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THREE YEARS' PROGRESS *toward* SOCIAL SECURITY

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AUGUST 14, 1935–AUGUST 14, 1938

THREE YEARS' PROGRESS *toward* SOCIAL SECURITY

On August 14, 1935—just 3 years ago—the President signed the Social Security Act.

It was a document of history-making significance to Americans. For, without abandoning this country's traditional ideals of individual initiative and thrift, it asserted for the first time in a comprehensive national program, the Federal Government's responsibility under the Constitution for the economic security of the people. It was in a sense America's "declaration of interdependence."

Economic insecurity is not new to America. Fear of want and homelessness has haunted the people in every country and in every age. And even before the depression, millions of our families lived in constant dread of unemployment, sickness, and penniless old age. Some national plan designed to make life more secure against the hazards of our increasingly complex industrial system was long overdue. The depression only dramatized these hazards and stirred the collective conscience of the people to act through their Government to build bulwarks against them.

Nor is the theory of the Social Security Act new to America. With the exception of old-age insurance, many of its fundamentals had been accepted by most States of the Union prior to 1935. These States—insofar as their resources permitted—were taking care of child welfare and public health; were giving public aid to mothers of dependent children, to the needy blind, and to the needy aged. Many had undertaken to pass unemployment insurance laws, though only one had succeeded in enacting such a law prior to congressional consideration of

the Social Security Act. Governmental old-age insurance, long a feature of workers' security systems in other lands, was new to the United States. However, the method adopted here, of gearing old-age retirement benefits to workers' own wages, is in line with our typically American philosophy of individualism.

What is new in the Social Security Act and in the far-flung systems set up under its mandate is that the Federal Government has undertaken to unite with the States in a cooperative national attack upon problems that heretofore had been left to private charity or to piecemeal and haphazard provisions by individual cities, counties, and States.

It is too early to appraise all the results of this American adventure in neighborliness. But it is not too early to measure our forward stride. To what extent have the American people moved toward achievement of the benison of substantial security against what President Roosevelt calls "the major hazards and vicissitudes of life"?

The Social Security Act provides for 10 distinct but closely related programs operating on a Nation-wide scale and designed to establish old-age insurance and unemployment insurance for wage earners in our major industries; cash assistance on a basis of need for the aged, the blind, and families with dependent children; maternal and child health and welfare services; vocational reeducation for handicapped workers; and public health protection. Within the national framework set up by the act, all of these programs except that for old-age insurance are administered by the States with Federal cooperation and financial aid.

The pages which follow summarize for each of these programs the hazard, the provisions to meet it prior to the passage of the Social Security Act, and the extent of protection today, after 3 years' progress under the act.

OLD-AGE INSURANCE

The Hazard.—A worker getting on in years faces with dread the time when he will be too old to hold down a job. With nothing to live on but the pittance he may have contrived to save, how can he avoid coming to the end of his resources before he reaches the end of life?

Before August 14, 1935.—There was no legislation providing for old-age insurance.

Today—Under the Social Security Act.—A national old-age insurance system administered by

the Federal Government, effective January 1, 1937, is in operation throughout the country.

Over 39,000,000 applications for workers' social security accounts under this program have been received.

Through this system, industrial and commercial workers now have an opportunity to build up a retirement income, based on their own industry and assured by the Federal Government.

Monthly benefits, ranging from $10 to $85, will be paid to those retiring from employment at 65 or over, beginning in 1942. Single cash payments are provided for workers who do not qualify for monthly benefits and for the relatives or estates of those who die before they have received the minimum amount to which they are entitled.

By June 30, 1938, such single cash payments reached a total of almost $6,000,000.

JOB-INSURANCE

The Hazard.—A dismissal slip tells a worker that his services in shop or office are no longer required. He faces the coming weeks of job-hunting with fear,

knowing that his idleness will spell privation and want to his family.

Before August 14, 1935.—Only one State had passed an unemployment insurance law before consideration of the Social Security Act in Congress. Out-of-work benefits were not yet payable even in this State.

Today—Under the Social Security Act.—Every State in the Union, together with the District of Columbia, Alaska, and Hawaii, had an unemployment insurance law approved under the Social Security Act by July 1937.

Over 25,500,000 workers are estimated to have been in jobs covered by these 51 State laws in 1937.

Unemployment compensation benefits are now payable in 28 States. Benefits will become payable in the remaining States within the coming year.

These benefits amount to about half pay up to $15 a week and are usually available for approximately 16 weeks.

In the first 6 months of 1938, over $180,000,000 was paid in out-of-work benefits to temporarily unemployed workers.

Under the act the Federal Government pays the costs of administering State unemployment compensation programs.

Public employment services have been expanded. Job placement through these offices is an important function of this program for job security.

OLD-AGE ASSISTANCE

The Hazard.—An old person with no means of self-support faces the bitter choice of becoming a burden on his already hard-pressed family, or of giving up his home and going to the poorhouse.

Before August 14, 1935.—About 314,000 needy old people were aided under State and local old-age assistance laws in August 1935, and in that month more than $5,600,000 in State and local funds was spent for this purpose.

Today—Under the Social Security Act.—All the States and Territories but one are cooperating with the Federal Government in aiding aged men and women who lack means for self-support.

Nearly 1,700,000 old people are receiving monthly cash allowances which make it possible for them to continue living in their own homes.

The Federal Government pays approximately one-half the cost of old-age assistance. Its total contribution to the States for this program from February 1936 to July 15, 1938, comes to nearly $365,000,000.

The average allowance in May 1938 was $19.26. In that month assistance expenditures for this purpose from combined Federal, State, and local funds totaled $32,477,009.

AID TO DEPENDENT CHILDREN

The Hazard.—A father is ill and knows that with his death his children will be left without support. Fear for their future remains as a legacy for the mother as she takes up her double burden.

Before August 14, 1935.—Approximately 110,000 families taking care of 275,000 dependent children received this kind of assistance in August 1935, and in that month State and local

expenditures for this purpose totaled $3,521,000.

Today—Under the Social Security Act.—Forty States are providing aid to dependent children under the Social Security Act.

Approximately 243,000 mothers and other near relatives are receiving cash allowances which enable them to take care of dependent children at home.

About 602,000 dependent children are thus being brought up in the wholesome atmosphere of home and are living normal family lives like other children.

The Federal Government pays approximately one-third of the cost for aid to dependent children. Its total contribution to the States for this program from February 1936 to July 15, 1938, comes to $47,600,000.

The average allowance per family in May 1938 was $31.30. In that month payments to recipients under this program from combined Federal, State, and local funds totaled $7,529,313.

AID TO THE BLIND

The Hazard.—An accident robs a man of sight. To the misfortune of blindness is added the fear of isolation among those who, like himself, are groping in physical and economic darkness.

Before August 14, 1935.—About 33,000 needy blind people received this kind of assistance in August 1935, and in that month State and local expenditures for this purpose totaled approximately $660,000.

Today—Under the Social Security Act.—Forty States have approved plans for aid to the needy blind.

More than 39,000 needy blind persons are receiving monthly cash allowances which, in many cases, make it possible for them to go on living in their own homes.

The Federal Government pays approximately half the cost of assistance to the blind. Its total contribution to the States for this program from February 1936 to July 15, 1938, comes to $11,800,000.

The average allowance under this program in May 1938 was $23.18. In that month expenditures for this purpose from combined Federal, State, and local funds totaled $885,300.

The five provisions of the act described above are all designed to provide a cash income under certain circumstances and so to assure for the individual a

measure of security in his home and in the conduct of his own life. These provisions are administered by the Social Security Board.

HEALTH, WELFARE, AND REHABILITATION

In addition to the foregoing provisions, the Social Security Act provides for the extension and strengthening of certain health and welfare services long recognized as the responsibility of the community. For the present fiscal year the following appropriations have been made to be disbursed in grants to States to help them in carrying on the following programs:

$3,700,000 for promoting maternal and child health services, especially in rural areas and economically distressed districts; $1,500,000 for child welfare services to protect and care for homeless and neglected children and those in danger of becoming delinquent; $2,800,000 for locating crippled children and giving them preventive and curative treatment.

$1,800,000 for the economic rehabilitation of persons physically disabled but capable of being trained to hold a job.

$8,000,000 for the establishment and maintenance of State and local public health services adequate to meet the needs of the community.

The three children's services are administered by the Children's Bureau of the Department of Labor; vocational rehabilitation, by the Office of Education of the Department of the Interior; and the public health provisions, by the United States Public Health Service of the Treasury Department.

RETROSPECT AND PROSPECT

At the third-year milepost, the road back shows well over 30,000,000 men and women now building up insurance against want in their old age; 25,500,000 workers who have earned some credit toward insurance during temporary unemployment; about 2,350,000 of the needy receiving assistance in their own homes; and health and welfare services reaching out into all parts of the country. State participation in the programs outlined in the Social Security Act is already nearly complete.

The road ahead opens to new problems, new pros-

pects. The experience of the past 3 years indicates that the task of the immediate future is twofold—first, to simplify and improve the administrative mechanisms through which these programs serve the people; and second, to broaden the protections they offer.

In line with the first, both Federal and State agencies are working for increasing effectiveness within each State, between the States and the Federal Government, and among the several States. For example, steps are already being taken to simplify the administration of unemployment insurance; and interstate agreements are being developed to provide benefits for workers who move from one State to another. Similar problems in relation to public assistance are also being worked out to the end that all those entitled to aid under Federal and State laws may receive adequate help.

In line with the second, ways and means of liberalizing the old-age insurance system are already being investigated and studied. An early development may be the extension of the program to agricultural labor, domestic service, and certain other occupations not covered by the present law. Other possibilities being considered include increasing the size of benefits for those retiring in the early years of the program and providing benefits for aged wives and widows of annuitants, and the young children of those who die before reaching 65. For the still more distant future loom other problems, including the complex but vastly important question of more adequate health protection.

No one will gainsay the fact that Government expenditures for present and future security represent a big investment. The price of security comes high; but the price of insecurity is higher still. The American people are not content with improvidence. Their traditional common sense dictates the policy they are now following, the policy of making a sound investment with assured returns—in economic stability, in national well-being, and in individual contentment.

The tasks of coming years will be shaped by the experiences now being built up and by the continuous, watchful interest of an informed public. The present law is neither the beginning nor the end of social security in America. But in 3 years it has successfully demonstrated that we are moving forward on a united front. The movement is onward toward a better future for all the people; the direction is in line with what has proved best and most American in their past.

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