	24,100	+3.7
Minnesota.....	9,662	11,200	+15.9
Mississippi.....	2,420	3,310	+36.8
Missouri.....	10,520	12,146	+15.5
Montana.....	2,544	2,990	+17.5
Nebraska.....	2,360	2,758	+16.9
Nevada.....	1,500	2,295	+53.0
New Hampshire.....	1,670	1,855	+11.1
New Jersey.....	29,010	36,390	+25.4
New Mexico.....	2,330	2,640	+13.3
New York.....	119,188	134,590	+12.9
North Carolina.....	6,430	7,500	+16.6
North Dakota.....	1,100	1,256	+14.2
Ohio.....	40,000	40,600	+1.5
Oklahoma.....	8,044	9,890	+22.9
Oregon.....	8,983	11,248	+25.2
Pennsylvania.....	30,830	34,370	+11.5
Rhode Island.....	3,800	4,520	+18.9
South Carolina.....	4,000	3,920	-2.0
South Dakota.....	950	963	+1.4
Tennessee.....	5,429	6,352	+17.0
Texas.....	33,380	38,979	+16.8
Utah.....	1,880	2,090	+11.2
Vermont.....	900	1,115	+23.9
Virginia.....	5,640	6,250	+10.8
Washington.....	14,770	17,300	+17.1
West Virginia.....	9,632	10,096	+4.8
Wisconsin.....	13,356	15,049	+12.7
Wyoming.....	1,011	1,050	+3.9
Federal employees.....	23,370	30,427	+30.2

¹ Payments represent cash and medical benefits and include insurance losses paid by private insurance carriers (compiled from the *Spectator: Insurance by States of Fire, Marine, Casualty, Surety and Miscellaneous Lines*, 79th and 80th annual issues), net disbursements of State funds (data from the *Spectator*, the *Argus Casualty and Surety Chart* (52d and 53d annual editions), and State reports; estimates for some States), and self-insurance payments (estimated from available State data). Data for calendar years except for West Virginia, and for Federal employees, and for State fund disbursements in Maryland, Montana, North Dakota, Oregon, and Utah, for which data for fiscal years ended in 1950 and 1951 were used. Includes benefit payments under the Longshoremen's and Harbor Workers' Compensation Act and the Defense Bases Compensation Act for the States in which such payments are made.

private insurance carriers. State funds paid out close to 24 percent of the total, and self-insurers about 14 percent. Preliminary estimates of the national totals for each type of insurer are shown below.

[In thousands]		
Type of insurer	1950	1951
Total.....	\$616,789	\$707,075
Private carriers.....	381,080	443,681
State funds.....	148,509	199,745
Self-insurers.....	87,200	96,649

In contrast to a 16-percent rise in private carrier payments, State fund disbursements went up only 12 percent. Excluding the program for Federal employees with its 30-percent increase, payments from other State funds rose less than 9 percent.

It is estimated that medical and hospitalization benefits accounted for about one-third of the total payments under workmen's compensation programs. Of the nonmedical payments, about 87 percent was cash compensation for nonfatal injuries and the remaining 13 percent was paid in death cases. Following are the preliminary estimates for each year:

[In millions]		
Type of payment	1950	1951
Total.....	\$617	\$707
Medical and hospitalization.....	200	232
Compensation, total.....	417	475
Disability.....	362	415
Survivor.....	55	60

OASI Benefit Formulas

Up to the present time there have been four different formulas for the determination of a benefit amount under the old-age and survivors insurance program, as shown in chart 1. The formula established by the original Social Security Act never became effective, since it was superseded by that in the 1939 amendments before any monthly benefits were payable. The formula provided in the 1950 legislation was effective only for the period from April 1952 to August of that year, when it was replaced by the formula in the 1952 amend-

ments to the Social Security Act (chart 2).

This note compares the results of the formulas as they apply at various wage levels and shows how a hypo-

Table 1.—Illustrative wage histories of worker retiring at end of 1952

Year of employment	Scale A ¹	Scale B ²	Scale C ³
1937.....	\$899	⁴ \$1275	\$3000
1938.....	852	1211	3000
1939.....	881	1247	3000
1940.....	926	1305	3000
1941.....	1014	1466	3000
1942.....	1127	1703	3000
1943.....	1289	1913	3000
1944.....	1369	1996	3000
1945.....	1328	1982	3000
1946.....	1394	2031	3000
1947.....	1571	2173	3000
1948.....	1677	2281	3000
1949.....	1706	2299	3000
1950 ⁵	1767	2364	3000
1951 ⁶	2019	2710	3600
1952 ⁶	2100	2800	3600

¹ Based on actual average creditable wage of all workers.

² Based on actual average creditable wage of all 4-quarter workers.

³ Based on maximum creditable wage.

⁴ Estimated.

⁵ Preliminary.

⁶ Rough estimate.

thetical individual retiring at the end of 1952 would fare, in contrast to what he might have expected if the earlier formulas had continued in effect.¹ The conversion tables of the 1950 and 1952 amendments are not considered here.

Several illustrative wage histories are given in table 1 for an individual who began covered employment in 1937 and was steadily employed in each year thereafter until he retired at the end of 1952. Scale A is based on the actual average creditable wage of all workers with wage credits in each year, while scale B is based on the average for workers employed in all 4 quarters. Scale C is based on the maximum wage that can be credited.

Table 2 shows the benefits resulting under the various formulas for each of the three scales. Figures are shown not only for the actual upward trend in wages but also, for the 1935 formula, for a level-wage

¹ For detailed descriptions of the four formulas and examples of illustrative benefits see Actuarial Studies Nos. 8, 14, 30, and 34, prepared by the Division of the Actuary, Social Security Administration.

Chart 1.—OASI benefit formulas under the Social Security Act and its amendments

Year of legislation	Monthly amount for retired worker
1935.....	½% of first \$3,000 of cumulative wage credits + 1/12% of next \$42,000 of cumulative wage credits + 1/24% of next \$84,000 of cumulative wage credits.
1939.....	40% of first \$50 of average monthly wage ¹ + 10% of next \$200 of average monthly wage multiplied by 1 + 1% for each year of coverage.
1950.....	50% of first \$100 of average monthly wage + 15% of next \$200 of average monthly wage.
1952.....	55% of first \$100 of average monthly wage + 15% of next \$200 of average monthly wage.

¹ In general, computed over the entire period of potential coverage under the system.

assumption. The latter figure represents what the individual could have "anticipated" in 1937 on the basis of his then existing wages. The benefits are shown both in dollars and as a percentage of the wage being earned at retirement in 1952. For the 1939 and later formulas, figures are given for the worker's benefit alone and also for the combined benefits for a worker and eligible wife. (Under the 1935 act there was no additional wife's benefit.)

There are, of course, sharp increases in the dollar amounts because of the rise in the general wage level. For wage scales A and B, the actual amount paid under the 1952 amendments to a retired worker without

wife is about two and a half times what might have been anticipated in 1937; for a worker whose wife is also eligible for benefits, there is a fourfold increase. If the 1935 act had been left unchanged, the dollar amounts would have risen, but the relative adequacy of the benefit when related to the final wage would have been reduced almost 50 percent. When wage scales A and B are used, the formula in the 1939 amendments and that in the act of 1935, interestingly enough, produce about the same amounts for a retired worker without wife.

When benefits are considered in relation to wages, even for a retired worker without wife, benefits under

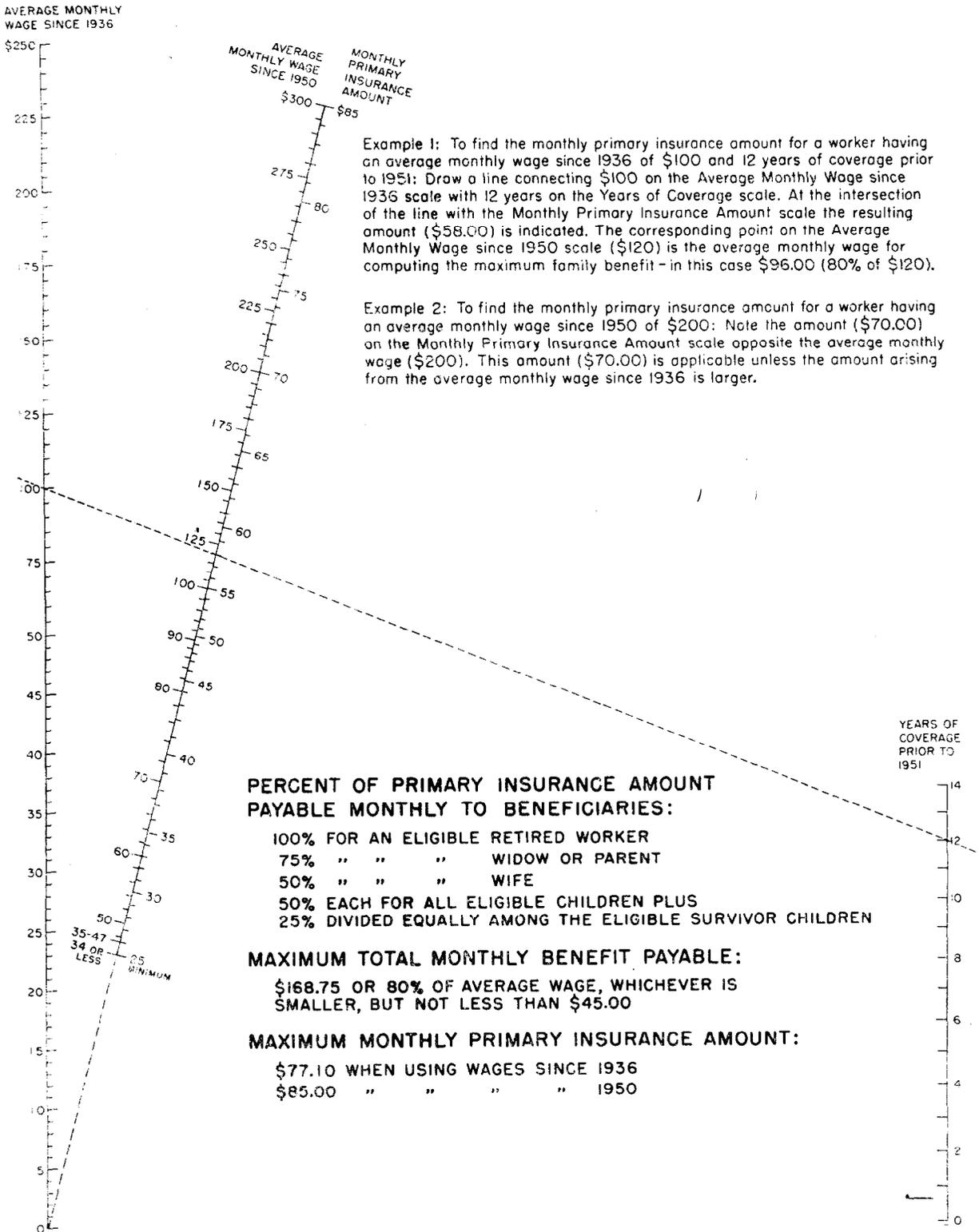
Table 2.—Benefits under different formulas for illustrative wage histories of worker retiring at end of 1952

Benefit formula	Wage assumption	Old-age benefit		Old-age benefit plus wife's benefit	
		Monthly amount	As percent of wage at retirement	Monthly amount	As percent of wage at retirement
Using wage scale A					
1935.....	Level ¹	\$24.49	33	(²)	(²)
1935.....	Increasing	30.75	18	(²)	(²)
1939.....	Increasing	30.64	18	\$45.96	26
1950.....	Increasing	60.70	35	91.10	52
1952.....	Increasing	65.70	38	98.60	56
Using wage scale B					
1935.....	Level ¹	29.50	28	(²)	(²)
1935.....	Increasing	38.13	16	(²)	(²)
1939.....	Increasing	35.98	15	53.97	23
1950.....	Increasing	69.40	30	104.10	45
1952.....	Increasing	74.40	32	111.60	48
Using wage scale C					
1935.....	Level ¹	51.25	20	(²)	(²)
1935.....	Increasing	51.75	17	(²)	(²)
1939.....	Increasing	45.40	15	69.60	23
1950.....	Increasing	80.00	27	120.00	40
1952.....	Increasing	85.00	28	127.50	42

¹ At 1937 figure.

² Wife's benefit not provided under 1935 act; therefore same amount is payable as for old-age benefit alone.

Chart 2.—Method of determining old-age and survivors insurance benefits under the 1952 amendments to the Social Security Act



Source: Division of the Actuary.

the 1952 amendments were more favorable than those that might have been anticipated under the 1935 act for all wage scales. The comparison is, of course, even more favorable to the present program when wife's benefits are taken into account. In other words, the benefits that are now being paid are relatively far more adequate than the original program would have provided.

Recent Publications*

General

BAUMOL, WILLIAM J. *Welfare Economics and the Theory of the State*. Published for the London School of Economics and Political Science (University of London). Cambridge: Harvard University Press, 1952. 171 pp. \$4.25.

CHAMBER OF COMMERCE OF THE UNITED STATES. ECONOMIC RESEARCH DEPARTMENT. *Fringe Benefits, 1951, the Nonwage Labor Costs of Doing Business*. Washington: The Chamber, 1952. 32 pp. \$1.

A study of fringe benefit payments of 736 companies.

INTERNATIONAL LABOR OFFICE. *The International Labour Code, 1951*. Geneva: The Office, 1952. 2 vols. \$10.

The Conventions and Recommendations adopted by the International Labor Conference, 1919-51.

Readings in Group Work. Dorothea F. Sullivan, editor. New York: Association Press, 1952. 438 pp. \$4.50.

Includes The Function of the Group Work Agency, by Stella E. Hartman; Charting Group Progress, by Saul Bernstein; Leadership and the Group, by Ruth Cunningham and associates; Group Work with Parents, by Helen Northen; The Joint Use of Group Work and Case Work Techniques, by Merrill B. Conover; Group Work Versus Group Therapy, by Charles G. McCormick; The Dynamics of Group Action, by Kurt Lewin; and Group Emotion and Leadership, by Fritz Redl.

* Prepared in the Library, Federal Security Agency. Orders for the publications listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

RONKEN, HARRIET O., and LAWRENCE, PAUL R. *Administering Changes: A Case Study of Human Relations in a Factory*. Boston: Harvard University. Graduate School of Business Administration, Division of Research, 1952. 324 pp. \$3.50.

TRECKER, HARLEIGH B., and TRECKER, AUDREY R. *How to Work with Groups*. New York: Woman's Press, 1952. 167 pp. \$3.

U. S. DEPARTMENT OF LABOR. BUREAU OF LABOR STATISTICS. *Developments in Consumers' Cooperatives in 1951*. (Bulletin No. 1073.) Washington: U. S. Govt. Print. Off., 1952. 29 pp. 20 cents.

Includes a discussion of Federal and State legislation on credit unions, medical care, and housing.

U. S. DEPARTMENT OF LABOR. BUREAU OF LABOR STATISTICS. *Retail Prices of Food, 1950, Including Historical Tables of Item Indexes, 1939-50*. (Bulletin No. 1055.) Washington: U. S. Govt. Print. Off., 1952. 37 pp. 25 cents.

Retirement and Old Age

AMERICAN FEDERATION OF LABOR. *Pension Plans Under Collective Bargaining: A Reference Guide for Trade Unions*. Washington: The Federation, 1952. 105 pp.

Includes chapters on the nature and purpose of pension plans, cost factors, methods of financing, methods of administering, benefit provisions, the relation of benefits to costs, and private plans and social security.

Employment After 45. Proceedings of the Joint Conference on the Problem of Making a Living While Growing Old, May 22, 23, 1952, Philadelphia, Pennsylvania. Philadelphia: Temple University and Pennsylvania Department of Labor and Industry, Sept. 1952. 168 pp.

A conference sponsored jointly by Temple University, School of Business and Public Administration, Bureau of Economic and Business Research, and the Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Employment Security.

LAVERTY, RUTH. "Non-Resident Aid: A Community Program for the Aged." *State Government*, Chicago, Vol. 25, Oct. 1952, pp. 222-224 ff. 50 cents.

The field director of the Peabody Home for Aged Women in New York City describes its program.

MICHIGAN. UNIVERSITY. *Facis for Housing the Aging*. Compiled for

the University of Michigan, Fifth Annual Conference on Aging, July 24-26, 1952, Ann Arbor, Michigan. Ann Arbor: The University, 1952. 39 pp. Processed.

Information about older people and their living arrangements.

MYERS, ROBERT J. *Actuarial Cost Estimates for the Old-Age and Survivors Insurance System as Modified by the Social Security Act Amendments of 1952*. Prepared for use of the Committee on Ways and Means by the Actuary to the Committee. Washington: U. S. Govt. Print. Off., 1952. 13 pp.

NEW YORK. STATE. UNIVERSITY. EDUCATION DEPARTMENT. PUPIL PERSONNEL SERVICES AND ADULT EDUCATION. BUREAU OF ADULT EDUCATION. *Retirement—A Second Career: Teaching Units on Preparation for Retirement*. (Bulletin No. 8, rev.) Albany: The University, 1952. 70 pp.

Problems of Aging. Transactions of the Fourteenth Conference, September 7-8, St. Louis, Mo. Edited by Nathan W. Shock and sponsored by the Josiah Macy, Jr. Foundation. New York: Josiah Macy, Jr. Foundation, 1952. 138 pp. \$3.

Includes Economics, Employment, and Welfare, by Wilbur J. Cohen; Medical Services, Hygiene, and Housing, by Joseph W. Mountin; and Sociology, Psychology, Education, and Religion, by Robert J. Havighurst.

STEINCRONH, PETER J. *How to Add Years to Your Life*. New York: Wilfred Funk, Inc., 1952. 238 pp. \$2.95.

VIRGINIA. ADVISORY LEGISLATIVE COUNCIL. *Social Security Coverage for Government Employees, Disability and Retirement Benefits for Teachers and State Employees. Report . . . to the Governor and the General Assembly of Virginia*. Richmond: Commonwealth of Virginia, Division of Purchase and Printing, 1951. 14 pp.

WEISS, JOSEPH. "Employment Problems of Older Workers." *Jewish Social Service Quarterly*, New York, Vol. 28, June 1952, pp. 423-427. \$2.

WISCONSIN. LEGISLATURE. JOINT SURVEY COMMITTEE ON RETIREMENT SYSTEMS. *Report*. Madison: The Committee, Dec. 1951. 169 pp. Processed.

Reports on pension bills introduced during the 1951 session of the Wisconsin Legislature.