

mers' prices after 1939 but did not correct the original inadequacy of the benefit level established by the 1939 formula. Since the effective date of the 1950 amendments, further increases in prices have again reduced the purchasing value of benefits below the level established in 1939.

Social Welfare Expenditures in the United States

In the clash of ideas and ideals that characterizes the world of today, the goals of economic and social welfare stand out as stated objectives of all parties and all governments. Definitions of welfare differ, of course, as do prescriptions for achieving it. But, increasingly, nations and social philosophies are being evaluated in terms of social welfare goals. Impressions as to how the United States measures up in such an evaluation—as indicated in statements by persons at home and abroad—vary within wide extremes. Differences in points of view will always color the picture. There are some objective measures, however, that can be used to delineate the main outlines.

In this context, it has seemed useful to bring together certain basic information relating to general welfare and to government expenditures for welfare purposes in the United States. Data on government expenditures for social security and health programs are published annually in the *BULLETIN*.¹ For purposes of the present analysis, the term social welfare has been broadly defined to include, in addition, education, housing, and community development programs.

This analysis has been limited to the over-all national situation. A closer examination would reveal relatively advantaged and relatively disadvantaged groups and areas. The spread between the lowest and the highest levels of living within a nation is a significant aspect of social welfare for which adequate statistical measures have yet to be developed for most countries of the world. Nor has any

¹ See the *Bulletin* for September 1951, table 5, p. 25 (Annual Statistical Supplement, 1950).

attempt been made here to indicate gaps in existing programs in the United States or to measure unmet needs. Such gaps and needs are serious and must be of continuing concern to all who are interested in human welfare. Nevertheless, in terms of current achievement, and absolutely as well as relatively, the United States has made notable progress toward safeguarding, assuring, and improving the general welfare of its people.

General Measures of Welfare

The welfare of any people should be evaluated not primarily in terms of government programs but in terms of the general well-being of the population. While there are many intangibles that cannot be measured, the over-all level of social welfare can be gauged in terms of a number of generally accepted indexes.

Mortality data give some indication of health conditions. In the United States the average expectation of life at birth is now 67 years. Not many countries of the world have a better record in this respect. The increasing life span of our population has resulted in large measure from a dramatic reduction in infant mortality. In 1950 our infant mortality rate was 29 per 1,000 births. Only a few countries, including Sweden, the Netherlands, Australia, and New Zealand, had lower rates. In most countries, the rate was much higher.

The United States has 1 physician for every 800 persons. More doctors are needed, but the rate compares favorably with that of every other large country in the world. Only Austria and Israel have more physicians per 1,000 persons.

The most recent survey (October 1947) showed a very low rate of illiteracy in the United States, with 97 percent of the population aged 14 or over able to read and write. In 1950, 84 percent of the youths of high school age (14-17) and 29 percent of those aged 18-20 were in school or college. About half the young adults aged 20-24 had completed 4 years of high school or had higher education.

Perhaps the best single measure of the standard of living of a country is its per capita income. In 1950 the national income per capita in the United States was \$1,576, by far the

highest in the world.² This figure is the more significant because income is not concentrated in a small class but is widely distributed among the population. The average money income of all spending units in 1950 was \$3,520; that is to say, had the total been divided equally among all spending units, each would have received this amount. Actually, half the spending units had incomes of \$3,000 or more, and in general these units included more members than those with incomes of less than \$3,000 a year. When the money income left after payment of Federal income taxes is considered, the spread is less; average disposable income per spending unit was \$3,220, while half of all such units had disposable incomes of \$2,850 or more.

Government Social Welfare Programs

The high standard of living of the American people rests in large measure on the increasing productivity of the economy, a relatively healthy and well-educated population, sustained employment, high wages and good working conditions, scientifically developed and prosperous agriculture, a strong trade-union movement, and increasingly cooperative industrial relations. These conditions depend in large part on individual and voluntary group action. From the very beginning of its history, however, the United States has recognized that certain objectives can only be achieved by all the people working together through government. Welfare programs carried out by local, State, and Federal government units have long had an important place in our national life.

Education.—Public education in the United States is the legal responsibility of the several States. The States have enacted laws and established a system of local school districts that operate free public elementary and secondary schools. Most of the funds required to operate these schools come from State and local sources—on the average, 39 percent from the

² In 1949, when the United States national income per capita was \$1,453, no other country had a per capita income as high as \$900. See *United Nations Statistical Papers*, Series E, No. 1, New York, October 1950.

State, 59 percent from local sources, and only 2 percent from the Federal Government. In addition to public elementary and secondary schools, there are publicly controlled institutions of higher education that enroll about half of all college students in the Nation. In these institutions, tuition charges are typically small; most of the financial support is supplied by the State (or, in some instances, by a large city). In the fiscal year 1949-50, a total of about \$6.5 billion was expended for public elementary, secondary, and higher education—an amount equal to about 3 percent of the national income and 10 percent of all government expenditures.

Health.—Public health activities of State and local governments have been growing in significance since the last quarter of the nineteenth century. The Federal government now provides funds to help support general public health programs and a number of special programs, such as maternal and child health services, in all the States. The Federal Government also supports basic medical research and operates public hospitals for veterans, merchant seamen, and other special groups. Most hospitals for tuberculosis and mental diseases are public hospitals, usually supported and operated by the States. Many cities and counties operate public general hospitals. Of the approximately \$11.4 billion spent for civilian medical care in the United States in 1949-50, government expenditures accounted for about \$2.9 billion and private expenditures for the remainder. Total government expenditures for civilian health and medical services (including veterans' health services) represented a little more than 1 percent of the national income and about 4.5 percent of all government expenditures.

Social security and related programs.—About 85 percent of all employment in the United States is now covered by public retirement programs. The national old-age and survivors insurance system covers some 45 million workers, or three-fourths of those employed in an average week. The special systems for railroad workers and for most Federal, State, and local government employees cover an additional 10 percent. Almost 4 million aged individuals, or

Welfare expenditures in the United States under civilian public programs in relation to national income and to total government expenditures, fiscal year 1949-50

[Corrected to Sept. 6, 1951]

Program	Program expenditures						
	Amount (in millions)			As percent of—			
	Total	Federal	State and local	National income ¹	Government expenditures ²		
Total					Federal	State and local	
Total.....	\$22,775.0	\$9,902.4	\$12,872.6	10.4	³ 34.1	23.8	³ 52.4
Social insurance ⁴	4,695.2	1,903.4	2,791.8	2.1	6.3	4.6	9.5
Old-age and survivors insurance.....	784.1	784.1	.....	.4	1.2	1.9	.....
Unemployment insurance and employment service.....	2,081.8	213.6	1,868.2	.9	3.2	.5	7.9
Workmen's compensation.....	571.9	16.9	555.0	.3	(⁵)	(⁵)	(⁵)
Other ⁶	1,257.4	888.8	368.6	.6	1.9	2.1	1.6
Public assistance.....	2,488.7	1,095.8	1,392.9	1.1	3.8	2.6	5.9
Health and medical services ⁷	2,144.8	266.7	1,878.1	1.0	3.3	.6	8.0
Other welfare services ⁸	417.9	108.1	309.8	.2	.6	.3	1.3
Education.....	6,546.0	46.0	6,500.0	3.0	10.1	.1	27.7
Veterans' programs.....	6,221.4	6,221.4	.....	2.8	9.6	15.0	.....
Pensions and insurance benefits.....	2,249.8	2,249.8	.....	1.0	3.5	5.4	.....
Health services.....	749.1	749.1	.....	.3	1.2	1.8	.....
Other (education benefits and special welfare benefits).....	3,222.5	3,222.5	.....	1.5	5.0	7.7	.....
Housing and community development.....	261.0	261.0	.....	.1	.4	.6	.....

¹ For fiscal year 1949-50, \$219.2 billion.
² Federal Government expenditures (including expenditures from the social insurance trust funds, except State accounts in the unemployment trust fund) of \$41.6 billion; State and local government expenditures (including expenditures from the State accounts in the unemployment trust fund) of \$23.5 billion.
³ Because a substantial portion of non-Federal workmen's compensation payments are made through private insurance carriers, they have been omitted in computing percentages relating to State and local government expenditures.

⁴ Excludes veterans' programs.
⁵ Less than 0.05 percent.
⁶ Represents railroad and Federal, State, and local government employee insurance systems and temporary disability insurance programs in 3 States.
⁷ Includes hospital construction and medical research; excludes veterans' programs.
⁸ Represents vocational rehabilitation, child welfare services, school lunch program, and institutional care.

about 30 percent of all persons aged 65 and over and about 40 percent of the persons in these ages who are not gainfully employed, are receiving pensions under these programs.

The Federal-State system of unemployment insurance covers almost all jobs in industry and commerce. Less than 3 percent of the civilian labor force was unemployed in mid-1951, about the minimum that can be expected when workers are free to change jobs. Most unemployed workers receive unemployment insurance benefits. The public employment service, administered in conjunction with unemployment insurance, is available to all persons.

Every State now has a workmen's compensation program covering most workers in industry and commerce. Federal employees also are covered by a public program providing cash and medical benefits in case of work-connected injury or disease. The special retirement system for railroad workers and most of the programs for

government employees provide permanent disability benefits in case of non-work-connected disability, and the railroad program and four State programs now pay temporary disability cash benefits.

For those who would not otherwise have sufficient income on which to live, the public assistance programs provide monthly grants related to individual need. Public assistance is administered by the States and localities, with the help of substantial Federal grants-in-aid for old-age assistance, aid to the blind, aid to dependent children, and aid to the permanently and totally disabled.

In the fiscal year 1949-50, the total expenditures under the social insurance programs amounted to \$4.7 billion or about 2 percent of the national income and 6.3 percent of all government expenditures. Public assistance expenditures of \$2.5 billion represented 1 percent of the national income and nearly 4 percent of all government expenditures.

Other welfare services under public auspices include the school lunch program; the Federal-State vocational rehabilitation program; institutional care for specialized groups other than veterans; and social services provided through public welfare agencies for children who are homeless, dependent, neglected, or in danger of becoming delinquent.

Veterans' programs.—For some purposes, the substantial Federal expenditures for veterans are appropriately classified along with other costs of waging war. The veterans' programs are also, however, designed to meet the needs of individuals and in considerable measure take the place of more general welfare measures. They cannot be omitted in any survey of

government welfare expenditures. Disabled veterans and the survivors of veterans receive pensions and insurance benefits. The Government provides comprehensive medical services to veterans for all service-connected illness and for most non-service-connected hospitalized illness and some nonhospitalized illness. Veterans are also entitled to special rehabilitation and welfare services. A special program of government scholarships and aids enabled veterans of World War II to continue their education. In the fiscal year 1949-50, total expenditures under these programs amounted to a little more than \$6 billion, nearly 3 percent of the national income, more than 9 percent of all government expenditures, and 15 per-

cent of Federal Government outlays.

Relation to National Income

Welfare expenditures under civilian public programs (including veterans' programs) in the United States in the fiscal year 1949-50 are summarized in the accompanying table.

These welfare expenditures, as broadly defined in the table, represented between 10 percent and 11 percent of national income in that year. They accounted for 34 percent of all government expenditures. The amounts from Federal funds represented 24 percent of Federal Government expenditures. State and local expenditures for welfare programs took 52 percent of State and local budgets.

*Recent Publications**

Social Security Administration

COHEN, WILBUR J. *The Social Security Act Amendments of 1950: Legislative History of the Coverage Provisions of the Federal Old-Age and Survivors Insurance Program.* Washington: Social Security Administration, June 1951. 85 pp. Processed.

Summarizes the coverage and financing provisions of the 1950 amendments, describes the changes in financing old-age and survivors insurance, and discusses each of the coverage groups separately. Limited free distribution; apply to the Social Security Administration, Washington 25, D. C.

ZISMAN, JOSEPH, and CARLSON, JULIA. *Seventy-Three Employee-Benefit Plans in the Petroleum Refining Industry.* (Bureau Memorandum No. 70.) Washington: Office of Commissioner, Division of Research and Statistics, 1951. 264 pp. Processed.

This report, the second in a series of industry studies, summarizes and analyzes the major provisions of 73 employee-benefit plans in operation

in refineries employing approximately 139,000 workers. Limited free distribution; apply to the Social Security Administration, Washington 25, D. C.

General

ASSOCIATION FOR THE STUDY OF COMMUNITY ORGANIZATION. *Bibliography on Community Welfare Organization: A Selected and Annotated Bibliography.* Arthur Dunham, editor. (Community Organization Monographs, No. 4.) New York: Association Press, 1951. 35 pp.

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BLUNDRED, ROBERT H., and HANKS, DONOH W., JR. *Federal Services to Cities and Towns: An Alphabetical Listing of Services of the United States to Cities, Towns, Boroughs, and Villages, and to Counties and Other Local Governments.* Washington: American Municipal Association, 1950. 81 pp. \$5.

BROWER, F. BEATRICE, and BALDWIN, MARY ELIZABETH. "New Group Insurance Plans." *Conference Board Management Record*, New York, Vol. 13, July 1951, pp. 241-243.

Includes a chart showing the main provisions of 10 recently adopted group insurance plans, nine of which

provide for both hospital and surgical benefits for employees' dependents.

CAMPBELL, W. GLENN. "The Economics of Social Security and the Theory of Government Finance." *National Tax Journal*, Lancaster, Pa., Vol. 4, June 1951, pp. 167-169. \$1.25.

DRESSLER, DAVID. *Probation and Parole.* New York: Columbia University Press, 1951. 237 pp. \$3.25. Designed for use by social workers and probation and parole officers.

MILLER, DONALD C. *Taxes, the Public Debt, and Transfers of Income.* (Illinois Studies in the Social Sciences, Vol. 32, No. 1.) Urbana: University of Illinois Press, 1950. 153 pp. \$2.

The chapter on social security taxes includes discussion of their position in the Federal tax structure and the shifting and incidence, as well as the allocation, of the employee and employer taxes.

WITTE, EDWIN E. "Social Security Needs and Opportunities." *State Government*, Chicago, Vol. 24, June 1951, pp. 150-153. 50 cents. Considers the broad aspects of the program.

Retirement and Old Age

FEDERAL SECURITY AGENCY. LIBRARY. *Selected References on Aging: An Annotated Bibliography, July 1951.* Washington: The Agency, 1951. 26 pp. Processed. Limited free distribution; apply to the Federal Security Agency, Washington 25, D. C.

GOLDNER, WILLIAM. *Pensions under*

* Prepared in the Library, Federal Security Agency. Orders for the publications listed should be directed to publishers or booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.