

employment trust fund—a fund of essentially different character and purpose from the old-age and survivors insurance trust fund. The formula remained the same as the “old” formula for the old-age and survivors insurance trust fund. The unemployment insurance trust fund therefore acquired special obligations in 1956 at the same rates as the old-age and survivors insurance trust fund through October. Obligations acquired from November 1956 through September 1957 carried 2½-percent interest, in October none were acquired, and the acquisitions in November and December carried a 2⅞-percent rate. The net total acquired in 1957 amounted to \$58 million less than the year’s redemptions of special issues; the difference, plus the bulk of the annual increment to the fund, was invested in public marketable issues (table 1). Of the total investments of \$31,276 million in the portfolios of the three funds at the end of the year, \$27,137 million or 86.8 percent was invested in special obligations—\$19,099 million at the 2½-percent interest rate, \$7,817 million at 2⅞ percent, and \$221 million at 2⅞ percent.

The old-age and survivors insurance trust fund acquired a net total of \$442 million of public marketable obligations in 1957;⁸ \$63 million was added in Treasury bonds and \$405 million in Treasury notes. Holdings of Treasury certificates of indebtedness (not to be confused with Treasury special certificates of indebtedness) were reduced by \$33 million during the year. In August, for the first time in its history, the fund acquired a total of \$11 million in Treasury bills, the shortest-term Government security. Treasury bills are usually of 90-day maturity; the two series in which the fund invested, however, had maturities of just over and just under 8 months, respectively. Of the first, a tax-anticipation series, the fund acquired \$6 million, which it still held at the end of the year. The fund’s original acquisition of \$5 million of the second series was increased to \$22 million in September, dropped to \$20 million in Oc-

⁸ The total includes accrued interest purchased and net unamortized premium and discount.

tober, and to \$200,000 in November, where it remained at the end of 1957.

Marketable public issues were first acquired for the disability insurance trust fund in September 1957, when \$10 million was invested in 4-percent Treasury certificates of indebtedness and \$5 million in 4-percent Treasury notes. In October, \$5 million was invested in the Treasury 4-percent bonds of 1969; \$7 million in 3¾-percent notes was added in November and \$5 million in the Treasury 3⅞-percent bonds of 1974 in December. None of these acquisitions were disposed of during 1957.

Investments of the unemployment trust fund in other than special issues must bear interest at rates at least equal to the rates payable on special obligations. From November 1953 when this fund held \$964 million⁹ in Treasury bonds, through March 1957, the fund made no further acquisitions of public issues. In the last 3 quarters of 1957, however, the fund added \$95 million in Treasury public marketable obligations at interest rates of 3½ percent (\$10 million), 3⅝ percent (\$15 million), 3¾ percent (\$15 million), 3⅞ percent (\$5 million), and 4 percent (\$50 million) (table 1).

The Treasury also manages several other social insurance and related trust funds. The principal ones are the railroad retirement account and the civil-service retirement fund. In 1957 total receipts of the railroad retirement account amounted to \$721 million—\$610 million in contributions and \$111 million¹⁰ in interest. Railroad retirement benefits of \$693 million were paid in 1957; administrative expenses were \$8 million. At the end of the year the total assets of the account were \$3,660 million, of which \$3,596 million was invested and \$64 million was undisbursed cash balance. The interest rate for this fund’s investments is set by law at a minimum of 3 percent.

Contributions to the civil-service retirement fund totaled \$915 million

⁹ This amount does not include \$1 million of unamortized premium.

¹⁰ This amount excludes \$2 million transferred to the old-age and survivors insurance trust fund under the financial interchange provisions of the Railroad Retirement Act.

in 1957, and interest earned \$224 million. Benefits of \$645 million were paid during 1957. The administrative expenses of the civil-service retirement program are chargeable not to the fund but to the General Treasury. At the end of the year the invested assets of the fund totaled \$7,703 million.

At the end of 1957, all types of special Government obligations outstanding amounted to \$45,799 million, 17 percent of the outstanding interest-bearing Federal debt. Together, the three social security funds held 59 percent of all special obligations, about the same proportion as in 1955 and 1956. Most of the remainder was held by related trust funds, including the civil-service retirement fund (16 percent), the several veterans’ insurance funds (15 percent), and the railroad retirement account (7 percent).

Diagnoses in Disability Freeze Allowances, July 1955-December 1956 *

The Social Security Amendments of 1954 included the provision that a worker who has a severe impairment that results in “inability to engage in any substantial gainful activity” may have his social security account “frozen.” This provision makes it possible, in determining eligibility for and the amount of benefits payable at retirement or death, to disregard extended periods in which a worker had little or no covered earnings because of a disability that made it impossible for him to work. Before this amendment was adopted, such periods of disability could result in loss of insured status or a reduction in the benefit amount.

Before a worker can have his account frozen he must have worked in covered employment for at least 5 years out of the 10 years immediately preceding the beginning date of the disability; at least 1½ years of covered employment must have been within the 3 years immediately before the beginning date of the disability. The disability must have

* Prepared in the Division of Program Analysis, Bureau of Old-Age and Survivors Insurance.

lasted at least 6 months. For the purpose of the freeze, disability is defined as (1) "inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration," or (2) "blindness."

By December 31, 1956, when the provision had been in operation for 18 months, the Bureau of Old-Age and Survivors Insurance had taken

final action on 399,000 applications for the freeze; 207,000 persons were found to have met the requirements.

Under the disability insurance provisions adopted in 1956, cash benefits were first payable for July 1957 to disabled workers aged 50-64. By December 31, 1957, such benefits had been awarded to 179,000 persons. To be eligible for cash benefits, the worker must meet the same definition of disability used for the freeze, except that statutory blindness in itself

does not automatically constitute disability. He must also meet the same work requirements as for the disability freeze and, in addition, be fully insured.¹ Most of the 118,000

¹ Through 1960, all workers qualifying for the disability freeze will be fully insured. Beginning in 1961, however, a worker will generally need more than 5 years of covered employment to be fully insured, and therefore some workers who qualify for the freeze will not meet the work requirements for disability benefits.

Table 1.—Disability freeze allowances: Percentage distribution of workers for whom a period of disability was allowed, by diagnostic group and primary diagnosis and by age¹ and sex, July 1955-December 1956

Diagnostic group and primary diagnosis	International code	Total				Male				Female			
		Total	Under 50	50-64	65 and over	Total	Under 50	50-64	65 and over	Total	Under 50	50-64	65 and over
Total number.....		207,044	43,344	117,518	46,182	176,971	36,303	100,607	40,061	30,073	7,041	16,911	6,121
Total percent.....		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Infective and parasitic diseases.....	001-138	11.9	22.0	10.6	5.7	13.0	23.8	11.8	6.2	5.3	12.7	3.3	2.2
Pulmonary tuberculosis.....	002	7.9	16.5	6.6	3.3	8.7	17.8	7.4	3.6	3.5	9.8	1.7	1.1
General paralysis of insane.....	025	1.3	2.0	1.3	.5	1.4	2.2	1.4	.6	.5	.9	.5	.2
Other.....		2.7	3.5	2.7	1.9	2.9	3.8	3.0	2.0	1.3	2.0	1.1	.9
Neoplasms.....	140-239	4.4	3.3	5.4	2.9	4.2	3.1	5.1	2.7	5.9	4.3	7.2	4.2
Allergic, endocrine system, metabolic, and nutritional diseases.....	240-289	2.8	1.4	2.9	3.8	2.5	1.4	2.6	3.5	4.4	1.6	5.0	5.8
Diabetes mellitus.....	260	2.2	1.2	2.5	2.6	2.0	1.2	2.2	2.3	3.6	1.4	4.3	4.5
Other.....		.6	.2	.5	1.2	.6	.2	.4	1.2	.7	.2	.7	1.3
Diseases of the blood and blood-forming organs.....	290-299	.3	.1	.3	.5	.3	.1	.3	.4	.6	.2	.6	1.0
Mental, psychoneurotic, and personality disorders.....	300-328	14.1	40.1	7.8	5.8	13.4	38.2	7.4	5.7	18.6	49.7	10.2	6.2
Schizophrenic disorders (dementia praecox).....	300	8.4	32.5	2.5	.6	7.8	31.1	2.3	.6	11.8	40.1	4.0	.8
Mental deterioration and certain other psychoses of unspecified etiology.....	309	1.0	2.5	.7	.5	1.0	2.3	.7	.5	1.4	3.5	.8	.5
Other.....		4.7	5.1	4.6	4.6	4.6	4.9	4.5	4.6	5.5	6.1	5.4	4.8
Diseases of the nervous system and sense organs.....	330-398	22.9	19.8	24.5	21.7	23.1	20.1	24.7	21.8	21.5	18.0	23.3	20.7
Late effect, such as paralysis, resulting from certain vascular lesions ² affecting the central nervous system.....	352	8.5	3.4	9.8	9.9	8.6	3.4	10.0	10.0	7.5	3.3	8.8	8.7
Multiple sclerosis.....	345	2.0	5.3	1.4	.5	1.8	4.8	1.2	.5	3.2	8.0	2.2	.4
Paralysis agitans.....	350	1.8	.6	2.0	2.2	1.8	.6	2.0	2.2	1.7	.5	2.1	2.0
Other.....		10.7	10.6	11.3	9.2	10.9	11.4	11.5	9.1	9.2	6.1	10.3	9.6
Diseases of the circulatory system.....	400-468	27.0	6.3	30.8	36.6	26.7	6.3	30.2	36.3	28.7	6.5	34.2	38.8
Arteriosclerotic heart disease, including coronary disease.....	420	14.8	1.8	17.1	21.0	15.4	2.0	17.7	21.7	11.4	.9	14.0	16.6
Hypertensive heart disease with clinical type unspecified.....	443	4.8	.9	5.6	6.5	4.3	.9	5.0	5.7	7.9	1.2	9.4	11.6
Rheumatic heart disease of mitral valve.....	410	1.3	1.4	1.5	.8	1.1	1.3	1.2	.8	2.4	2.2	2.9	1.2
Other.....		6.0	2.2	6.6	8.4	5.9	2.1	6.3	8.2	6.9	2.2	7.9	9.3
Diseases of the respiratory system.....	470-529	7.1	1.5	8.5	8.8	8.0	1.7	9.5	9.8	1.9	.7	2.2	2.3
Emphysema.....	528	3.2	.7	4.1	3.4	3.6	.8	4.6	3.8	.8	.3	1.1	.8
Pneumoconiosis due to silica and silicates (occupational).....	523	2.5	.4	3.0	3.0	2.9	.5	3.5	3.5	1.1	(⁵)	.1	.1
Other.....		1.4	.3	1.4	2.4	1.5	.3	1.5	2.5	1.0	.4	1.0	1.4
Diseases of the digestive system.....	530-587	1.2	.6	1.2	1.8	1.2	.6	1.2	1.8	1.3	.8	1.3	1.7
Diseases of the genito-urinary system.....	590-637	.5	.4	.5	.6	.4	.4	.4	.6	.6	.3	.7	.8
Diseases of the skin and cellular tissue.....	690-716	.2	.2	.2	.2	.2	.2	.1	.2	.3	.3	.3	.2
Diseases of the bones and organs of movement.....	720-749	7.4	3.7	7.1	11.6	6.8	3.6	6.3	11.0	10.7	4.4	11.4	16.1
Rheumatoid arthritis and allied conditions.....	722	2.7	1.9	2.9	2.8	2.3	1.7	2.4	2.4	5.1	2.8	6.0	5.3
Osteo-arthritis and allied conditions.....	723	1.9	.2	1.8	3.9	1.8	.1	1.7	3.7	2.6	.3	2.7	4.8
Other.....		2.8	1.7	2.4	5.0	2.8	1.7	2.3	4.8	3.0	1.3	2.7	6.1
Congenital malformations.....	750-759	.2	.5	.2	(⁵)	.2	.5	.2	(⁵)	.3	.6	.3	(⁵)
Other ⁴		(⁵)											

¹ Age on birthday in year application was filed.

² Includes subarachnoid haemorrhage, cerebral embolism, and thrombosis, where the effect is present 1 year or more after onset.

³ Special modification of the International Code.

⁴ Diagnoses not included in diagnostic groups shown above, such as Jacksonian epilepsy, senility, chronic lead poisoning, etc.

⁵ Less than 0.05 percent.

workers aged 50-64 who had qualified for the freeze by the end of 1956 began to receive cash disability benefits before the end of 1957. It can therefore be assumed that the workers who had been awarded these disability benefits by the close of 1957 differed little in their characteristics from the workers aged 50-64 for whom a freeze was allowed in 1955 and 1956.

Among those for whom the disability freeze was allowed were 46,000 old-age beneficiaries who, because

they had been seriously disabled before attaining age 65, had their benefits recomputed under a provision permitting retroactive freeze allowances. Because such recomputation might result in an increase in the amount of the old-age benefit the Bureau of Old-Age and Survivors Insurance, in processing applications for the freeze, gave priority to those received from persons aged 65 and over.

The fact that persons aged 65 and over accounted for 22 percent of all

allowances made from July 1955 to December 1956 does not necessarily mean that the aged will make up a similar proportion of the persons for whom the freeze is now being allowed or for whom the freeze will be allowed in the future. Although the group aged 65 and over made up 57 percent of all persons for whom the allowances were made in July-December 1955, they represented only 9 percent in the calendar year 1956. The group aged 50-64 received 36 percent of the allowances made in 1955 and

Table 2.—Disability freeze allowances: Number of workers for whom a period of disability was allowed, by diagnostic group and primary diagnosis and by age¹ and sex, July 1955-December 1956

Diagnostic group and primary diagnosis	International code	Total				Male				Female			
		Total	Under 50	50-64	65 and over	Total	Under 50	50-64	65 and over	Total	Under 50	50-64	65 and over
Total		207,044	43,344	117,518	46,182	176,971	36,303	100,607	40,061	30,073	7,041	16,911	6,121
Infective and parasitic diseases	001-138	24,587	9,528	12,433	2,626	22,998	8,634	11,871	2,493	1,589	894	562	133
Pulmonary tuberculosis	002	16,417	7,147	7,762	1,508	15,372	6,456	7,473	1,443	1,045	691	289	65
General paralysis of insane	025	2,604	872	1,479	253	2,447	811	1,395	241	157	61	84	12
Other		5,566	1,509	3,192	865	5,179	1,367	3,003	809	387	142	189	56
Neoplasms	140-239	9,165	1,432	6,391	1,342	7,392	1,127	5,181	1,084	1,773	305	1,210	258
Allergic, endocrine system, metabolic, and nutritional diseases	240-289	5,809	615	3,446	1,748	4,499	503	2,603	1,393	1,310	112	843	355
Diabetes mellitus	280	4,611	531	2,898	1,182	3,515	433	2,178	904	1,096	98	720	278
Other		1,198	84	548	566	984	70	425	489	214	14	123	77
Diseases of the blood and blood-forming organs	290-299	633	48	350	235	467	36	266	176	166	12	94	60
Mental, psychoneurotic, and personality disorders	300-328	29,252	17,380	9,216	2,656	23,647	13,883	7,488	2,276	5,605	3,497	1,728	380
Schizophrenic disorders (dementia praecox)	300	17,362	14,107	2,979	276	13,806	11,286	2,296	224	3,556	2,821	683	52
Mental deterioration and certain other psychoses of unspecified etiology	309	2,167	1,077	840	250	1,759	829	712	218	408	248	128	32
Other		9,723	2,196	5,397	2,130	8,082	1,768	4,480	1,834	1,641	428	917	296
Diseases of the nervous system and sense organs	330-398	47,422	8,576	28,841	10,005	40,942	7,312	24,893	8,737	6,480	1,264	3,948	1,268
Late effect, such as paralysis, resulting from certain vascular lesions ² affecting the central nervous system	352	17,554	1,453	11,544	4,557	15,300	1,221	10,056	4,023	2,254	232	1,488	534
Multiple sclerosis	345	4,136	2,291	1,626	219	3,177	1,725	1,257	195	959	566	369	24
Paralysis agitans	350	3,647	255	2,396	996	3,144	220	2,048	876	503	35	348	120
Other		22,085	4,577	13,275	4,233	19,321	4,146	11,532	3,643	2,764	431	1,743	590
Diseases of the circulatory system	400-468	55,835	2,746	36,175	16,914	47,216	2,287	30,387	14,542	8,619	459	5,788	2,372
Arteriosclerotic heart disease, including coronary disease	420	30,624	797	20,132	9,695	27,186	734	17,771	8,681	3,438	63	2,361	1,014
Hypertensive heart disease, with clinical type unspecified	443	9,970	396	6,592	2,982	7,586	311	5,003	2,272	2,384	85	1,589	710
Rheumatic heart disease of mitral valve	410	2,745	619	1,749	377	2,018	466	1,251	301	727	153	498	76
Other		12,496	934	7,702	3,860	10,426	776	6,362	3,288	2,070	158	1,340	572
Diseases of the respiratory system	470-529	14,705	657	9,965	4,083	14,148	607	9,599	3,942	557	50	366	141
Emphysema	³ 528	6,676	314	4,776	1,586	6,429	295	4,596	1,538	247	19	180	48
Pneumoconiosis due to silica and silicates (occupational)	523	5,102	195	3,516	1,391	5,081	194	3,501	1,386	21	1	15	5
Other		2,927	148	1,673	1,106	2,638	118	1,502	1,018	289	30	171	88
Diseases of the digestive system	530-587	2,484	266	1,401	817	2,105	213	1,177	715	379	53	224	102
Diseases of the genito-urinary system	590-637	980	163	549	263	796	141	433	222	184	22	116	46
Diseases of the skin and cellular tissues	690-716	359	86	185	88	275	62	139	74	84	24	46	14
Diseases of the bones and organs of movement	720-749	15,297	1,616	8,305	5,376	12,071	1,309	6,374	4,388	3,226	307	1,931	988
Rheumatoid arthritis and allied conditions	722	5,536	823	3,410	1,303	3,998	625	2,394	979	1,538	198	1,016	324
Osteo-arthritis and allied conditions	723	3,975	73	2,122	1,780	3,204	53	1,664	1,487	771	20	458	293
Other		5,786	720	2,773	2,293	4,869	731	2,316	1,922	917	89	457	371
Congenital malformations	750-759	458	218	228	12	367	178	179	10	91	40	49	2
Other ⁴		58	13	33	12	48	11	27	10	10	2	6	2

¹ Age on birthday in year application was filed.

² Includes subarachnoid haemorrhage, cerebral embolism, and thrombosis, where the effect is present 1 year or more after onset.

³ Special modification of the International Code.

⁴ Diagnoses not included in diagnostic groups shown above, such as Jacksonian epilepsy, senility, chronic lead poisoning, etc.

65 percent in 1956. Since only periods of disability before the worker reaches age 65 may be frozen, and since only 1 year of retroactivity in the period of disability will be permitted after June 1958, in the near future only a small number of persons who are aged 65 and over are expected to qualify for a freeze.

To protect the benefit rights of as many disabled workers as possible, the Bureau made a special effort to reach large groups of disabled people, including those in institutions. For this reason, a large proportion of the early applications were received from persons whose disabilities were such that they were institutionalized or were known to public and private agencies. Many of these persons and others who qualified for the freeze during the 18 months were workers who had been disabled for an extended period of time. Therefore, the distribution by primary diagnosis shown for persons represented in the allowances up to the end of 1956 cannot be taken as indicative of future trends under the disability freeze or insurance provisions.

Approximately one-seventh of the persons for whom a disability freeze period was established were women. In comparison with men, a slightly larger percentage were under age 50, and a slightly smaller percentage were aged 65 and over.

For 64 percent of the persons who were allowed the freeze, the primary diagnoses fell in three general diagnostic groups—(1) diseases of the circulatory system, (2) diseases of the nervous system and sense organs, and (3) mental, psychoneurotic, and personality disorders (tables 1 and 2). In the age group 50 and over, diseases of the circulatory system were the most frequent cause of disability among men and women. Among those under age 50, the most common primary diagnoses for both men and women were in the mental, psychoneurotic, and personality disorder group.

The primary diagnoses for 29,000 out of the 207,000 persons who were allowed the freeze were in the mental, psychoneurotic, and personality disorder group; diagnoses in this group were more frequent among women

than men of all ages. Diseases of the nervous system and sense organs were the primary diagnoses for 47,000 cases, and for a significant proportion the diagnosis was residual paralysis resulting from vascular lesions, such as the common stroke.

The proportion of persons with diagnoses in these two groups of diseases was considerably larger during the first 18 months of operation of the disability freeze provisions than is to be expected in the future, because of the special efforts the Bureau made to reach disabled persons who were confined in institutions.

The most frequent primary diagnosis for men and women aged 50 and over was arteriosclerotic heart disease; this was the diagnosis for 19 percent of the men and 15 percent of the women. For both men and women under age 50, schizophrenic disorders and pulmonary tuberculosis were the most frequent causes of disability, found for 31 percent and 18 percent, respectively, of the men and for 40 percent and 10 percent, respectively, of the women.

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pooled fund for medical care of recipients. Fluctuations in vendor payments for medical care accounted for most of the sizable changes in average payments in other States.

For general assistance the average payment per case increased \$1.23 for the country as a whole, but, because of the larger number of persons covered, the average payment per person declined 37 cents. Among the States, changes in the average payment per case ranged from a decrease of \$5.13 in Rhode Island to an increase of \$8.18 in Connecticut.

● Unemployment among workers covered by the State unemployment insurance programs and the program of unemployment compensation for

Federal employees continued to mount in January. Among the factors contributing to the increase were post-holiday layoffs in trade; temporary plant shutdowns for inventory; seasonal slackness in such industries as construction, food, lumbering, and apparel; and employment declines in the metals, machinery, and transportation equipment industries.

For the Nation as a whole, insured unemployment increased 37 percent to a weekly average of almost 2.9 million—the highest average on record and approximately 1.1 million (66 percent) more than that in January 1957. Twelve States, including Illinois and Indiana, reported increases for the month of about 50 percent or more; in seven States, among them Michigan and Ohio, insured unemployment was more than double the

average in January 1957. New unemployment, as represented by initial claims, increased from December by 260,000 (13 percent) to a total of 2.3 million, which was 46 percent higher than the total in January 1957.

In an average week, 2.3 million unemployed workers received benefit checks—43 percent more than in December and 61 percent more than in January 1957. Benefits paid during the month totaled \$313 million, an increase of 51 percent from December 1957 and of 76 percent from January 1957. The average weekly benefit of \$30.11 paid for total unemployment was 36 cents higher than in December and \$2.38 higher than in January 1957. The number of persons exhausting their benefit rights increased by 33 percent in January—from 110,600 to 147,200.