

were graded according to the size of the commune where the work was performed, with variations by sex and by full-time or part-time work.

In the Netherlands both agricultural workers and domestic workers are included in the general system. Contributions, which are paid only by the employer, are collected by means of stamps and in accordance with a schedule which is, in effect, a mixture of wage classes and flat rates. The schedule, which consists of five classes for men and four for women, assigns rates by age, though modifications are made for the character of the employment and method of remuneration.

Contributions are assessed, in general, on a weekly basis, and stamps are affixed to the worker's stamp card each week; for employment of less than 4 days in a week, however, the employer may pay contributions on a daily basis. The stamp cards are issued annually to each worker and

returned at the end of the year to the State Insurance Bank, where the record of contributions is kept.

The U. S. S. R. extends insurance coverage to certain agricultural undertakings as well as domestic employment. Contributions are paid entirely by the employer. According to available information, the employer of agricultural labor makes all payments to the credit institution selected by the insurance fund. The stamp system is used for domestic workers, and rates are assessed in accordance with a five-class system based on the employer's income. A distinctive feature of the stamp system in the U. S. S. R. is that both employer and worker have stamp books. The insurance stamp is in two parts, and the employer affixes one part in his book and the other in the worker's.

Under the Peruvian social insurance system, more than 70 percent of the 200,000 persons insured in 1942 were

agricultural workers. Contributions are collected by stamps in accordance with wage classes. For employees who work regularly for one employer, a four-page stamp card is available with spaces for stamps for each week in a 1-year period. For employees who work for more than one employer, a book with several pages is available.

A number of countries which do not cover agricultural or domestic employees under their social insurance programs use, nevertheless, the stamp system for industrial employees; this system, they feel, will enable them to extend coverage very simply on the same basis to agricultural or domestic employees. Canada uses a stamp book in conjunction with wage classes under its unemployment insurance program. An unusual feature of the Canadian system is that each stamp is divided into six parts so that one-sixth of a stamp can be affixed in the employee's book for each day he is employed.

## Merit Systems in the Social Security Program

By Oscar M. Powell\*

ONLY NINE STATES had State-wide civil-service systems when the Social Security Act was passed in 1935. The original act contained no specific provision requiring States to establish and maintain personnel standards on a merit basis as a condition of Federal grants for State programs. From early 1936, when grants to the States under the act first commenced, until August 1939, such efforts as the Board made to develop merit-system standards were under the authority of the general provisions contained in titles I, III, IV, and X of the act, which imposed on the Board the necessity for findings on methods of administration necessary for the proper and efficient operation of the State programs. During this period merit systems were voluntarily adopted by 28 unemployment compensation agencies and by 7 public assistance agencies, in addition to those which were operating under State-wide civil-service laws.

In August 1939 Congress provided that after January 1, 1940, these ad-

ministrative methods must include "methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Board shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods." This clause was inserted parenthetically, and, like the more general earlier wording, was made subject to Board interpretation through the specific language, "as are found by the Board to be necessary for proper and efficient operation." So that the States might know with some definiteness what the Board would consider as acceptable methods, work on a statement of standards was commenced immediately after the enactment of the 1939 amendment and the statement was issued as of November 1, 1939.

Both the States and the Board realized that the interval before January 1, 1940, was too short for the States to do all that was needed to bring merit systems into full operation. For that reason, the States were asked to indicate by January 1, in general terms, their intention

to establish and maintain methods in accordance with the November 1 standards. In good time all States did agree. I think this agreement was due in no small part to the care which had been taken in devising the standards. They did not spring fully developed from a few weeks' work, but evolved from the continuing study begun in the spring of 1936. I think, too, that they were accepted because the final product incorporated only those principles generally considered axiomatic.

This paper compliance, however, was by far the smallest and perhaps in many respects the least important part of the job to be done.

Not long before Congress enacted the 1939 amendment, the President of the United States had issued an Executive order requiring establishment of personnel departments in all agencies of the Federal Government. This action drained off into the Federal service a large number of the persons technically equipped in the personnel field. Only a limited crop was left to the States for discharging the responsibilities which they had undertaken by reason of the amendment. The Board's efforts to assist the States in meeting the inevitable administrative difficulties which faced them were of two kinds. Our first job was to point out again and again, and then to reiterate, the need for developing

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strong merit-system councils and merit-system supervisors by selecting people with a high sense of public duty and with courage and integrity. Our second job was to try to acquaint these people, many of whom had had no experience in the field, with the principles and methods underlying merit-system administration. The accomplishment of these tasks will stand for a long time to the credit of the personnel responsible for the job. The foundation then laid has been, in my opinion, largely responsible for such success as the States and we have had in this joint undertaking.

I mentioned principles underlying merit-system administration. Perhaps I should have said "principle," in the singular. Actually, what the Board and the States are after is to attract and select and retain the very best of the people who are available. Unless we are able to get the best, and keep them, the public service will suffer; the taxpayer will not get all that his money entitles him to, nor will the people for whose benefit these social security programs are devised get the quality of service which they have a right to expect.

We have elaborated this principle in our standards; the several specific topics treated are not much more than elaboration and method for obtaining this principal end. We speak of jurisdiction, of organization, of nondiscrimination, and limitation on political activity; of classification plans and compensation plans; of recruitment, examination, appointment, promotion, furlough, and separation of personnel; of service ratings, personnel records, and reports. But when we sift and analyze these particulars we come out with this, as I see it: We should like to have the administration of personnel matters so ordered that well-qualified, competent people will consider the public service as an attractive career. We should like to see public servants selected through the best possible combination of written and oral examinations and the rating of training and experience. We should like to see equal pay for equal work and the chance to promote and safeguard those who perform satisfactorily in accordance with their demonstrated competence on the job.

Before December 1941, our operations—and when I say "our" I mean the operations of the States and the

Board—were easy in comparison to those since that date. True, we had trouble in getting the systems set up and manned by competent personnel. Nor was the basic principle of merit-system administration universally accepted without argument. But it is also true that we were operating in a buyers' market. With the beginning of the war and the demands by the armed services, the war agencies of the Federal Government, and the war industries, this buyers' market ended. The market became tighter and tighter, and the States' difficulties in keeping good people and getting competent replacements increased as time went on. They were in the same predicament as we.

As we observed the difficulties the States were experiencing, it became apparent that relaxation of some standards was necessary. Several steps were taken by the Board to make it possible for the States to maintain at least a minimal staff in competition with the other governmental agencies and the war industries.

For the duration of the war States may, if they wish, stimulate competition by waiving absolute requirements of education and experience for admission to examinations; or, if competition is not feasible because of labor-market conditions, they may appoint qualified people without competitive examination. Allowance was made in Federal grants to States for salary increases to compensate for increases in living costs. Thus the State agencies with which we do business could make their jobs more attractive financially.

These and other modifications and relaxations of standards, like those which I have specifically mentioned, have been designed to permit more flexibility in administrative practices during this time of stringency. We have attempted, however, to preserve the basic idea of attracting, getting, and keeping in the public service the best people who are available. We still think it is a good idea for public servants to be educated and to have had experience. We think it a good idea, even during war, to select them, wherever possible, through a competitive process: through an examination consisting of a written objective test of intelligence and knowledge of subject matter, an oral examination to test personal qualities and characteristics, and rating of training and

experience. We still think it a good idea that the passing points on these examinations be so fixed in relation to labor-market conditions as to exclude the relatively unfit and to arrange in order of competence those persons best able to serve. But we have had to face the fact that there are not as many or as well qualified people available now as in normal times. The relaxations were made with the realization that when the war is over the public will be better served by providing public employment opportunities for the group which will then be available and perhaps better qualified.

These several relaxations to which I have referred have, I think, helped the States to operate with a reasonable degree of effectiveness. Comparing the State's situation with that of the Board as to lists of availables, turn-over rate, and other pertinent factors, the advantage seems to be with the States. Certainly they are in no worse position than we, nor have they been.

Both the Board and the States are going to have later troubles. The Board has about 5,000 positions to which former employees will be entitled after the war—more than half the jobs now filled. Some States are in almost as bad a fix. We are filling positions, and in the future will fill positions, in accordance with the terms of the Starnes act. Undoubtedly State legislatures also will—and should—pass laws granting preferences of one kind or another to persons returning from the armed services. Fortunately for the civilian public service, the number of returning veterans after this war will be much greater than that after the last war. It follows, of course, that there will be many among these veterans who will want to enter or reenter public service and who are well qualified. The Board has recently endorsed recommendations of the Civil Service Assembly concerning the direction which State veterans' preference legislation might well take. It is to be hoped that whatever the States do for the veteran will be done in the light of the general public good; that whatever legislation is passed, the principle of choosing, within reasonable limits, the persons best qualified to serve the public will be maintained.

After the war, we and the States

should have ample opportunities to recruit to normal peacetime strength with well-qualified, competent people. Meanwhile we have reason to believe that even under adverse conditions the positive aspects of good personnel administration are gaining acceptance. This makes it increasingly possible for us to spend less time in the activities that are designed to safeguard the possibilities of abuse. We cannot, however, abrogate our responsibility of making findings in strict accordance with the facts; for the Board's role in merit systems includes what might be called a policing function. That is, in this as in other aspects of the program, the Board carries statutory responsibility for seeing that Federal funds are expended only in accordance with the conditions which Congress laid down in authorizing Federal grants to States. When these conditions are not met, the Board has no alternative but to withhold Federal funds for a particular purpose or even to stop all Federal grants for a State program. That drastic step has had to be taken only rarely in the Board's history.

While I am sure that none of us in the Board feels wholly satisfied with our record of Federal administration of the act—in my dictionary self-satisfaction and dry rot mean the same thing—I believe that the basic standpoint from which the Board has viewed these responsibilities has helped us to avoid many “bureau-

cratic” blunders which would have held back the development of the State-Federal programs. In our “policing” functions as in all other functions of the Board, we must be guided by the objectives and purposes of the programs which are served by the joint efforts of Federal and State personnel. We—the personnel—are, of course, only a means to an end.

Unemployment compensation, which insures against wage loss due to involuntary unemployment, and public assistance, which provides money for certain groups of people who are in need, serve both individuals and the society in which they live. They help to secure society by ameliorating the results that follow from the lack of money in the hands of people who live in an economy where the possession or lack of money spells the difference almost between life and death. The social purposes of the programs are served by using the money effectively, not by saving it; by putting money into the hands of people when they need it, not by depriving them of the benefits or assistance which the program is intended to supply.

Certainly we, as public officials, should see to it that the money is spent only for the purposes for which it was appropriated. Certainly we should take exceptions to payments which are made contrary to the requirements of the Federal act as interpreted by the Board (and in the personnel field, to payments resulting

from violation of State law), but equally as certainly, we should be guided in our actions in this respect, as in all others, by an understanding and appreciation of the objectives of the legislation under which we operate. We should realize that these purposes are served only incidentally through our policing functions, and that our chief aim and major responsibility should be to see to it that people get aid when they need it and are entitled to it, and that exceptions in themselves are a means and not an end.

In a government such as ours, where the lawmakers, the devisers of high policy, are selected periodically by the people, and where likewise the top executive positions are filled periodically through the electoral process, there is a need for a continuing corps of qualified permanent civil servants who can do, and do well, the tasks that have to be done within the policy framework established by legislative and executive action. There has been too great waste in this country of time, money, and effectiveness in the public service through inefficient selection and political turn-over. Despite its inadequacies and the difficulties in its application, the merit principle has made one of the most valuable and lasting contributions to our political economy. Despite its shortcomings, I have heard no suggestion of a substitute that would seem to serve as well.

## State Aid to Veterans

By Franklin Aaronson and Hilda Rosenbloom\*

IN THIS COUNTRY, responsibility for aid and relief to persons injured in the defense of the community was first assumed by the several colonial governments. With the formation of the Nation in 1789, these colonial functions were largely transferred to the Federal Government. As the years passed, however, a series of State laws was enacted, largely supplementing the Federal legislation and granting services and aid to veterans and their survivors. These State laws followed no predetermined pattern but grew as needs and pressures demanded. The result has been uneven—comprehensive protection for veterans in some States and an almost complete

lack of State veterans' legislation in others.

State benefits have included both payments in cash or kind and non-monetary privileges, such as certain tax exemptions and employment preferences. Pensions in a few States, small bonuses or bounties in isolated instances, care in State soldiers' homes for indigent or disabled veterans, veterans' relief payments, and burial benefits for indigent veterans and their dependents have comprised the benefits in cash or kind. The State laws have been similar but not identical with the broader Federal program.

State expenditures for veterans and their dependents or survivors are small, however, in comparison with those under the Federal laws. While

no statistics are available on the costs of the services or privileges provided for veterans under State laws, information on the amounts spent in the States for veterans' cash benefits is available from the Bureau of the Census reports of State finances. In 1943 such benefits amounted to about \$20 million, in contrast to the \$450 million expended by the Federal Government for aid to veterans. It would seem unlikely that State expenditures will increase substantially in view of the comprehensive Federal program already in operation.<sup>1</sup> The States' laws in effect for World War II veterans make considerable provision for services, rather than benefits in cash or in kind, and a large portion of any increase will probably represent the cost of services.

Until the first World War, indigent

<sup>1</sup>For an outline of the “G. I. Bill of Rights,” see the *Bulletin*, July 1944, pp. 3-13.

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