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JANUARY 1965

# Oasis





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# Oasis

## EDITORIAL

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Robert M. Ball, Commissioner



Roy E. Touchet, Director  
Division of Management  
Robert Teeters, Editor

Contributions and inquiries should be addressed to the Editor, Room 133, Social Security Building, Baltimore, Md. 21235. Phone Windsor 4-5000. Ext. 2385.

### COVER

Discussing records of the Committee on Economic Security in National Archives stacks in Washington, D.C., are, from left, Jerome Finster, Archivist in the Social and Economic Branch of the National Archives; Abe Bortz, SSA Historian; and Wilbur Cohen, DHEW Assistant Secretary for Legislation and author of article appearing on page 3.

WITH this issue, the OASIS begins its second decade of serving you who, in turn, serve the public. As we said in our January 1955 issue and will repeat: "This is your magazine. We hope you like it. . . ."

We were a smaller "family" 10 years ago with only about 15,000 employees instead of the 35,000 we have today. We serviced 5½ million beneficiaries as compared to nearly 20 million now.

A lot has happened in 10 years. We've tried to promptly and accurately report the many technological and administrative changes and show where you fit into the picture.

In that first issue, we told you about the new Division of Disability Operations and how the Division of Accounting Operations was taking the 1954 amendments in stride. We discussed coverage of farm employees and noted ways the area offices (now payment centers) were improving beneficiary services.

With each passing month, a wide variety of subjects became grist for our editorial mill: Conferences, training, organizational changes, program improvements, district office activities, etc. We showed you how your fellow employees do their jobs and pointed with pride to outstanding accomplishments.

Electronic data processing at Social Security was an infant at the same time we were. We've grown up together. Each stride forward in this important area is reported to you. In fact, any improvement in the way we serve the public is worth noting.

We've depended heavily upon all of you to supply us with material, whether it be a retirement, an "Interview I'll Never Forget," or a full-length article. All we can say is: Keep contributing. The 35,000 of us want to share that item with you.

# Reflections 30 Years Later

By Wilbur Cohen,  
Assistant Secretary for Legislation,  
Department of Health, Education, and Welfare

**O**N JUNE 29, 1934, President Franklin D. Roosevelt issued Executive Order No. 6757 establishing the Committee on Economic Security. This Cabinet Committee of five persons prepared the draft of the Economic Security bill which President Roosevelt recommended to the Congress in 1935 and which, after congressional consideration, became the Social Security Act of 1935.

Now 30 years later, the brief work of the Committee seems all the more significant and monumental. Within 6 months, a major research effort was launched, basic policy issues discussed and decided, consultation undertaken with key individuals and groups, a bill of 63 pages drafted, consisting of 9 titles and 7 different complex programs, and a major report of 74 printed pages drafted for the President and sent to the Congress—all by January 17, 1935.

Miss Frances Perkins, who as Secretary of Labor was Chairman of the Committee, has touched briefly on the work of the Committee in her interesting account of *The Roosevelt I Knew* (Viking Press, 1946). Miss Perkins commented in 1946 that the Committee “turned out to be an admirable technique. It eventually brought forth an administration program in which all aspects had been canvassed by men with different lines of responsibility and different approaches.”

Miss Perkins recounted some of the background of the Committee’s work in a speech she gave to a general staff meeting of the Social Security Administration in Baltimore on October 23, 1962. She reflected at that time that “As I look back on it, I think that we made many mistakes, just as Witte thought, but still I see no other way by which so much could have been done in so short a time.”

Professor Edwin E. Witte, the Executive Director of the Committee, wrote a detailed account in 1936



Among the speakers at the National Conference on Economic Security, held in Washington, D.C., in November 1934 were: Prof. Edwin Witte (l.), Executive Director of the Committee on Economic Security; Frances Perkins, Secretary of Labor and Committee Chairman; and Frank P. Graham, president of the University of North Carolina and later U.S. Senator.

of the unique work of the Committee in his excellent monograph, *The Development of the Social Security Act* (University of Wisconsin Press, 1963). He also recounted in detail the congressional consideration of the bill and included many unpublished aspects of its legislative history.

Miss Perkins was the director-producer of the entire enterprise. Arthur J. Altmeyer, then the Second Assistant Secretary of Labor, supplied the professional and technical knowledge to organize and guide the production. Professor Witte’s encyclopedic knowledge and legislative drafting experience enabled him to prepare, within the very short time available, the reports and documents necessary to making the policy decisions. Together these three persons coordinated the work of the Committee, participated in the major policy decisions, and guided the bill successfully through the Congress.

The offices of the Committee were initially located in the Walker-Johnson Building at 1734 G St. NW.,

*Continued on next page*

## Reflections . . .

*Continued from page 3*

Washington, D.C., in the same building with the Federal Emergency Relief Administration supervised by Harry Hopkins, and later were located in the old municipal auditorium (now demolished) a few blocks away.

Mr. Witte's staff and budget were very small. The members of the staff and their reports are listed in *Social Security in America: The Factual Background of the Social Security Act as Summarized from Staff Reports to the Committee on Economic Security* (GPO 1937), pp. 521-530.

A major feature of the work of the Committee was the Advisory Committee of 23 members headed by John G. Winant, former Governor of New Hampshire, who became the first Chairman of the Social Security Board (1935-36). Two other members of the Advisory Committee came to have important policy roles in the administration of the program: Mary Dewson became a member of the Board (1937-38), and Marion B. Folsom,<sup>1</sup> some 20 years later became Secretary of Health, Education, and Welfare (1955-58).

Of the 21 members of the Technical Board, Arthur J. Altmeyer became a member and later, Chairman of the Social Security Board and subsequently the Commissioner of Social Security (1935-33). Thomas H. Eliot became General Counsel of the Board (1936-38)



President Franklin D. Roosevelt signed the Social Security Act into law on August 17, 1935. Among those present during the ceremony were (l. to r.): Rep. Robert L. Doughton (N.C.), Chairman of the House Ways and Means Committee; Rep. Frank Buck (Calif.); Sen. Robert Wagner (N.Y.); Sen. Robert La Follette (Wis.); Sen. Augustine Lonergan (Conn.); Frances Perkins, Secretary of labor; Sen. William H. King (Utah); Rep. David Lewis (Md.); and Sen. Joseph Guffy (Pa.).

and Walton H. Hamilton the first Director of the Board's Bureau of Research and Statistics (1936-38).

From the staff, Merrill G. Murray became Assistant Director of the Bureau of Old-Age and Survivors Insurance and a member of the staff of the unemployment insurance program. William R. Williamson was the first Actuary of the Social Security Board (1936-47) and Robert J. Myers came to the Social Security Board in 1936 as an actuary and became the Chief Actuary in 1947.

I became Technical Adviser to the chairman of the Board, later Director of the Bureau of Research and Statistics (1936-56) and subsequently Assistant Secretary of Health, Education, and Welfare (1961-present). Gladys R. Friedman Webbink, Olga S. Halsey, Harry J. Winslow and Constance A. Kiehel became associated with the unemployment insurance activities of the program.

I. S. Falk came to the Board in 1936 and became Director of the Bureau of Research and Statistics until 1954. Ewan Clague became Director of the Bureau of Research and Statistics and later Director of the Bureau of Employment Security.

Several others from the staff worked in the social insurance field: Marianne Sakmann, Meredith B. Givens, Irma Rittenhouse, Eveline M. Burns, G. Reginald Crosby worked in the Bureau of Old-Age and Survivors Insurance. J. Douglas Brown and Murray W. Latimer continued to work in the social security field. Professor Brown has been a member of every Advisory Council on Social Security since the law was enacted.

Alanson Willcox, with the General Counsel's office of the Treasury who assisted in the drafting of the old-age benefits program, later became Assistant General Counsel of the Board and General Counsel of the Department of Health, Education, and Welfare.

### CONGRESSIONAL CHANGES

Congress made a number of important changes in the bill recommended by the Committee. The changes in the "Federal Old Age Benefits" provisions (as Title II of the Act was called in the 1935 law) were as follows:

1. The Economic Security bill paid old-age benefits based upon *taxes* paid. The Act paid benefits based upon wages paid to an individual. The bill linked benefits to taxes paid but the Social Security Act divorced the two in the interest of assuring Supreme Court approval of the provisions.

2. The taxes levied in the bill for "old-age annuities" began at one-half of one percent for the employer and employee respectively, and increased at one-half of one percent intervals every five years until



The first Social Security Board appointed by President Roosevelt was composed of (l. to r.): George E. Bigge; Chairman Arthur J. Altmeier; and Mary W. Dewson. Frank Bane (r.) was Executive Director.

a maximum was to be reached of 2½ percent from each in 1957 and thereafter. The Act provided that the taxes began at 1 percent each and increased at 1 percent intervals every three years up to a maximum of 3 percent on each party in 1949 and thereafter.

3. The old-age annuities under the bill were to be computed under two plans: (a) A transitional plan under which benefits were to be paid individuals whose taxes were paid during the years 1937-41, and (b) a permanent plan for persons whose taxes were paid in 1942 or thereafter. The objective was to enable persons in the early years of the system to obtain more adequate benefits. The benefit plan in the Act was the same for all eligible persons but achieved the same objective by giving a proportionately higher benefit for the first bracket of wages.

4. The bill provided that Government contributions would have to be made beginning in 1965 to keep the fund actuarially sound. The Act was passed on the assumption that no direct governmental subsidy to the system would be involved.

5. The "retirement test" in the bill provided that an individual not be employed by another in a gainful occupation. The Act provided that no benefit would be paid in any month with respect to which an individual received wages with respect to regular "employment" as defined in the Act.

6. The bill provided that a person might elect to receive a joint survivorship annuity of identical actuarial value, if such person had a dependent spouse. The Act did not contain any such provision.

7. The bill provided for very broad coverage excluding only governmental employees and persons subject to the Railroad Retirement Act. The Act excluded a number of additional groups such as: agricultural labor; domestic service; nonprofit institutions; Federal, State and local public employees; and seamen.

8. The bill excluded from taxes any nonmanual earnings more than \$250 per month and paid benefits upon a maximum of \$150 a month. The Act departed from this approach and did not exclude any individual

because of the amount of earnings but levied taxes and paid benefits upon the first \$3,000 of any other eligible individual's annual earnings.

9. The bill excluded individuals from the taxes who had attained the age of 60 on January 1, 1937. The Act excluded individuals when they attained age 65.

10. The bill provided for the issuance of annuity certificates on a voluntary basis. The Act eliminated this provision.

## STAFF REPORTS

A complete set of the staff reports is deposited in the National Archives as well as in the Department of Health, Education, and Welfare Library. Some of these reports are also located in the SSA Library in Baltimore. Witte's papers were deposited with the State Historical Society of Wisconsin in Madison and another set of the staff reports is in this collection.

The recommendations of the Committee on Health Insurance were never published by the Committee. A brief summary of these recommendations is included in Witte's book on *The Development of the Social Security Act* (Appendix III).

<sup>1</sup> Mr. Folsom was also a member of the Advisory Council of 1938, 1948, and is a member of the 1964 Council. He was Secretary of Health, Education, and Welfare when the 1956 Council was appointed. He has been, therefore, directly associated with every Advisory Council on the OASDI program since the beginning.

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# 25 YEARS OF

This month marks an important anniversary for the American people. Just 25 years ago, monthly social security benefits were first paid to retired persons and to eligible dependents and survivors.

The original Social Security Act of 1935 specified that monthly payments-to workers at age 65-would begin in 1942. The 1939 amendments changed the date to January 1940 and also made it possible for dependents and survivors to receive benefits.

Beginning with the first beneficiary-New Englander Ida Fuller-those welcome green checks have reached many millions of people since January 1940. Over the years, the program expanded greatly. New groups of workers and the self-employed obtained protection. With the 1954 amendments, the disability program was launched which led to monthly benefits for those unable to work because of a severe impairment.

At the end of 1940, about one-quarter million persons were receiving monthly benefits. As 1964 came to a close, nearly 20 million beneficiaries were on the rolls, representing one out of every 10 Americans. During 1940, almost \$35½ million was paid out (includes lump-sum death payments), as compared to about \$16¼ billion in benefits during 1964. Today, 9 out of 10 persons are protected in case of retirement, death, and disablement. The face value of the survivor protection alone is about \$625 billion, which is just about the same amount as all of the private

life insurance in the country.

In a recent article, Robert Ball, Commissioner of Social Security, said: ". . . This is primarily a pro-



John O'Hare (r.), District Manager, Cumberland, Md., looks over 18,000 checks totaling \$1,070,000 which are mailed to beneficiaries in his service area. At left is postal employee W. H. Seiler of the Cumberland Post Office. This scene is repeated many times across the country during the first week of every month, as timely payments go out to nearly 20 million beneficiaries.

5 Millionth  
Beneficiary  
December 1952

First Beneficiary - January 1940



The first beneficiary, Ida Fuller of Ludlow, Vt., has received 300 consecutive social security checks. Through her story, many Americans have learned about the protection offered by the program.

JAN. 1940

JAN. 1945

JAN. 1950

# MONTHLY BENEFITS

gram in which people help themselves, using the Government as the instrument . . . . The fact that the right to benefits is earned by work and contributions is what gives this program its distinctive character and what makes people accept a social security benefit with dignity and pride . . . ."

*15 Millionth  
Beneficiary  
February 1961*



Anthony Oeding—retired airplane model builder—and his wife, of St. Louis, Mo., were introduced to President Kennedy in Washington by Secretary of DHEW (now Senator) Abraham Ribicoff.

*10 Millionth  
Beneficiary  
June 1957*



Mrs. Jane Gavin of Ozone Park, N.Y., was left with two children to support following the death of her husband. Social security benefits helped make it possible for her to stay at home to care for them.



District Mgr. Charles Shreve, San Francisco (Civic Center)—now Chief, SFPC—presents check to 5 millionth beneficiary, Mrs. Dolores Plaa, a widow with two children.