

Blacks and Social Security Benefits: Trends, 1960-73

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Blacks and whites are compared with respect to selected provisions of the OASDHI program—type of beneficiary, age of beneficiaries, size of benefits, and size of covered earnings—for the period from 1960 to 1973. There have been substantial increases in the number of black beneficiaries since 1960, and in most beneficiary groups blacks have increased proportionately more than whites. Blacks are heavily represented among young beneficiaries but are underrepresented among aged beneficiaries. The average monthly benefit of black beneficiaries was substantially below that of white beneficiaries in 1973, and the gap in benefit levels has narrowed only slightly since 1960. Several reasons for this discrepancy—the most important of which are differentials in the size of covered earnings and years in covered employment—are discussed. The major conclusion is that the present discrepancies in benefit levels will persist for some time, at least among men, because of continued earnings differences within the younger generation.

THE SPECIAL problems of those who are both old and black have received increasing national attention. The Senate Special Committee on Aging held hearings on the subject in 1971,¹ and a special session on "Aging and Aged Blacks" was conducted at the 1971 White House Conference on the Aged.² Gerontologists focusing on the black aged have called for additional research on this segment of the population.³ The publication of government program data showing the differential impact of Federal programs on blacks is important for its contribution not only to our knowledge of the problems of the black aged but to program evaluation and planning

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¹ U.S. Senate, Special Committee on Aging, *The Multiple Hazards of Age and Race: The Situation of Aged Blacks in the United States*, Report No. 92-450, (92d Congress, 1st session), 1971.

² 1971 White House Conference on Aging, *Toward A National Policy on Aging*, Final Report, Vol. II, pages 177-196.

³ Jacquelyn Johnson Jackson, "Negro Aged: Toward Needed Research in Social Gerontology," *The Gerontologist*, 1, part 2 (Spring 1971), pages 52-57; Donald P. Kent, "The Negro Aged," *The Gerontologist*, 2 (Spring 1971), pages 48-51.

as well. The old-age, survivors, disability, and health insurance (OASDHI) program is the major source of retirement income for about 90 percent of the population aged 65 and older. Analyses of OASDHI program data for blacks and whites provides valuable information concerning the income of both present and future generations of the black aged.

This article compares whites and blacks of all ages with respect to selected provisions of the OASDHI program. It focuses only upon monthly cash benefits and does not deal at all with health insurance statistics. The program characteristics examined are: Type of beneficiary, age of the beneficiary population, size of benefits, and covered earnings.

The specific objectives of this paper are threefold: (1) to examine racial differences on the above-mentioned characteristics for 1973; (2) to analyze whether these differences have lessened since 1960 or whether they have persisted over time; and (3) to suggest possible reasons for existing differences. Except for earnings data, time comparisons are made for the years 1960, 1967, and 1973.⁴ Earnings data are examined mainly for 1958 and 1973. Earnings data are drawn from the Social Security Administration's Continuous Work-History Sample (CWHIS), but all other OASDHI program statistics are based on a total count of the beneficiary population.

The primary concern here is with the status of the black population in relation to the OASDHI program, and, accordingly, the discussion of 1973 data focuses upon statistics for blacks. Time comparisons of all program data other than earnings are made for all races other than white combined (referred to here as "black and other" races) because these program data were not available for blacks alone before 1968. All earnings data relate to blacks as a separate group. Since blacks make up approximately 90

⁴ For an analysis of racial differences for 1955, 1960, and 1967, see Janet H. Murray, "Old-Age, Survivors, Disability, and Health Insurance: Changes in the Beneficiary Population," *Social Security Bulletin*, April 1969.

percent of the "black and other" races and the 1973 data show very small differences between blacks alone and blacks and other races combined, statistics for the combined group for all 3 years may be considered representative of the black population.

TYPE AND AGE OF BENEFICIARIES

There were 26.2 million whites and 2.9 million blacks receiving cash benefits under OASDHI at the end of 1973 (table 1). The 2.9 million black beneficiaries accounted for 10 percent of the beneficiary population, which was slightly below their relative representation in the population. Overall, blacks received OASDHI cash benefits in almost the same proportion as whites in 1973; 12 percent of the estimated black population and 14 percent of the estimated white population were receiving OASDHI benefits at the end of the year. A somewhat larger proportion of the black than of the white population under age 18—8 percent compared with 5 percent—were receiving cash benefits at the end of 1973. Among the population aged 65 and older, however, only 80 percent of the blacks compared with 92 percent of the whites were receiving cash benefits.⁵

The latter difference does not appear to result from a greater propensity among older blacks to postpone benefits because of continued employment. The Social Security Administration's Survey of Newly Entitled Beneficiaries (SNEB) found that black workers newly entitled to OASDHI retired-worker benefits were actually more likely than white workers to become entitled to payable rather than postponed benefits at award.⁶

A more plausible explanation for the race difference in beneficiary rates among the older population is that elderly blacks, especially the very aged, are less likely than elderly whites to have achieved insured status under OASDHI. Although the 1950 and 1954 amendments to the

Social Security Act extended coverage to farm laborers and domestic workers—occupations in which there are relatively large numbers of blacks—some blacks may have been too old at the time to benefit from the extension of coverage. In addition, early labor-force withdrawal for health reasons, the seasonal or casual nature of the work, and perhaps some underreporting of earnings may also have affected the ability of older domestic and migratory workers to acquire the necessary quarters of coverage for insured status.

Although blacks, especially the aged, were somewhat less likely than whites to have been receiving OASDHI benefits in 1973, the number of black beneficiaries had risen substantially since 1960 when only approximately 5 percent of all blacks and 49 percent of those aged 65 and older were beneficiaries. Black and other beneficiaries increased about 200 percent from 1960 to 1973, but white beneficiaries increased only 90 percent—that is, the overall percentage increase for black and other beneficiaries was more than double that of white beneficiaries (table 1). Substantial racial differences in percentage increases occurred for most types of beneficiaries, which means that the gap in OASDHI coverage has decreased since 1960. Among retired workers and their dependents, black and other beneficiaries increased 154 percent over the 13-year period compared with 72 percent for whites; corresponding proportions for survivors were 192 and 92 percent. Increases in these two latter beneficiary groups both among whites and among blacks and others probably resulted to a large extent from a combination of the following four factors: (1) General population growth; (2) the maturing of the system; (3) a lowering of the eligibility age for disabled workers, male retired workers, husbands, and widowers by the 1960, 1961, and 1965 amendments to the Social Security Act; and (4) the inclusion of disabled widows and widowers, student beneficiaries aged 18–21, and the divorced wives of retired and disabled workers by the 1965 and 1967 amendments.

The most notable increase in beneficiaries among both racial groups was found among the recipients of disability benefits. There were slightly more than five and one-half times as many disabled workers among black and other races in 1973 than in 1960 and a little more than

⁵ For estimates of the total resident population as of July 1, 1973, see the Bureau of the Census, *Current Population Reports, Estimates of the Population of the United States by Age, Sex, Race: April 1, 1960 to July 1, 1973*, Series P-25, No. 519, table 1.

⁶ Leonard Rubin, "Economic Status of Black Persons: Findings from the Survey of Newly Entitled Beneficiaries," *Social Security Bulletin*, September 1974.

four times as many among whites. Large increases also occurred among the dependents of disabled workers, especially the children. These increases undoubtedly reflect the gradual maturing of the disability program, which first paid benefits in 1956. Coverage was extended to the dependents of disabled workers in 1958 and the eligibility age for cash benefits was changed from ages 50-65 to under age 65 in 1960.

Whites and blacks differ in the type of OASDHI cash benefits received (tables 1 and 2). Although those in black and other races comprised 10 percent of the total beneficiary population in 1973, only 8 percent of the retired workers, 5 percent of the wives of retired workers, and 6 percent of the aged widows were from this racial group. In contrast, 16 percent of all disabled workers and their dependents, 19-20

percent of the children of each major beneficiary type, and 20 percent of the widowed mothers were from black and other races.

These data demonstrate that blacks benefit most from those provisions of the OASDHI program designed to protect the younger population—the disabled, widowed mothers, and children. Whites, on the other hand, benefit comparatively more from the benefits for the aged—retired workers and their wives and aged widows. This conclusion is reinforced by the data in table 2, which show that in 1973, 77 percent of the white beneficiaries compared with 53 percent of the black beneficiaries were retired workers, wives of retired workers, or aged widows in 1973. Conversely, only 23 percent of the whites but as many as 47 percent of the blacks were young beneficiaries—children, disabled workers and their

TABLE 1.—Benefits in current-payment status: Number and percent of beneficiaries, by type and race, end of 1960, 1967, and 1973

Type of beneficiary, ¹ age, and sex	Number (in thousands)							Percentage change, 1960-73		Percent of all beneficiaries			
	1960		1967		1973			White	Black and other	Black and other			Black, 1973
	White	Black and other	White	Black and other	White	Black and other				1960	1967	1973	
						All	Black						
Total.....	13,755 7	1,088 9	20,695 3	2,281 1	26,212 7	3,298 0	2,924 1	90	203	7	10	11	10
Men.....	5,207 3	385 8	7,329 4	718 2	9,067 6	973 5	842 2	74	152	7	9	10	8
Women.....	6,835 7	415 3	10,463 9	879 7	13,492 6	1,289 6	1,170 4	97	210	6	8	9	8
Children.....	1,712 7	287 7	2,902 0	683 2	3,652 5	1,034 9	911 5	113	260	14	19	22	19
Under 18.....	1,614 2	282 2	2,316 3	612 0	2,832 0	883 9	779 4	75	213	15	21	24	21
Disabled 18 and older.....	98 5	5 6	210 1	19 6	286 1	33 8	30 0	190	507	5	8	11	9
Students 18-21.....			375 6	51 6	534 4	117 1	102 0				12	18	16
Retired workers and dependents.....	9,946 4	652 6	13,942 1	1,232 2	17,129 9	1,656 5	1,436 8	72	154	6	8	9	8
Retired workers.....	7,544 8	516 6	11,051 3	967 9	14,043 1	1,321 5	1,172 2	86	156	6	8	9	8
Men.....	4,879 2	337 4	6,579 0	581 4	7,858 0	752 4	639 8	61	123	6	8	9	7
Women.....	2,665 6	179 2	4,472 2	386 5	6,185 1	569 1	532 4	132	218	6	8	8	8
Wives.....	2,169 8	95 0	2,480 9	154 2	2,616 2	183 9	149 4	21	93	4	6	7	5
Husbands.....	13 7	8	9 0	8	7 2	7	6	-47	(²)	(²)	(²)	(²)	(²)
Children.....	226 1	40 1	401 0	109 3	463 4	150 4	114 6	103	275	15	21	24	19
Under 18.....	176 9	37 4	253 8	91 5	271 9	117 9	88 7	54	215	18	26	30	23
Disabled 18 and older.....	51 2	2 6	85 4	7 4	99 3	10 8	9 1	94	(¹)	(²)	8	10	8
Students 18-21.....			61 7	10 4	92 2	21 8	16 8				14	19	15
Disabled workers and dependents.....	599 8	87 7	1,779 9	300 3	2,935 3	623 7	568 4	389	611	13	15	18	16
Disabled workers.....	398 2	57 2	1,010 5	182 6	1,702 6	314 0	290 7	328	449	13	15	16	14
Men.....	309 2	47 1	736 5	135 4	1,198 0	219 7	201 2	288	366	13	16	16	14
Women.....	89 0	10 1	274 1	47 2	504 5	94 3	89 5	467	832	10	15	16	15
Wives.....	68 4	8 0	198 1	35 9	320 3	60 2	53 5	368	656	10	15	16	14
Husbands.....	2	(⁴)	5	(⁴)	5	(⁴)	(⁴)	(²)	(²)	(²)	(²)	(²)	(²)
Children.....	133 0	22 5	570 7	141 8	911 9	249 4	224 2	586	1,009	14	20	22	19
Under 18.....	130 2	22 3	515 9	133 3	813 0	226 7	203 8	524	918	15	20	22	20
Disabled 18 and older.....	2 7	2	10 2	1 3	15 6	2 6	2 3	(¹)	(²)	(²)	(²)	(²)	(²)
Students 18-21.....			44 7	7 2	83 2	20 1	18 1				14	20	18
Survivors of deceased workers.....	3,209 5	348 6	4,973 3	688 6	6,147 6	1,017 8	918 9	92	192	10	12	14	13
Aged nondisabled widow.....	1,476 6	65 1	2,606 8	159 9	3,331 7	242 8	219 9	126	273	4	6	7	6
Disabled widows.....					66 2	12 4	11 7					16	15
Widowed mothers.....	346 6	54 8	403 8	92 6	448 2	123 7	111 4	29	126	14	19	22	20
Widowers.....	1 9	.1	2 6	2	3 0	4	3	(²)	(²)	(²)	(²)	(²)	(²)
Parents.....	32 8	3 3	29 7	3 7	21 2	3 6	2 8	-35	(²)	(²)	(²)	(²)	(²)
Children.....	1,351 6	225 2	1,930 3	432 1	2,277 3	635 0	572 8	68	182	14	18	22	20
Under 18.....	1,307 1	222 4	1,546 7	387 2	1,747 1	539 3	486 9	34	142	14	20	24	21
Disabled 18 and older.....	44 5	2 7	114 4	10 8	171 2	20 4	18 6	284	(²)	(²)	9	11	10
Students 18-21.....			269 2	34 1	359 0	75 3	67.2				11	17	16

¹ Excludes "special age-72" beneficiaries

² Not computed, base less than 5,000.

³ Not computed if either numerator or denominator less than 5,000

⁴ Less than 100.

Source: *Annual Statistical Supplement to the Social Security Bulletin*: 1960, table 80, 1967, table 68, 1973, table 67 (in preparation).

TABLE 2.—Benefits in current-payment status: Percentage distribution of beneficiaries, by type and race, end of 1960, 1967, and 1973

Type of beneficiary, ¹ age, and sex	1960		1967		1973		
	White	Black and other	White	Black and other	White	Black and other	
						All	Black
Total number (in thousands).....	13,755 7	1,088 9	20,695 3	2,281 1	26,212 7	3,298 0	2,924 1
Total percent.....	100	100	100	100	100	100	100
Men.....	38	35	35	32	35	30	29
Women.....	50	38	51	39	51	39	40
Children.....	12	28	14	30	14	31	31
Under 18.....	12	28	11	27	11	27	27
Disabled 18 and older.....	1	1	1	1	1	1	1
Students.....			2	2	2	4	3
Retired workers and dependents.....	72	60	67	54	65	50	49
Retired workers.....	55	47	53	42	54	40	40
Men.....	35	31	32	28	30	23	22
Women.....	19	16	22	17	24	17	18
Wives.....	16	9	12	7	10	6	5
Husbands.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Children.....	2	4	2	5	2	5	4
Under 18.....	1	3	1	4	1	4	3
Disabled 18 and older.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Students 18-21.....			(²)	1	(²)	1	1
Disabled workers and dependents.....	4	8	9	16	11	19	19
Disabled workers.....	3	5	5	8	6	10	10
Men.....	2	4	4	6	4	7	7
Women.....	1	1	1	2	2	3	3
Wives.....	1	1	1	2	1	2	2
Husbands.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Children.....	1	2	3	6	3	8	8
Under 18.....	1	2	2	6	3	7	7
Disabled 18 and older.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Students 18-21.....			(²)	(²)	(²)	1	1
Survivors of deceased workers.....	23	32	24	30	23	31	31
Aged nondisabled widow.....	11	6	13	7	13	7	8
Disabled widows.....							
Widowed mothers.....	2	5	2	4	2	4	4
Widowers.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Parents.....	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Children.....	10	21	9	19	9	19	20
Under 18.....	10	20	7	17	7	16	17
Disabled 18 and older.....	(²)	(²)	1	1	1	1	1
Students 18-21.....			1	2	1	2	2

¹ Excludes "special age-72" beneficiaries
² Less than 0.5 percent.

Source: *Annual Statistical Supplement to the Social Security Bulletin* 1960, table 60, 1967, table 68, 1973, table 67 (in preparation).

spouses, and widowed mothers. The most striking difference between the racial groups is the proportion of child beneficiaries—14 percent of the whites and 31 percent of the blacks.

These differences in beneficiary type are reflected in the age distribution of the beneficiary population; more than 4 out of 10 black beneficiaries, compared with 2 out of 10 white beneficiaries, were under age 60 in 1973 (table 3). The proportion of beneficiaries in this young age bracket increased by about one-fourth both for whites and for blacks and others between 1960 and 1973. This change in the age composition of the beneficiary population in the 13-year period resulted from increases in the number of disabled workers and their dependents.

What accounts for the relative preponderance of young beneficiaries—children, widowed mothers, and disabled—among blacks and others? Several factors distinguishing whites and blacks

may be operating here: The number of young children per family, mortality rates, and morbidity rates. The comparatively high proportion of child beneficiaries, especially children of deceased workers, may result from the fact that blacks tend to have more children in those age brackets who are eligible for OASDHI benefits (under age 18 except for full-time students, whose eligibility extends up to age 22) and they have higher mortality rates at a time when their children are most likely to be of eligible age. In 1973, the mean number of children under age 18 was 1.14 for white families and 1.55 for black families; for families with children under age 18 the means were 2.13 and 2.52, respectively.⁷ Blacks also have higher mortality rates except

⁷ Bureau of the Census, *Current Population Reports, Household and Family Characteristics, March 1973, Series P-20, No. 258, table 1.*

TABLE 3.—Benefits in current-payment status: Number and percentage distribution of beneficiaries, by age and race, end of 1960, 1967, and 1973

Age ¹	1960		1967		1973		
	White	Black and other	White	Black and other	White	Black and other	
						All	Black
	Number (in thousands)						
Total ²	13,755 7	1,088 9	21,396 7	2,308 3	26,553 7	3,315 1	2,938 4
Under 60.....	2,403 0	395 1	4,221 6	961 2	5,620 9	1,475 7	1,306 7
60 and older.....	11,352 7	693 7	17,175 1	1,347 1	20,932 8	1,839 4	1,631 6
60 and older ³	11,351 8	693 7	17,169 6	1,346 9	20,916 9	1,838 6	1,630 9
60-64.....	1,050 2	74 8	2,099 2	215 5	2,986 5	319 8	284 3
60-61 ⁴			267 0	35 4	412 8	61 4	55 8
62-64 ⁴			1,832 2	180 1	2,573 7	258 5	228 4
65 and older.....	10,301 6	618 9	15,070 4	1,131 4	17,930 4	1,518 7	1,346 6
65-69 ⁶	3,757 3	250 5	4,563 8	426 6	5,829 7	565 7	497 5
70-74.....	3,384 6	200 8	4,464 3	346 7	4,797 1	440 1	388 7
75-79.....	2,044 6	111 4	3,313 4	211 7	3,635 3	283 2	254 4
80 and older.....	1,115 1	56 3	2,728 9	146 4	3,668 3	229 7	205 9
	Percentage distribution						
Total ²	100	100	100	100	100	100	100
Under 60.....	17	36	20	42	21	45	44
60 and older.....	83	64	80	58	79	55	56
60 and older ³	100	100	100	100	100	100	100
60-64.....	9	11	12	16	14	17	17
60-61 ⁴			2	3	2	3	3
62-64 ⁴			11	13	12	14	14
65 and older.....	91	89	88	84	86	83	83
65-69 ⁶	33	36	26	32	28	31	30
70-74.....	30	29	26	26	23	24	24
75-79.....	18	16	19	16	17	15	16
80 and older.....	10	8	16	11	18	12	13

¹ Age on birthday in 1973. Includes "special age-72" beneficiaries and their wives.

² Includes disabled-child beneficiaries aged 60 and older.

³ Excludes disabled-child beneficiaries aged 60 and older because data not available

⁴ For 1973, one-third of all widowers aged 60-64 are included in the group aged 60-61 and two-thirds in the group aged 62-64 (age groups 60-61 and

62-64 not shown for widowers in the 1973 *Annual Statistical Supplement*).

⁵ Includes all widowed mothers classified in the 1967 and 1973 *Annual Statistical Supplement* as aged 62 and older

⁶ Includes all widowed mothers classified in the 1960 *Annual Statistical Supplement* as aged 65 and older.

Source: *Annual Statistical Supplement to the Social Security Bulletin*: 1960, table 50; 1967, table 68, 1973, table 67 (in preparation).

among those aged 75 and older, as the following data demonstrate.

Age	Death rates per 1,000 in 1972			
	Men		Women	
	White	Black and other	White	Black and other
15-24.....	1.7	3.0	0.6	1.2
25-34.....	1.8	5.4	.8	2.1
35-44.....	3.2	9.2	1.8	4.5
45-54.....	8.7	16.7	4.4	9.6
55-64.....	21.3	31.8	9.9	18.4
65-74.....	48.1	64.0	24.4	34.9
75-84.....	101.7	89.9	65.2	64.2
85 and older.....	184.2	119.0	157.3	103.3

Source: Bureau of the Census, *Current Population Reports, The Social and Economic Status of the Black Population in the United States, 1973*, Series P-23, No. 48, table 81.

Black beneficiaries may be more likely than whites to receive disabled-worker benefits because of their poorer health, which undoubtedly results at least in part from the higher incidence of poverty and hazardous occupations among the black population. Data from the National Center

for Health Statistics for July 1965-June 1967 show that although black and other races reported fewer chronic conditions than whites, they were more likely to experience health limitations on their physical activity. When these data were age-adjusted, the black and other population was found to average more bed-days, days of restricted activity, and days of work loss.⁸

	White	Black and other
Bed-days	5.8	7.1
Restricted activity	15.4	16.5
Days of work loss	5.4	6.8

AVERAGE MONTHLY BENEFITS

In 1973, the ratio of black to white average monthly benefits ranged from .68 to .86 for all

⁸ Public Health Service, National Center for Health Statistics, *Differentials in Health Characteristics by Color, United States—July 1965-June 1967*, Series 10, No. 56, page 16.

major types of beneficiaries and was highest among disabled workers—.86 and .83 among men and women, respectively (table 4). The average monthly benefit of black child beneficiaries, widowed mothers, and the wives of retired and disabled workers compared least favorably with that of white beneficiaries; the black/white ratio for their average benefits ranged from only .68 to .72. The latter finding is especially significant in view of the fact that these groups comprised 42 percent of all black beneficiaries in 1973 (table 2).

Although black and other beneficiaries increased their numbers comparatively more than whites from 1960 to 1973 and they constituted an increasingly larger proportion of each beneficiary group, these positive gains were not matched by a closing of the gap in average monthly benefits in the same period. The ratio of the average monthly benefit for black and other races to that for whites increased by fewer than .04 points for most beneficiary types and, among aged workers and disabled workers and their wives, actually declined slightly. Child beneficiaries were the only major type experiencing ratio gains of .04 or more.

Why is it that blacks have lower average monthly benefits than whites and why has there been so little change since 1960? The compara-

tively low black/white ratio of average monthly benefits among children and widowed mothers may result in part from the fact that black families tend to have more children of eligible age than white families and thus may be more likely to have their benefits subject to the "family maximum." The "family maximum" is a maximum monthly amount that can be paid on a worker's earnings record. Whenever the total of the individual monthly benefits payable to all the beneficiaries entitled on one earnings record exceeds this maximum, each dependent's benefit is proportionately reduced to bring the total within the maximum.

If black beneficiaries were more likely to receive actuarially reduced benefits,⁹ this fact also could help explain their lower average monthly benefits. Reduction of benefits does not appear to be a major explanatory factor, however. First of all, in the years under investigation, the benefits of children, widowed mothers, and parents were not subject to reduction. Second, among those beneficiary types eligible for early benefits with an actuarial reduction, there is no consistent

⁹ Benefits are reduced for each month benefits are received before a specified age, which varies according to beneficiary type; the amount of the reduction also varies with the type of beneficiary. For more detail, see Social Security Administration, *OASDI Digest*, 1974.

TABLE 4.—Benefits in current-payment status: Average monthly benefit amount by type of beneficiary and race, end of 1960, 1967, and 1973

Type of beneficiary	Average monthly benefit							Ratio of average monthly benefit			
	1960		1967		1973			1960	1967	1973	
	White	Black and other	White	Black and other	White	Black and other	Black	Black and other/white	Black and other/white	Black and other/white	Black/white
Retired workers and dependents											
Retired workers.....	\$75 00	\$58 00	\$86 90	\$68 50	\$169 20	\$136 70	\$134 70	0 79	0 79	0 81	0 80
Men.....	83 00	65 40	96 10	76 20	185 60	151 30	149 70	79	79	.82	.81
Women.....	60 60	46 60	73 20	56 90	148 50	117 30	116 60	77	78	.79	.79
Wives.....	39 20	28 10	44 90	32 30	86 30	62 40	62 30	.72	.72	.72	.72
Husbands.....	35 10	28 50	43 60	33 30	82 30	65 40	64 90	(1)	(1)	(1)	(1)
Children.....	30 00	18 00	35 80	23 10	66 30	45 00	45 40	.60	.64	.68	.68
Disabled workers and dependents:											
Disabled workers.....	90 80	79 00	100 60	86 00	187 30	159 80	159 10	87	.85	.86	.85
Men.....	94 30	82 40	105 20	91 40	200 10	172 20	172 00	87	.87	.86	.86
Women.....	78 60	63 20	88 20	70 30	156 90	130 70	130 10	80	80	.83	.83
Wives.....	35 30	26 50	35 80	25 80	58 00	42 00	42 10	.75	.72	.72	.73
Husbands.....	35 50	20 10	31 20	24 20	52 40	56 70	54 10	(1)	(1)	(1)	(1)
Children.....	31 70	21.10	33 60	22 40	53 80	37 90	38 10	67	67	70	71
Survivors of deceased workers:											
Aged nondisabled widows.....	58 20	46 80	75 80	61 10	159 70	124 90	124 20	80	.81	.78	.78
Disabled widows.....					114 50	93 20	93 00			.81	.81
Widowed mothers.....	61 80	44 50	69 50	48 90	125 70	90 80	90 70	.72	.70	7 2	7 2
Widowers.....	54 40	42 30	72 10	50 80	146 80	122 20	121 70	(1)	(1)	(1)	(1)
Parents.....	60 00	53 10	78 40	67 50	143 50	123 50	125 30	(1)	(1)	(1)	(1)
Children.....	54 00	35 20	66 80	43 50	119 40	84.20	84 00	.65	.65	70	.70

¹ Not computed, base less than 5,000

Source. *Annual Statistical Supplement to the Social Security Bulletin* 1960,

table 50, 1967, table 68, 1973, table 67 (in preparation).

relationship between race and election of reduced benefits. Data for 1973 show that, among male and female retired workers, husbands of retired workers, and aged nondisabled widows, blacks were somewhat more likely than whites to receive reduced benefits, but the reverse was true among wives of retired and disabled workers (table 5). The differences were very small among disabled workers.

COVERED EARNINGS

The key factors explaining racial differences in average monthly benefits are differences in the size of covered earnings (earnings received while in jobs covered under the OASDHI program) and the length of covered employment. Monthly cash benefits paid under OASDHI are based on the primary insurance amount (PIA), which is determined from "average monthly

earnings" (AME). The AME is computed by (1) calculating the worker's credited earnings for the years after 1950 (or the years after reaching age 21) and up to the year of attainment of age 62 for women and age 62-65 for men (depending upon year of birth¹⁰), death, or onset of disability; (2) omitting up to 5 years of lowest (or zero) earnings; and (3) dividing the cumulated amount by the number of elapsed months in the same period. An alternate computation method takes into account the worker's earnings after 1936. Under this computation procedure, workers with consistently higher earnings up to the taxable maximum and with more years in covered employment have higher PIA's and higher monthly benefits. Since dependents' benefits are also calculated from the worker's PIA,

¹⁰ Earnings are counted up to age 65 for men born in 1911 or earlier, age 64 for those born in 1912, age 63 for those born in 1913, and age 62 for those born in 1914 or later.

TABLE 5.—Benefits with reduction for early retirement in current-payment status: Number and percent of beneficiaries, by type and race, end of 1960, 1967, and 1973

Type of beneficiary	1960		1967		1973		
	White	Black and other	White	Black and other	White	Black and other	
						All	Black
Number (in thousands)							
Total	(1)	(1)	1,765 8	207 4	3,462 7	381 6	320 9
Men.....	1,633 3	102 2	3,098 8	322 9	7,246 5	612 2	557 2
Women.....	(1)	(1)	1,741 0	204 8	3,417 0	376 3	316 3
Retired workers and dependents	(1)	(1)	2,300 6	220 0	3,856 2	371 1	346 2
Retired men.....	879 6	69 6	1,382 2	73 6	1,732 4	97 8	81 4
Retired women.....	739 2	31 8	1 3	2	1 9	2	2
Wives.....	(1)	(1)	23 2	2 4	43 4	5 0	4 4
Husbands.....	(1)	(1)	6 1	1 0	14 8	2 2	2 0
Disabled workers and dependents	(1)	(1)	28 9	2 4	43 7	3 7	3 3
Disabled men ¹	14 5	.9	.2	(1)	.3	(1)	(1)
Disabled women ¹	(1)	(1)	283 0	25 9	1,599 5	137 4	124 3
Wives.....	(1)	(1)					
Husbands.....	(1)	(1)					
Survivors	(1)	(1)					
Aged nondisabled widows.....	(1)	(1)					
Percent ⁴							
Total	(1)	(1)	24	29	38	39	38
Men.....	24	26	38	37	54	45	48
Women.....	(1)	(1)	26	35	44	50	49
Retired workers and dependents	(1)	(1)	33	57	62	65	65
Retired men.....	33	39	51	57	62	65	65
Retired women.....	34	33	56	48	66	53	54
Wives.....	(1)	(1)	15	20	27	30	32
Husbands.....	(1)	(1)	3	2	4	2	2
Disabled workers and dependents	(1)	(1)	2	2	3	2	2
Disabled men ¹	(1)	(1)	2	2	3	2	2
Disabled women ¹	21	11	14	7	14	6	6
Wives.....	(1)	(1)	50	50	62	38	41
Husbands.....	(1)	(1)	11	16	48	57	56
Survivors	(1)	(1)					
Aged nondisabled widows.....	(1)	(1)					

¹ Ineligible for reduced benefits

² Benefit actuarially reduced because disabled worker was already entitled to a reduced retired-worker or widow's benefit.

³ Less than 100.

⁴ See table 1 for base of percentages

Source: *Annual Statistical Supplement to the Social Security Bulletin* 1960, tables 50 and 51, 1967, tables 68 and 71; 1973, tables 67 and 68 (in preparation).

they depend upon the size of covered earnings as well.

The following discussion indicates that blacks have fewer years in covered employment and lower covered earnings than whites and that among men these differences hold not only for those near or in the retirement years but for the younger generation as well. The differences are not nearly as great among young women, however. The differences in benefit amounts observed earlier for blacks and whites would have been even larger were it not for the fact that the benefit-computation formula is weighted in such a way that low earners receive a higher proportion of their prior earnings than do high earners. Until the covered earnings of blacks reach parity with those of whites, racial differences in OASDI average monthly benefits will continue to exist.

Among older beneficiaries, blacks have had lower lifetime covered earnings and fewer years in covered employment than whites. This finding is substantiated by data from the 1-percent Continuous Work History Sample (CWHS) measuring highest covered earnings and the number of years with covered earnings from 1951 to 1969 for those aged 62 and older, initially entitled in 1970 to retired-worker benefits payable at award (table 6). Slightly more than two-thirds of the white men, compared with only one-third of the black men, had earnings of \$4,800 or higher at some time during the 19-year period. Substantial differences in earnings levels were also evident among women, although all women, regardless of race, earned considerably less than men. Black male beneficiaries also had fewer years of covered employment than white male beneficiaries; only small differences in years of covered employment existed among the women, however.

The comparatively poorer earnings history of older blacks is further demonstrated by comparisons between the mean taxable earnings of blacks and whites in 1958 and in 1973. In 1958 when the present population of retired workers was nearly 50 or older, the ratio of black to white mean taxable earnings for workers who were aged 50 and older had ranged from .69 to .73 among men and .53 to .60 among women (table 7). Among those men who will reach retirement age within the next 6 years (those aged

TABLE 6.—Highest covered earnings and years with covered earnings, 1951-69: Percentage distribution of workers aged 62 and older initially entitled in 1970 to retired-worker benefits payable at award, by sex and race

Earnings and years	Men		Women	
	White	Black	White	Black
Total number (in thousands).....	395 2	43 6	332 3	39 9
Percentage distribution, by highest covered earnings				
Total percent.....	100	100	100	100
Less than \$2,400.....	10	23	32	62
2,400-2,999.....	3	9	11	12
3,000-3,599.....	6	13	12	10
3,600-4,199.....	7	12	10	5
4,200-4,799.....	7	10	8	3
4,800-6,599.....	22	17	18	6
6,600-7,799.....	15	8	5	1
7,800.....	31	8	6	1
Percentage distribution, by years with covered earnings				
Total percent.....	100	100	100	100
1-9.....	12	16	29	33
10-14.....	12	17	26	24
15-18.....	24	22	21	21
19.....	52	45	24	23

Source: Social Security Administration, 1-percent Continuous Work-History Sample.

55-61 in 1973), the mean taxable earnings of black men was only about 75 percent of the mean of white men in 1973. A comparable situation existed among women in the same age bracket.

Differentials in black/white taxable earnings and stability of employment are not restricted to those near or at retirement age, although the magnitude of the differentials within the younger population vary considerably for men and women. Substantial earnings differences existed among men who were in their prime earning years in 1973 and will reach retirement age between 1986 and 2015—those aged 20-49. The mean taxable earnings of black male wage and salary workers aged 20-34 in 1973 was only 78 percent of the mean of white male workers in that age group (table 7).

Furthermore, only one-tenth of these black men, compared with one-fourth of the white men in this age group, had earnings at or above the taxable maximum¹¹ of \$10,800 in 1973 (table 8). Black men were also less likely to have experienced work stability during 1973, as indicated

¹¹ The taxable maximum is the statutory annual dollar amount above which earnings in covered employment are neither taxable nor creditable for benefit-computation purposes.

TABLE 7.—Wage and salary workers in covered employment: Mean taxable earnings, ¹ by age, race, and sex, 1958 and 1973

Age	Men						Women					
	1958			1973			1958			1973		
	Black	White ²	Black/white ratio	Black	White	Black/white ratio	Black	White ²	Black/white ratio	Black	White	Black/white ratio
Total ³	\$2,040	\$2,970	0 69	\$5,190	\$6,960	0 74	\$1,200	\$1,845	0 65	\$3,465	\$3 909	0 89
Under 20.....	595	830	.72	1,630	2,010	.81	495	790	.65	1,275	1,490	.86
20-34.....	1,905	2,870	.66	5,285	6,770	.78	1,160	1,810	.64	3,680	3,865	.96
35-49.....	2,390	3,520	.68	6,820	8,855	.77	1,370	2,080	.66	4,330	4,610	.94
50-54.....	2,365	3,400	.70	6,700	8,780	.76	1,310	2,230	.59	3,975	5,010	.79
55-59.....	2,310	3,290	.70	6,235	8,465	.74	1,175	2,170	.54	3,700	5,015	.74
60-64.....	2,320	3,175	.73	5,775	7,660	.75	1,035	1,980	.53	3,160	4,725	.67
65 and older.....				3,120	4,375	.71				1,830	2,960	.62
65-71.....	1,630	2,310	.71				830	1,620	.55			
72 and older.....	1,280	1,845	.69				745	1,245	.60			

¹ The maximum taxable amount was \$4,200 in 1958 and \$10,800 in 1973. Earnings for 1958 include only wages and salaries. Earnings for 1973 include wages and salaries plus any amount earned by wage and salary workers from self-employment.

² Includes members of other races, except blacks.

³ Includes a few workers for whom age was unknown for 1958

Source. Social Security Administration, 1-percent Continuous Work-History Sample.

by the fact that they were less likely to have received creditable earnings under OASDHI for all 4 quarters of 1973.¹² Among the men aged 20-34, for example, 71 percent of the blacks and 78 percent of the whites were 4-quarter workers.

The large differences in the earnings levels of black and white men in their prime earning years and the modest changes in mean earnings ratios in the period from 1958 to 1973 suggest that the discrepancies in OASDHI benefit levels observed earlier for all classes of beneficiaries will continue for many more years unless major changes in the benefit-computation procedures are legislated.

Although black women earned substantially less than black men in 1973, those aged 20-34 and 35-49 had made greater gains in relation to their white counterparts since 1958 and their mean earnings were close to parity with those of white women by 1973. The earnings gains were observed both for age brackets and age cohorts. Among those women aged 35-49 in 1973, the black/white ratio of mean taxable earnings increased from .64 in 1958 when they were aged 20-34 to .94 in 1973 (table 7). For women aged

35-49 in 1958 the black/white ratio was only .66 in that year. The similarity in earnings levels of black and white women aged 20-49 in 1973 is further substantiated by the data in table 8 that reveal small differences between the two groups in the distribution of covered earnings and the percentage of 4-quarter workers.

The earnings level gap between whites and blacks did not close substantially between 1958 and 1973 for the cohort of women aged 50-64 in 1958. Substantial progress, however, was observed for the age class 50-64 itself. To illustrate the latter, the black/white ratio of mean taxable earnings among women aged 50-54 in 1958 was .59; by 1973, this ratio had risen to .79 for the same age class. In spite of the narrowing of the gap in mean taxable earnings among women aged 50-64, large earnings differentials remain for this older group. These continued differences suggest that the average monthly OASDHI benefit of black female retired workers will continue to be substantially lower than that of white female retired workers until the generation now aged 20-49 reaches retirement age. If black and white women in the latter generation are actually to reach parity in OASDHI retired-worker benefits, however, they will have to have had similar work histories—similar earnings levels and years of covered employment.

SUMMARY

Blacks were somewhat less likely than whites to have been receiving OASDHI benefits in 1973.

¹² Insured status is determined on the basis of the number of quarters of coverage earned. Quarters of coverage are calendar quarters in which a worker is paid \$50 or more in wages for employment covered under the law (except wages for agricultural labor) or calendar quarters deemed quarters of coverage because the worker (1) was paid the maximum annual taxable earnings in a calendar year, (2) had self-employment net earnings of at least \$400 in a taxable year, or (3) met the conditions for acquiring a quarter of coverage through agricultural labor.

TABLE 8.—All workers in covered employment: Percentage distribution of earnings, by age, race, and sex, 1973

Age	Total number of workers (in thousands)	4-quarter workers as percent of total	Percentage distribution, by amount of earnings						Median taxable earnings		
			Total	Under \$1,800	\$1,800-3,599	\$3,600-5,399	\$5,400-7,199	\$7,200-8,999		\$9,000-10,799	\$10,800 or more
Men											
<i>White</i>											
Total ¹	502.0	78	100	16	10	10	10	10	10	34	7,920
Under 20.....	58.8	38	100	63	21	10	4	1	(²)	(²)	1,430
20-24.....	186.9	78	100	13	11	14	13	13	12	25	7,150
25-29.....	70.9	69	100	20	18	22	16	12	7	6	4,640
30-34.....	63.0	81	100	10	8	10	14	15	16	28	8,140
35-39.....	53.0	87	100	6	5	6	9	10	14	47	10,460
40-44.....	181.9	89	100	6	5	6	8	10	12	54	10,800+
45-49.....	44.5	89	100	6	5	6	8	12	12	52	10,800+
50-54.....	42.9	89	100	6	5	6	8	10	12	55	10,800+
55-59.....	44.6	90	100	6	5	6	8	10	12	54	10,800+
60-64.....	42.0	90	100	6	5	6	8	10	12	52	10,800+
65 and older.....	36.7	89	100	7	6	7	10	12	12	45	10,120
<i>Black</i>											
Total ¹	28.6	84	100	11	9	9	11	12	12	36	8,610
Under 20.....	21.0	70	100	37	21	8	7	6	5	17	2,920
Women											
<i>White</i>											
Total ¹	322.5	63	100	35	19	17	13	8	4	4	3,240
Under 20.....	43.8	30	100	76	17	6	1	(²)	(²)	(²)	1,190
20-24.....	121.2	59	100	33	19	19	15	8	4	2	3,360
25-29.....	54.6	55	100	36	22	21	14	5	1	(²)	2,910
30-34.....	38.3	62	100	30	17	18	16	11	6	3	3,960
35-39.....	28.3	63	100	32	18	17	14	9	5	5	3,580
40-44.....	80.5	73	100	25	19	19	16	10	6	6	4,210
45-49.....	25.5	68	100	29	19	18	14	9	5	5	3,750
50-54.....	26.5	73	100	25	19	19	16	11	6	6	4,210
55-59.....	28.4	77	100	22	18	20	17	11	6	7	4,560
60-64.....	27.2	79	100	20	18	20	17	12	6	7	4,710
65 and older.....	23.0	80	100	19	18	22	18	11	6	7	4,700
<i>Black</i>											
Total ¹	15.7	76	100	24	19	18	15	10	6	7	4,230
Under 20.....	11.1	64	100	49	23	10	7	5	2	4	1,900
Women											
<i>White</i>											
Total ¹	40.1	59	100	40	19	18	11	6	3	2	2,760
Under 20.....	6.4	16	100	84	12	3	1	(²)	(²)	(²)	1,070
20-24.....	19.8	58	100	34	21	20	14	7	3	2	3,220
25-29.....	8.3	49	100	42	23	19	11	4	1	(²)	2,440
30-34.....	6.4	61	100	29	19	21	15	9	4	2	3,740
35-39.....	5.0	67	100	26	18	22	16	10	4	3	4,030
40-44.....	11.6	73	100	25	20	22	15	9	5	4	3,970
45-49.....	4.2	70	100	24	21	22	15	10	5	4	4,020
50-54.....	3.8	74	100	25	19	22	15	9	5	5	4,100
55-59.....	3.6	75	100	27	20	22	14	8	4	4	3,780
60-64.....	3.2	76	100	30	22	21	12	7	4	4	3,410
65 and older.....	2.4	77	100	33	23	20	11	6	3	3	3,120
<i>Black</i>											
Total ¹	1.5	78	100	45	21	16	8	5	3	2	2,240
Under 20.....	1.2	61	100	72	15	7	4	1	1	1	1,280

¹ Excludes those for whom age was unknown.

² Less than 0.5 percent.

Source: Social Security Administration, 1-percent Continuous Work-History Sample

The relative number of black beneficiaries, however, increased substantially more than white beneficiaries between 1960 and 1973.

Blacks were found to be overrepresented in the population of young beneficiaries—the dis-

abled, widowed mothers, and children—and underrepresented among aged beneficiaries—retired workers and their wives and widows. It has been suggested that several factors—the number of young children per family, mortality rates, and

morbidity rates—may account for the differences by beneficiary type.

The average monthly benefit of black beneficiaries was considerably lower than that of whites in all but one beneficiary class, and few changes in this situation were noted for the period from 1960 to 1973. The comparatively low benefit among children and widowed mothers may result in part from the existence of larger families among blacks and hence the greater likelihood that their benefits were subject to the family maximum.

Social Security Abroad

Standardization of Short-term Benefits*

In recent years, a number of countries have begun to standardize the cash benefit amounts that replace short-term losses of income, primarily cash sickness, work-connected accident and illness, and unemployment payments. Traditionally, these categories evolved as completely separate programs, usually administered by different agencies of the social security system or of the Labor Ministry. The eligibility requirements, benefit amount, and duration of payments originally differed because the basic contingencies were regarded as unrelated.

As time passed, however, the distinction between work-related and other illnesses was erased in some countries. A relatively new tendency has been to view all short-term contingencies as one common social problem—the temporary loss of income—not from the point of view of differing causes. Once this approach is taken and the contingencies are equated, the question arises as to whether or not the same benefit amount should be paid for each. This situation has, in fact, arisen in several instances. Although only five countries are involved, they include conservative systems (Spain and Japan) as well as traditional innovators in the social security field (Denmark, the Netherlands, and Norway). Understandably, they have not carried

Differences in OASDHI covered earnings—size of covered earnings and length of time in covered employment—account for most of the differences in average monthly benefits. Among the older population, blacks were found to have had lower earnings than whites and fewer years in covered employment. Earnings differentials also were found among the younger generation, especially among the men, which means that the present discrepancies in social security benefit levels are likely to persist for some time to come.

out to the same extent the process of making the duration of benefits the same in all programs, particularly in regard to the unemployment benefits.

BACKGROUND

Advanced countries usually have had several concurrent short-term cash benefit programs: sickness insurance, workmen's compensation, and unemployment benefits. Cash sickness benefits, in the past, tended to be lower than work-related benefits. The sickness benefits were aimed at more people (including workers who would otherwise lose their wages because their illnesses were not job-connected but would nevertheless prevent them from working), and a greater variety of risk was involved. These benefits covered workers for virtually all diseases or accident, instead of a single employer or industry fund protecting a given number of workers for work-connected health injury problems.

Workmen's compensation programs historically evolved from employer liability systems. In contrast to the cash sickness benefit programs, they were aimed at more narrowly defined groups subject to predictable risks. Benefits tended to be higher than in the other short-term cash programs. In time, the risks became less predictable as the definition of job-relatedness became progressively broader in many countries, particularly for injuries incurred on the way to and from work. Because work-connected benefits were generally higher, there was a tendency to attempt to prove that all injuries were work related, often in prolonged court cases. This approach

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