

ance payments had passed the 7½-million mark by July 1955. These beneficiaries were receiving payments at an annual rate of \$4.6 billion.

Within a relatively few years, as the recent extensions of coverage come into full operation, most older people will look to old-age and survivors insurance to maintain an income in retirement, along with such other savings as they have made individually and, for many, benefits paid under the growing number of private pension plans. Old-age as-

sistance will increasingly represent provision for special individual needs, such as needs for costly medical care, and the provision of special services required by older men and women—aid in locating appropriate housing or medical facilities, for example, or in finding suitable part-time work.

The Federal-State partnership in assistance to other groups of needy persons, particularly children, and in the provision of health and welfare services for children is making an increasingly constructive contribution

to the well-being of individuals and of families.

As we look ahead toward the next 20 years, we can be sure that changing circumstances, new needs, and expanding knowledge will call for modifications and adjustments in the social security programs. We can also be sure that these programs will continue to have an accepted and important place among the many inter-related activities—private and public—that keep our society strong and free.

Social Security Objectives and Achievements

by WILBUR J. COHEN*

THE Social Security Act of 1935 was designed to meet certain immediate needs and to help prevent future want and dependency such as engulfed the Nation at the time of its passage. Through the Federal-State partnership implemented by Federal grants in aid, assistance soon became available under State laws for needy persons in three groups of the population that, in good times as well as bad, have little or no capacity to earn their own living—the aged, the blind, and children deprived of parental support or care through the death, absence from the home, or physical or mental incapacity of a parent. Longer-range provisions of the act were to result in insurance benefits for employees in commerce and industry that would furnish a basic income in old-age retirement and during limited periods of involuntary unemployment.

The popular idea of "social security" has often given exclusive emphasis to the provisions for the aged and to income maintenance. It is highly significant that the original law also included grants in aid to States for maternal and child health and welfare services, public health services for the whole community, and vocational rehabilitation services.

Specific changes in the social security law and administrative organi-

zation are listed elsewhere in this issue. These changes reflect not only amendment to keep the program in line with rising levels in earnings and living costs but also basic development in its character and scope and in the concept of "social security."

Independence and Integrity of the Family

The social security program has given increasing recognition to the significance of the family unit. The public assistance provisions in the original law affirmed the importance of family life by limiting use of Federal funds for needy aged or blind persons to those who were not inmates of public institutions and funds for needy children to those who were living in family homes in the care of one of a number of specified relatives. Moreover, the act affirmed the dignity and responsibility of recipients by specifying that aid was to be given in the form of money, which the receiver was free to spend as he or she deemed best, rather than as aid in kind, such as orders for groceries or fuel, which too often reflected condescension and unwarranted suspicion in past relief administration.

In 1939 the emphasis in old-age insurance was shifted from the individual to the family. Benefits were added for the aged wife and minor children of a retired insured worker and for family dependents of insured

workers who die either before or after retirement. The capacity of aid to dependent children to safeguard family life was strengthened in 1950, when Congress provided that Federal grants could be used in payments that include the needs of the mother or other relative who cares for the children as well as the children themselves.

In countless homes, therefore, insurance or assistance payments mean that an old couple can live out their remaining years together in a familiar setting, with their cherished possessions; that children in families broken by death or separation or impoverished by the breadwinner's disability can continue to receive their mothers' care instead of being parceled out among relatives or left without supervision or placed in foster homes while the mother takes outside work; that families in which earned income has been cut down or cut off by misfortune or old age have an assured income that they can use just as others in the community use their money, continuing to plan and manage their own affairs.

The dollars paid out under programs established under the Social Security Act can be added, and so can the number of persons—old, young, and in the working ages—to whom these payments have gone. What cannot be computed is the peace of mind and self-respect made possible by these programs in homes

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into which pay envelopes no longer come, the strain and worry and humiliation averted from parents and from children whose lives otherwise might have been scarred by the anxieties of their elders or by separation from home and parents. In the midst of just concern about juvenile delinquency and other social maladjustments in American homes, it is well to remember the far greater number of homes where high traditions have been upheld in the face of adverse circumstances, frequently with the aid of the social security defenses created in the past 20 years.

Scope of the Program

In the past 2 decades, the social security program has been broadened and strengthened by its extension both to additional risks and additional groups of population.

Risks.—The addition of survivor benefits to the Federal old-age insurance program in 1939 gave that system new meaning for American families during as well as after the breadwinners' working years. These benefits brought an important and needed protection for aged women, who commonly outlive the husbands whose earnings have been the chief source of family livelihood. Even more important in terms of the numbers of persons concerned and the social potentialities, survivor benefits assured continuing income for the children of insured workers and the mothers of these children in the event of the worker's death. This protection of childhood is especially important in that it is ordinarily established in the early years of family life, when parents have had little time or opportunity to build up other resources against the catastrophe of loss of family support by the breadwinner's death.

From the outset, the social security program has recognized the individual and social importance of meeting risks of sickness and disability, both in the provisions for services for maternal and child health and for crippled children and for assistance to the needy blind and to children whose need arose from the parent's incapacity. In 1950, resources to counter need arising from disability were augmented by the establishment

of Federal grants for assistance for needy adults who are totally and permanently disabled. In 1954, Congress made an important addition to the law in recognition of the impact of disability on benefits being paid under the existing program of old-age and survivors insurance. Periods in which a worker has been totally disabled, as defined in the law, are to be omitted in computing his insured status and the average earnings on which his eventual old-age benefit and benefits to his dependents or survivors are based. Previously such a period without covered earnings lowered benefits subsequently payable, and it sometimes resulted in loss of insured status so that neither the worker nor his survivors could qualify for any payments under the system.

The studies preceding establishment of the social security program recognized that the risk of loss of livelihood in old age was so nearly universal that the coverage of the old-age insurance program should be as broad as possible. Administrative considerations, however, dictated the decision to cover only employees in commerce and industry at the start. These were groups for which wage reporting and collection of contributions could be organized with less difficulty than in such excluded areas as agricultural employment, domestic service, and self-employment, even though workers in these and other excluded fields also needed protection because of their generally low earnings and irregular employment.

Administrative considerations were of particular importance at the start of the program because the Federal system relates benefits to individual earnings and hence keeps an individual record of covered earnings for each of millions of workers throughout their working lives. Some persons predicted that such a system could not be maintained at all or, if so, only at exorbitant cost. Despite those predictions, payment of benefits, including the added benefit for dependents and survivors, was started at an earlier date than had been scheduled initially, and the system has continued to operate efficiently and economically as coverage has been widened.

In 1950, coverage was extended to

most urban self-employed persons, to regularly employed agricultural and domestic workers and, on a voluntary group basis, to lay employees of non-profit organizations and to many State and local government employees. In 1954 Congress further amended the act to include the work of some 10 million persons who, at some time during a year, have earnings as farmers or in previously excluded jobs in agriculture, domestic service, and other employments. With this major extension, substantially all gainful work in the United States is now covered—a goal that seemed practically unattainable only 20 years ago.

State unemployment insurance laws have been broadened in recent years to include small concerns and some additional fields of employment. In 1954, Congress amended the Federal law to extend unemployment insurance coverage to all persons employed by covered employers with four or more employees and to Federal Government employees.

Changing Character of Social Security Payments

When social security operations began in 1936, public expenditures to counter want and dependency were heavily weighted by the demands resulting from long-continued mass unemployment and the exhaustion of personal and community resources in earlier years of the depression. Workers already old or then unemployed could not benefit immediately, if at all, from the social insurance programs to be initiated under the Social Security Act. It took time for old-age insurance and unemployment insurance to accumulate contributions and to establish wage records on which to base workers' rights to the benefits to be paid in later years.

As the social insurance programs got under way, however, and as jobs opened up before and during the war for practically everyone who could work, the balance in social security payments shifted as the accompanying chart indicates. Since 1943, the total amount paid out under social insurance and related programs, not including veterans' programs, has outrun the total for public aid by an increasing margin.

Social insurance in the United States does not now cover all major income risks that threaten the economic independence of families. Nor can any social insurance system provide protection that will suffice for persons who suffer extraordinary catastrophe or a series of misfortunes. Some individuals, moreover, because of incapacity or other circumstances, do not participate in the labor force to a sufficient extent to acquire rights to any benefits at all or to benefits in an amount sufficient to meet their minimum needs. Public assistance will therefore continue to be a necessary supplement to social insurance, but the aggregate for social security will continue to be made up increasingly of the payments made under social insurance programs.

The Road Ahead

Services to individuals should and will become increasingly important

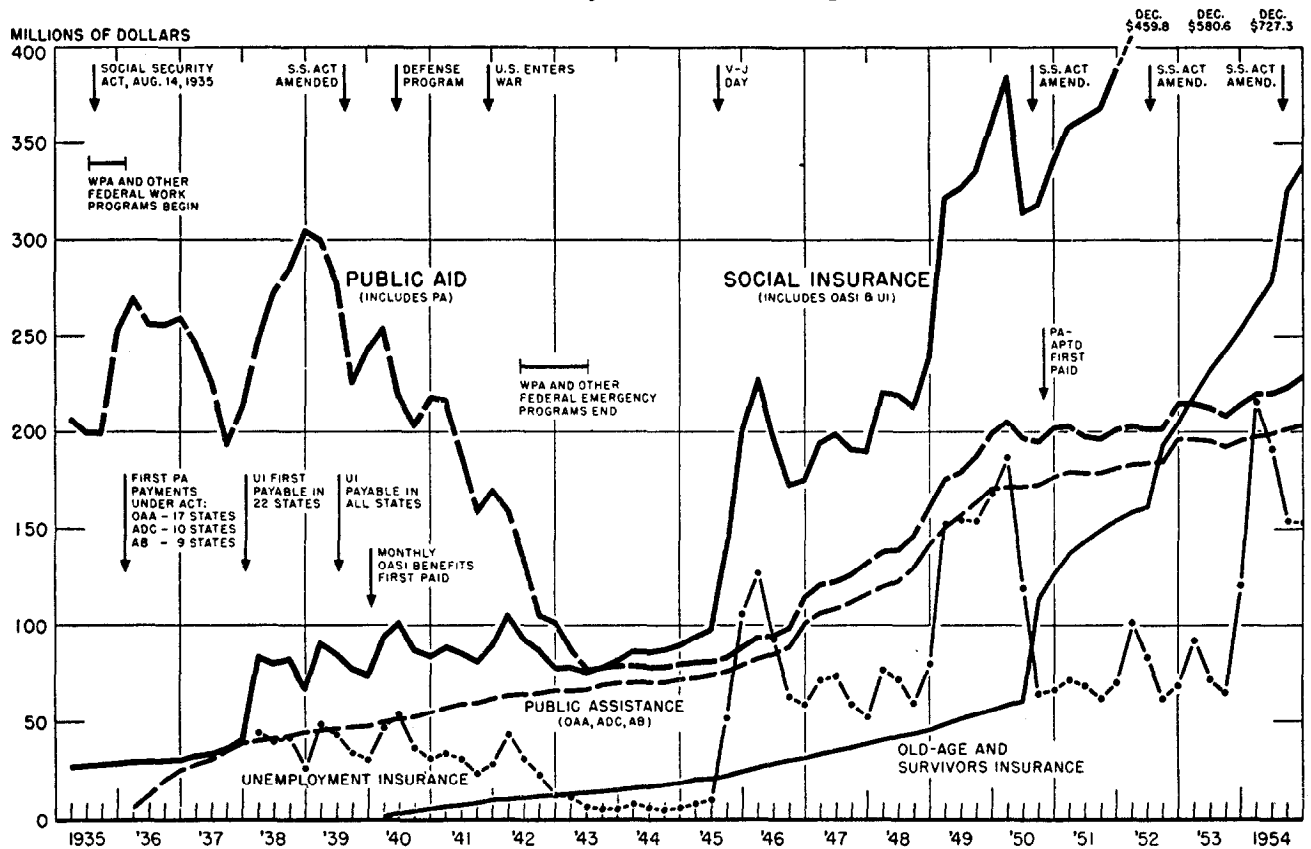
in all aspects of the social security program as a major means of preventing or mitigating economic and social insecurity. Close coordination of services and benefits has always existed in the employment security program, for which the Department of Labor has carried Federal administrative responsibility since 1949. Workers who claim unemployment benefits must report and register for work at public employment offices, thus initiating efforts that may get them what is better than a benefit—a new job. In 1955, provisions for maintaining income through social insurance and public assistance still have gaps to be filled and points to be strengthened, but a substantial foundation has been laid on which to move forward to related areas not yet sufficiently explored or mastered.

Of major importance among these are services that could enable many persons to regain partial or full work-

ing capacity and economic independence. Operation of the social security program has given convincing evidence that most people want to work and earn their way.

The importance of services is also recognized in the 1954 provisions for excluding periods of disability in the determination of old-age and survivors insurance benefit amounts and for referring disabled persons to State vocational rehabilitation agencies. These agencies will be in a position to recognize and aid, frequently in an early phase, persons for whom appropriate medical and vocational counsel may prevent more serious disability or restore working capacity. There is similar collaboration between the State public assistance and vocational rehabilitation agencies in locating and assisting recipients of aid to the permanently and totally disabled and other incapacitated persons in families receiving

Monthly payments for social insurance and related programs,¹ public aid,² and social insurance and public assistance under the Social Security Act, at end of each quarter, 1935-54



¹ Includes old-age and survivors insurance, State unemployment insurance, railroad insurance programs, public employee retirement programs, workmen's

compensation, State temporary disability insurance; excludes veterans' benefits. ² Includes Federal work programs and all public assistance programs.

aid to dependent children. Skilled services of these types may alleviate suffering, restore partial or full economic independence, and in many other ways contribute to a more useful and satisfying life.

No area of services relating to social security is more important than that involving the well-being of

children. The rolls for aid to dependent children are heavily weighted not only by dependency due to the parent's incapacity but also, to an even greater degree, by family breakdown resulting from desertion and other marital difficulties. Skilled services might have prevented and still may solve many of these prob-

lems, opening the way to a more satisfactory life for both the children and adults concerned and lightening burdens on taxpayers. Progressive development of services for maternal and child health and child welfare continues to be a major means of insuring our national welfare in both the present and future.

Social Security Protection, 1935-55*

OVER the past 20 years the social security program has helped the families of this country to meet four major risks to their economic security—unemployment, old age, death of the breadwinner, and sickness and disability. The impact of these risks varies with the economic situation, but all remain a potential threat to family security in an industrial society even when the economy is in high gear.

The following pages first outline changes in the population of the United States and in the level of economic activity during the 20 years since the social security program was initiated and then summarize the growth in social security protection during that period in the aggregate and for the major risks.

The National Economy

The years from 1935 to 1955 were marked by vigorous growth in both population and economic activity. The population of the continental United States increased by 36 million to 164 million. The gross national product in 1954, in dollars of constant purchasing power, was more than two and one-half times that in 1934 and almost double the 1929 product. Per capita disposable personal income almost quadrupled in actual dollars and almost doubled in purchasing power from 1934 to 1954.

Population

Population growth has been much greater since the war than during

the preceding decade and has been uneven among age groups (table 1). From January 1, 1935, to January 1, 1955, persons aged 65 and over increased 80 percent in number and, as a proportion of the total population, from 6.0 percent to 8.5 percent. The child population increased 31 percent and as a result represented about one-third of the total in both years. In contrast, the number of persons in the usual working ages, 18-64, rose only 22 percent. Consequently, for every 100 persons in these, the most productive age groups, there are now 74 in the ages of dependency or potential dependency, compared with 65 such persons 20 years earlier.

The increase in the child population has been heavily concentrated in the youngest age groups, reflecting the high marriage and birth rates since World War II and the low birth rate during the depression. It is estimated that 87 percent of all children under age 18 were living with both parents at the beginning of 1955,

compared with 85 percent in 1940. (Information on the family status of children is not available for the mid-thirties.) Despite war casualties and the increase in the total child population, the number of full orphans had fallen from about 370,000 at the beginning of 1935 to some 60,000 20 years later, and the number who had lost one or both parents by death had dropped from about 4.4 million to 2.7 million. What was once a major social problem thus has diminished greatly in importance.

Labor Force

Participation in the labor force increased modestly from about 56 percent of all persons aged 14 and over in an average month in 1934 to about 58 percent in 1954, despite the fact that now young people tend to remain in school longer and that social insurance permits many older persons to retire with some assured income. On the average, the labor force included almost 68 million per-

Table 1.—Estimates of the total population, by age, and of persons aged 14 and over, by labor-force status, selected years, 1934-54¹

[In thousands; continental United States]

Age and labor-force status	1934	1939	1944	1949	1954
Total population ²	127,512	132,382	139,998	151,240	163,930
Under age 18 ¹	42,386	41,249	42,176	47,243	55,565
Under age 5 ²	10,950	11,279	13,586	16,768	18,934
Aged 18-64.....	77,433	82,214	87,501	91,892	94,430
Aged 65 and over.....	7,693	8,898	10,321	12,105	13,935
Persons aged 14 and over.....	94,080	100,210	105,750	111,095	117,664
Total labor force.....	52,490	55,600	66,040	63,721	67,818
Civilian labor force.....	52,230	55,230	54,630	62,105	64,468
Employed in agriculture.....	9,900	9,610	8,950	8,026	6,504
Employed in nonagricultural industries.....	30,990	36,140	45,010	50,684	54,734
Unemployed.....	11,340	9,480	670	3,395	3,230
Not in labor force.....	41,590	44,610	39,710	47,374	49,846

¹ General population data relate to January 1 of the following year; labor-force data are monthly averages for the year specified except for estimates of persons aged 14 and over, which are as of the midyear. Includes Armed Forces overseas.

² Adjusted for net underenumeration and misreporting of age of children under age 5.

Source: Bureau of the Census and the Council of Economic Advisors.

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