

aid to dependent children. Skilled services of these types may alleviate suffering, restore partial or full economic independence, and in many other ways contribute to a more useful and satisfying life.

No area of services relating to social security is more important than that involving the well-being of

children. The rolls for aid to dependent children are heavily weighted not only by dependency due to the parent's incapacity but also, to an even greater degree, by family breakdown resulting from desertion and other marital difficulties. Skilled services might have prevented and still may solve many of these prob-

lems, opening the way to a more satisfactory life for both the children and adults concerned and lightening burdens on taxpayers. Progressive development of services for maternal and child health and child welfare continues to be a major means of insuring our national welfare in both the present and future.

Social Security Protection, 1935-55*

OVER the past 20 years the social security program has helped the families of this country to meet four major risks to their economic security—unemployment, old age, death of the breadwinner, and sickness and disability. The impact of these risks varies with the economic situation, but all remain a potential threat to family security in an industrial society even when the economy is in high gear.

The following pages first outline changes in the population of the United States and in the level of economic activity during the 20 years since the social security program was initiated and then summarize the growth in social security protection during that period in the aggregate and for the major risks.

The National Economy

The years from 1935 to 1955 were marked by vigorous growth in both population and economic activity. The population of the continental United States increased by 36 million to 164 million. The gross national product in 1954, in dollars of constant purchasing power, was more than two and one-half times that in 1934 and almost double the 1929 product. Per capita disposable personal income almost quadrupled in actual dollars and almost doubled in purchasing power from 1934 to 1954.

Population

Population growth has been much greater since the war than during

the preceding decade and has been uneven among age groups (table 1). From January 1, 1935, to January 1, 1955, persons aged 65 and over increased 80 percent in number and, as a proportion of the total population, from 6.0 percent to 8.5 percent. The child population increased 31 percent and as a result represented about one-third of the total in both years. In contrast, the number of persons in the usual working ages, 18-64, rose only 22 percent. Consequently, for every 100 persons in these, the most productive age groups, there are now 74 in the ages of dependency or potential dependency, compared with 65 such persons 20 years earlier.

The increase in the child population has been heavily concentrated in the youngest age groups, reflecting the high marriage and birth rates since World War II and the low birth rate during the depression. It is estimated that 87 percent of all children under age 18 were living with both parents at the beginning of 1955,

compared with 85 percent in 1940. (Information on the family status of children is not available for the mid-thirties.) Despite war casualties and the increase in the total child population, the number of full orphans had fallen from about 370,000 at the beginning of 1935 to some 60,000 20 years later, and the number who had lost one or both parents by death had dropped from about 4.4 million to 2.7 million. What was once a major social problem thus has diminished greatly in importance.

Labor Force

Participation in the labor force increased modestly from about 56 percent of all persons aged 14 and over in an average month in 1934 to about 58 percent in 1954, despite the fact that now young people tend to remain in school longer and that social insurance permits many older persons to retire with some assured income. On the average, the labor force included almost 68 million per-

Table 1.—Estimates of the total population, by age, and of persons aged 14 and over, by labor-force status, selected years, 1934-54¹

[In thousands; continental United States]

Age and labor-force status	1934	1939	1944	1949	1954
Total population ²	127,512	132,362	139,998	151,240	163,930
Under age 18 ²	42,386	41,249	42,176	47,243	55,565
Under age 5 ²	10,950	11,279	13,586	16,768	18,934
Aged 18-64.....	77,433	82,214	87,501	91,892	94,430
Aged 65 and over.....	7,693	8,898	10,321	12,105	13,935
Persons aged 14 and over.....	94,080	100,210	105,750	111,095	117,664
Total labor force.....	52,490	55,600	66,040	63,721	67,818
Civilian labor force.....	52,230	55,230	54,630	62,105	64,468
Employed in agriculture.....	9,900	9,610	8,950	8,026	6,504
Employed in nonagricultural industries.....	30,990	36,140	45,010	50,684	54,734
Unemployed.....	11,340	9,480	670	3,395	3,230
Not in labor force.....	41,590	44,610	39,710	47,374	49,846

¹ General population data relate to January 1 of the following year; labor-force data are monthly averages for the year specified except for estimates of persons aged 14 and over, which are as of the midyear. Includes Armed Forces overseas.

² Adjusted for net underenumeration and misreporting of age of children under age 5.

Source: Bureau of the Census and the Council of Economic Advisors.

*Prepared in the Division of Research and Statistics by Lenore Epstein, Dorothy McCamman, and Alfred M. Skolnik.

sons in 1954—64.5 million if persons in the Armed Forces are excluded (table 1). Since 1934, employment in agriculture has dropped by more than one-third, while employment in nonagricultural industries has increased by about three-fourths. The monthly average number of unemployed persons in 1954 represented 5 percent of the civilian labor force; it had been more than 20 percent when the Social Security Act was under consideration.

The increasing life span has resulted in a longer average period both within and outside the labor force. For example, the 1940-50 increase in the male life expectancy at birth gave men 3.6 additional years in the labor force, on the average, and 0.7 more years outside the labor force—in school and/or in retirement. For men aged 20, work-life expectancy rose 1.9 years during that decade, and retirement-life expectancy by 0.2 years. Thus, the manpower potential of any group of 100,000 men living and working under present conditions is substantially greater than that of a similar group under the conditions of several decades ago.

Personal Income

The national output per employed worker has increased about 3 percent per year since 1934. This increase, together with the 50-percent increase in the number employed, accounts for the rise of more than 150 percent in the real national product in the 20 years. This last increase, in turn, permitted during the same period a rise in personal income of almost 170 percent in dollars of constant purchasing power. Even after the personal tax payments, which had increased many times, personal income per capita at 1954 prices was about 90 percent higher in 1954 than in 1934.

The rise in aggregate personal income was accompanied by substantial changes in the distribution of families and unattached individuals by income classes. When families and unattached individuals are arrayed according to size of income and grouped in fifths, it appears that there has been a distinct reduction in relative income differences since the

mid-1930's. The share of aggregate income received by the top fifth declined from 52 percent in 1935-36 to 45 percent in 1953, while that of the lowest rose from 4.1 percent to 5.0 percent (by 20 percent). When comparison is limited to families of two or more persons, the gain in the share of the lowest fifth appears to have been considerably greater, with a rise of 45 percent by 1950.

Changes in the proportion of aggregate income received by the upper and lower income groups appear to have been due in part to a reduction in dispersion within major income types, particularly wages and salaries, and more especially to changes in the relative importance of different types of income in the income total. Investment income, which is received largely by the upper income groups, dropped in importance during the past 20 years (from 19 percent of total personal income to 12 percent), and wages and salaries increased from 60 percent to 67 percent (table 2). The largest proportionate increase has been in social insurance and related payments, which characteristically go to lower income groups. In 1954 these payments amounted to some 15-16 times what they had been in 1934; they represented 1.4 percent of personal income in 1934 and 4.0 percent of the much larger total in 1954. Public aid now represents a

considerably smaller share of total personal income than in 1934, despite the fact that present eligibility standards for assistance and levels of payments are higher.

Program Development

Over the past 20 years, millions of Americans have come to recognize social insurance as the "first line of defense" against economic insecurity when earnings are interrupted or cease. Workmen's compensation legislation, introduced in this country just before World War I, was by 1935 in effect for Federal employees and for industrial and commercial workers in all but four States, and two of these adopted laws in that year. A substantial number of Federal, State, and local government employees were protected by retirement systems. Also based on past service were pension and compensation payments to veterans and their survivors.

About \$57 million was paid in December 1934 under these social insurance, retirement, and veterans' programs. In contrast, some \$205 million was paid in assistance and work program earnings (table 3). The latter were almost entirely expenditures under emergency relief programs created to meet widespread need during the depression years.

Between 1934 and 1939, some increase in social insurance payments

Table 2.—Personal income by source and personal tax payments, selected years, 1934-54

[In millions; continental United States]

Item	1934	1939	1944	1949	1954
Total personal income.....	\$53,575	\$72,884	\$165,696	\$206,818	\$287,632
Wage and salary disbursements less employee contributions for social insurance.....	32,104	43,460	114,780	132,145	191,937
Proprietors' income less contributions for social insurance.....	7,010	11,610	29,565	34,149	37,657
Personal interest income, dividends, and rental income of persons.....	10,380	12,339	16,237	25,100	35,254
Social insurance and related payments ¹	741	1,501	1,857	6,913	11,471
Work program earnings.....	1,444	1,885
Public assistance.....	745	1,046	939	2,169	2,433
Other ²	1,151	1,043	2,318	6,342	8,880
Less: Personal taxes.....	1,595	2,440	18,935	18,661	32,818
Disposable personal income.....	51,980	70,444	146,761	188,157	254,814
At 1954 prices.....	104,380	136,260	224,060	212,130	254,814

¹ Includes old-age and survivors insurance benefits; railroad, Federal civilian, State and local government retirement benefits; railroad and State unemployment and temporary disability insurance benefits; workmen's compensation; military (including veterans') pensions and disability and retirement payments; and veterans' unemployment and self-employment readjustment allowances.

² Includes Government life insurance payments; veterans' adjusted compensation benefits (World War I bonus); mustering-out pay and terminal-

leave benefits to discharged servicemen; subsistence allowances to veterans at school, Government transfers not included above, business transfer payments, employer contributions to private pension and welfare funds, pay of military reservists, and miscellaneous items defined as "other labor income" by the Department of Commerce.

Source: Department of Commerce, Office of Business Economics. Data regrouped to highlight items of special interest in relation to the social security program.

Table 3.—Social security payments and individuals receiving payments, December of selected years, 1934–54

[In thousands]

Program	1934	1939	1944	1949	1954
Payments, December					
Total monthly social security payments.....	\$261,973	\$352,405	\$225,096	\$748,673	\$1,183,389
Social insurance and related payments, total.....	56,969	109,177	145,368	549,097	954,170
Old-age and survivors insurance.....			18,140	56,074	339,342
Railroad retirement system.....		8,741	11,211	23,286	42,597
Public employee retirement systems.....	14,997	20,333	27,037	58,538	104,777
Workmen's compensation.....	11,000	12,500	23,000	33,300	51,000
Veterans' pensions and compensation.....	30,972	35,923	58,298	185,770	225,752
Unemployment insurance.....		31,680	7,352	185,981	180,332
Temporary disability insurance ¹			330	6,148	10,350
Public aid, total.....	205,004	243,228	79,728	199,576	229,219
Public assistance, special types.....	8,042	48,621	72,320	171,191	203,286
General assistance.....	142,864	38,731	7,408	28,385	20,075
Work programs (including FERA).....	54,298	155,876			
Individuals receiving payments, December					
Social insurance:					
Old-age and survivors insurance.....			963	2,743	6,887
Railroad retirement system.....		139	103	370	586
Public employee retirement systems.....	197	269	343	589	899
Workmen's compensation.....	(²)				
Veterans' pensions and compensation.....	914	925	1,329	3,314	3,759
Unemployment insurance.....		695	94	2,121	1,586
Temporary disability insurance ¹			5	64	73
Public aid:					
Public assistance, special types.....	519	2,739	2,774	4,350	5,065
General assistance.....	(²)	4,675	477	1,337	880
Work programs (including cases under FERA).....	1,122	3,344			

¹ Excludes benefits and beneficiaries under private plans.

² Not available.

³ Number of persons not available; 5,367,000 cases received assistance.

resulted from the normal growth of the retirement systems for public employees and the fact that the railroad retirement system had begun in 1936 with beneficiary rolls taken over from the pension systems of the railroads. Unemployment insurance had also come into operation in all States. Public aid under the emergency programs remained, however, the major source of payments.

The period since 1940 has been marked by a sharp decline in the relative size of public aid and the growth of old-age and survivors insurance to the point where it has become the largest public income-maintenance program. Major amendments to the Social Security Act in 1950 and 1954 resulted in extension of old-age and survivors insurance coverage to 9 out of 10 of the Nation's labor force. Most of the other workers are covered by special retirement programs. As a result of the 1954 amendments that extended the Federal-State unemployment insurance system to workers in smaller firms and Federal employees, about three-fifths of the total civilian labor force will be covered by unemployment insurance. Some 11 million

workers, 17 percent of the civilian labor force, are now covered by temporary disability insurance laws, adopted since 1941 for railroad workers and, in four States, for other workers in industry and commerce (chart 1).

At the end of 1954, social insurance and related payments (including veterans' benefits) made up four-fifths of all social security payments, with payments under the federally aided public assistance programs accounting for most of the remainder. Payments under programs established by the Social Security Act represented a little more than three-fifths of all social security payments (table 3).

Population Groups at Risk *The Unemployed*

Unemployment, which had been at a peak estimated at 13–18 million in 1933, averaged more than 11 million a month in 1934, when the Committee on Economic Security was formulating its proposals for unemployment insurance, and 10–11 million in 1935, when the Social Security Act was passed. The disaster of the depression impressed on the Nation and all

its people a deep consciousness of the consequences of loss of work.

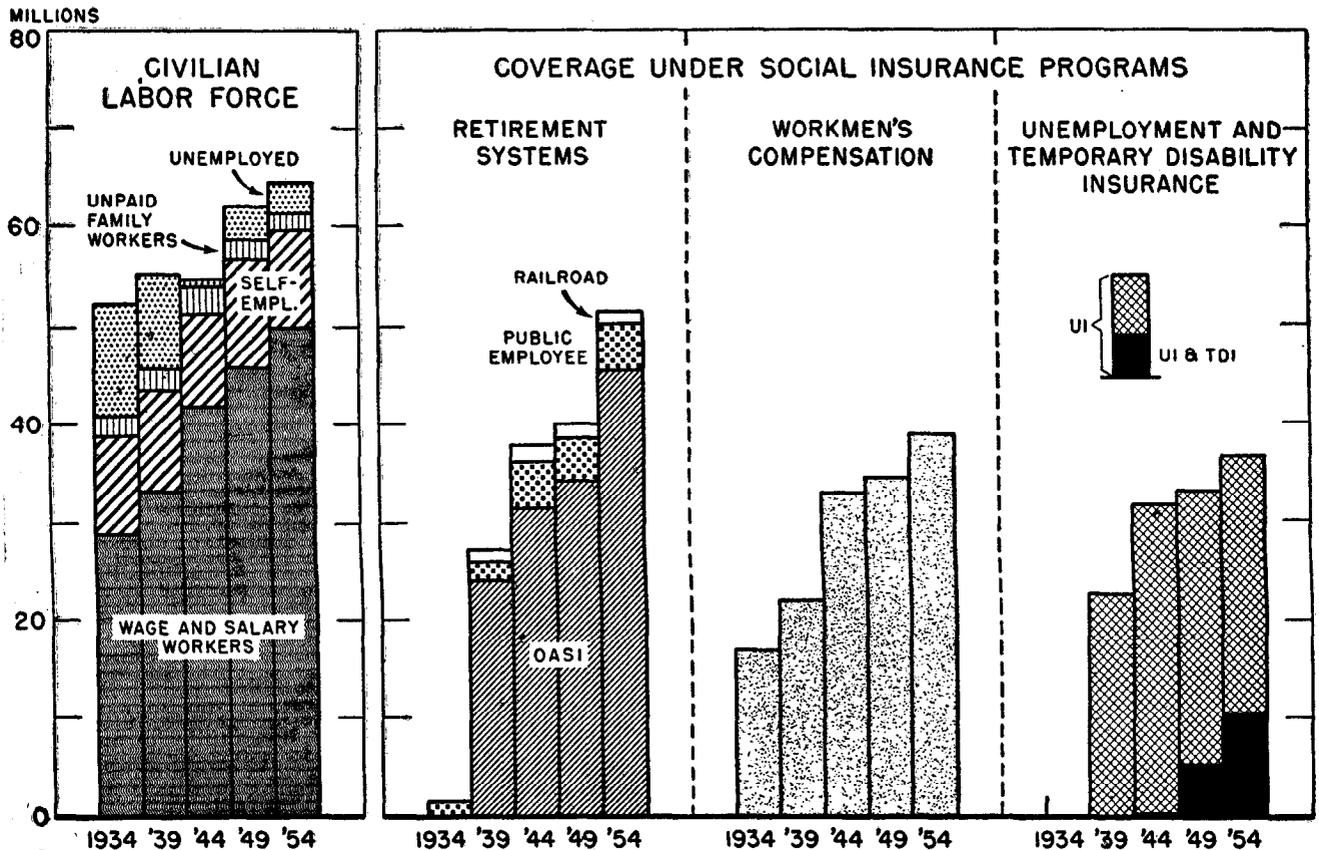
To replace part of the earnings lost by jobless workers in the future, the Social Security Act established a Federal-State system of unemployment insurance.¹ A tax-offset device in the Federal act effectively encouraged the individual States to set up their own systems under broad Federal standards. While only Wisconsin had an unemployment insurance law at the beginning of 1935, all the States, the District of Columbia, and Hawaii had such legislation by the middle of 1937. Employer contributions began in 1936 in half the States, but benefit payments were not made throughout the country until the summer of 1939.

The protection of the program grew rapidly as employment expanded toward the end of the 1930's, and many States extended coverage beyond the Federal requirement (firms employing 8 or more). As the economy swung into an all-out war effort, the role of unemployment insurance changed, and benefit payments served primarily to tide workers over short periods of unemployment resulting from conversion from civilian to military production and from one type of war goods to another. Unemployment dropped to an unprecedented low of 670,000 in 1944. In contrast to 5 million beneficiaries in 1940, only 500,000 persons drew benefits in that year. Benefit payments of \$62 million in 1944 had an importance beyond the dollar amount, however, in that they served to hold together a skilled labor force. Because workers had substitute income until their plants recalled them, they did not need to leave the locality in search of work. When the war ended, unemployment insurance contributed immeasurably in smoothing the transition to peacetime production, cushioning the impact of mass layoffs from war plants in 1945 and 1946 for both the individual and the economy.

The Federal-State unemployment insurance program did not have to bear the full brunt of the postwar

¹ For a detailed historical review of this program, see *Employment Security Review*, Aug. 1955.

Chart 1.—Estimated civilian labor force and estimated coverage under social insurance programs, monthly average in selected years, 1934–54



economic readjustment. In anticipation of mass demobilization and the resulting addition of millions of returning servicemen to the already expanded labor force, Congress had enacted the Servicemen's Readjustment Act in 1944. Of the 15.0 million World War II veterans, more than 9.5 million filed claims for readjustment allowances under that act in the 5 years ended August 1949; their benefits totaled \$3.8 billion. More than \$1.5 billion was paid in servicemen's readjustment allowances in the calendar year 1946, compared with \$1.1 billion in benefits under the regular State unemployment insurance programs. In some Southern States, readjustment benefits totaled as much as seven times the amount of State benefits.

The recession of 1949–50 again tested the ability of the program to cope with large-scale unemployment. In 1949 nearly 7.5 million workers drew benefits for nearly 90 million weeks of unemployment. Benefit ex-

penditures rose to a new high of \$1.75 billion. Unemployment benefits, it is variously estimated, offset from 12 percent to more than 20 percent of the loss of wages in the country as a whole during that recession. As employment rose in the years following the recession, claims and payments under the program diminished markedly. By the end of 1953, total reserves of almost \$9 billion had been built up—more than four times the highest annual benefit outlay the program had encountered. With this reserve as a backlog, the program again faced a severe test in 1954. Although this recession was briefer and far less extensive than that of 1949–50, benefit payments hit a new high, exceeding \$2 billion. Again unemployment insurance played a constructive role, as it had in a variety of economic climates for 20 years.

Persons Aged 65 and Over

In the past 20 years, factors influencing old-age security have included

the increase in the absolute and relative size of the aged population, changes in working and living arrangements, and the development of systematic public and private provisions to maintain income in old age.

At the end of 1934, it is estimated, about half of all persons aged 65 or over were mainly or wholly dependent on relatives and friends for their support. Except for the development of the public income-maintenance programs for the aged, the burden of such dependency would have increased rapidly as the aged population grew at the average rate of 3 percent a year, twice as rapidly as the total population. In December 1954, however, more than 80 percent of the retired aged and more than 60 percent of all the aged had income under social insurance and related programs and/or public assistance, in contrast to a little more than 10 percent of all aged with income from these sources 20 years earlier. The

proportion of older persons with some earnings from employment remained about the same—somewhat more than one-fourth, including nonemployed wives of men who had work (chart 2).

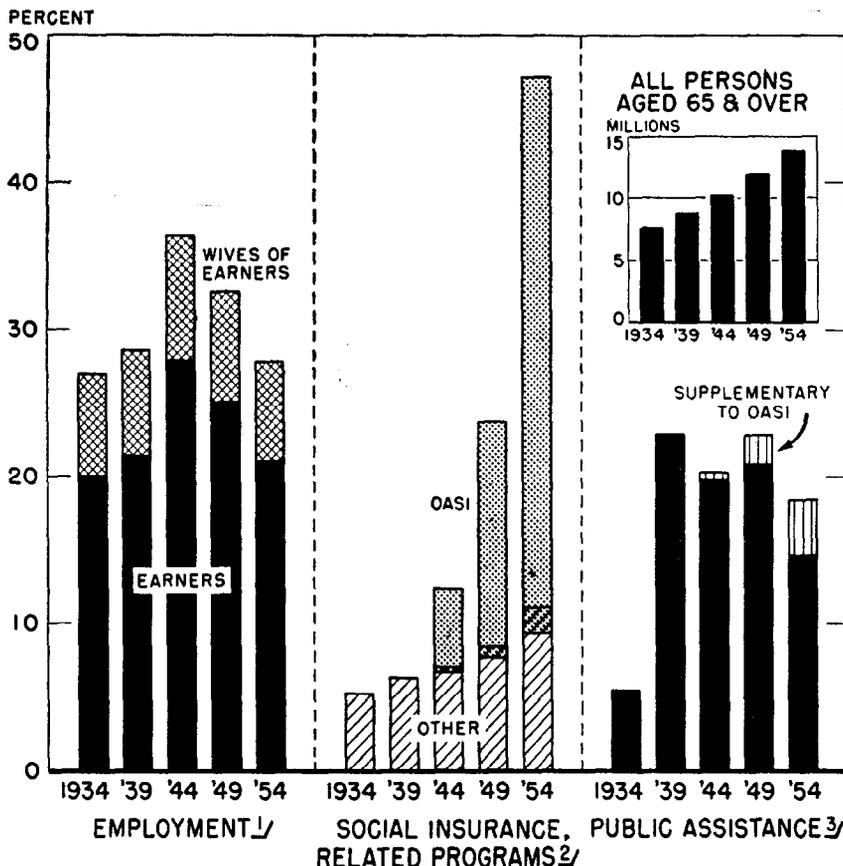
During the war years, labor was at a premium, and in December 1944 about 36 percent of the aged had some income from earnings. After the war, participation of the old people in the labor force declined, in line with the long-range trend, partly as a result of the increasing average age of persons aged 65 and over and the growing proportion of women in this age group.

The great gain over the 20 years in assured old-age income has come through the development of social insurance and related programs. In December 1934, only about 5 percent of the aged received payments under the programs then in existence—public employees' retirement systems and veterans' pension and compensation programs. Twenty years later, social insurance and related payments went to almost half the aged population after allowance for duplication among persons receiving payments under more than one program. Old-age and survivors insurance alone was benefiting some 5.3 million—half of the retired aged, 38 percent of all the aged—and an additional 1.4 million aged workers, of whom 300,000–400,000 had aged wives, were insured and could have received benefits if they had retired. It is estimated that about 9 percent of the aged persons in receipt of social insurance and related benefits also have some occasional money earnings.

Public assistance provided the principal support for more than 2 million aged persons (about 15 percent of the total aged 65 and over) at the end of 1954 and supplemented old-age and survivors insurance payments for another half million. Since the autumn of 1950, the number of old-age assistance recipients has declined steadily in relation to the aged population, as progressively more persons aged 65 and over have been able to establish eligibility for old-age and survivors insurance.

Gains have also been recorded in private provisions for old-age retirement. The postwar expansion of pri-

Chart 2.—Estimated percent of persons aged 65 and over with money income from employment, social insurance, and public assistance, December of selected years, 1934–54



1 Includes persons with casual employment whose main support was from other sources.
2 Old-age and survivors insurance, railroad and public employees' retirement,

and veterans' pension and compensation programs.
3 Excludes persons supported by public institutions. Includes persons on work relief projects in the 1930's.

vate group pension plans brought the number of aged beneficiaries of such plans in December 1954 to some 950,000 (including wives of beneficiaries), the majority of whom also received old-age and survivors insurance. Twenty years earlier there were perhaps 150,000 or 200,000 private pensioners, many of them under plans operated by the railroads and later transferred to the rolls of the federally operated railroad retirement program.

Income from personal investments and payments under individual annuities and supplementary life insurance contracts provide support for comparatively few of today's older persons—possibly 1 million or 7 percent of the 13.9 million aged in the population in December 1954. This proportion was probably larger than

in December 1934, when extensive unemployment had already eaten up the savings of the great majority. Home ownership was likewise less common 20 years ago than now. In consequence relatively fewer aged persons in the mid-1930's had this resource as a supplement to cash income, though proportionately more lived in rural areas and could raise food for home use.

While much remains to be done, substantial progress has been made in securing for older persons the independence of some income of their own. At the end of 1954, it is estimated, all but 15 percent of the aged had income from employment, social insurance and related programs, and/or public assistance in contrast to the 60 percent who were without such sources of livelihood 20 years

earlier. With the recent extensions of coverage, it is estimated that in another 10 years old-age and survivors insurance alone will be providing lifelong benefits for close to three-fifths of the persons aged 65 and over in the United States.

Economic Security in Childhood

For the great majority of the Nation's children, economic security rests on the earnings of the parent. Even temporary interruptions to this source of support can represent a threat to family security. When earnings are cut off entirely, as by the prolonged disability or death of the breadwinner, ability to keep the family together is likely to depend on the existence of a substitute source of income.

In December 1934, about 280,000 children, or less than 1 percent of all those under age 16, were in families receiving aid to needy children under State and local laws. This number was by no means a measure of the number who needed aid because they had been deprived of a father's support by death or desertion or for other reasons. Although most States authorized aid for dependent children, it was actually provided by fewer than half the local units empowered to give it. The Social Security Act established a partnership between the Federal Government and the States to aid needy children deprived of parental support or care by reason of the parent's death, absence, or incapacity. Payments to assistance recipients using Federal matching grants were first made in February 1936, and by the end of that year some 285,000 children were receiving payments under the Federal-State program, and another 115,000 under State and local programs.

The original Social Security Act made no social insurance provision for workers' survivors. The Federal-State program of aid to dependent children therefore carried the burden in the early years of providing support for children who were in need because of the death of the father. In December 1934, it is estimated, there were about 2.8 million fatherless children under age 18—7 percent of all children under that age. Dur-

ing 1940, the first year in which survivor benefits were payable under old-age and survivors insurance, monthly benefits were awarded to about 50,000 child survivors, and the number mounted steadily as the program matured and its coverage was extended. By the end of 1954, more than half of all paternal orphans—their total number then down to about 1.9 million—were receiving monthly benefits as survivors of insured men. In addition, some 40,000 of the 900,000 children whose mother had died were receiving benefits. It is estimated that at present 90 percent of the Nation's 56 million children under age 18 are insured under old-age and survivors insurance against loss of support by reason of the parent's death.

While orphans were declining in number and insurance payments were reaching an increasing proportion of them, the number of families broken by marital difficulties was on the rise. In consequence, the need for assistance to such families was increasing, and a progressively larger proportion of the caseload of aid to dependent children comprised those who had been deprived of normal support or care because of the continued absence from home or the incapacity of either parent. This trend is expected to continue, although there has been an increase in the proportion of families with fatherless children that receive aid to dependent children as a supplement to survivor benefits. At the end of 1954 there were more than 1.6 million children receiving aid to dependent children, of whom some 240,000 received aid because of the father's death.

Programs of the Veterans Administration are also an important source of security for the Nation's children. All survivor children under age 18, or aged 18–21 if in school, and older children adjudged helpless are entitled to benefits if the father's death was service-connected and, with certain income limitations, even if his death was non-service-connected. At the end of 1954 almost 300,000 children under age 18, or about 15 percent of all paternal orphans, were receiving such benefits. Other social insurance programs have been of minor importance as a source of in-

come for paternal orphans. After allowance for receipt of benefits under both old-age and survivors insurance and the veterans' survivor programs, it is estimated that two-thirds of all fatherless children under age 18 received support from social insurance and related programs at the end of 1954. In all, some 1.7 million children, including children of retired workers and of veterans with a service-connected disability rated at 50 percent or more, received payments under at least one of these social insurance programs.

Altogether, about 3.3 million children received financial support in December 1954 under a public income-maintenance program—not including children in families receiving unemployment or disability insurance. Many of these and hundreds of thousands of other children in the United States were benefiting under the Social Security Act from Federal-State services for maternal and child health, child welfare, and crippled children, described later in this issue.

The Disabled

On an average day in 1954, probably more than 9 million persons of all ages were disabled—unable to work, attend school, keep house, or follow their other normal activities because of a temporary or permanent physical or mental incapacity. With the rise in the proportion of the aged in the population, and the ability of modern medicine to prolong the life of many disabled persons, the number of persons with long-term disabilities (more than 6 months' duration) has been increasing more rapidly, both absolutely and relatively, than that of persons with short-term disabilities. In 1935, it is estimated, the long-term disabled comprised about half the 6 million persons incapacitated on an average day, while by 1954 they numbered an estimated 5.3 million or almost 60 percent of all disabled persons.

More than half the persons disabled on an average day in 1954—about 5.1 million—were aged 14–64. Of these, an estimated 3.7 million would have been at work or seeking work except for their disability, including about 2.2 million "would-be" workers who were kept out of the

labor force by chronic illnesses that had continued for more than 6 months.

Public provisions to offset the actual or potential wage loss among these millions of persons and their dependents have been extended somewhat in the past 2 decades. In 1935, protection through public programs was confined to work-connected disabilities under State and Federal workmen's compensation laws, to service-connected and non-service-connected disabilities under the veterans' and Armed Forces programs, to sickness and disability under programs for employees of Federal, State, and local governments, and to special programs for the blind in about half the States.

Since that time, both permanent and temporary disability benefits have been provided under the railroad retirement system, and temporary disability insurance programs for industrial and commercial workers have been adopted in four States. Federal grants for aid to the blind were provided under the original Social Security Act and in 1950 for a new assistance program of aid to the permanently and totally disabled.

In addition to the income-maintenance programs, recently enacted Federal legislation provides for the expansion of the Federal-State vocational rehabilitation program and for the preservation of old-age and survivors insurance benefit rights for individuals with extended total disability.

The number of persons in the age group 14-64 with long-term total disabilities who are receiving some support from public programs designed to maintain income in case of disability has increased, it is estimated, from something less than 200,000 in

1934 to about a million in 1954, or from about 1 in 10 in 1934 to about 1 in 3 such persons in 1954.

Insurance benefits for extended disability were paid in December 1954 to about 266,000 persons (some of whom were aged 65 or over) under the railroad retirement and public employee retirement systems. There were 224,000 persons receiving assistance under the program of aid to the permanently and totally disabled and 102,000 receiving aid to the blind. These figures contrast with the 33,000 receiving aid to the blind in December 1934. Additional disabled persons and their dependents receive payments under the aid to dependent children and general assistance programs. There has also been a large increase in the number of persons receiving veterans' compensation. About 470,000 totally disabled veterans under age 65 are now receiving veterans' benefits, compared with 100,000 in 1934. (The large number of veterans receiving benefits for partial disabilities is not included in these figures.) With the aging of the veteran population of World War I, the growth in the number of recipients of non-service-connected disability pensions has been particularly striking. The veterans' and public assistance programs are bearing the brunt of the public burden of income maintenance for the long-term totally disabled.

Private provisions against the risk of extended disability have expanded in recent years, especially in connection with private pension plans under collective bargaining, but the number of workers with such protection is still relatively small. More extensive has been the growth of protection against the risk of temporary disability, with legislation in four

States and the railroad industry, the development of voluntary cash sickness plans, and the widespread purchase of individual and group disability insurance.

Social Security and the National Economy

In the short period of 20 years, social security has become an accepted and basic feature of our society. Contributory, wage-related social insurance programs now give to most workers and their families the assurance of a continuing income in retirement, in the event of the death of the breadwinner, and during temporary periods of unemployment. Most employees also have protection in the event of work-connected disabilities, and some in the event of sickness or disability of non-work-connected origin. With this assurance, individuals can plan to build up additional security through private arrangements and individual savings. For those whose total resources are inadequate to meet their current needs, public assistance is available for the aged, the permanently and totally disabled, the blind, most dependent children, and some other persons.

The benefits paid under these programs are not only a source of support for the individuals and families who receive them but also a stabilizing influence on the economy. Social security payments make up only a small part of total income payments to individuals, but they go to groups who cannot at the time earn the means to buy the goods and services they need and should have. Social security payments provide a steady base of income for these groups in good times and in bad. They also provide an automatic adjustment to changing economic conditions.