$93.50 a month, adequate purchases of food, clothing, and housing are impossible. One answer to the charges of inefficiency among WPA workers in the lower wage brackets who are heads of families is simply that they cannot get an adequate diet or place in which to live on their security wages. It is a point not to be dismissed lightly.[20]

The studies made by the Surplus Marketing Administration in connection with the food-stamp plan furnish strong evidence that most WPA families cannot afford adequate diets. In Dayton, Ohio during August and September 1939 the food consumption of a sample of WPA families participating in the food-stamp plan was compared with the nonparticipating WPA families. It was found that the former averaged $2.04 worth of food per person per week in cash and stamps and the latter $1.78. According to certain specifications, the average diets of both groups were "fairly satisfactory," although the larger families and those with lower incomes were inadequate in certain respects. The report points out, however, that previous studies have shown that a "large proportion of families spending similar amounts for food may have diets that fail to provide minimal quantities even when average figures would suggest food enough * * * to afford a generous margin of safety * * *."[21]

During 1940 the Surplus Marketing Administration made a number of studies of per capita food expenditures in various parts of the country. The studies show that except for 2-person families, the weekly food expenditures of WPA families, not including surplus commodities, average considerably less than $2 per person, in some areas even falling below $1. Only a small minority spent as much as $1.75 a week, a sum which has been found to be insufficient for adequate nutrition.[22]

Health.—Information regarding health conditions indicates that WPA families are at a disadvantage in comparison with the regularly employed. The National Health Survey of 1935–36 in its preliminary tabulations compared disability rates as between employed and unemployed persons, white and colored. The unemployed group was further subdivided into those on work relief and those unemployed and seeking work. Although those on work relief were found to be in better health than the other unemployed (excluding unemployables), they suffered more illness than those employed in private industry.[23]

In New Jersey it was found that

> few WPA workers have any margin over a subsistence budget to pay medical bills * * *. Because of reduced funds available for relief, it has been impossible to attempt at this time to finance this type of health service from Emergency Relief funds. It is, therefore, reasonable to assume that there is a decrease in security under WPA insofar as health services are concerned.[24]

Summary

The available evidence, although limited, indicates that many families dependent upon WPA payments are unable to purchase the essentials of living included in the "emergency" budget. For most families, income on the program represents a substantial decline from the previous periods of self-support, and large families may suffer a decline in income when transferred from general relief to the WPA. Simultaneous private employment, which previously provided an additional means of support for a small proportion of WPA workers, largely in the skilled categories, has been substantially curtailed since the establishment of the standard work month of 130 hours. Other sources of income are of relatively minor significance. Inadequacy of income is particularly marked for workers assigned to the unskilled wage class, who are a majority of the project workers, and for large families.

The conclusion reached by the Massachusetts survey of emergency relief workers would appear to be valid for a large proportion of WPA workers:

> * * * our data, rough and approximate as they are, lead one to conclude that our underemployed and unemployed families certainly belong to the ill-nourished, ill-clad, and ill-housed third of the nation * * *. Even the standard budgets set up by the ERA [Emergency Relief Administration] were inadequate for a minimum standard of living, and family income rarely came up to this standard.[25]

Social Insurances

The social insurances have adopted the principle that income provided or sponsored by Government and payable as a right to persons who usually depend for their livelihood on wages or salaries should bear a specific relationship to the income which the beneficiary nor-

[20] New York City, Works Progress Administration, Advisory Council and Research Staff, *op. cit.*, p. 146. In New York, WPA wages were supplemented by direct relief for some 6,000 families. (*Ibid.*, p. 151.)

[21] U. S. Department of Agriculture, Bureau of Agricultural Economics and the Surplus Marketing Administration, *op. cit.*, pp. 69 and 76–77.

[22] From data collected by the Distribution and Marketing Division of the Surplus Marketing Administration. In 1935–36 it was found that of a sample group of farm, village, and city families spending $1.75 per person per week for food, none obtained a good diet, only 27 percent had a fair diet, and 73 percent had a poor diet. See also Stiebeling, Hazel K., *Are We Well Fed?* U. S. Department of Agriculture, Miscellaneous Publication No. 430, Washington, 1941, p. 14.

[23] In eight large cities, the rate per 1,000 persons suffering from a disabling illness on the day of the visit was 20.8 for employed, 31.9 for those on work relief, and 45.5 for the other employable unemployed. With respect to disabling illness except minor respiratory diseases, the case rates in these eight cities of those disabled for 7 days or longer were 10.3 per 1,000 for the employed, 14.7 for those on work relief, and 29.9 for the employable unemployed. (*Unemployment and Relief*, pp. 1481–82.)

[24] New Jersey Emergency Relief Administration, *op. cit.*, p. 18.

[25] Gilboy, *op. cit.*, p. 118.

mally secures.[26] The determination of social-insurance benefits as a percentage of previous normal earnings appears on the one hand to be a method of preventing socially provided income from becoming dangerously attractive, by ensuring a significant difference between benefits and wages in private employment. On the other hand payments graduated according to previous earnings enable a governmentally fostered plan to provide income that is significant to beneficiaries in the higher-income brackets without paying those in the lower-income groups more than they would secure from private employment. The existence of significant differences in regional costs of living and in occupational wage rates in this country adds weight to the advantages of the proportionality principle and helps to account for its adoption, even though in modified form, in unemployment and old-age insurance.

A second feature of social-insurance programs is relevant to a discussion of the adequacy of benefits. Generally speaking, the condition for participation in the social-insurance programs is past or present attachment to the labor market, and the technical eligibility conditions amount to a formal test of this attachment. The method chosen has been to determine eligibility by the amount of earnings in covered employment, or by length of time worked in such employment and by its continuity.

The significant feature of this principle of selection for a discussion of benefit adequacy is that it tends to segregate a group who may reasonably be expected to possess some resources, and for whom therefore a payment equal roughly to 50 percent of previous earnings may be a significant form of aid. The application of general formulas of this type to a body of workers characterized by great diversity of levels of earnings and degrees of regularity of employment cannot but produce certain anomalous cases. It would therefore be unrealistic to expect that a benefit determined on these general principles could provide for a selected group in such a way that no individual would have to apply for supplementary public aid. No such assumption will be made in the following discussion. On the contrary, it will be assumed that, so long as the benefits payable appear to make such recourse to other forms of aid unnecessary for the mass of those who are found eligible, the benefits must be regarded as adequate.

[26] As used in this discussion "social insurance" comprises the State systems of unemployment compensation and workmen's compensation, the National unemployment insurance plan for railroad workers, old-age and survivors insurance under the Social Security Act, and old-age, disability, and survivors insurance under railroad retirement legislation.

Certain differences between the old-age and the unemployment insurance systems necessitate a separate treatment of each type of program. There are pronounced differences in the eligibility conditions and benefit formulas. Furthermore, the differences between responsibilities carried by the beneficiaries of the two types of systems are of significance in a discussion of adequacy. The needs of the unemployment insurance beneficiary still actively attached to the labor market are essentially different from those of the retired worker whose benefit eligibility implies that he has withdrawn from the labor market. The former is generally younger and has responsibilities for the education of his children and other essentials of living for a family which usually contains members who have to be prepared for gainful employment. The retiring worker normally has no such responsibilities, but he may have some needs more apparent in old age, such as special medical care for chronic diseases or other bodily infirmities.

The differing nature of the contingency to be met is reflected in the difference in the duration of the benefits provided. Unemployment insurance is intended to meet the risk of short-term unemployment, to tide individuals over the intervals between jobs. By definition, regular members of the labor market are expected to secure early reemployment and not to rely indefinitely on benefits. On the other hand, old-age insurance beneficiaries do not expect to return to work. Therefore, the duration of benefits is indefinite, until death, or, in the case of benefits for young orphans, until an age at which they are expected actively to enter the labor market. These assumptions too have a bearing on the discussion of adequacy, for they might justify lower benefits for the recipient of unemployment compensation than for the old-age beneficiary.

Old-age and Survivors Insurance

Analysis of the adequacy of benefits under old-age and survivors insurance is made difficult by the short period during which the system has been in full operation and by the very considerable improvement of employment opportunities since benefits began. Hence it is necessary to base an analysis partly on the relationship between benefits and wages as specified in the law. The small volume of data on benefit operations can then be examined in the light of its implications for the future.

Relationship between benefits and wages.—Old-age and survivors' benefits have from the first been characterized by a looser and more indirect relationship to wages than have unemployment compensation payments, mainly because the old-age insurance benefit formula reflects a twofold purpose. It attempts formally to relate the individual benefits to the worker's previous wages from what the law defines as "covered employment" and at the same time endeavors to modify this relationship in favor of those workers who, by a strict proportionality between wages and benefits, would be afforded little protection. These purposes are effected by setting a flat monthly minimum benefit, by weighting the benefit formula in favor of the lower-paid workers, and by providing dependents' benefits.[27] In addition, the strict relationship between benefits and wages is modified by factors in the benefit formula which in effect exclude some of the higher-paid worker's wages in the determination of the benefit amount, for no credit is given for earnings in noncovered employment or earnings from covered employment exceeding $3,000 per year.[28]

Whether or not the provision of a monthly minimum of $10 for the primary benefit should be interpreted as an acknowledgement or assumption that a single aged worker cannot live on less than this amount, the statutory minimum benefit certainly represents an important deviation from strict proportionality.[29] In the case of dependents' and survivors' benefits, the minimum benefit may be as high as $20 per month, *e. g.*, primary plus wife's plus child's benefit.[30]

The realization that the payment of a straight uniform percentage of wages would discriminate against the low-paid wage earner and against workers who are only intermittently employed in covered employment is responsible for another deviation from the strict proportionality principle. The benefit formula allows four times as much credit for every dollar of the first $50 of the average wage as of the following $200.[31]

Dependents' benefits are perhaps the most important deviation from the proportionality approach. These reflect an effort to emphasize family protection in contrast to protection of the individual wage earner which characterized the original old-age insurance provisions of the Social Security Act and still characterizes the State unemployment and railroad unemployment insurance systems and railroad retirement benefits. The retirement benefit under the amended Social Security Act is increased by 50 percent for the aged wife of a beneficiary and by the same amount for a child under 18 years.[32] The "adequacy" of retirement benefits is thus enhanced considerably, especially in the case of the worker with average wages of less than $50 per month, who may draw from 60 to over 100 percent of his average wage, in case he has a wife or a child under 18, and even higher amounts if he has a wife and one or more such children.[33]

The direct relationship between benefits and previous normal earnings is also lessened by the method of computing the "average monthly wage" on which benefits are based. Inasmuch as this wage is calculated by dividing the total amount of wages from covered employment by the number of months elapsed since the end of 1936,[34] periods of unemployment, sickness, or noncovered employment[35] will lower both the average

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[27] Furthermore, the increase of the benefit amount by 1 percent for each year of coverage also modifies the direct proportionality between wages and benefits. However, for a number of years to come this factor will be of little practical consequence.

[28] These departures from a strict proportionality to the previous wages are also reflected in the survivors' benefits, which are calculated as a fixed percentage of the primary benefit.

[29] In the 1935 Social Security Act, the operation of the benefit formula combined with the earnings eligibility requirement resulted in the automatic establishment of a $10 minimum which was apparently taken over in the 1939 amendments as a matter of course. Small checks cause misunderstanding and adverse public opinion.

[30] For the various combinations of benefits the monthly minimums are as follows: $15 for primary annuitant and 1 dependent (wife or child); $20 for primary annuitant with 2 or more dependents; $10 for widow without dependent child; $12.50 for widow with 1 dependent child; $17.50 for widow with 2 dependent children; $20 for widow with 3 or more dependent children; $10 for 1 or 2 dependent children, $15 for 3, and $20 for 4 or more dependent children; $10 for 1 or both dependent parents.

[31] The technical relationship between previous wages and benefits is fixed by the benefit formula, which allows 40 percent of the first $50 of the worker's average monthly wage, and 10 percent for the next $200, while earnings exceeding $3,000 per year are disregarded. This benefit amount is increased by 1 percent for every year in which the worker earns at least $200 from covered employment.

[32] However, the total amount of benefits with respect to 1 worker's wages cannot be more than the least of twice the primary benefit or 80 percent of the average wage or $85 per month. But here again the low-paid worker is treated more favorably, inasmuch as the maximum provision does not apply in those cases where the total benefits payable are less than $20 per month or would result in a reduction of the benefit total to less than $20.

[33] Of the 54,889 primary (retirement) benefits awarded in the first 6 months of 1940, 12,247 (about 22 percent) were cases in which the primary benefit was payable in conjunction with a wife's benefit, and 3,007 (about 5 percent) were cases where the primary benefit was augmented by a child's benefit. Moreover, of the 39,616 primary benefit awards which carried no dependents' benefits, 26,729 (about two-thirds) were cases in which the primary beneficiary was classified as having a potential wife beneficiary; *i. e.*, the primary beneficiary had a wife who would eventually become entitled to a wife's benefit, for example, as soon as she reached the age of 65 or retired from covered employment. Similarly, in the 3,007 cases in which the primary benefit was supplemented by 1 or more children's but no wife's benefit, there were not less than 2,734 (over 90 percent) potential wife beneficiaries. While the exact extent to which these potential wife beneficiaries will ultimately become entitled to wife's benefits cannot be predicted, their relatively large numbers indicate that a not inconsiderable number of primary beneficiaries can expect an increase in their monthly benefit amount when their wives become entitled to these dependents' benefits. (Compiled from information supplied by the Bureau of Old Age and Survivors Insurance.)

[34] *I. e.*, by the number of months in which a worker could have earned wages from covered employment. New entrants into the labor market are protected by the clause providing that the number of months elapsed since they reached the age of 21 are to be used as divisor.

[35] The total amount of wages and salaries earned in noncovered employment is not as high as might be expected. The difference between total income payments in the United States from salaries and wages (exclusive of Government salaries and relief payments) and the total wages credited under old-age insurance was about 8.6, 7.4, and 6.3 billion

monthly wage and the benefit amount. This implied penalty is not directly related to wages nor to the presumptive need of the individual, which would seem to be greater the less regular employment the worker has had.

Inasmuch as the individual benefit amount is formally related to the worker's previous earnings from covered employment, a given monthly average wage results in an automatically calculable benefit. The higher the worker's wages, and the longer and more regular his covered employment, the higher the absolute benefit amount will be. However, as a result of the above-mentioned deviations from uniform and strict proportionality, the percentage which benefits represent of the worker's previous average wages differ considerably as shown in Table 29.

TABLE 29.—*Monthly retirement benefits under old-age and survivors insurance for assumed average wages and years of coverage, as percentage of average monthly wage*

PRIMARY BENEFIT

Average monthly wage	Monthly benefit expressed as percent of average monthly wage, after coverage of—					
	3 years	5 years	10 years	20 years	30 years	40 years
$10	100.0	100.0	100.0	100.0	100.0	100.0
$20	50.0	50.0	50.0	50.0	52.0	56.0
$30	41.2	42.0	44.0	48.0	52.0	56.0
$40	41.2	42.0	44.0	48.0	52.0	56.0
$50	41.2	42.0	44.0	48.0	52.0	56.0
$100	25.8	26.2	27.5	30.0	32.5	35.0
$150	20.6	21.0	22.0	24.0	26.0	28.0
$250	16.5	16.8	17.6	19.2	20.8	22.4
PRIMARY PLUS WIFE'S BENEFIT						
$10	150.0	150.0	150.0	150.0	150.0	150.0
$20	75.0	75.0	75.0	75.0	78.0	84.0
$30	61.8	63.0	66.0	72.0	78.0	80.0
$40	61.8	63.0	66.0	72.0	78.0	80.0
$50	61.8	63.0	66.0	72.0	78.0	80.0
$100	38.6	39.4	41.2	45.0	48.8	52.5
$150	30.9	31.5	33.0	36.0	39.0	42.0
$250	24.7	25.2	26.4	28.8	31.2	33.6

Source: Calculated on the basis of the provisions of the Social Security Act Amendments of 1939, approved Aug. 10, 1939, relating to computation of benefit amounts (secs. 209e and 202b(2)).

The net result of the modifications of the strict proportional relationship between wages and benefits is that benefits to those in the lower wage groups approach or even exceed average wages from covered employment, especially in the case of primary beneficiaries with dependents. Primary beneficiaries with average wages up to $20 per month draw between 50 and 100 percent of their former wages, between 75 and 150 percent if they have aged wives, and up to 200 percent in those rare cases in which they also have children under 18. In no case will the benefit be less than 50 percent of wages. Under the formula, all beneficiaries with wages between $25 and $50 per month draw benefits equal to a flat 40 percent of their wages, plus whatever increment they are entitled to for years of coverage. Workers with wages of $50 and more receive less and less in proportion to their wages.

Similar deviations from the strict proportionality principle as the result of the benefit formula are apparent in survivors' benefits, as shown in Table 30.

TABLE 30.—*Monthly survivors' benefits under old-age and survivors insurance for assumed average wages and years of coverage, as percentage of average monthly wage*

ORPHAN'S OR DEPENDENT PARENT'S BENEFIT

Average monthly wage	Monthly benefit as percent of average monthly wage, after coverage of—					
	3 years	5 years	10 years	20 years	30 years	40 years
$10	100.0	100.0	100.0	100.0	100.0	100.0
$20	50.0	50.0	50.0	50.0	50.0	50.0
$30	33.3	33.3	33.3	33.3	33.3	33.3
$40	25.0	25.0	25.0	25.0	26.0	28.0
$50	20.6	21.0	22.0	24.0	26.0	28.0
$100	12.9	13.1	13.8	15.0	16.2	17.5
$150	10.3	10.5	11.0	12.0	13.0	14.0
$250	8.2	8.4	8.8	9.6	10.4	11.2
WIDOW WITHOUT CHILDREN						
$10	100.0	100.0	100.0	100.0	100.0	100.0
$20	50.0	50.0	50.0	50.0	50.0	50.0
$30	33.3	33.3	33.3	36.0	39.0	42.0
$40	30.9	31.5	33.0	36.0	39.0	42.0
$50	30.9	31.5	33.0	36.0	39.0	42.0
$100	19.3	19.7	20.6	22.5	24.4	26.2
$150	15.5	15.8	16.5	18.0	19.5	21.0
$250	12.4	12.6	13.2	14.4	15.6	16.8
WIDOW AND ONE CHILD						
$10	125.0	125.0	125.0	125.0	125.0	125.0
$20	62.5	62.5	62.5	62.5	65.0	70.0
$30	51.5	52.5	55.0	60.0	65.0	70.0
$40	51.5	52.5	55.0	60.0	65.0	70.0
$50	51.5	52.5	55.0	60.0	65.0	70.0
$100	32.2	32.8	34.4	37.5	40.6	43.8
$150	25.1	26.3	27.5	30.0	32.5	35.0
$250	20.6	21.0	22.0	24.0	26.0	28.0

Source: Calculated on the basis of the provisions of the Social Security Act Amendments of 1939 relating to computation of benefit amounts (secs. 209e, 202c (2) 202d (2), 202e (2), 202f (2).).

Adequacy of benefits in 1940.—Actual experience with benefit awards during the first 6 months of 1940 shows that the average primary benefit was about $22, wife's and child's benefit about $12, widow's benefit about $20, and parents' benefits about $13.[36] On a

dollars in 1937, 1938, and 1939, respectively, or 22.6 percent, 21.8 percent, and 17.5 percent, respectively, of all wages and salaries earned in these years. In addition to wages earned in agricultural labor, domestic service, and nonprofit organizations, by persons not holding social-security account numbers, these amounts include salaries earned in covered industries from one employer in excess of $3,000 per year. (Data on taxable wages based on the regular annual wage and employment tabulations of the Bureau of Old-Age and Survivors Insurance adjusted for items received too late for inclusion in the tabulation; income payments from Martin, John L., "Income Payments to Individuals, by States, 1929–39," *Survey of Current Business,* XX (October 1940), 18.)

[36] It is interesting to note that average benefits have not changed to any considerable degree in the first year and 8 months of benefit payments. As of August 31, 1941, the average primary benefit was $22.68, wife's and child's benefits averaged $12.10 and $12.17, respectively, widow's benefits and widow's current benefits averaged $20.28 and 19.50, and average parents' benefits were $12.96 per month. Cf. *Social Security Bulletin,* IV (October 1941), p. 69, table 2.

family basis, *i. e.*, on the basis of various possible combinations of benefits paid to members of one family, the figures are slightly different, as shown in Table 31.

TABLE 31.—*Average monthly benefits under old-age and survivors insurance by family units and individual awards, January–June 1940*

Family unit			Individual awards		
Type of benefit	Amount	Percent of all benefit awards	Type of benefit	Amount	Percent of all benefit awards
Primary only	$21.91	63.5	Primary	$22.36	57.3
Primary plus wife	36.22	16.6	Wife	12.07	11.8
Primary plus child	37.03	4.1	Child	12.29	21.5
Primary, wife, and child	50.95	0	Widow	20.71	1.0
Widow only	20.70	1.4	Widow current	20.03	8.2
Widow plus child	42.45	12.1	Parent	13.00	.2
Children only	27.71	2.0			
Parent	14.08	.3			

Source: Individual awards from *Social Security Bulletin*, III (August 1940), 62, table 4. Awards on family-unit basis computed from data made available by the Analysis Division, Bureau of Old-Age and Survivors Insurance, Social Security Board.

In contrast to many other public-aid programs, State variations in average benefits are relatively small.[37] Table 32 shows the States with the highest and lowest average payments, their absolute amounts, and their relation to the national average.

TABLE 32.—*State variations of average benefits allowed under old-age and survivors insurance, January–June 1940*

Type of benefit	Highest State average			Lowest State average		
	State	Amount per month	Percent of United States average	State	Amount per month	Percent of United States average
Primary only	New Jersey	$23.56	107.5	North Carolina	$18.13	82.7
Primary and wife	New Jersey	38.61	106.6	Mississippi	27.78	76.7
Primary and child	Connecticut	41.44	111.9	Mississippi	29.47	79.6
Widow only	Vermont	25.40	122.7	South Carolina	13.40	64.7
Widow and child	Nevada	50.86	119.8	North Dakota	30.40	71.6
Children only	Nebraska	41.10	148.3	Mississippi	13.88	50.1
Parent	Illinois	16.50	117.2	Texas	10.42	74.1

Source: Adapted and computed from data made available by the Bureau of Old-age and Survivors Insurance, Social Security Board. States with very few claims allowed are not taken into account in this table. No data are given on the variations of a combination of primary, wife, and child, since there were not more than 3 such awards in any State.

It is as yet impossible to determine whether the benefits now payable are adequate for the needs of those who receive them, for there is no information concerning the other resources possessed by the beneficiaries. If the volume of supplementation of insurance benefits by other forms of aid were large, it might reasonably be concluded that insurance payments were not adequate for a considerable proportion of qualified workers. Certainly there is at the present time little evidence of supplementation of old-age and survivors' benefits by grants under means-test programs, such as old-age assistance, aid to dependent children, and general relief.[38] It is important to note, however, that the small extent of supplementation is not necessarily a proof of the adequacy of the insurance benefits. It may merely imply that the other programs from which supplementary payments might come are providing a level of living considerably lower than that provided by old-age and survivors insurance. This is likely to be true of general relief in many parts of the country. As repeatedly shown in the preceding pages, general-relief standards are on the whole relatively low. Where funds are inadequate to provide any public aid at all to many needy applicants, it is self-evident that no supplementary aid will be given to those who are receiving insurance benefits. Some agencies have formally adopted the policy of not supplementing such cases. Moreover, the insurance benefits now payable in most parts of the country compare favorably with the payments made under the laws relating to old-age assistance and aid to dependent children.[39]

The extent to which aged workers prefer to continue at work or even to return to private employment after having acquired benefit status does not in itself demonstrate the inadequacy of the benefits to provide for the maintenance of the recipient. For so long as there is any margin between benefit and income to be obtained through working, aged persons may prefer the latter alternative if the opportunity is available. A substantial proportion of the workers who in the latter

[37] This situation would be especially pronounced in the early years of the insurance plan when a considerable proportion of benefits payable would be at the minimum rate which is uniform all over the country.

[38] Of the persons accepted for old-age assistance in 47 States between January and June 1940, 278 were receiving some income from old-age and survivors insurance, less than one-third of 1 percent of all persons awarded old-age and survivors insurance benefits during that period. Of the families accepted for aid to dependent children in 40 States during the same period only 89 were receiving old-age and survivors insurance payments. Evidence regarding supplementation by general-relief grants, while technically not very satisfactory, shows that there is even less supplementation of insurance benefits. Only 42 cases in 6 large cities (Baltimore, Cincinnati, Cleveland, Detroit, Milwaukee, and Rochester) were receiving general relief and old-age and survivors insurance benefits simultaneously. (Data supplied by the Bureau of Research and Statistics of the Social Security Board.)

[39] As of June 1940, average old-age assistance grants per recipient were higher than average primary benefits (without dependents' supplements) only in Alaska and 16 States: Connecticut, Massachusetts, Maine, New Hampshire, New York, District of Columbia, Ohio, Wisconsin, Iowa, Arizona, Colorado, Idaho, Wyoming, California, Nevada, and Oregon. In 13 of these States and in Alaska the average old-age assistance grant was higher than the United States average for primary benefits.

At the same time, average grants to families under aid-to-dependent-children programs (both those approved by the Social Security Board and those not approved) were higher than average survivors' benefits to widows with one or more children in only eight States: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, New York, North Dakota, and California. (Average old-age and survivors insurance benefits computed from information supplied by the Analysis Division, Bureau of Old-Age and Survivors Insurance, Social Security Board, which was published in part in "Family Classification of Workers and Beneficiaries Represented in Claims Allowed, January–June 1940," *Social Security Bulletin,* IV (January 1940), 68–73; old-age assistance and aid-to-dependent-children grants computed from *Social Security Bulletin,* III (September 1940), 68 and 69.)

part of 1940 remained in covered employment after they had applied for benefits and received a "conditional" award, or who returned to gainful employment after having drawn benefits for a period of time, may be thus accounted for.[40]

Finally, it should be noted that the eligibility requirements of the old-age and survivors insurance system serve to eliminate from receipt of benefits a substantial proportion of persons with low or irregular earnings.[41] The probability that those who qualify have some private resources available to supplement their insurance benefit is thereby enhanced.

Long-range aspects of benefit adequacy.—The 1940 data are, however, admittedly too incomplete to allow any definite conclusions with regard to the absolute adequacy of benefits. The average benefit amounts (the only information available at present) conceal the relative numbers of workers securing small benefits. Furthermore, on account of the short benefit experience period, the 1-percent increment for every year of coverage has as yet had very little effect upon the individual benefit amount. While this is not a serious factor for those beneficiaries whose average wages have been very low (less than $20 per month), the increment becomes important for workers earning $30 and more per month, especially with the passing of decades during which the insurance system "matures."[42]

Table 33 has, therefore, been constructed on the basis of the benefit formula and assuming certain given average wages and years of coverage, to indicate the absolute amount of benefits that can be drawn in the next 20 years by workers earning various amounts of wages. As the table indicates, workers with average wages of less than $50 per month will very seldom qualify for benefits (including dependents' benefits) in excess of $30 per month even after 20 years of coverage. Indeed only the $50-a-month worker who has a wife over 65 or a child under 18 will be eligible for a benefit of

TABLE 33.—*Monthly benefits under old-age and survivors insurance for assumed years of coverage and average monthly wages*

Years of coverage	Average monthly wage							
	$10	$20	$30	$40	$50	$100	$150	$250
PRIMARY BENEFIT								
5	$10.00	$10.00	$12.60	$16.80	$21.00	$26.25	$31.50	$42.00
10	10.00	10.00	13.20	17.60	22.00	27.50	33.00	44.00
20	10.00	10.00	14.40	19.20	24.00	30.00	36.00	48.00
PRIMARY PLUS WIFE'S OR CHILD'S BENEFIT								
5	$15.00	$15.00	$18.90	$25.20	$31.50	$39.38	$47.25	$63.00
10	15.00	15.00	19.80	26.40	33.00	41.25	49.50	66.00
20	15.00	15.00	21.60	28.80	36.00	45.00	54.00	72.00
ORPHAN'S OR DEPENDENT PARENT'S BENEFIT								
5	$10.00	$10.00	$10.00	$10.00	$10.50	$13.13	$15.75	$21.00
10	10.00	10.00	10.00	10.00	11.00	13.75	16.50	22.00
20	10.00	10.00	10.00	10.00	12.00	15.00	18.00	24.00
WIDOW WITHOUT CHILDREN								
5	$10.00	$10.00	$10.00	$12.60	$15.75	$19.69	$23.63	$31.50
10	10.00	10.00	10.00	13.20	16.50	20.63	24.75	33.00
20	10.00	10.00	10.80	14.40	18.00	22.50	27.00	36.00
WIDOW WITH ONE CHILD								
5	$12.50	$12.50	$15.75	$21.00	$26.25	$32.81	$39.38	$52.50
10	12.50	12.50	16.50	22.00	27.50	34.38	41.25	55.00
20	12.50	12.50	18.00	24.00	30.00	37.50	45.00	60.00

Source: Calculated on the basis of the provisions of the Social Security Act Amendments of 1939 (approved Aug. 10, 1939) relating to computation of benefit amounts (secs. 209 e, 202 b (2), 202 c (2), 202 d (2), 202 e (2), 202 f.)

over $30 per month. Those with average wages of $40 a month or less will not attain the $30 benefit level even after this period of coverage.

Whether or not a benefit of $30 or less a month can be regarded as adequate for the maintenance of an aged person depends in part upon the assumptions made as to the resources possessed by the recipient. The lower benefits arise from low "average wages." To the extent that a worker with such an "average wage" has either been regularly employed in covered employment for very low wages or has suffered many spells of unemployment throughout his working life, he may on retirement possess little in the way of resources. This presumption is not seriously upset if the low "average wage" which is responsible for the low benefit arises from the fact that the worker was continuously employed but for only part of the time in covered employment, for the most important excluded employments are agriculture and domestic service, in both of which wages are relatively low.

The conclusion that the benefits available under old-age and survivors insurance, even after 20 years of covered employment, are not likely to provide a desirable level of living to the mass of low-paid wage earners whose need for protection is greatest is modi-

[40] About 2,000 conditional primary awards were made in October 1940, representing about 16 percent of all primary benefit awards in that month. Almost 500 of these awards contained benefits for wives in addition to the primary benefit. During the 6-month period May–October 1940, about 9 percent of the approximately 74,000 primary benefit awards were conditional awards. The Social Security Board reports that lately about 2,500 retired workers per month have temporarily given up their retirement benefits and returned to the labor market. (Clague, Ewan, *Labor for the Defense Program,* Social Security Board, Bureau of Employment Security, Washington, January 13, 1941, p. 5.)

[41] Over 90 percent of the workers who earned at least some wage credits during 1937–39 but had not obtained insured status at the end of 1939 appeared to have cumulative wages of less than $900, or average wages of less than $25 per month. For source and further details, see ch. VIII.

[42] The 1-percent increment does not operate at all in the case of workers earning $10 per month (indeed it actually begins operating only with an average of about $17 per month); even those workers earning $20 can expect an increase of their benefit through the operation of the 1-percent increment clause only after over 20 years of continuous coverage. This situation is of particular significance in the case of survivors' benefits.

fied when the effect of the eligibility requirements is taken into account. For, although workers earning less than $600 per annum constituted 43.4 percent of the persons paying taxes in covered employment during the years 1937 to 1939, about half of the workers earning less than this amount are likely to be disqualified by the minimum earnings requirement.[43] In other words, under the present system the proportion of very low benefits may be less than one-fourth because so many of those to whom such benefits would be payable will be disqualified.

However, the fact that primary benefits may be $30 or less per month for even as many as one-fourth of all qualified workers is in itself cause for concern, because they are the group which, by and large, cannot be expected to have accumulated significant savings, if indeed any at all. Yet reference to Table 29 indicates the nature of the difficulties facing the adoption of a more generous formula for insurance benefits. For the benefits of workers earning $50 or less a month constitute a relatively high percentage of previous average wages; and the lower the wage, the higher the percentage. Low "average wages" may result entirely from employment in noncovered industries. In all other cases, more nearly adequate benefits to the low-income groups would equal or even exceed their previous earnings. The alternative to the abandonment of the proportionality principle is a recognition of the fact that there are some groups of workers—namely, the low-paid and irregularly employed—for whom a system making payments which bear a fixed relationship to previous earnings is clearly not appropriate.

Railroad Retirement

In comparison with payments under the general old-age and survivors insurance systems, railroad retirement benefits are at present seemingly high. At first sight the considerable difference in average payments may seem to be a reflection of the lack of dependents' benefits under the railroad retirement system. But railroad benefits are higher even than those payable under old-age and survivors insurance to a retired worker with a wife entitled to a wife's benefit. The national average for old-age and survivors insurance payments to primary beneficiaries with no dependents is only about one-third of railroad retirement benefits, and a little over half where the primary beneficiary has a wife entitled to dependent's benefit.

Survivors' benefits under railroad retirement legislation are also superior to Social Security Act payments to widows without children. However, widow beneficiaries with dependent children under the Social Security Act, who represented over three-fourths of all families receiving survivors' benefits in June 1940 receive, on the average, higher payments than do widows of railroad workers, reflecting the absence of orphans' benefits from the railroad retirement plan. As Table 34 shows, the average survivor's annuity under the railroad retirement laws in June 1940 was a little over $33 per month for the United States as a whole,[44] which compares with an average of about $20 and $42 respectively for a childless widow and a widow with one or more children receiving payments under the Social Security Act. (See Table 31.)

TABLE 34.—*Distribution, by $10 intervals, of benefits under railroad retirement legislation, June 1940*

Monthly benefits	Percent		
	Employee annuities [1]	Pensions	Survivors' annuities
Total	100.0	100.0	100.0
Less than $10	.4	.1	4.6
$10-$19.99	3.1	3.5	18.6
$20-$29.99	5.7	15.4	25.3
$30-$39.99	5.8	13.9	21.4
$40-$49.99	13.4	12.7	13.9
$50-$59.99	9.3	12.1	9.1
$60-$69.99	13.5	10.2	3.8
$70-$79.99	15.3	8.4	2.2
$80-$89.99	12.7	5.8	1.0
$90-$99.99	8.6	5.0	.1
$100-$109.99	7.0	4.2	0
$110-$119.99	4.1	2.8	0
$120	1.1	5.9	0
Total number	97,567	35,146	2,341
Percent of all benefits	73.5	24.4	2.1
Average monthly amount	$65.55	$58.66	$33.14

[1] Retirement and disability annuities.

Source: *The Monthly Review* [Railroad Retirement Board], I, (October 1940), 5 (November 1940), 6; and (December 1940), 9.

Inasmuch as there are no minimum railroad retirement benefits (with the exception of railroad workers with 20 years of service and 65 years of age) and there is a relatively high maximum of $120 per month, individual payments do not cluster around the upper and lower ends of the benefit scale. Railroad benefits (except pensions) are geared not only to amount of wages from covered employment, with low wages treated more favorably, but also to the length of covered or credited railroad employment.[45] Employee annuities are most frequent between $60 and $90 per month (over 40 percent); payments to former pensioners of private railroad retirement plans cluster between $20 and $60 (over 54 percent); almost 6 percent receive

[43] This estimate is based on the experience of individual years only. See ch. VIII.

[44] State variations of average railroad retirement payments are even less pronounced than benefits under the Social Security Act. Railroad employee annuities (both age and disability) varied from about $59 to $73, and survivors' annuities from about $27 to $40.

[45] The monthly retirement annuity is obtained by multiplying the number of years of covered or credited employment by the following percentages of the average monthly wage: 2 percent of the first $50, plus 1½ percent of the next $100, plus 1 percent of the next $150. Thus credit is given up to $300 per month as against $250 under the Social Security Act.

the maximum of $120 per month. Survivors annuities are considerably lower, almost 70 percent being less that $40 per month.[46]

Unemployment Compensation

The question of the adequacy of unemployment compensation payments cannot properly be discussed apart from knowledge of the group selected to receive them and consideration of the period of time for which they are payable. As indicated in Chapter V, however, relatively little is known about the characteristics of unemployment compensation beneficiaries. The following discussion is therefore restricted to such limited inferences regarding the adequacy of this program as can be drawn from an examination of the benefit provisions of the State laws and the operating statistics of State unemployment compensation agencies.

While it would be desirable to discuss the extent and distribution of partial unemployment benefit payments, the administrative difficulties that have so far attended the payments and the resultant uncertainty of the statistics have made it advisable to confine discussion to total unemployment benefits. Hence this section will pertain to benefits for total unemployment in the 48 States, the District of Columbia, Alaska, and Hawaii.

Amount of benefit payments.—The original unemployment compensation laws aimed to provide benefits for total unemployment which would equal 50 percent of full-time weekly earnings from covered employment, within maximum and minimum limits. In the early part of 1938, most of the States set a maximum of $15 per week, while in eight States there was a minimum amount ranging from $4 to $7.50 per week, below which no benefit for total unemployment could fall. Four States and the District of Columbia had no minimum benefit at all, and the other States provided in principle for a minimum benefit by a formula which in fact involved no real fixed minimum, since it ran in terms of a minimum weekly sum (usually $5), or three-fourths of the full-time weekly wage "whichever was the lesser." [47]

During the first 6 months of 1938, 16.1 percent of all weekly benefit payments for total unemployment were in amounts of less than $6. In 4 of the 19 States reporting for this period, more than one-third of all benefits for total unemployment were for less than $6.[48] The payment of many small benefits continued and called forth critical comment which led to the adoption of fixed minimum weekly amounts. By August 1941, 50 jurisdictions had established a flat minimum weekly benefit ranging from 50 cents to $10, the most common provision being $5.[49]

With the exception of the States now basing benefits on an annual earnings formula, the proportion of benefits in the lower intervals has been definitely, though slowly, decreasing since payments began. However, this development is partly attributable to the application of more stringent eligibility conditions, which have had the effect of disqualifying a larger proportion of workers who would otherwise have received extremely low benefits.[50]

Between 1938 and 1940 the benefit formula of virtually every State unemployment compensation law was amended. Apart from reducing the proportion of small benefits, however, these modifications did not materially change the distribution of benefits for the country as a whole. In the July–September quarter of 1938, 44.1 percent of all weekly benefits for total unemployment were less than $10; in the same quarter of 1939, this proportion was 43.5 percent; and in July–September 1940 it was 44.7 percent. Weekly benefits of $14 or more constituted 31.9 percent of all benefits in July–September 1938, 32.0 percent in the same quarter of 1939, and 31.7 percent in the same quarter of 1940.[51]

It is important to note that the adoption of flat minimum and maximum benefit amounts represents a considerable departure from the principle of paying benefits strictly in proportion to previous earnings. During the period October–December 1940, the proportion of weekly benefits payable at the minimum amount exceeded 10 percent in 14 States. In three of these

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[46] This is, of course, due to the method of computing the survivors' annuity by reference to the actuarial value of the straight retirement annuity of the worker who elects a joint and survivors' annuity which may be either equal to, or 75 or 50 percent of, his own annuity during his life.

[47] See Social Security Board, Bureau of Unemployment Compensation, *A Comparison of Unemployment Compensation Laws, April 15, 1938*, Washington, 1938, pp. 46–55. New Hampshire provided for benefit at the weekly rate of one-twenty-sixth (50 percent of one-thirteenth) of earnings in the highest calendar quarter, not to exceed $15, nor to fall below $5 or three-fourths of one-eighteenth of the high-quarter earnings, whichever was the lesser. This minimum in effect was a variable one. It meant (1) that workers who averaged between $10 and $30 weekly in their quarter of highest earnings received benefit at the rate of 50 percent of wages; (2) that workers who averaged between $6.66 and $10 received benefit at the rate of 75 percent to 50 percent (the rate declining steadily as the wage rose above $6.66); and (3) that workers who averaged less than $6.66 received benefit at the rate of 75 percent of wages. The difference between this variable minimum and a fixed $5 minimum consisted in the fact that under the latter the percentage rate would continue to increase above 75 percent as wages fell below $6.66, reaching 100 percent in the case of claimants who averaged $5 weekly and over 100 percent in the case of any claimants with smaller weekly wages who might qualify for benefits.

[48] *Third Annual Report of the Social Security Board, 1938*, Washington, 1938, p. 186.

[49] For details of these provisions as of 1940, see Appendix.

[50] See ch. VIII, where other problems arising from the disqualification of a significant proportion of "covered" workers are discussed.

[51] Calculated from *Social Security Bulletin*, I (December 1938), 31, table 3; *Social Security Bulletin*, II (November 1939), 31, table 8; and Social Security Board, Bureau of Employment Security, *Summary of Employment Security Activities, October 1940*, Washington, 1940 B6–II.

States, benefits payable at the minimum amount constituted 20 percent or more of the total.[52] At the other end of the scale there were 22 States in which flat maximum payments accounted for over 20 percent of all benefits, while in 9 of these the proportion was over 30 percent. In Alaska, Nevada, Washington, and Oregon the maximum benefits represented 84.0 percent, 63.6 percent, 55.7 percent, and 54.9 percent, respectively, of all weekly benefit payments.

The significance of the departure from exact proportionality may be realized when it is observed that payment at flat rates of benefit was especially marked in the largest States. In five of the six States accounting for the highest number of weeks of total unemployment compensated during the third quarter of 1940, between one-third and one-half of all benefits were paid at flat minimum or flat maximum rates.[53]

The close relationship between benefits and weekly earnings has also been somewhat modified by the increasingly common practice of rounding off the benefits as calculated. Although this practice has relatively little significance for the higher-paid workers, the rounding of benefits to the nearest dollar which was done in 25 States in October 1940 may make a significant difference to the relationship between benefits and weekly wages for workers in the lower-wage brackets.[54]

The departure from the strict proportionality principle in so significant a proportion of cases may raise questions in view of the careful individual record keeping and benefit computation that is involved in the original emphasis on precise individual proportionality. In fact, this departure from a strict relationship of benefits to full-time weekly earnings has been intensified by other modifications in the benefit formulas. From 1936 onwards administrative difficulties and employers' objections to compiling the detailed records which the enforcement of this principle required led to a modification of a direct proportionality to full-time earnings in nearly all States. Benefits were to be calculated as a fraction, usually one twenty-sixth or one-twentieth, not of the full-time weekly earnings but of the total earnings in a specified calendar quarter (usually the quarter with the highest earnings in the preceding year). By July 1940, this principle was being applied in 36 States.[55]

Although this change was motivated largely by administrative considerations, its economic consequences were far-reaching. For, unless the quarter selected for purposes of benefit computation is one in which the applicant has experienced continuous employment, the amount of his weekly benefit is reduced by the extent to which unemployment, employment in noncovered industry, or sickness lowers his total covered earnings in that quarter.[56] On the other hand, seasonal workers with periods of peak employment in which considerable overtime is worked received a benefit in excess of 50 percent of the normal full-time weekly wage. Even more serious from the point of view of the beneficiaries was the transfer (effected by 5 States by 1940) from a quarterly to an annual earnings basis, since it greatly lengthens the period during which unemployment could occur and thus lower the applicant's weekly benefit. It is thus not surprising that in States which amended their laws in order to compute the weekly benefit amount as a fraction of annual earnings, the number of small payments increased. In Maine before amendment, for example, 19.8 percent of payments in January-April 1939 were for less than \$6; after amendment, such payments in May through September of the same year rose to 40.7 percent. Meanwhile the proportions of large payments in the States which adopted annual-earnings formulas decreased. (See Table 35.)

Differences in payments by States.—During the first 6 months of 1940, the national average weekly payment for total unemployment was \$10.50. National averages, however, conceal wide differences in average benefits from State to State. Although the averages are sub-

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[52] Arkansas, 20.4 percent; Hawaii, 30.2 percent; and Pennsylvania, 25.6 percent. (Social Security Board, Bureau of Employment Security, *Summary of Employment Security Activities, January 1941,* Washington, 1941, table B6–1.)

[53] The combined percentages of weeks compensated at the two flat rates in these 5 States were: New York, 52.2; Illinois, 49.9; Pennsylvania, 47.5; Massachusetts, 40.2; and California, 37.6. (*Ibid.*)

[54] Only 7 States now compute benefits to the exact cent. Of the remaining jurisdictions, 19 round off the benefit to some fraction of a dollar. (Social Security Board, Bureau of Employment Security, *Comparison of State Unemployment Compensation Laws, October 1940,* Washington, 1940, pp. 64–65.)

[55] In addition 8 States adopt this principle if the alternative methods prescribed would be "unreasonable, or arbitrary, or not readily determinable." (*Ibid.,* p. 62.)

[56] In recognition of this possibility the Social Security Board was led to comment on the fraction of quarterly earnings that was to serve as the weekly benefit amount as follows:

"The one twenty-fifth and one twenty-sixth formulae assumed that the highest quarter would have 12½ or 13 weeks of full-time earnings. It has been suggested, however, that even in the high quarter there will be some unemployment so that perhaps one twentieth would more nearly approximate the full-time wage. The fraction actually used in any State should be based on the experience of the State.

"If the one-twentieth is used, it would give more than 50 percent of the actual weekly wage to workers with full-time employment in the high quarter, and less than 50 percent to workers with less than 10 weeks full-time employment in the high quarter. *On the average* it would allow for the unemployment that occurs even in the highest quarter. It would liberalize benefits (in comparison with benefits payable under the one twenty-sixth formula) and reduce the force of one of the major criticisms of the existing system: that it gives inadequate benefits." (Social Security Board, Bureau of Unemployment Compensation, *Interim Report on Simplification of the Benefit Formula in State Unemployment Compensation Laws,* Washington, 1938, p. 23.) For the significance of this change in regard to the operation of the eligibility rules, see ch. VIII.

TABLE 35.—*Effect of annual-earnings formula on size of weekly benefit payments for total unemployment in four States* [1]

State	Percent of all payments for total unemployment under $6		Percent of all payments for total unemployment over $14	
	Old law	Annual-earnings law	Old law	Annual-earnings law
Maine	19.8	40.7	12.9	4.9
North Carolina	55.0	63.3	4.4	2.7
South Dakota	16.6	38.0	19.3	11.8
West Virginia	10.7	37.1	26.2	8.9

Source: Adapted from Fichandler, Thomas C., "The Effects of Relating Weekly Benefit Amounts to Annual Earnings," *Social Security Bulletin*, III (April 1940), 8, table 2.

[1] Those for which data are available. See *ibid.* for time periods and further details on distribution of benefit payments.

ject to misinterpretation and are as yet not too well founded statistically, they can be used to reflect inter-state differences. For the first 6 months of 1940, the average weekly benefit payment for total unemployment ranged from $15.38 in Alaska and $13.84 in California to $4.56 in North Carolina and $5.95 in Mississippi.[57] The "high-wage" States clearly exhibit the highest average payments, while the "low-wage" States and those with annual-earnings formulas show the lowest average payments.

A State-by-State comparison of the distribution of benefits for total unemployment by dollar intervals likewise shows a wide variation among the States. (See Table 36.) In the country as a whole, during April–June quarter of 1940, 44.9 of all weeks of total unemployment were compensated in amounts of less than $10. In six southern States and in Maine, however, between 80 and 95 percent of all weekly benefits for total unemployment were for less than $10. In California, the corresponding figure was 3.6 percent; the minimum benefit amount in California is now $10. Five states paid over one-fourth of their total weeks compensated in amounts of $16 and over per week.

The largest proportions of small benefits are usually found in the southern States, but they are not infrequent in States where wages, costs, and standards of living are higher. In Delaware, New Jersey, the District of Columbia, and Iowa, for example, between 18.2 and 22.2 percent of all benefit payments were for less than $6 in the quarter April–June 1940. While a high proportion of low benefits is not in itself a sign of inadequacy, payments of as little as $6 a week are almost *prima facie* evidence of inadequacy in many States.

Notwithstanding the compromises that have been made with the principle of proportionality, *the outstanding feature of the present benefit provisions, so far as adequacy is concerned, is their lack of relationship to the needs of unemployed workers. The attempt to maintain a direct ratio between benefits and previous earnings results in the anomalous situation of providing the largest benefits for the higher-paid workers, who need them least, and the smallest benefits to the lower-paid workers, who need them most.*

Duration of benefit payments.—The duration of benefit payment is also a relevant consideration in a discussion of the adequacy of benefits. For the longer the period for which benefits are payable, the less likely is it that the applicant will continue to have private resources to supplement a benefit that is still in principle unrelated to the costs of maintenance. A $5 benefit may be adequate to tide a man over a few weeks but will hardly suffice without supplementation from some other public-aid program if continued for several months. At present this consideration is relatively unimportant, for the average duration of benefit is short,[58] but it will be of considerable importance should benefit duration increase.

The waiting period.—The individual worker's situation is often made more difficult by the fact that he can not expect to receive benefits immediately after losing his job. A waiting period must be served, ranging in length from 1 to 3 weeks if the worker is wholly unemployed and up to 6 weeks if he is only partially unemployed. As of July 1940, only 2 States required a 1-week waiting period, 40 required 2 weeks, and 9 required 3 weeks.[59] It might be argued that, inasmuch as unemployment compensation beneficiaries as a group are not destitute the moment they lose their jobs, they may not suffer from a short waiting period without earnings. However, when it is recalled that in no case will any benefit be paid for the duration of the waiting period, and that benefits are paid only after the first week of compensable unemployment, a 2-week waiting period may easily result in the worker receiving his first compensation check about 4 weeks after loss of his job or even later. Nor must it be forgotten that the eligibility conditions coupled with the adoption of the fixed benefit year result in certain cases in the payment of benefits to workers who have undergone a substantial period of unemployment prior to becoming eligible for payment. Indeed, as the provisions in many States now operate, a worker on WPA may become entitled to benefits in respect of wage

[57] Data supplied by the Bureau of Employment Security, Social Security Board.

[58] See ch. VIII.

[59] By August 1941, the length of the waiting period has been reduced in a number of States: 21 required 1 week, 27 required 2 weeks, and only 3 (Alabama, New York, and Pennsylvania) still had a 3-week waiting period.

credits acquired in previous private employment. Such workers would be unlikely to possess private resources with which to eke out a small insurance benefit.

Railroad Unemployment Insurance

An appraisal of the "adequacy" of railroad unemployment insurance benefits is difficult at the present time. The original Railroad Unemployment Insurance Act, which came into operation in July 1939, was in effect for a period of slightly more than a year when it was drastically changed. Benefits payable were considerably increased by amending legislation in October 1940, most of the changes going into effect on November 1, 1940.[60]

The benefit scale provided by the original railroad unemployment insurance act was based in large part on the theory that unemployment among railroad workers occurs mostly among the lowest-paid groups and tends to be continuous over relatively long periods of time during the year.[61] Therefore, the law provided for a flat maximum duration of 80 days in a benefit year

[60] In addition, special transitory provisions were enacted for workers whose benefit year ended June 30, 1941.

[61] Kuznets, Solomon S., "Amendments to the Railroad Unemployment Insurance Act," *Social Security Bulletin, III* (November 1940), 14.

TABLE 36.—*Average weekly compensation payment for total unemployment, January–June 1940, and percentage distribution of number of weeks of total unemployment compensated, April–June 1940, by amount of benefit payment, continental United States: by States and by socio-economic regions*

States and Regions	Average weekly benefit	Percentage distribution of weeks compensated [1] in amounts of—								
		Less than $2.00	$2.00–$3.99	$4.00–$5.99	$6.00–$7.99	$8.00–$9.99	$10.00–$11.99	$12.00–$13.99	$14.00–$15.99	$16.00 and over
United States	$10.50	0.3	2.2	8.6	18.7	15.1	14.3	11.1	22.1	7.6
Northeast:										
Connecticut	10.15	-----	-----	2.1	26.0	21.1	16.2	12.1	22.5	-----
District of Columbia	8.74	.4	4.6	17.2	27.1	16.6	10.2	6.6	17.3	-----
Delaware	8.91	-----	-----	18.7	20.6	17.3	13.7	9.2	20.5	-----
Maine	6.54	(2)	16.8	32.4	25.0	15.3	6.3	2.4	1.8	-----
Maryland	8.86	-----	-----	19.6	25.4	19.3	12.9	8.1	14.7	-----
Massachusetts	10.00	-----	-----	1.7	26.3	21.4	15.9	10.5	24.2	-----
New Hampshire	8.93	-----	-----	10.3	27.0	27.3	15.2	9.0	11.2	-----
New Jersey	9.28	-----	-----	18.2	20.8	17.6	13.5	9.7	20.2	-----
New York	11.69	-----	-----	-----	18.9	16.2	15.9	11.8	37.2	-----
Pennsylvania	10.96	-----	-----	-----	26.0	15.2	14.2	15.1	29.5	-----
Rhode Island	10.30	-----	-----	-----	21.6	25.5	20.1	11.4	7.5	13.9
Vermont	9.40	.1	.7	14.9	25.1	25.0	12.0	7.8	14.4	-----
West Virginia	7.93	(2)	12.3	22.7	21.4	13.9	11.4	9.3	9.0	-----
Middle States:										
Illinois	12.98	-----	-----	-----	5.7	12.3	15.2	15.2	12.9	38.7
Indiana	10.89	-----	.1	2.9	12.1	17.4	18.7	16.3	32.5	-----
Iowa	9.44	.2	.7	18.4	19.8	16.6	15.1	11.0	18.2	-----
Michigan	11.82	(2)	(2)	(2)	18.4	15.1	14.0	13.6	11.9	27.0
Minnesota	10.34	-----	-----	10.5	16.9	20.0	14.7	11.5	26.4	-----
Missouri	9.06	(2)	2.7	21.2	20.1	17.9	12.7	8.3	17.1	-----
Ohio	10.33	.4	2.4	8.3	16.2	16.0	17.2	13.7	25.8	-----
Wisconsin	10.62	-----	-----	2.1	20.0	17.6	21.0	15.6	21.3	2.4
Northwest:										
Colorado	10.52	.1	.1	11.6	16.0	15.6	14.3	14.3	28.0	-----
Idaho	11.47	(2)	.1	3.8	12.7	13.2	18.7	21.2	18.7	11.6
Kansas	9.30	(2)	-----	22.0	16.3	15.4	14.0	10.8	21.5	-----
Montana	10.90	-----	-----	9.9	16.2	15.8	13.6	12.6	31.9	-----
Nebraska	9.38	-----	(2)	14.4	20.0	22.6	16.1	10.6	16.3	-----
North Dakota	9.61	-----	-----	13.2	22.1	20.2	14.2	10.8	19.5	-----
South Dakota	7.32	-----	15.7	30.6	21.0	12.5	8.4	5.0	6.8	-----
Utah	11.30	-----	-----	6.1	11.7	14.2	12.4	10.1	11.0	34.5
Wyoming	13.27	-----	-----	4.8	10.1	12.2	12.5	11.0	10.8	38.6
Southeast:										
Alabama	6.65	(2)	13.8	30.0	27.2	12.4	6.5	3.3	6.8	-----
Arkansas	6.41	-----	18.8	26.9	19.7	13.4	9.4	5.3	6.5	-----
Florida	9.40	(2)	3.8	11.5	20.2	18.0	13.3	8.5	24.7	-----
Georgia	6.44	1.9	5.5	45.4	25.9	9.5	4.6	2.6	4.6	-----
Kentucky	7.73	-----	-----	35.2	24.6	16.1	11.2	6.8	6.1	-----
Louisiana	7.65	-----	-----	42.2	23.0	13.1	7.1	3.9	2.7	8.0
Mississippi	5.95	3.9	15.4	38.1	22.6	8.2	4.0	2.3	5.5	-----
North Carolina	4.56	6.4	39.1	24.9	14.8	7.9	2.8	1.4	2.7	-----
South Carolina	6.64	-----	4.9	28.2	41.1	13.1	6.3	2.4	4.0	-----
Tennessee	7.46	(2)	(2)	29.4	31.9	17.2	8.8	4.6	8.1	-----
Virginia	7.43	-----	6.6	24.6	31.8	17.1	7.4	4.6	7.9	-----
Southwest:										
Arizona	11.01	(2)	.6	7.0	13.6	16.4	13.2	14.7	34.5	-----
New Mexico	9.06	-----	7.0	16.3	20.9	17.1	10.4	9.1	19.2	-----
Oklahoma	9.79	.7	2.9	4.6	6.7	36.6	12.6	9.0	26.9	-----
Texas [3]	7.90	2.7	4.3	33.8	21.4	13.1	7.8	4.8	12.1	-----
Far West:										
California	13.84	-----	-----	-----	1.8	1.8	20.3	15.3	16.9	43.9
Nevada [3]	13.20	.3	.6	1.5	4.0	6.9	9.3	11.3	66.1	-----
Oregon	12.48	-----	-----	-----	7.2	9.5	11.9	11.8	59.6	-----
Washington	12.53	-----	-----	(2)	11.7	12.1	13.5	11.9	50.8	-----

[1] Excludes residual payments, which are usually less than weekly benefit amount, unless otherwise noted.
[2] Less than 0.1 percent.
[3] Includes some residual payments.

Sources: Average weekly payments supplied by the Bureau of Employment Security, Social Security Board; data on number of weeks from *Fifth Annual Report of the Social Security Board, 1940*, Washington, 1940, p. 182, table C–6.

at the general rate of what was expected to be about one-half of the full-time wage.

In practice, however, the benefit formula resulted in the payment of a considerably lower proportion of actual earnings. For the six wage classes the benefit per working day lost on account of unemployment represented the percentages of the average daily wage shown in Table 37.

TABLE 37.—*Benefits and wages under the Railroad Unemployment Insurance Act of 1938*

Base-year earnings	Daily benefit	
	Amount	Percent of daily wage
$150-$200	$1.75	46
$200-$475	2.00	42
$475-$750	2.25	37
$750-$1,025	2.50	34
$1,025-$1,300	2.75	31
$1,300 and over	3.00	32

Source: Based on statement of Murray W. Latimer in *To Amend the Railroad Unemployment Insurance Act*, Hearings Before a Subcommittee of the Committee on Interstate Commerce, United States Senate, 76th Cong., 3d sess., Washington, 1940, p. 93.

The benefit provisions of the original act had also stressed the extended duration of benefits. This emphasis was based on the assumption that, in view of the widespread acceptance of seniority rights in railroad employment, the higher wage groups would generally be protected against unemployment, so that neither the relatively long waiting period nor the deviation from the one-half-of-normal-earnings principle would be too serious in the case of these workers. Furthermore, it was thought that the majority of the better-paid railroad workers would have resources of their own to tide them over spells of unemployment should they actually occur.[62]

The fact that during 1938 railroad workers had been covered by State unemployment compensation laws made possible comparisons of previous State benefits and railroad unemployment insurance payments. This comparison reflected seriously upon the relative adequacy of the latter.[63] It was also found during the first year of operation under railroad unemployment insurance that unemployment was by no means concentrated in the low-wage brackets and that there was much less long-continued unemployment than had been anticipated, so that low weekly benefit amounts were not even counterbalanced by long duration of payment.[64]

The new Railroad Unemployment Insurance Act appears to make possible more nearly adequate benefits to unemployed railroad workers. Benefits are now payable for each day of unemployment in excess of four in a period of 14 consecutive days. Simultaneously, the maximum benefit duration has been increased from 80 days under the old act to 100 days in a benefit year. Most important, the daily rates of benefit have been increased, thereby raising the proportion of former wages represented by benefit amounts.

For the skilled crafts, the new benefit ratio represents 41–43 percent of earnings, in contrast to 30–32 percent under the old law. For other manual workers the proportion is raised from 35–43 percent to 44–54 percent. For white-collar workers the proportion is lifted from 28 to 38 percent.[65] The new benefit rates per day, the maximum benefit payable in a period of 14 days, and the annual maximum are shown in Table 38.

TABLE 38.—*Benefit scale under the Railroad Unemployment Insurance Act of 1940*

Credited compensation in base year	Daily benefit amount	Maximum benefits in a 14-day period	Maximum benefits in 1 year
$150-$199	$1.75	$17.50	$175
$200-$474	2.00	20.00	200
$475-$749	2.25	22.50	225
$750-$999	2.50	25.00	250
$1,000-$1,299	3.00	30.00	300
$1,300-$1,599	3.50	35.00	350
$1,600 and over	4.00	40.00	400

Source: *The Monthly Review* [Railroad Retirement Board], I (September 1940), 5.

It has been estimated that the new benefit provisions make possible the payment of benefits approximately equal to 63 percent of wages in the case of railroad workers earning between $150 and $400 per year; 56 percent for workers earning between $400 and $700; 50 percent for those earning $700 to $1,000; and 48 percent for those making $1,600 per year.[66]

An examination of the actually credited earnings from covered employment during the year 1938 (the latest information available when this study was made) shows that about one-sixth of all railroad employees in that year would not qualify for benefits at all because they did not earn at least $150 per year.

[62] The railroads have a wage-rate structure which is markedly different from that of manufacturing and other industries. The lowest-paid and least-skilled groups earn an average of $18–22 for a full week, skilled labor $40, and semiskilled workers about $27. Clerical employees receive on the average about $35 per full work week. (Kuznets, *op. cit.*, p. 13.)

[63] In a study undertaken by the Railroad Retirement Board in 1939 it was found that in only 6 of the 43 States studied were unemployment compensation benefits clearly lower than those provided under the Railroad Unemployment Insurance Act. For at least 32 States, benefits under State laws were appreciably higher than those under railroad unemployment insurance. (*Ibid.*, p. 16.)

[64] Of 160,735 persons drawing benefits, only slightly over 18 percent were unemployed long enough to exhaust their benefit maximum. (*Ibid.*, p. 18.)

[65] *Ibid.*, pp. 21–22.

[66] Statement of Murray W. Latimer in *To Amend the Railroad Unemployment Insurance Act*, Hearings before a Subcommittee of the Committee on Interstate Commerce, U. S. Senate, 76th Cong., 3d sess., Washington, 1940, p. 96.

The percentage distribution by wage intervals (unfortunately not completely identical with the base-year wages intervals used in Table 38) is shown in Table 39.

TABLE 39.—*Percentage distribution, by wage intervals, of railroad workers with earnings from covered employment in 1938*

Amount of credited compensation in 1938	Workers	
	Number	Percent
Total	1,526,762	100.0
Less than $150	252,674	16.5
$150 to $400	123,376	8.1
$400 to $700	120,819	7.9
$700 to $1,000	155,454	10.2
$1,000 to $1,500	240,454	16.3
$1,500 and over	624,985	41.0

Source: *Annual Report of the Railroad Retirement Board for the Fiscal Year Ended June 30, 1939*, Washington, 1940, p. 152, table 57.

About two-fifths of all railroad workers with wages from covered employment earned $1,500 or more in 1938. It can be assumed that the majority of these workers fell into the group of employees with 12 months of service in that year, probably approximating full-time employment.

Workmen's Compensation

Evaluation of the adequacy of workmen's compensation benefits is rendered difficult by the variety of provisions in the different State laws and by the existence of different benefit provisions for different types of disability or injury. In general the laws distinguish between payments in case of death or permanent total disability and those for permanent partial disability and temporary total disability. The adequacy of the benefit in each case is affected by the rate of benefit payment, the presence or absence of fixed maximum or weekly total payments, and the duration of payment.

The majority of workmen's compensation laws base the amount of the benefit on the wages received by the injured worker.[67] In most States too the prescribed percentage remains uniform for all injuries.[68] The percentage of wages paid in the different States is usually 60 or 66⅔, although it ranges from 15 percent to 66⅔ percent in case of death, from 50 percent to 70 percent in the case of permanent total or partial disability, and from 40 percent to 70 percent in case of temporary total disability.[69]

Many of the laws provide also for fixed minimum weekly payments, which range from $3 to $10 for death, from $3 to $14 for permanent total disability, from $1.50 to $14 for permanent partial disability, and from $5 to $12.50 for temporary total disability. In addition, many States provide for flexible minimum benefits through a requirement that the benefit shall be a stated number of dollars or the actual wage, if less. In the case of death benefits, a few States also provide for minimum benefits by assuming that previous wages were not less than a certain sum or specifying a minimum total compensation payment. The extent of these minimum benefit provisions can be seen from Table 40.

TABLE 40.—*Number of workmen's compensation laws having specified provisions for minimum benefits, as of July 1, 1940*

	Fixed flat minimum benefits	Wages deemed to be not less than a stated sum	Minimum total compensation payment	Fixed minimum or actual wage, if less
Death	20	9	2	10
Permanent total disability	31			21
Permanent partial disability	[2] 24			19
Temporary total disability	[1] 24			27

[1] Including Massachusetts and Pennsylvania; the former has a $9 minimum per week, or actual wage if less than $9, but not less than $7 for normal weekly hours of 15 or over; the latter provides for a $9 minimum or full wage, but not under $5.
[2] Including Pennsylvania which provides for a $9 minimum or full wage but not under $5.

Source: Adapted from Dawson, Marshall, *Problems of Workmen's Compensation Administration in the United States and Canada*, U. S. Department of Labor, Bureau of Labor Statistics, Bulletin No. 672, pp. 204–10, table 13.

Maximum weekly payments are also provided in almost all of the laws. These take the form either of maximum weekly sums or of a limit to the total amount of compensation payable.[70] The maximum weekly sums range from $10 to $30 in case of death, from $8.08 to $60 for permanent total disability, from $10 to $25 for permanent partial disability, and from $14 to $25 for temporary total disability. In a number of States, however, these maximums are raised by additional allowances for dependents or for disfigurement.

It is evident that the benefit scales for workmen's compensation are in general more liberal than those for unemployment compensation. Not only is the per-

[67] Alaska, Oregon, Washington, and Wyoming are the only States which do not do so. However, the first two of these States apply this principle to temporary disability. A few States provide fixed lump sums or pensions for certain injuries but apply the percentage to all others. In the case of permanent partial disability, compensation in many States is based on a percentage of the wage loss instead of a percentage of average weekly wages.

[68] In certain States, however, there are varying percentages for different types of injuries, while in some, the percentage varies with the marital status and the number of children.

[69] For the specific percentages of wages paid for the various types of disability in 47 States and in the District of Columbia, Alaska, Hawaii, Philippine Islands and Puerto Rico, see Dawson, Marshall, *Problems of Workmen's Compensation Administration in the United States and Canada*, U. S. Department of Labor, Bureau of Labor Statistics, Bulletin No. 672, Washington, 1940, pp. 202–10.

[70] Only 7 laws provide no maximum weekly benefit for death payments, although 15 set no limit to the total compensation payable. The corresponding numbers setting no limit for permanent total disability are 2 and 15; for permanent partial disability, 4 and 4; and for temporary total disability, 3 and 9.

centage of wages granted usually higher, but also additional payments are made in certain States for dependents. Moreover, the maximum weekly benefits are in most States higher than those provided for in unemployment compensation laws.

Nevertheless, *considerable dissatisfaction has been expressed with the payments made.* An official study of the adequacy of benefit payments in 1938 concluded that "in many cases the benefits obtainable have been too low for subsistence, and the injured worker has at times become dependent upon private charity and public relief. *The incalculable aid furnished by the compensation system cannot hide the fact that in a number of States many injured workers would starve if society left them to depend entirely upon the compensation they receive.*" [71] In large measure the inadequacies of the benefits are due to the method of determining the weekly wage on which benefits are based and in particular to the failure of some States to adopt a full-time wage base. In consequence the benefits granted to the lowest-paid and intermittently employed workers may be very low.

There are also very great differences from State to State in regard to the scales of payment in the different jurisdictions. Comparisons are rendered difficult because of variations, not only in the percentages and items for which compensation is payable but also in underlying principles and administrative applications. Nevertheless, Table 41, prepared by the National Council on Compensation Insurance, presents the approximate relative values of the benefit provisions.[72]

TABLE 41.—*Comparative values of benefit provisions of workmen's compensation laws as of 1938: index numbers* [1]

State	Fatal	Permanent total	Permanent partial		Temporary total	Medical and hospital	Total benefits
			Major [2]	Minor [3]			
New York	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Alabama	.424	.322	.553	.750	.795	.912	.741
Alaska	.947	.500	.984	.805	1.255	-------	1.004
Arizona	1.089	.897	.773	.867	1.232	.957	.994
California	.498	.576	.642	.736	.912	1.000	.820
Colorado	.453	.644	.587	.397	.577	.957	.669
Connecticut	.498	.339	.795	.737	.779	1.000	.807
Delaware	.339	.226	.481	.587	.736	.802	.642
District of Columbia	.772	.414	1.016	1.013	.974	1.000	.960
Florida	.487	.244	.592	.751	.886	.994	.798
Georgia	.393	.242	.506	.683	.704	.969	.717
Hawaii	.459	.244	.760	.782	.826	1.000	.813
Idaho	.553	.515	.650	.653	.799	1.000	.784
Illinois	.542	.568	.643	.852	.803	1.000	.820
Indiana	.498	.289	.666	.777	.754	.957	.775
Iowa	.501	.292	.523	.550	.645	.994	.709
Kansas	.496	.321	.626	.764	.807	.969	.785
Kentucky	.495	.305	.455	.578	.856	.957	.734
Louisiana	.438	.339	.583	.644	.925	.944	.770
Maine	.481	.327	.785	1.220	.886	.784	.823
Maryland	.608	.343	.683	.741	1.095	.969	.861
Massachusetts	.614	.769	.664	.555	1.046	.994	.836
Michigan	.579	.400	.575	.759	.912	.957	.808
Minnesota	.754	.511	.868	.913	.984	1.000	.926
Missouri	.617	.540	.659	.920	1.127	.944	.892
Montana	.628	.359	.524	.444	.837	.963	.744
Nebraska	.562	.594	.716	.787	.833	1.000	.830
Nevada	.919	.703	.622	.722	1.166	.988	.917
New Hampshire	.498	.210	.436	.288	.909	.877	.666
New Jersey	.506	.882	.735	.956	.944	.877	.836
New Mexico	.467	.411	.601	.524	.827	.957	.738
North Carolina	.793	.294	.633	.805	.885	.988	.855
North Dakota	.998	.664	.813	.715	1.169	1.000	.962
Ohio	.720	.856	.763	.832	.878	.938	.855
Oklahoma	[4] .576	.418	.745	.856	.956	.938	.846
Oregon	.852	.524	.522	.584	.978	.938	.819
Pennsylvania	1.004	.840	1.036	1.291	.974	1.000	1.044
Puerto Rico	.378	.170	.524	.507	.549	1.000	.670
Rhode Island	.686	.476	.982	1.158	.924	1.000	.958
South Carolina	.794	.319	.663	.843	1.102	.988	.906
South Dakota	.378	.178	.554	.687	1.042	.914	.777
Tennessee	.420	.269	.454	.580	.719	.833	.656
Texas	.638	.319	.561	.716	.906	.950	.802
United States Longshoremen's Act	.772	.414	1.016	1.013	.974	1.000	.960
Utah	.624	.696	.631	.550	.989	.969	.810
Vermont	.320	.184	.503	.477	.678	.710	.578
Virginia	.464	.290	.540	.675	.733	.969	.740
Washington	.927	.607	.554	.642	.920	1.000	.853
West Virginia	.724	.799	.701	.895	.932	.988	.886
Wisconsin	.816	1.073	1.645	1.228	1.248	.969	1.145
Wyoming	.568	.366	.782	.588	.957	.994	.825

[1] Examples of use of table: The figures on total benefits for Georgia and New York are 0.717 and 1.000, respectively. This indicates that, on the basis of this table, the ratio of Georgia benefits to New York benefits for all kinds of injury is $\frac{717}{1000}$ or that Georgia benefits average $\frac{717}{1000}$ of the New York benefits. The figures on permanent total disability for Colorado and Montana are 0.644 and 0.359, respectively. This indicates that on the average, and on the basis of this table, the Montana benefits for permanent total disability are $\frac{359}{644}$ of the corresponding Colorado benefits.

[2] Defined as the loss or loss of use of a hand, arm, foot, leg, or eye and the loss of hearing in both ears. Also partial loss of use as related to the benefits for total loss of use.

[3] Defined as loss or loss of use of thumb, finger, toes, etc.

[4] A figure based on actual experience has been substituted for the Oklahoma fatal value. This departure was necessary because of peculiarities in the law.

Source: Dawson, *op. cit.*, pp. 79–80, table 2.

Differences in Levels of Living Afforded by Public Aid

It is clear from the foregoing analysis that the level of living which is made possible for recipients of publicly provided income cannot be regarded as unduly high. For the vast majority of recipients, it appears to be even lower than that which would be allowed by the "emergency" budget. For all of them it falls short of what has commonly been thought of as the "American standard of living." The feasibility and desirability of raising the general average of the level of living permitted to recipients of public aid raises economic and social issues of the first magnitude, some of which will be discussed later. Meanwhile, it is important to note that, whatever may be said about the absolute "adequacy" or "inadequacy" of the general average, there exist today differences between groups of public-aid recipients, differences so marked as to constitute a potential threat to the essential social unity of the American Nation.

[71] Dawson, *op. cit.*, p. 71. Italics supplied.

[72] "The index numbers shown are subject to qualification and limitation because of the many elements entering into the computations which are not subject to exact mathematical valuation. In addition, the index of cost under the "Total" column is a weighted average and is correct in a general way only. The distribution of accidents by type of injury varies between States and will, therefore, be somewhat different in each case from the national distribution or from the distribution of any other set of weights which might be used to obtain an average. For these reasons the index numbers of this table cannot be interpreted as representing without qualification a mathematically exact comparison of the benefit provisions of the various compensation acts. Accordingly, when using this table or quoting therefrom, it is essential to realize its limitations." (*Ibid.*, pp. 78–79.)

Regional Differences

The four maps in Figures 18–21 show the average monthly grants for the four programs in which the amount of assistance is, in theory at least, related to the applicant's needs. *The striking fact that emerges from the following comparison is the wide range of variation from the average grant for the United States. It may also be noted that the lowest grants are found in certain States (mainly those in the Southeast and the Southwest areas) regardless of which program is considered.*

The persistence of marked differences between States at different times and under all programs suggests that such differences cannot be entirely explained in terms of the ambiguity of the average grant as a measure of adequacy.

Furthermore, the fact that a substantially similar grouping of States in the lowest category is to be found on all programs suggests that the differences in average grants cannot be entirely attributable to differences in the number of persons in the case to which the grant is made. The southeastern States appear at the bottom of the scale not only for general relief and aid to dependent children, where the family is the basis for payment, but also for old-age assistance and aid to the blind, where the grants are more usually on an individual basis.

The maps also indicate that there is a certain stability in the grouping of States at the upper end of the scale. On the whole, average grants for all programs are relatively high in New England, the Pacific States, and the Middle West. However, the picture is less clear cut than that in the southern regions because of occasional relatively high or low grants for individual programs.

On the other hand, the ranking of the States in terms of average monthly payments for the programs in comparison with their ranking on the basis of per capita income (see Table 42) suggests a fairly close relationship, at least so far as the States making the lowest grants are concerned.

It is evidence from Table 42 that, *by and large, the States with the lowest grants on all programs are also those with the lowest per capita incomes.* For old-age assistance, of the 12 States in the lowest quarter grouped by size of grant, only three are not also in the lowest quarter when ranked according to average per capita income. When the 39 States included in the table which make payments for aid to dependent children are similarly grouped, only 3 of the 10 States making the lowest payments are not also among the 10 States having the lowest income per capita. A grouping of the 40 States with aid-to-the-blind programs included in the table gives a similar result—only 3 of the 10 States with the lowest grants are not among the lowest 10 States with such programs when ranked according to income per head. Finally, of the 41 States in the table for which information concerning general-relief grants is available, 7 of the 11 States making the lowest grants are also among the lowest 11 on a per capita basis.[73]

TABLE 42.—*Ranking of average monthly grants for old-age assistance, aid to the blind, aid to dependent children, and general relief in the continental United States, June 1940, and ranking of per capita income, 1939, by States*

State	Ranking of per capita income (high to low) [1]	Ranking on average monthly grants (high to low)			
		Old-age assistance (per recipient)	Aid to dependent children [2] (per recipient)	Aid to the blind [2] (per recipient)	General relief (per case)
Delaware	1	37	20	----	13
New York	2	7	2	9	1
Nevada	3	6	----	----	14
Connecticut	4	5	----	8	3
California	5	1	3	1	2
Massachusetts	6	3	1	15	[3] 4
Rhode Island	7	22	5	29	([4])
Illinois	8	19	----	----	6
Wyoming	9	8	16	4	16
Ohio	10	9	13	25	21
Washington	11	11	15	2	25
Michigan	12	28	9	21	12
Maryland	13	27	23	22	10
Pennsylvania	14	12	8	----	[3] 4
Montana	15	24	24	23	18
Oregon	16	16	6	10	19
Colorado	17	2	18	3	20
New Hampshire	18	15	4	16	([4])
Minnesota	19	14	11	5	8
Wisconsin	20	10	7	14	9
Indiana	21	25	14	13	27
Vermont	22	32	25	12	7
Maine	23	17	10	17	5
Missouri	24	31	27	----	29
Florida	25	35	29	33	39
Arizona	26	4	22	7	26
Idaho	27	13	21	20	23
Utah	28	18	12	6	11
Iowa	29	20	----	11	17
Nebraska	30	30	19	24	28
Kansas	31	23	17	19	22
Texas	32	38	----	----	34
Virginia	33	41	35	34	31
West Virginia	34	34	31	28	30
South Dakota	35	21	----	26	([4])
North Dakota	36	29	26	18	15
Louisiana	37	36	30	32	24
Oklahoma	38	26	36	30	([4])
New Mexico	39	33	28	27	35
North Carolina	40	39	34	31	38
Kentucky	41	43	----	----	([4])
Tennessee	42	40	33	35	([4])
Georgia	43	46	32	37	37
South Carolina	44	45	37	36	33
Arkansas	45	47	39	39	40
Alabama	46	42	38	38	32
Mississippi	47	44	----	40	36

[1] Because per capita income figures for the District of Columbia and New Jersey are apt to be misleading, these States are not included in this table. See Martin. *op. cit.*, p. 8.

[2] Data on the special public assistances refer only to those State plans which were approved by the Social Secuity Board. There were no approved State plans for aid to dependent children in Connecticut, Illinois, Iowa, Kentucky, Mississippi, Nevada, South Dakota, and Texas, and no approved State plans for aid to the blind in Delaware, Illinois, Kentucky, Missouri, Nevada, Pennsylvania, and Texas.

[3] Massachusetts and Pennsylvania show the same ranking for general relief.

[4] Inadequate general-relief data reported by State.

Sources: Martin, John L., "Income Payments to Individuals, by States, 1929–39," *Survey of Current Business*, XX (October 1940), 9, table 1; *Social Security Bulletin*, III (August 1940), 4, 48, and 50. Average grants per recipient of aid to dependent children supplied by the Division of Public Assistance Reserach, Social Security Board.

[73] The absence of information concerning general-relief grants in four low-income States (South Dakota, Oklahoma, Kentucky, and Tennessee) accounts for the fact that there is less coincidence in the ranking of general-relief grants and per capita income.

Group Differences

Whatever may be concluded regarding the absolute level of living assured recipients of public aid, it is undeniable that some groups receive much more favorable treatment than others. Outstanding among these groups receiving a relatively higher standard of living are the aged. The particularly disadvantaged groups appear to be the recipients of general relief and Negroes.

The aged.—Aged persons are the beneficiaries of one of the major types of social insurance, the average benefits of which in most States compare very favorably with monthly allowances paid on other programs. During the first 6 months of 1940 the average monthly primary benefit under the old-age and survivors insurance program was $21.91. For an aged person with a wife the average monthly payment was $36.22, while the average benefit for an aged person with one or more dependent children was $37.03. (See Table 31.) Even more favorable is the position of aged workers in the railroad industry, for in June 1940 the average monthly employee annuity under railroad retirement legislation was $65.55. (See Table 34.) Moreover, these payments were made to persons regardless of any demonstration of need. It is true that recipients of old-age and survivors insurance benefits are prohibited from earning more than $15 per month in covered employment, but they may well possess other resources, such as savings or earnings from noncovered employment. In the case of many railroad workers the probability of other resources is high.

Even when attention is turned to the programs which are based upon need, the relatively privileged position of the aged recipients of public aid is again evident. As of June 1940, of the special public assistances, only old-age assistance was in operation in all of the States, the District of Columbia, Hawaii, and Alaska. Only 41 States, the District of Columbia, and Hawaii had plans for aid to the blind approved by the Social Security Board and received Federal monies. Only 40 States, the District of Columbia, and Hawaii were cooperating in the Federal-State program for aid to dependent children. The preferential position of the aged and blind as compared to children is also revealed in the Federal law itself, which provides for Federal matching monies up to $20 per old-age assistance recipient, making a possible maximum grant of $40, while a maximum from Federal and State funds of $18 for the first child in a family and $12 for each additional child has been established in the law for the aid to dependent children.

Even greater differentiation in treatment is apparent when old-age assistance and general relief are compared. When it is recalled that in principle old-age assistance payments are normally made for an individual on the basis of his individual need, while those for general relief very generally are for more than one person, and that in 1939 the average number of persons per general-relief case was a little over three persons, it is highly significant that in June 1940 the average monthly grant for old-age assistance was $20.10 and the average monthly grant to general relief cases was only $23.90. (See Table 19.)

A more precise comparison can be made in 18 States and the District of Columbia for which information concerning general-relief grants for one-person cases during June 1940 is available. (See Table 43.) In only one of the 19 jurisdictions (Louisiana) was the average grant to one-person cases on general relief higher than the average grant to old-age assistance recipients. In the remaining 18 jurisdictions, grants to old-age assistance cases exceeded those to one-person cases on general relief by over 100 percent in four States, by between 75 percent and 99.9 percent in two States, by from 50 percent to 74.9 percent in two others, by between 25 percent to 49.9 percent in five States, and by less than 25 percent in five States.

TABLE 43.—*Average monthly payment per recipient of old-age assistance, aid to dependent children, aid to the blind, and general relief 1-person cases, in 19 jurisdictions,[1] June 1940*

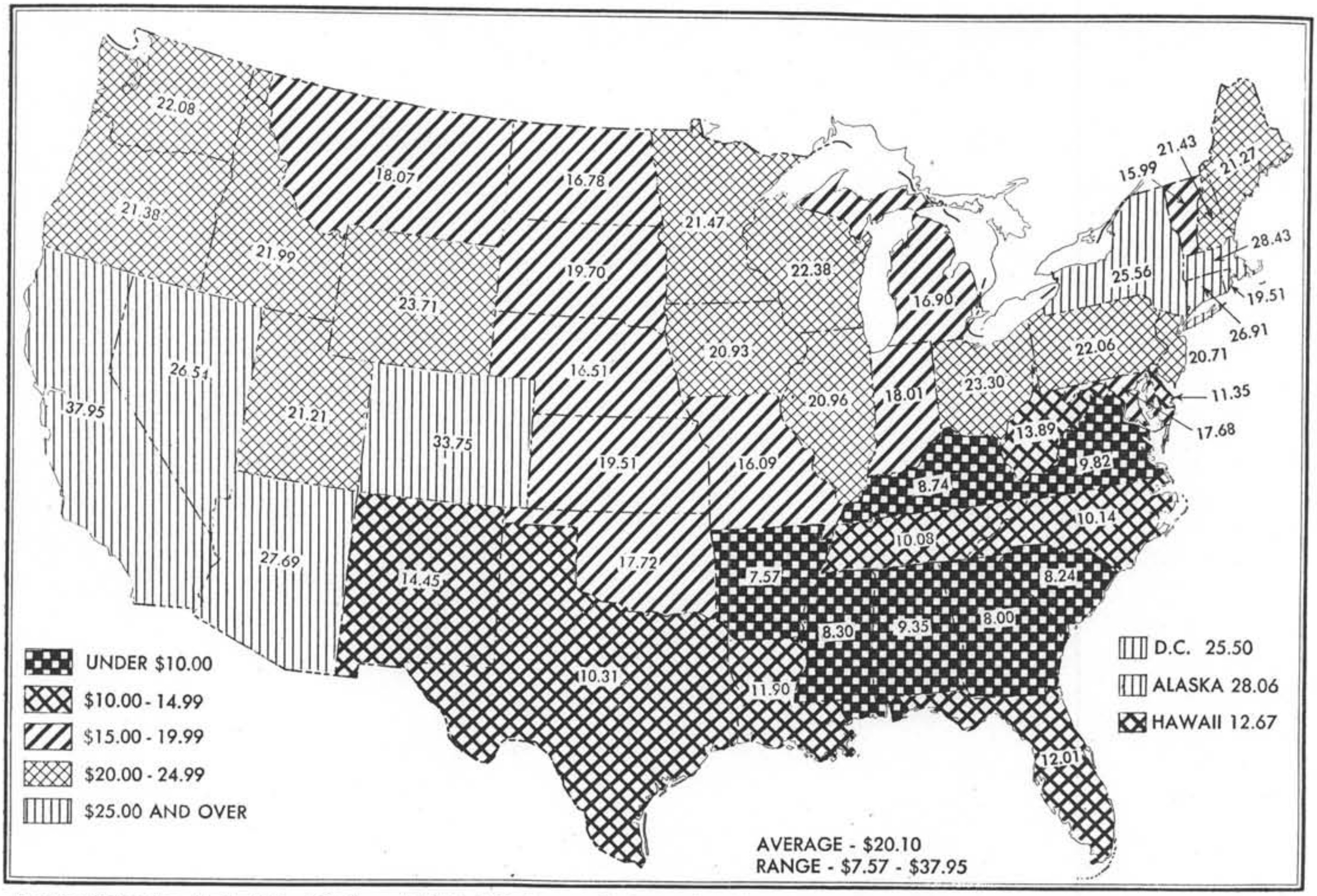
Jurisdiction	Average monthly payment			
	Special public assistances (per recipent)			General relief (per 1-person case)
	Old-age assistance	Aid to dependent children	Aid to the blind	
Alabama	$9.35	$4.88	$9.30	$8.86
Arizona	27.69	11.61	26.37	12.79
California	37.95	18.73	48.02	16.39
District of Columbia	25.50	12.61	25.80	19.08
Idaho	21.99	11.68	21.98	12.42
Illinois	20.96	[2] 9.88	[2] 26.62	15.51
Louisiana	11.90	8.47	14.89	12.31
Minnesota	21.47	14.37	27.18	15.58
Missouri	16.09	9.97	[2] 25.00	6.96
Montana	18.07	11.55	21.10	15.89
New Jersey	20.71	13.80	23.29	15.19
New York	25.56	22.82	25.57	24.88
North Carolina	10.14	6.68	14.91	5.61
Oregon	21.38	16.76	25.25	13.75
South Carolina	8.24	5.44	10.82	7.98
Utah	21.21	14.32	26.87	18.60
Washington	22.08	13.23	30.50	9.65
West Virginia	13.89	8.27	17.42	9.51
Wisconsin	22.38	16.62	23.26	13.57

Sources: *Social Security Bulletin*, III (August 1940), 48, 50. Average grants for aid to dependent children, general-relief 1-person cases, and aid to the blind administered under State laws without Federal participation furnished by Division of Public Assistance Research, Bureau of Research and Statistics, Social Security Board.

[1] Only these jurisdictions reported payments for 1-person general-relief cases.
[2] Program administered under State laws without Federal participation.

The aged are frequently given favorable treatment in setting up standard budgets. Thus in Pennsylvania a higher standard budget for determining need for old-age assistance is used than for estimating budget

AVERAGE GRANTS PER RECIPIENT OF OLD-AGE ASSISTANCE PAYMENTS, BY STATE, JUNE 1940



Source: Social Security Bulletin, III (August 1940), Table 6, page 48; data refer to jurisdictions with plans approved by the Social Security Board.

Figure 18.

deficiencies of general-relief applicants.[74] Another illustration of comparatively favorable treatment of the aged, apparent in data from Louisiana, has been presented above.[75] When the practice prevails of using different budgetary standards among the several programs it is difficult to compare the degrees to which grants under these programs fail to meet budgetary deficiencies.[76]

Finally data relating to total expenditures for public aid to different groups again reveal the relatively favorable treatment of the aged. Total expenditures for general-relief payments during the calendar year 1939 represented $481,529,000 as compared with payments of $433,575,200 for old-age assistance.[77] Assuming that the number of persons represented in the general-relief cases in continental United States averaged 3.1 persons per case in December 1939, it can be

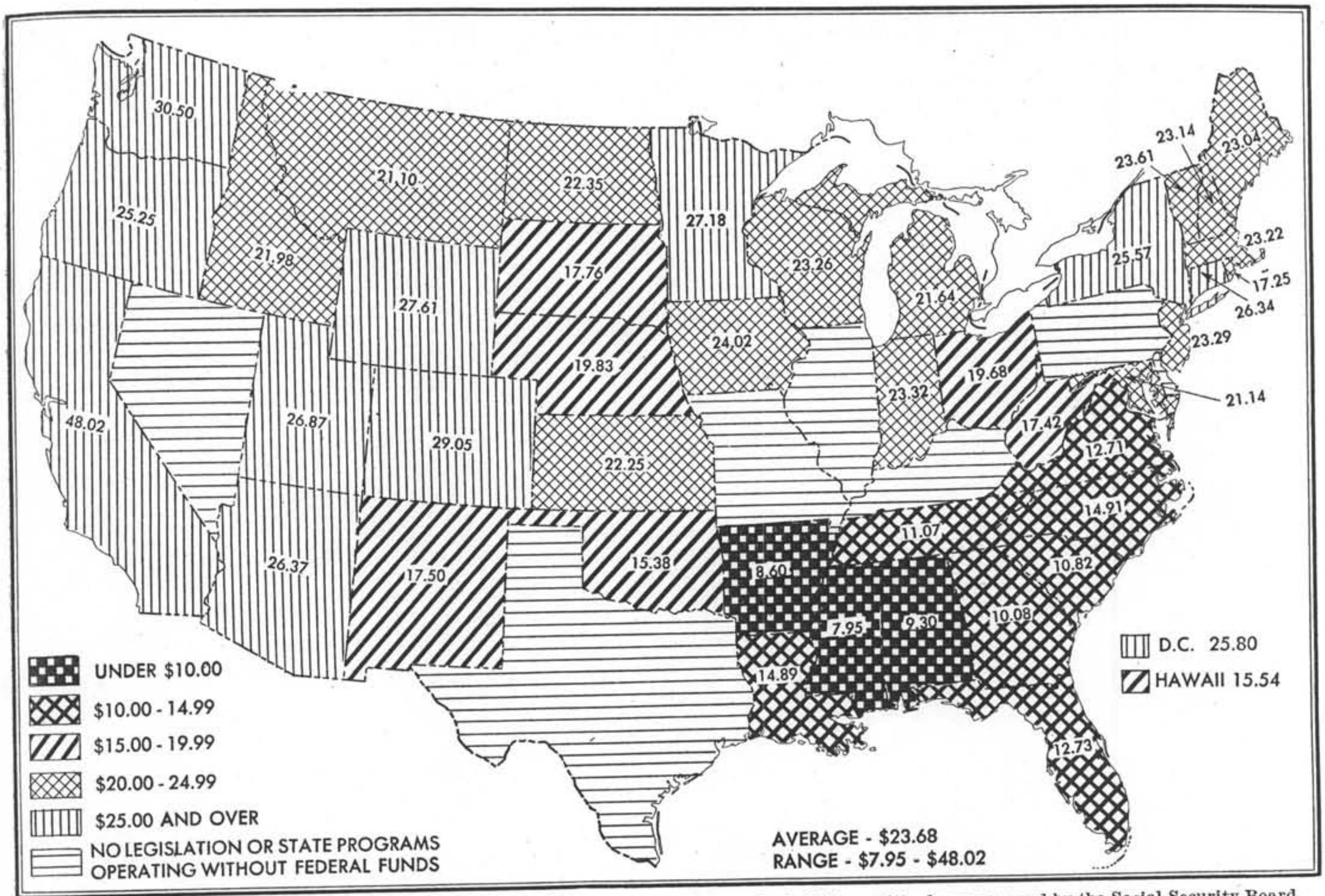
[74] Pennsylvania, Department of Public Assistance, *Current Living Costs as Related to Standards of Public Assistance in Pennsylvania*, Harrisburg, 1939, pp. 6–7. In this State, where an attempt has been made to minimize the differences of treatment between categories of needy persons, the old-age assistance schedule for determining the budgetary deficiency includes an allowance for incidentals which is not included in the aid-to-dependent children and general-assistance schedules. It provides also a higher maximum rent allowance for old-age assistance recipients than for one-person general-assistance cases. (*Ibid.*, pp. 32, 33.) However, the old-age assistance schedule is uniform for the State, whereas the other schedules are adjusted for differing costs of shelter, fuel, and light among the various groups of counties. (*Ibid.*, p. 5.)

[75] See footnote 68, p. 174.

[76] However, as shown above in the section on special assistances, when the same standard budgets are used, the favorable position of old-age assistance recipients is apparent.

[77] *Social Security Bulletin*, IV (February 1941), 67, table 8, and 69, table 9, and (August 1940), 40.

AVERAGE GRANTS PER RECIPIENT OF AID-TO-THE-BLIND PAYMENTS, BY STATE, JUNE 1940



Source: Social Security Bulletin, III (August 1940), Table 8, page 50; data refer to jurisdictions with plans approved by the Social Security Board.

Figure 19.

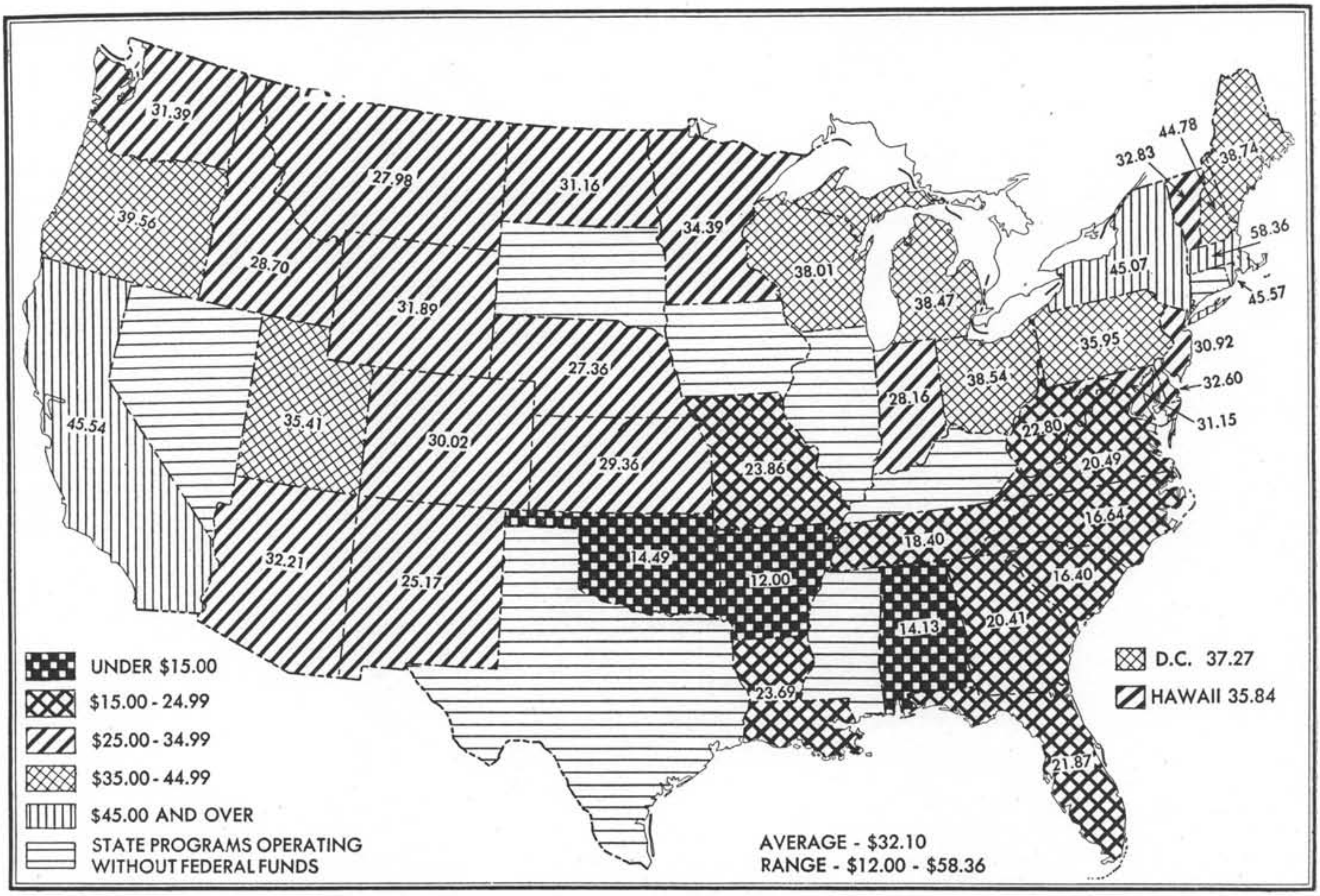
estimated that the average monthly general-relief caseload during 1939 represented 5,149,000 persons. The monthly average of old-age assistance recipients in 1939 was 1,852,000.[78] Thus practically the same expenditures were maintaining nearly three times as many people on general relief as on old-age assistance. Indeed, in all but 10 States located in the Northeast or Middle States regions,[79] expenditures for old-age assistance exceeded those for general relief during 1939.

That the differences in amounts spent in the States for the two programs do not necessarily reflect the relative incidence and extent of need in the two groups seems clear when the expenditures in several States are examined. In New York, for example, an attempt has been made to maintain somewhat comparable treatment of persons receiving different types of assistance. As a result, while total expenditures for old-age assistance represented approximately one-third as much as total payments to recipients of general relief, the monthly case load for general relief in June 1940 was slightly more than twice as large as that for old-age assistance. In contrast the expenditures of Colorado, Oklahoma, and Texas should be noted. During June 1940 Colorado spent (with Federal aid) 6 times as much for old-age assistance as for general relief, Oklahoma almost 24 times as much and Texas 12 times as much. The June 1940 old-age assistance case load in Colorado, however, was only 3 times as large as that

[78] See Appendix 9.

[79] Connecticut, Delaware, Illinois, Michigan, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Wisconsin. (*Social Security Bulletin,* III (July 1940), 47, and (August 1940), 40.) For allocation of States to regions, see footnote 10, p. 57.

AVERAGE GRANTS PER FAMILY RECEIVING AID-TO-DEPENDENT CHILDREN PAYMENTS, BY STATE, JUNE 1940



Source: Social Security Bulletin, III (August 1940), Table 7, Page 49; data refer to jurisdictions with plans approved by the Social Security Board.

FIGURE 20.

for general relief. In Oklahoma it was almost 6 times as large, and in Texas it was over 9 times as large.[80]

That greater need does not explain the heavy expenditures on the aged in relation to those for the blind and for dependent children in some States is further evident from what is known concerning the methods of support of the aged prior to acceptance for old-age assistance. In general, a smaller percentage of old-age assistance recipients have been in receipt of public aid than is the case with recipients of aid to the blind and aid to dependent children.[81]

Certainly the higher expenditures for aged persons in

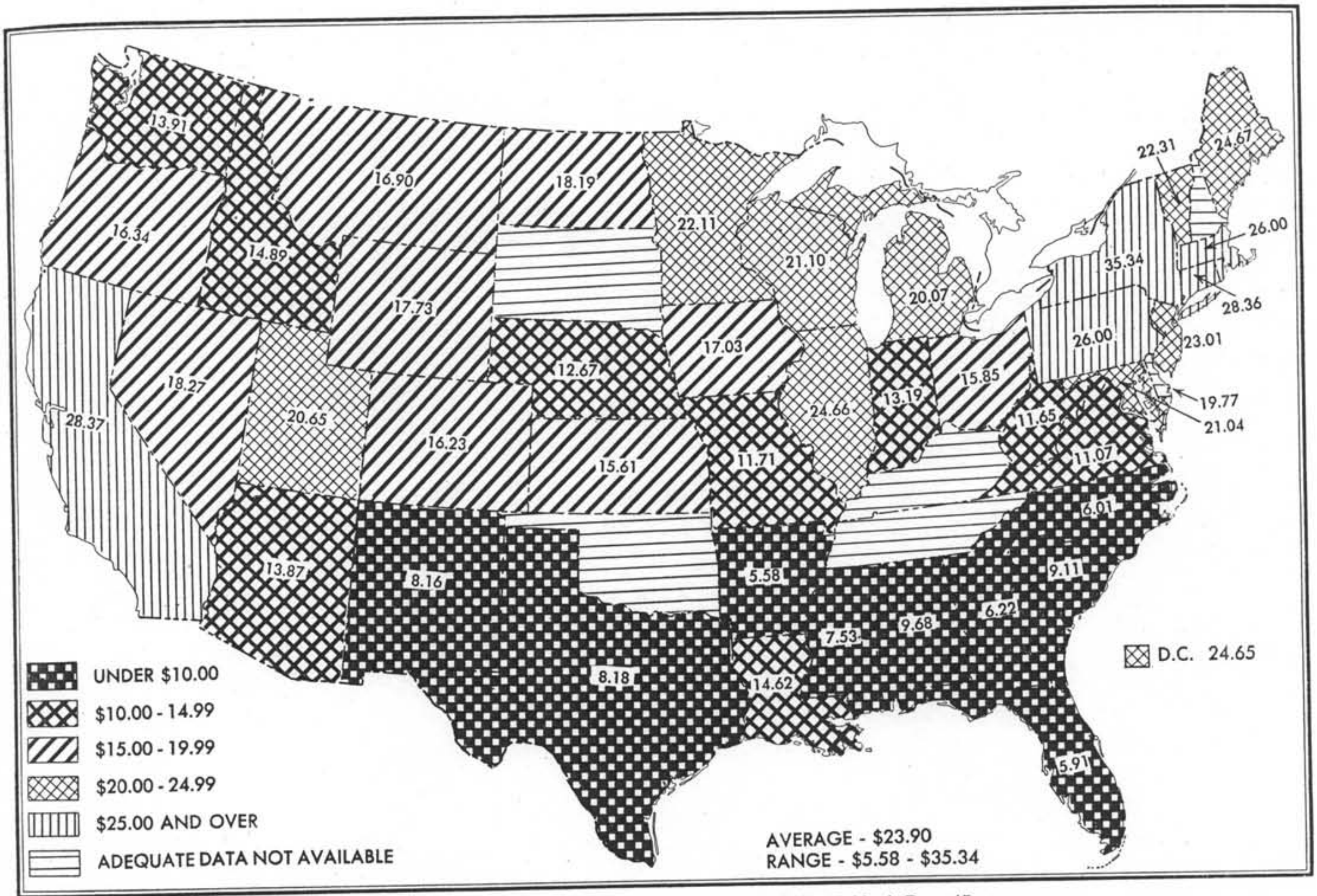
[80] The caseloads and payments for June 1940 in these States were:

	Caseloads for—		Amounts paid to recipients of—	
	General relief	Old-age assistance	General relief	Old-age assistance
New York	240, 870	118, 702	$8, 513, 296	$3, 034, 164
Colorado	14, 133	41, 152	229, 340	1, 388, 838
Oklahoma	12, 400	72, 739	54, 000	1, 288, 591
Texas	12, 384	118, 380	101, 312	1, 220, 861

Source: *Social Security Bulletin*, III (August 1940), p. 45, table 4, and p. 48, table 6. The figures for old-age assistance in Colorado include $119,788 incurred for direct payments to 3,582 persons who were 60 years of age but under 65, and $200 for burial payments to persons of the same age group. The figures for general relief in Oklahoma are estimated.

[81] Information collected by the Social Security Board regarding persons accepted during the period July 1937–June 1939, showed that approximately 38 percent of the persons accepted for old-age assistance had been aided under some other program within 2 years prior to acceptance, whereas at least 53 percent of the persons accepted for aid to the blind and about 69 percent of the families accepted for aid to dependent children had received aid under some other program within 2 years prior to acceptance. (Social Security Board, Bureau of Research and Statistics, Division of Public Assistance Research, *Memorandum on the People Who Need Financial Assistance*, Washington, 1940, revised, p. 2.)

AVERAGE GRANTS PER CASE RECEIVING GENERAL RELIEF, BY STATE, JUNE 1940



Source: Social Security Bulletin, III (August 1940), Table 4, Page 45.

FIGURE 21.

certain States, cannot be attributable mainly to the differing proportions which aged persons form of the total population in the various States. For example, in the Northeast region, old-age assistance accounted for 24.1 percent of total per capita expenditures during 1939 for the three special public assistances and general relief, while in the Southwest region, which includes Oklahoma and Texas, 83.3 percent represented old-age assistance expenditures. Yet the 1940 census indicates that the aged population in the Northeast region comprised 6.4 percent of the total population as compared with the national average of 6.8 percent, while the aged population in the Southwest area is estimated at only 4.6 percent of the total population.

More important in accounting for the relatively favorable treatment of the aged is the influence of powerful lobbies, as in Colorado and California. Other factors are the differing amounts of Federal aid available under the several assistance programs, and the practice in some States of establishing priority for those funds which can be matched by the Federal Government.[82]

General-relief recipients.—As indicated in Table 43

[82] In Arizona the State finances general relief through funds derived from the proceeds of the sales and luxury taxes out of which must first come the amounts necessary to match Federal funds for the special public assistances. The amount of money available for general relief, therefore, varies with the amount needed for matching purposes as well as the amount of revenue produced by the taxes. In Utah, State funds derived from a sales tax are apportioned among local units on the basis of local general-relief needs and the amount of local funds available after the counties' share of expenditures for the special assistances have been met. A similar situation exists in Wyoming, whereby the counties' share of general-relief expenditures from a general-welfare levy is determined after deductions are made for the special assistances.

and throughout this study, the recipients of general relief are in most parts of the country at a disadvantage as compared with the recipients of other programs. The same influences which have been discussed in connection with the availability of public aid have operated to lower the level of living permitted recipients of general relief. The residual nature of the program, combined with the absence of Federal matching grants and of adequate financial provision in most States, has led not merely to a denial of aid to needy general-relief applicants but also to a lowering of the payments made to the cases accepted.[83]

Negroes.—It does not appear possible to make any generalizations concerning the extent to which certain racial groups are consciously discriminated against by the grant of relatively low public-aid payments. Differences in average relief grants for Negroes and white persons have been revealed in certain studies.[84] However, these studies have also pointed out essential differences in levels of living, family case composition, and economic status which influence the comparative size of average grants.[85] In addition to the essential fact that such racial groups have a lower level of living, it is known that Negro cases usually are smaller on the average than white cases and that they have opportunities for part-time earnings. While these factors indicate some reason for the differences in average grants for the two groups, it is also apparent that, to the extent that relief agencies accept existing differences in levels of living, differences in relief standards do exist.[86]

Since the social insurances relate benefits to previous earnings it is also evident that, as a characteristically low-income group, Negroes are likely to receive relatively low benefits.[87] In this respect, however, they are no better and no worse off than other low-income beneficiaries. The WPA program, which provides for uniform security wages varying with geographical costs of living and degrees of skill, would also seem to provide a lower level of living for Negroes only to the extent that a larger proportion of Negroes than of whites consist of unskilled workers.

Social Cost of Low Living Standards

It might be urged that the preceding evaluation of the levels of living afforded public-aid recipients is unduly pessimistic because it does not take into account the services which are available without cost in many communities. It might also be felt that use of the "emergency" budget is unrealistic because thousands of families in this country do manage to maintain life for years on incomes less than sufficient to purchase this diet. In fact, however, the first objection is based upon an exaggerated picture of the extent and availability of community services, while the second overlooks the fact that, while it may indeed take a long time to die of starvation, the interim process may involve great suffering for the individual concerned and create a social menace to the community of which he is a part.

Services Available to Needy Persons

Even when community services are taken into account, the level of living allowed to many persons on public-aid rolls is dangerously low. There is indeed available to needy persons a variety of services provided by Government, both in connection with public-aid programs and without specific relation to them. The nature and scope of these services have been briefly indicated in Chapters III and IV above. Certain services are also provided by private agencies in some areas. However, the spotty distribution of both private and public services makes it difficult to include them in an over-all quantitative measure such as the "emergency" budget represents. Furthermore, the ex-

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[83] See also ch. X.

[84] "In some rural areas Negro families were expected to live on considerably less than white families, as indicated by relief budgets. A study of certain rural counties in problem areas of the South, made by the Federal Emergency Relief Administration, revealed an average monthly relief budget of $8.31 for Negro families and $12.65 for white families. A later study of rural Negroes on relief pointed out discrepancies between Negroes and whites both in direct and work relief benefits, but cited differences in the sizes of Negro and white households and differences in the occupational status and experience of employable members as some justification for such discrepancies." (Smith, Alfred Edgar, "The Negro and Relief," in *Monthly Report of the Federal Emergency Relief Administration, March 1 through March 31, 1936,* Washington, 1936, pp. 14–15.)

"A comparison of average monthly general relief benefits received by Negro and white cases on relief in 13 cities during May 1935 shows no consistent difference between the amounts granted to the two racial groups * * * For all cities combined the average benefit per white case was almost $5 greater than that per Negro case. For all the races the average benefit per case during May 1935 was $27.87; for white cases, $29.05; and for Negro cases, $24.18.

"The differential in average benefits was greatest in Atlanta, the only Southeastern city included, where the average benefit was $32.66 for white cases and only $19.29 for Negro cases. * * * It is evident that the general average is seriously affected by the difference between the amounts granted the two races only in a part of the country where the Negroes form an important group in the population." (Baird and Brinton, *op. cit.*, p. 32.)

[85] "Possibly all minority groups are subject to a certain degree of deviation from the amount of relief accorded to the remainder of the population. Basically this is related to family budgets as calculated from assumed standards of living. An example which comes first to mind is the difference between the benefits given to Negro and to white cases. As with other minority groups, this disparity cannot be attributed entirely to local judgment in regard to the relative needs of the two groups, since at least a part of the seeming discrimination can be explained by differences in the actual composition of the relief groups." (*Ibid.*, p. 30.)

[86] "It may be ventured as a conclusion from the available literature that relief practice has exercised a strong influence toward maintaining the minority status quo * * *" (Young, Donald, *Research Memorandum on Minority Peoples in the Depression,* Social Science Research Council, Bulletin No. 31, 1937, New York, p. 159.)

[87] See Franklin, Charles L., "Characteristics and Taxable Wages of Negro Workers, 13 Selected Southern States, 1938," *Social Security Bulletin, IV* (March 1941), 21–31.

tent of unmet need for these services indicates that they could scarcely be counted upon as a supplement to public-aid payments.

It is well known that in most large cities some hospital and clinic services are available without cost to needy persons. But rural areas frequently lack hospital and clinic facilities, even on a fee basis, and the distribution of medical personnel is very uneven.[88] If the facilities for private medical care are inadequate in many sections of the country, it is obvious that, where no public-health services are available, needy persons are hardly likely to have access to medical care free or at low cost.

In most States, some home medical care is provided for persons on general relief and other programs through general-relief funds.[89] But the inadequacy of these funds in many areas, as described in Chapter VI, virtually precludes anything beyond care in acute illness. The fact that less than a fourth of all persons accepted for old-age assistance in 1939 were receiving medical care or supervision at the time of acceptance indicates that public provision of such care is very limited, in view of the high incidence of sickness and ill health among old people.[90]

The cooperative programs for maternal and child health, crippled children, venereal-disease control, and general health measures do meet part or all of the health needs for thousands of persons, many of them unable to pay for such services. Vocational rehabilitation is also made possible for a smaller group. Yet a great volume of need is still unmet. For example, over 10,000 crippled children not being served by any agency are known to be in need of care,[91] and about 70,000 persons each year who are in need of vocational rehabilitation cannot be served by the present program.[92] The studies of the health of low-income and relief families discussed in Chapter V, together with the testimony given before the Committee to Investigate the Migration of Destitute Citizens,[93] also make it evident that neither public nor private agencies approach adequacy in caring for the health of low-income groups in this country.

The need for publicly provided health service might be considerably lessened if food, clothing, and shelter needs were more adequately met. In February, 1941, the WPA was serving lunches to about 2 million school children, thus assuring them of at least one good meal a day, and probably another 1½ million children were being served by other agencies.[94] The diet of many families and individuals was greatly improved, not only by surplus commodities but also through distribution of the 42 million quarts of foodstuffs canned and nearly 2 million pounds dried by WPA project workers in 4½ years. About 223 million pieces of clothing had been made in WPA sewing rooms through 1939 and distributed to persons in need.[95] Yet it is estimated that only about a third of actual clothing needs are being met.

In the relatively new field of public housing, low-income groups are the principal beneficiaries.[96] It is the policy of the United States Housing Authority that public-aid recipients should be housed in the projects it aids, but decisions rest with the local authorities. Some projects consider all applicants alike, regardless of the source of their income; some give preferential treatment to self-supporting families; and others accept public-aid recipients if their rents are fairly certain to be paid by welfare agencies. Still others have limited the proportion of public-aid families who will be accepted as tenants.[97] Exact infor-

[88] In 1935, the average number of beds per 1,000 population, excluding Federal hospitals, was 7.62 for the country as a whole, while 11.58 is the number generally thought to serve 1,000 persons adequately. There was great variation among States in hospital facilities: Alabama had 3.57 beds per 1,000 population and Massachusetts had 12.28. (Pennell, Elliott H., Mountin, Joseph W., and Pearson, Kay, *Business Census of Hospitals, 1935*, Supplement No. 154 to *Public Health Reports*, Washington, 1939, p. 12; and Lee, Roger I., and Jones, Lewis W., *The Fundamentals of Good Medical Care*, The Committee on the Costs of Medical Care, Publication No. 22, Chicago, University of Chicago Press, 1933, pp. 118–21.) In 1936, 15 percent of the population lived in counties with no registered general hospital facilities. (Mountin, Joseph W., Pennell, Elliott H., and others, *Hospital Facilities in the United States*, Public Health Service, Public Health Bulletin No. 243, Washington, 1938, pp. 5–10; and Technical Committee on Medical Care, *The Need for a National Health Program*, Interdepartmental Committee to Coordinate Health and Welfare Activities, Washington, 1938, pp. 32–33.) The Technical Committee on Medical Care found in 1938 that many rural areas, small cities, and even whole States did not have enough physicians. The same situation existed with regard to public-health nurses and dentists. (Technical Committee on Medical Care, *op. cit.*, pp. 30–31.)

[89] See ch. IV.

[90] Social Security Board, Bureau of Research and Statistics, *Social Data on Recipients of Public Assistance Accepted in 1938–39*, pt. 1, Washington, 1939, p. 23, table 18.

A study made by the Tennessee State Department of Institutions and Public Welfare of the health conditions of approximately 40,000 recipients of old-age assistance found that this group had 52,007 disabilities, of which only 21.9 percent were being treated. (Stoves, Mildred, "Planning for Old Age Assistance in Tennessee," *The Tennessee Planner* [Tennessee State Planning Commission], II (September-October 1941), 275.)

For a more recent and comprehensive account of the extent of medical care of old-age assistance recipients, see Geddes, Anne E., "Physical Condition and Medical Supervision of Nearly Two Million Aged Persons," *Social Security Bulletin*, V (February 1942), 15–24.

[91] Based on reports by State agencies to the Children's Bureau.

[92] Data supplied by the Division of Vocational Rehabilitation, U. S. Office of Education.

[93] *Interstate Migration*, Report of the Select Committee to Investigate the Interstate Migration of Destitute Citizens, House of Representatives, 77th Cong., 1st sess., House Report No. 369, Washington, 1941, pp. 29, 386–89, 561–72. See also the hearings of the Committee held in various cities, particularly, pt. 2, Montgomery Hearings, pp. 486 and 523–33; pt. 3, Chicago Hearings, pp. 1310–24; pt. 7, Los Angeles Hearings, pp. 2956–60, 2997–98, 3018, and 3052.

[94] Data supplied by the Work Projects Administration.

[95] Data on foods and clothing supplied by the Work Projects Administration.

[96] See chs. III and IV.

[97] In October 1938, 8.3 percent of the dwelling units in 44 projects were occupied by families whose major source of income was public or

mation on the number of public-aid families housed in USHA-aided projects is not available, but on the whole public-aid recipients do not appear to bulk large among the beneficiaries of the program. The authority estimates that at least half of all relief and public-assistance families still occupy the "worst" kind of shelter.[98]

Living Below the "Emergency" Level

It may be freely admitted that it is possible to sustain life, probably over a period of years, on less than the "emergency" budget. However, the surveys of the food consumption, the housing, and the health of families who do so give ample evidence that the ultimate cost to the Nation is exceedingly high. It must be paid both in miserable citizenry and in dollars-and-cents expenditures by the community to prevent the consequences of such living from extending to other groups.

The high incidence of sickness among low-income groups is too well known to demand much amplification here. It is obvious that diseases directly due to poor nutrition—pellagra, rickets, and the like—will occur with greatest frequency among people who cannot afford proper food. Inability to purchase proper food, clothing, and shelter also results in a higher frequency of all diseases, owing to lack of resistance.

For example, the National Health Survey in 1935–36 showed that "among all surveyed relief families, the tuberculosis rate was more than 6 times as high as that of families above the $3,000 level; among southern relief families, the rate was 10 times as high as in the families of the upper income group."[99] Similar contrasts might be cited for most disabling diseases.[1] These diseases strike with particular force among the needy, not only because their resistance is low and they frequently receive inadequate care, but also because the illness of a breadwinner decreases the already low income of the family and thus increases its hardships. Furthermore, the danger of contagion is not confined to needy persons.

private aid. Thirty-three of these projects had a definitely restrictive policy regarding selection of public-aid families. As examples of the percentage basis of selection, the following local authorities may be cited, with the maximum percentage of public-aid families which they would accept: Detroit, 10 percent; Toledo, 20 percent; Milwaukee, 10 percent; Birmingham, 5 percent. The Chicago project would accept no general-relief families. Memphis would accept no relief families. (U. S. Housing Authority and Social Security Board, *Housing and Welfare*, Washington, 1940, p. 8.)

[98] *Ibid.*, p. 8.

[99] Interdepartmental Committee to Coordinate Health and Welfare Activities, *Proceedings of the National Health Conference, July 18, 19, 20, 1938, Washington, D. C.*, Washington, 1938, p. 51.

[1] For a striking analysis of the differences in physical fitness of children from relief and nonrelief families, see Hardy, Martha C., Boyle, H. H., and Newcomb, Alvah L., "Physical Fitness of Children from Different Economic Levels in Chicago," *Journal of the American Medical Association*, CXVII (Dec. 20, 1941), 2154–61. See also ch. V.

The high maternal and infant mortality rates prevailing in this country[2] are not due solely to lack of medical and hospital facilities. In opening a conference on better care for mothers and babies in 1938, the Secretary of Labor pointed out that "one of the difficult problems that we have to solve is that of the economic resources available to obtain good care for mothers and babies. That is a long and roundabout way of saying that poverty is one of the contributing factors to the high maternal death rate."[3]

The condition of many migrant families epitomizes the health hazards of poverty. The report on migratory labor made to the President by the Interdepartmental Committee to Coordinate Health and Welfare Activities states that migrant families experienced 74 percent more disabling illness than settled families, owing mainly to

> the disproportionate number of accidents, communicable disease, puerperal conditions * * *. As a result of inadequate diet, irregular sleep, and the insecurity of their daily existence, children develop serious physical and mental handicaps. Exposed constantly to all the dangers of insanitary living conditions, these families not only suffer illness themselves, but also menace the health of others. Typhoid fever, dysentery, smallpox, and meningitis are among the communicable diseases that may spread from their ranks to the community.[4]

One of the most illuminating studies of how to live at less than the "emergency" level is that made in May 1940 by the American Public Welfare Association which investigated the living conditions of 120 families in McLennan County, Tex., who were in need and able to secure only a negligible amount of public aid other than surplus commodities. This agricultural county in east central Texas had in 1939 an estimated population of 108,300 persons. At the time of the survey, there was no public agency for giving general relief. Persons who could not be taken care of by WPA, CCC, or NYA projects were the responsibility of a private agency supported by the Community Chest and small appropriations from the county and the city which is the county seat. Relief was largely limited to surplus commodities, milk orders, and a little cash, which was considered a supplement to surplus commodities.[5]

One method of adjustment to inadequate income of

[2] Provisional data from 41 States for 1940 show 3.6 maternal deaths and 47 infant deaths per 1,000 live births. (*Public Health Reports*, LVI (May 23, 1941), 1106.)

[3] U. S. Children's Bureau, *Proceedings of Conference on Better Care for Mothers and Babies*, Publication No. 246, Washington, 1938, pp. 6–7.

[4] *Social Security Bulletin*, III (September 1940), 8. Cf. also Blankenship, Charles F. and Safier, Fred A., *A Study of Medical Problems Associated with Transients*, U. S. Public Health Service, Bulletin 258, Washington, 1940.

[5] American Public Welfare Association, *What Is Happening to People in McLennan County, Texas*, Chicago, 1940, ms. Cash grants and milk benefits amounted to about $2.36 per person for the few who received any aid except surplus commodities.

these families is at once apparent. The grocer, the doctor, and the landlord had borne a share of their living costs. Many families were in debt for food and medical services and rent. The amounts owed were in most cases small, probably because credit had been quickly exhausted. This tallies with the findings of every other investigation of the adjustments of needy families who receive inadequate public aid.[6] All these studies show that living on very little cash is in the main a process of deciding what can with least harm be done without. Some families use money sorely needed for food to pay rent in order to escape eviction. Others choose the alternative and skip rent payments to pay the grocer.

The housing of the McLennan County families interviewed was of the lowest order. Houses were crowded, and most of them were "in unhealthy and unsanitary neighborhoods with buildings frequently dilapidated and poorly protected from the wind, cold, and rain, frequently worth not even the low rents * * *."[7] (The median rent was between $1 and $2 per week.) Tenants usually owned their own furniture, such as it was. One family of 10 had two beds, a little bedding, one chair, one cookstove, and one table.

Clothing was very scanty, despite the fact that some surplus-commodity clothing had been distributed to about half of the families since the previous fall. Some of this clothing did not fit, and the families had been unable to exchange it for the right sizes. Shoes were one of the chief needs.

Surplus food had been distributed to some families. Food had been given to others by church groups, relatives, or friends, and a few families had culled food from garbage cans and dump heaps. About a quarter of the families had a garden, a cow, or chickens. School lunches were a great help during the school term.

> In at least 90 percent of the homes visited, beans are the principal food item * * *. A typical menu for a white family whose present economic condition is about the average for the group visited is as follows: Breakfast—biscuits and syrup; lunch—beans and bread; supper—beans, bread, and onions * * * One young case head said he was used to getting along on only one meal a day and that even his three-year old son was getting toughened up to a two meal a day routine—and what "meals" they did have could hardly be dignified by that name. Many of the families are eating only one or two meals a day and eating improperly balanced ones, as only a few had any milk, fruits, fresh vegetables, or meat. Over half the families spent less than $2 a week for food.[8]

The effect of such food and housing on health is what might be expected. Active tuberculosis was found in over a tenth of the families. Obvious signs of malnourishment were seen in nearly a fifth. "Evidences of underweight, habitual hunger, inertia, and lack of energy were seen that are apt to bring serious consequences, such as tuberculosis and pellagra."[9]

Obviously, not all the families in the Nation who live below the "emergency" level are in such straits as the families just described. Yet undoubtedly most of them are ill-housed, ill-clothed, and ill-fed. To perpetuate even this level of living for recipients of socially provided income would seem a complete abandonment of what we have believed to be "the American standard of living."

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[6] See, for example, Gilboy, Elizabeth W., *Applicants for Work Relief*, Cambridge, Harvard University Press, 1940; Clague, Ewan, "When Relief Stops What Do They Eat?" *The Survey Midmonthly*, LXVIII (November 15, 1932), 583–85; Williams, James Mickel, *Human Aspects of Unemployment and Relief*, Chapel Hill, The University of North Carolina Press, 1933; *These Are Our Lives*, as Told by the People and Written by Members of the Federal Writers' Project of the Works Progress Administration, in North Carolina, Tennessee, and Georgia, Chapel Hill, The University of North Carolina Press, 1939; and Abbott, Edith, *Public Assistance*, Chicago, University of Chicago Press, 1940, vol. I See also footnotes 48 and 90, pp. 171 and 178, above.

[7] *Ibid.*, ch. II, p. 11.

[8] *Ibid.*, ch. II, pp. 14–15.

[9] *Ibid.*, ch. II, p. 17.