

Twenty-five Years of Social Security in the South

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IN THE Social Security Act of 1935, Congress recognized the national scope of the problem of economic security, and its approach to the problem was also on a national scale. The Silver Anniversary of the basic act, observed last year, was the occasion for reviewing the Nation's first 25 years of progress toward economic security, assessing the overall social security status of the American people at the beginning of the 1960's, and determining what remains to be done, what can be done better, and what should be changed.

A similar review for the South is presented in the following pages. The analysis is limited chiefly to the impact of social security programs on persons aged 65 and over—in other words, the old-age, survivors, and disability insurance and the old-age assistance programs. Since many of the unemployed are older workers, the unemployment insurance program is also considered briefly.

ECONOMIC CLIMATE

The progress made by the social security programs during the 25 years has been against the backdrop of an expanding economy. The Nation's population and its productive capacity have both increased far beyond the most optimistic predictions made 25 years ago. In these years the social insurance programs have developed to the point where they now account for almost 4 percent of our total national output of goods and services. In contrast, expenditures for public assistance as a proportion of our national resources have dropped sharply from the depression period of the 1930's. The increase in public expenditures for health and for other welfare programs has been at about the same rate as the overall growth in national output.

What has this quarter of a century meant to the South? When allowance is made for both

immigration and outmigration, the net population growth has been less rapid in the South than in the Nation as a whole (table 1). At the same time, productivity and the general level of living (as measured by per capita income) have improved more in the South than in the rest of the country. In 1959, personal income for the Nation as a whole was almost five times what it had been in 1940; for the Southern States it was approximately six times the 1940 total (table 2).

The coverage of old-age, survivors, and disability insurance has expanded much more in the South than elsewhere. The number of aged persons receiving income-maintenance payments has grown faster, both in absolute numbers and in relation to the population aged 65 and over, although both insurance benefits and assistance standards continue to be lower than those in other regions. Payments under the social security programs—especially the benefits under old-age, survivors, and disability insurance—represent an increasingly important factor in the social economy of the South.

TABLE 1.—Number and percent of population aged 65 and over and percentage increase, Southeast and Southwest regions, April 1940, 1950, and 1960

Region and State	Number of persons (in thousands)			Percent of total population			Percentage increase	
	1940	1950	1960	1940	1950	1960	1960 from 1940	1960 from 1950
U. S. 1...	9,036.3	12,294.7	16,559.6	6.8	8.1	9.2	83.3	34.7
Southeast	1,622.6	2,298.1	3,256.4	5.3	6.8	8.4	100.7	41.7
Va.....	154.9	214.5	289.0	5.7	6.5	7.3	86.6	34.7
W. Va....	101.0	138.5	172.5	5.4	6.9	9.3	70.8	25.4
Ky.....	189.3	235.2	292.3	6.6	8.0	9.6	54.4	24.3
Tenn....	171.8	234.9	308.9	5.9	7.1	8.7	79.8	31.5
N. C.....	156.5	225.3	312.2	4.4	5.5	6.9	99.5	38.6
S. C.....	81.3	115.0	150.6	4.2	5.4	6.3	85.2	30.9
Ga.....	158.7	219.7	290.7	5.1	6.4	7.4	83.2	32.3
Fla.....	131.2	237.5	553.1	6.8	8.6	11.2	321.6	132.9
Ala.....	136.2	198.6	261.1	4.8	6.5	8.0	91.7	31.5
Miss....	115.4	153.0	190.0	5.2	7.0	8.7	64.6	24.2
La.....	119.0	176.8	241.6	4.9	6.6	7.4	103.0	36.6
Ark.....	107.3	149.0	194.4	5.3	7.8	10.9	81.2	30.5
Southwest	539.6	784.6	1,135.7	5.5	6.9	8.0	110.5	44.7
Okla....	144.9	193.9	248.8	6.2	8.7	10.7	71.7	28.3
Tex.....	347.5	513.4	745.4	5.4	6.7	7.8	114.5	45.2
N. Mex..	23.3	33.1	51.3	4.3	4.9	5.4	120.2	55.1
Ariz....	23.9	44.2	90.2	4.8	5.9	6.9	277.4	103.9
Other States 1.	6,874.6	9,212.0	12,167.5	7.5	8.7	9.6	77.0	32.1

¹ Includes Alaska and Hawaii for all years.

Source: Bureau of the Census, Series P-25, No. 37 (Mar. 25, 1950), and release of Mar. 14, 1961.

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SOUTH DEFINED

The definition of the South used here is based on the regional classification of States developed by the Department of Commerce and first used in a 1956 report of the Department.¹ The report describes the regional groupings as "based primarily on homogeneity of the States from three viewpoints: (1) income characteristics (the industrial and type-of-payment composition of total income, the level of per capita income, and the long-term trend of income); (2) industrial composition of the employed labor force in 1950 (which served as a check upon the income-composition analysis); and (3) 'noneconomic' characteristics of the States (based on selected statistical series reflecting demographic, racial or ethnic, cultural, and social factors)."

The Southeast is made up of 12 States:

Virginia	North Carolina	Alabama
West Virginia	South Carolina	Mississippi
Kentucky	Georgia	Louisiana
Tennessee	Florida	Arkansas

These States include all those (except Delaware, the District of Columbia, and Maryland) in the usual South Atlantic and East South Central Divisions used by the Bureau of the Census and, in addition, two States from the West South Central Division.

The Southwest is defined to include not only Oklahoma and Texas but also New Mexico and Arizona. The references to the South in this article relate to the Southeast and Southwest together; the two regions are combined when their differences are not significant.

INCOME SECURITY

Because of its national character, adoption of the Social Security Act was quickly followed by extension of certain income security measures in every part of the South as in all other States and localities. In contrast, almost 40 years had elapsed from the enactment of the first workmen's compensation law to the time when, with the passage of Mississippi's law, all States had such legislation.

¹ Charles F. Schwartz and Robert E. Graham, Jr., *Personal Income by States Since 1929* (a supplement to the *Survey of Current Business*), 1956.

Only 23 States had a statewide old-age pension program in effect in 1935; no Southern State had such a program.

The Social Security Act resulted in a rapid development of public assistance programs in the federally aided categories of old-age assistance, aid to dependent children, aid to the blind, and, after 1950, aid to the permanently and totally disabled. Federal matching funds are available, under the terms of the act, only if the assistance program is in effect in all areas of a State. Undoubtedly, this provision led to a swifter and, within the boundaries of a single State, a more nearly uniform development of assistance programs than would otherwise have occurred. By August 1937 all the Southern States except Virginia had old-age assistance programs in operation. By the end of 1937, unemployment insurance programs were in effect in all these States.

COVERAGE UNDER OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

An employment-related program such as social insurance inevitably reflects in its provisions the nature of the economy in which it is operating. The 1935 act established an old-age insurance program for industrial and commercial workers only, although it was recognized that self-employed persons, farmers, and other workers needed this protection as much as workers in-

TABLE 2.—Percentage distribution of personal income, by source, United States and Southeast and Southwest, 1959 and 1940

Source	United States ¹		Southeast		Southwest	
	1959	1940	1959	1940	1959	1940
Total amount (in millions).....	\$380,664	\$78,522	\$59,968	\$10,387	\$26,248	\$4,090
Total percent.....	100.0	100.0	100.0	100.0	100.0	100.0
Wage and salary:						
Total.....	67.2	63.2	65.8	61.1	64.5	55.8
Manufacturing.....	22.3	19.8	17.9	15.2	11.8	7.6
Other labor income.....	2.7	.9	2.4	.7	2.6	.9
Proprietors' income:						
Total.....	11.7	15.5	14.9	23.5	16.3	26.3
Farm.....	3.1	5.8	12.3	14.9	5.1	13.1
Property.....	12.9	16.2	11.0	11.9	12.2	14.1
Transfer payments.....	7.0	4.0	7.8	3.5	6.4	3.6
Less: Contributions for social insurance.....	2.1	.8	2.0	.8	2.0	.7

¹ Represents 48 States and the District of Columbia.

Source: For 1940 data, *Personal Income by State* (Supplement to *Survey of Current Business*), 1957; for 1959 data, *Survey of Current Business*, August 1960.

dustry and commerce. The administrative problems of covering these other groups and collecting contributions from them and their employers seemed too complicated, however, to attempt in the program's first years.

The South was less industrialized than some other parts of the country. In the early years of the program, therefore, a considerably smaller proportion of its workers, than of the workers in the Nation as a whole, had old-age insurance protection. Successive extensions of coverage were made—to the urban self-employed, some farm and domestic workers, and a few other groups in 1950; to farmers and to many State and local government employees on a group voluntary basis in 1954; and to other groups since then. These extensions have been more important for the South than for other regions because of the nature of employment in the South.

Of all workers with earnings credits under old-age, survivors, and disability insurance in 1940, 19 percent were living in the South. In 1956 (the latest year for which State statistics on earnings of covered workers are available) 26 percent were in the South. The main reason for the increase was the extension of coverage to groups that are relatively more numerous in the South, but the especially rapid industrialization of the South has also been a factor.

In 1940, wages and salaries from employment in manufacturing made up almost 20 percent of personal income in the Nation, in comparison with 15 percent in the Southeastern States and 8 percent in the Southwest. The corresponding proportions in 1959 were 22 percent nationally, 18 percent in the Southeast, and 12 percent in the Southwest. Income from farming became relatively less important during the period, declining from 6 percent of the national total in 1940 to 3 percent in 1959. The drop in the South was even greater—from 12 percent to 5 percent in the Southeast and from 13 percent to 5 percent in the Southwest (table 2).

Public retirement programs now cover all but about 7 percent of the Nation's workers. About 5 million workers are still without this protection: by far the majority of them are self-employed or employed in farm or domestic work and do not earn enough for coverage. A large proportion of these unprotected workers are in the South.

The first 25 years of the act were marked not only by successive extensions of coverage but also by a broadening of the basic old-age retirement program to cover the risks of wage loss through death and disability. The broadening of the benefit structure, like the extension of coverage, brought relatively more gains to the South than

TABLE 3.—Number of persons aged 65 and over receiving old-age, survivors, and disability insurance, old-age assistance, or both, Southeast and Southwest regions, March 1940, 1950, and 1960

[In thousands]

Region and State	1940		1950			1960		
	OASDI ¹	OAA	OASDI	OAA	OASDI and OAA ²	OASDI	OAA	OASDI and OAA ²
United States ⁴	172.3	1,935.2	2,020.8	2,756.7	275.2	10,203.7	2,328.8	675.6
Southeast.....	20.9	324.0	248.8	767.2	39.7	1,790.7	753.0	154.2
Virginia.....	1.9	16.7	26.0	19.3	.8	169.2	14.8	1.4
West Virginia.....	2.2	17.3	23.9	26.8	.8	110.8	19.7	1.9
Kentucky.....	2.3	45.2	24.6	62.6	2.5	172.3	56.4	10.6
Tennessee.....	2.2	40.3	21.4	63.6	2.0	166.1	55.2	6.1
North Carolina.....	2.3	35.2	23.7	59.4	2.6	185.6	48.7	7.6
South Carolina.....	1.1	19.0	10.5	40.8	1.3	80.0	32.7	2.2
Georgia.....	1.8	27.4	20.5	98.7	5.4	139.5	96.9	16.0
Florida.....	1.8	34.6	38.8	68.1	7.5	332.3	69.7	22.5
Alabama.....	2.0	19.1	21.3	79.2	2.9	133.3	98.8	21.3
Mississippi.....	.9	19.8	8.2	62.7	.8	94.4	80.0	19.9
Louisiana.....	1.4	31.4	18.3	122.8	10.8	103.6	124.8	36.0
Arkansas.....	1.0	18.0	11.6	63.2	2.3	103.6	55.3	8.6
Southwest.....	5.5	202.0	68.1	346.2	19.6	567.2	336.4	80.2
Oklahoma.....	1.2	71.0	15.2	101.1	4.8	121.0	90.0	21.7
Texas.....	3.8	118.8	44.3	222.2	13.1	371.3	221.7	52.4
New Mexico.....	.2	4.3	2.5	10.1	.3	24.6	10.7	1.9
Arizona.....	.3	7.9	6.1	12.9	1.4	50.3	14.0	4.2
Other States ⁴	145.9	1,409.2	1,703.9	1,643.3	215.9	7,845.8	1,239.4	441.2

¹ Number of benefits awarded during the year.

² Estimated by applying to the OAA caseload for March 1950 the ratio of the OASDI-OAA group to the total OAA caseload for September 1950.

³ Data for February or March 1960.

⁴ Includes Alaska and Hawaii for all years.

to the rest of the country. Because families tend to be larger in the South, dependents' benefits are of more than average value to the worker's family living in the South. Disability benefits also may be of more than average value to the Southern worker, though information on the incidence of disability is not available by region. Data from the National Health Survey show, however, that work-loss days are inversely related to the size of the community, and the South is less urbanized than the North and Far West.

INCOME-MAINTENANCE PAYMENTS

Approximately 12 million persons aged 65 or older, or about three-fourths of the Nation's aged population,² were drawing benefits under social insurance or related programs in the spring of 1960. The old-age, survivors, and disability insurance program alone provided some income for 10.2 million (table 3), and an additional 1.7 million aged persons were primarily dependent on public assistance. Almost 7 percent of the social insurance beneficiaries were also receiving public assistance because, according to the standards set by their State of residence, their resources did not meet their needs.

Two million aged persons, not on the old-age, survivors, and disability insurance rolls, were receiving payments under the programs for railroad and government workers or veterans. Data on their State of residence in 1960 are not available. The State of residence is known, of course, for the 10.2 million aged beneficiaries of old-age, survivors, and disability insurance and the 2.3 million recipients of old-age assistance.

In 1960 there were almost 1.8 million beneficiaries of old-age, survivors, and disability insurance in the Southeast and about 567,000 in the Southwest. Together they made up about 54 percent of all Southerners aged 65 and over. Outside the South, old-age, survivors, and disability insurance beneficiaries represented nearly two-thirds of the aged. Ten years earlier, immediately before coverage was extended to include more than workers in industry and commerce, the regional difference was much greater. Only about 10 beneficiaries out of every 100 aged

persons in the South had coverage, in comparison with 18 in every 100 in other regions.

In old-age assistance, under which payments are made on the basis of need, both the situation now and the trend since 1940 are very different. In 1960 about one-fourth of the aged in the South were on the old-age assistance rolls, almost exactly the same proportion as in the spring of 1940. For the rest of the Nation the recipient rate had dropped from 21 percent to 10 percent. In absolute numbers, the size of the caseload had increased more than 550,000 in the South while dropping almost 170,000 outside the South.

Beneficiaries of old-age, survivors, and disability insurance are more likely to receive supplementary assistance in the South than elsewhere, presumably because a larger proportion have small benefits and local public health facilities to meet special medical needs are less common. Ten percent of the aged insurance beneficiaries in the South were also receiving old-age assistance in February 1960, in comparison with 6 percent of those living in other parts of the country.

The proportion of aged persons receiving payments at the end of 1959 under old-age, survivors, and disability insurance and/or old-age assistance was slightly larger in the South than elsewhere; the rates in three States—Alabama, Louisiana, and Mississippi—were double or more than double the national rate. The higher old-age assistance recipient rate more than offset the lower beneficiary rate for the South as a whole; 73 percent of the aged were receiving payments under one or both programs in the South and 72 percent elsewhere. These figures suggest that, in spite of wide differences among the States in standards for eligibility and need, the old-age assistance program continues to serve as a backstop when the protection provided by social insurance is inadequate.

Levels of Income Support

During the 25 years since the passage of the Social Security Act, the national per capita income, in dollars of constant purchasing power, has doubled. The average gain from 1940 to 1959 amounted to 75 percent. In the Southern States the percentage rise in per capita income was sub-

² The proportion is based on the population on April 1, 1960.

stantially (almost one-third) greater than in the other States as a group. Nevertheless, their average income in 1959 still fell behind the national average by about one-third. During the same period, 1940-59, the general level of income support under the social security programs also showed a considerable increase, but one that was less than the rise in per capita income.

Benefits Under Social Insurance Programs

Because benefits under the social insurance programs are related to wages, rising wage levels have brought higher average benefits. Benefit amounts have also been raised by congressional action. In 1950 and three times since then, Congress has revised the old-age, survivors, and disability insurance benefit structure to reflect rising prices and, to some extent, rising levels of living.

Both the minimum and the maximum dollar amounts payable have been increased, though at different rates. In terms of purchasing power, the \$33 minimum monthly benefit payable under the present law is 56 percent higher than the 1940 minimum of \$10 a month. The purchasing power of the maximum benefit payable in December 1960 (\$120), however, was only 36 percent more than that of the maximum at the end of 1940.

The increase in the minimum benefit, especially, has been of advantage to the South. At the end of 1960, 19 percent of all retired-worker bene-

ficiaries in the South were receiving the minimum benefit (or one less than the minimum because of the actuarial reduction in benefits payable to women at age 62). In contrast, 11 percent of the beneficiaries outside the South were receiving the minimum. The proportion receiving \$105 or more, however, was 13 percent in the South as a whole and 22 percent elsewhere (table 4).

The distribution of benefit amounts in Florida and in Arizona, another mecca for the retired, is similar to that in the North and West. Apparently it is the relatively well-to-do who move to comfortable climates when they retire.

The average benefit paid to all aged persons receiving old-age, survivors, and disability insurance benefits has been computed for convenience in comparing trends in benefit levels in the South with those elsewhere (table 5). Since up-to-date deflators are not available by State, current-dollar averages are used for the comparison. To judge by the slight regional differentials in price changes from 1927 to 1955,³ this procedure does not significantly affect any conclusions.

³ Abner Hurwitz and Carlyle P. Stallings, "Inter-regional Differentials in Per Capita Real Income Change," in *Regional Income* (Studies in Income and Welfare, No. 21, National Bureau of Economic Research), Princeton University Press, 1957. According to this study, consumer prices in 1953-55 as a percentage of 1927-29 prices were as follows: The United States, 157; the Southeast, 157; the Southwest, 159; New England, 156; the Mideast, 153; the Great Lakes States, 158; the Plains States, 162; the Rocky Mountain States, 164; and the Far West, 161.

TABLE 4.—Number and average monthly old-age benefits in current-payment status under old-age, survivors, and disability insurance and percentage distribution by amount of benefit, Southeast and Southwest regions, December 31, 1960

Region and State	Number of old-age beneficiaries	Average old-age benefit	Percent of old-age beneficiaries receiving—									
			Total	\$26.40-32.90	\$33.00	\$33.10-44.90	\$45.00-59.90	\$60.00-74.90	\$75.00-89.90	\$90.00-104.90	\$105.00-115.90	\$116.00-120.00
United States (excluding beneficiaries living in foreign countries).....	8,004,319	\$74.02	100.0	1.9	10.8	8.1	14.4	17.8	16.1	11.3	11.6	8.0
Southeast.....	1,426,763	65.76	100.0	3.4	15.8	10.7	16.1	17.8	13.9	8.5	7.8	6.0
Virginia.....	131,669	65.22	100.0	3.2	16.6	10.8	15.9	17.7	14.4	8.8	7.2	5.4
West Virginia.....	80,007	71.55	100.0	2.1	13.1	8.2	13.1	17.7	16.7	10.5	10.9	7.7
Kentucky.....	131,617	65.08	100.0	2.7	15.6	11.1	17.0	19.2	13.8	8.4	7.2	5.0
Tennessee.....	132,296	61.08	100.0	4.1	19.0	12.6	17.9	17.6	12.1	6.9	5.0	4.3
North Carolina.....	150,728	62.38	100.0	3.7	16.0	11.7	18.9	19.6	14.0	7.3	5.0	3.8
South Carolina.....	65,407	62.26	100.0	4.3	17.4	11.7	17.0	18.3	14.2	8.3	5.1	3.7
Georgia.....	114,482	62.28	100.0	4.6	16.7	11.8	17.4	18.8	13.8	7.2	5.3	4.4
Florida.....	278,993	76.22	100.0	2.2	9.0	7.3	13.2	15.9	15.5	11.7	14.3	10.9
Alabama.....	103,069	63.08	100.0	4.0	18.9	11.5	15.6	17.6	12.9	7.8	6.4	5.3
Mississippi.....	76,105	55.76	100.0	4.7	25.1	14.2	17.5	17.7	9.7	4.8	3.6	2.7
Louisiana.....	80,958	65.95	100.0	3.7	15.5	10.6	16.1	17.8	13.8	8.3	7.6	6.6
Arkansas.....	81,432	60.27	100.0	3.8	20.4	12.2	17.6	18.4	12.4	6.3	5.1	3.8
Southwest.....	454,827	67.80	100.0	3.1	14.1	9.9	16.0	17.8	14.4	9.2	8.4	7.1
Oklahoma.....	95,813	67.85	100.0	2.9	14.0	10.0	15.8	18.0	14.9	9.4	8.1	6.9
Texas.....	295,644	66.62	100.0	3.4	14.6	10.3	16.4	18.1	14.3	8.7	7.7	6.5
New Mexico.....	20,703	67.55	100.0	2.6	15.9	9.6	15.7	17.4	13.7	9.6	9.1	6.4
Arizona.....	42,667	75.95	100.0	2.0	9.9	7.2	13.4	15.6	15.2	11.8	13.4	11.5

In mid-1960 the benefits paid to retired workers and their wives and to the aged widows and parents of deceased workers averaged \$56.90 in the Southeast and \$58.40 in the Southwest. The range was from \$48.00 in Mississippi to more than \$66.00—approximately the same as outside the South—in Florida and Arizona.

The increase in average benefits from 1940 to mid-1950 was not great anywhere, and it was slightly less in the South than it was elsewhere. The increase from 1950 to 1960 was also less for the South. Wages probably rose relatively more in the South than in other parts of the country, and it therefore seems likely that the expansion of coverage to such low-paid groups as farm and domestic workers and small farm operators had its greatest impact on the South. The somewhat greater frequency in the South of wife beneficiaries (who are entitled to half the husband's benefit) may be another factor explaining the lower average benefit in 1960.

There is cause for concern in the large proportion of beneficiaries with benefits at or close to the minimum in the South. Few of those whose benefits are based on low earnings (rather than

late coverage) have much cash income other than their modest benefits and few of them own their homes. There is an advantage to the South, however, in the fact that the formula for computing benefits favors the low-paid worker. Thus the benefits paid to retired workers in the South replace a larger proportion of previous earnings.

The ratio of average benefits in the South to those paid outside the South has remained consistently lower for the unemployment insurance programs, with State standards, than for the Federal program of old-age, survivors, and disability insurance. The difference in average weekly unemployment insurance benefits in June 1960 was almost \$10—a spread of about 40 percent—from less than \$25 in the South to more than \$34 for the other 34 States and the District of Columbia. In contrast, the spread in average monthly benefits under old-age, survivors, and disability insurance was only about 17 percent, from \$57 in the South to \$67 in the other regions.

Public Assistance Payments

In the years since the Social Security Act was passed, the average payments under the old-age assistance program have also risen substantially. From 1940 to mid-1950—a period when Congress made no revisions in the old-age, survivors, and disability insurance benefits—the assistance payments proved responsive, particularly in the South, to increases in living costs. Average monthly payments under old-age assistance advanced about 179 percent in the Southern States and 128 percent nationally.

The standards of need applied in most States also reflect rising levels of living for the population as a whole and increased tax-paying ability. From June 1950 to June 1960, the percentage rise in payments was again greater in the South. Nevertheless, in mid-1960 the average old-age assistance payment there (\$54) was still barely two-thirds as much as the average for other States (\$80).

A special study conducted in 1958 showed that the public assistance budget standard for basic needs (excluding medical care) for an elderly couple keeping house alone in rented quarters ranged from \$78 to \$163 a month in the South; the range elsewhere was from \$88 to \$200. For a

TABLE 5.—Average OASDI and unemployment insurance benefits and average OAA payments, Southeast and Southwest regions, as percent of United States average, June 1940, 1950, and 1960

Region and State	OASDI ¹			Unemployment insurance ²			OAA		
	1940	1950	1960	1940	1950	1960	1940	1950	1960
U. S. average ³	\$20.48	\$23.02	\$64.57	\$10.42	\$20.40	\$32.33	\$19.93	\$43.85	\$67.90
	Percent of United States average								
Southeast.....	91.6	89.7	88.1	66.9	77.2	74.9	49.5	65.6	74.3
Va.....	92.5	92.7	88.0	70.8	72.3	69.7	49.3	49.3	65.3
W. Va.....	93.2	100.0	92.8	72.7	89.1	69.9	69.6	49.5	57.5
Ky.....	93.4	90.8	86.0	72.6	74.0	86.3	43.9	51.1	67.8
Tenn.....	88.8	85.7	85.9	71.2	70.0	70.6	50.5	71.1	64.0
N. C.....	87.1	83.9	83.3	46.9	74.3	63.1	50.9	50.8	63.1
S. C.....	88.8	84.5	83.8	64.2	82.8	68.0	41.3	56.7	64.1
Ga.....	89.5	85.2	84.5	61.3	65.6	73.3	40.2	53.4	69.6
Fla.....	103.1	98.7	103.0	92.1	67.4	83.7	60.3	92.0	83.8
Ala.....	92.8	86.9	83.0	62.5	76.4	71.0	47.2	46.7	78.1
Miss.....	85.4	77.1	74.4	57.9	68.4	74.0	41.8	49.1	43.8
La.....	97.7	87.1	87.7	71.1	102.9	93.4	59.6	107.9	105.4
Ark.....	78.1	79.4	79.4	65.3	83.9	68.9	37.9	59.0	78.0
Southwest.....	92.4	92.4	90.4	80.6	85.9	78.1	68.9	85.8	89.5
Okla.....	93.6	91.9	90.2	95.4	91.7	79.6	88.9	103.3	116.8
Tex.....	92.5	91.1	88.9	74.3	80.9	74.5	51.7	76.7	77.9
N. Mex.....	97.7	90.2	89.7	86.4	86.9	90.1	72.5	74.1	100.4
Ariz.....	85.4	103.7	102.5	103.9	101.6	94.5	139.4	117.4	90.8

¹ Average amount being paid to aged beneficiaries (retired workers and their wives and the widows and parents of deceased workers); for 1940, represents average awarded during the year.

² Average weekly benefit for total unemployment.

³ For OASDI and OAA in 1960, includes Puerto Rico and the Virgin Islands.

needy man living alone in a furnished room and eating in restaurants, the economic disadvantage of living in the South was even more obvious; monthly budget standards varied from \$40 to \$122 (table 6), in contrast to a range of \$61-\$154 among the other States. Actual assistance payments, however, are considerably less than budget standards in many States—particularly in the South. Some States set a maximum on the amount of the assistance payment that anyone can receive, a few pay only a reduced proportion of determined need, and others do both. The 1958 study showed that, nationally, old-age assistance payments represented about 95 percent of need, as determined under State standards. In the South (as defined by the Bureau of the Census) the proportion of need met was 89 percent.

From data obtained in the special study, it was estimated that, to meet basic needs under the States' own standards, annual old-age assistance payments, as of the end of 1958, would need to have been increased by \$107 million for the country as a whole. Almost four-fifths of this unmet need was in the South (as defined by the Bureau of the Census). Indeed, the annual increase in old-age assistance payments necessary to meet State cost standards was 13 percent in the South, barely 1 percent in the Northeast and West, and 4 percent in the North Central States.

A rough but conservative estimate of increases required in medical care expenditures for old-age assistance recipients—based not on budgeted need for such care but on per capita expenditures under certain State public assistance programs—suggests that an increase of about \$270 million in expenditures would have been necessary in 1958. Almost three-fourths of this unmet need was in the South. There has been more improvement during the past 2 years in the provision of medical care under the old-age assistance program than in the level of cash payments. The 1960 amendments providing for additional Federal matching of vendor payments should result in less unmet need for medical care. It is difficult to anticipate the specific effect on the South of these amendments or of the new program of medical assistance to the aged.

It should be noted, finally, that inadequacies in assistance payments result not only from low standards and limitations on payments but also from State policies for evaluating resources of

TABLE 6.—Monthly cost standards under old-age assistance for basic needs for man living alone,¹ July 1958, and usual maximum on monthly payments, September 1958, Southeast and Southwest regions

State	Monthly cost standard				Usual maximum on assistance payment per month per recipient
	Total	Rent	Food	Other	
United States (excluding Puerto Rico and the Virgin Islands) ² ..	\$90.25	\$33.00	\$45.00	\$12.25	\$32-\$275
United States (excluding Puerto Rico, the Virgin Islands, and the South) ²	97.98	34.00	47.00	16.98	\$62-\$275
Southeast:					
Virginia.....	96.55	45.00	45.00	6.55	-----
West Virginia.....	39.77	11.00	21.84	6.93	\$60
Kentucky.....	66.00	27.10	27.60	11.30	64
Tennessee.....	83.40	30.40	45.00	8.00	55
North Carolina.....	82.00	(3)	75.00	7.00	60
South Carolina.....	69.90	31.65	33.00	5.25	58
Georgia.....	64.25	29.50	27.00	7.75	60
Florida.....	107.60	53.50	37.85	16.25	66
Alabama.....	90.00	39.50	28.50	22.00	60
Mississippi.....	79.58	37.52	26.80	15.26	32
Louisiana.....	122.00	41.00	43.00	38.00	68
Arkansas.....	76.60	25.50	35.10	16.00	60
Southwest:					
Oklahoma.....	82.00	15.00	45.00	22.00	125
Texas.....	73.00	26.50	42.00	4.50	60
New Mexico.....	74.00	36.00	30.00	8.00	65
Arizona.....	106.00	40.00	45.00	21.00	70

¹ In rented furnished room and eating in restaurants.

² For monthly cost standard, represents median; excludes North Carolina.

³ Rent included with food in North Carolina.

recipients. Payments are inadequate, for example, when States presume that income is available though in fact it is not—from, say, the sons and daughters of aged persons.

The continuing poverty and low levels of living of large segments of the working population of the South are reflected in the region's public assistance programs. Many Southern States make a considerable fiscal effort for welfare services. Even though the Federal sharing in public assistance costs is proportionately much higher in the South than in the rest of the country (in the fiscal year 1959-60, 71 percent of old-age assistance expenditures in the Southern States as a group and 52 percent in the States outside the South), the level of assistance payments in the South is still far below prevailing standards in the relatively more prosperous parts of the country. Significantly higher levels of adequacy under public assistance will probably have to wait on improvement in general economic levels.

CONCLUSIONS

In a quarter of a century, social security has become an accepted and basic feature of our so-

ciety. Our social security programs now give most workers and their families the assurance of a continuing income in retirement or in the event of the total disability or death of a breadwinner. Most employees also have protection in the event of unemployment and of work-connected disabilities, and some in the event of sickness. For many workers in the South such assurance is newer than for workers in other regions, and the South still has more workers without these protections than does the rest of the country.

Income-maintenance payments are both a source of support for the individuals and families who receive them and a stabilizing influence on the economy. Although social security payments make up only a small fraction of total personal income, they go to persons who could not otherwise buy the goods and services they need and should have. Data on transfer payments suggest that the proportion of personal income represented by social security payments is significantly higher in the Southeastern States than in other States. Moreover, this ratio has increased more, since 1940, in the South than elsewhere—a corollary of the Southeast's greater increase in the numbers receiving payments and in the average amounts paid under old-age, survivors, and disability insurance and old-age assistance.

The Southeast also gains through the social security programs in terms of their impact on the economy of the region and on State finances. In the fiscal year 1959-60, for example, \$1.37 was returned in old-age, survivors, and disability insurance benefits for every dollar collected as contributions in the Southeast. The Southwest gained slightly. As a proportion of all benefit payments under old-age, survivors, and disability insurance,

those going to the Southeast rose from 13.4 percent in 1940 to 16.9 percent in 1959-60.

In 1960, 27.5 percent of all Federal grants for public assistance went to the Southeast and 11.3 percent to the Southwest—about double the proportions of total Federal receipts from general revenue coming from these States. The proportion of Federal grants for this purpose going to the Southeast has climbed much more sharply (from 10 percent in 1940) than the proportion of old-age, survivors, and disability insurance benefits going to the same States.

The gains of the South are gains for the Nation. With the narrowing of differences in income and in levels of living in the various parts of the country, the whole country is strengthened.

The various programs established by the Social Security Act have contributed and will continue to contribute to the rise in well-being of the people of the South. Just as many of the amendments of the past 10 years have been of particular benefit to the South, the changes enacted in June 1961—particularly those that raise the minimum benefit under old-age, survivors, and disability insurance, increase the widow's benefit, and liberalize the eligibility requirements—would bring proportionately greater gains to the South than to the rest of the country.

The next quarter of a century may see even more rapid changes in social and economic conditions, not only in our own country but throughout the world, than those that have occurred since 1935. Our social security programs admittedly have their gaps and shortcomings. They do provide, however, an element of stability as well as an instrument for dynamic advances in social welfare.

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