

## Ten Years of Social Security Administration in the Southwest

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TEN YEARS' EXPERIENCE in dealing with problems of social security has meant something very different to many of you in this part of the country from what it has meant to administrators elsewhere. There have not been many 10-year periods in the short but rapidly moving history of most of the seven States represented here. Not many decades before the passage of the Social Security Act, the Comanches and Apaches were the most serious security problem of the few settlers in these regions. I wish it were possible to get a few documentary movie shorts taken in each of the eight or ten decades before 1935. It is difficult to realize how short a time it is since the railroads came and the open free range disappeared in this part of the country. Men now living can well remember some of these States as hardly settled wild frontiers. We here have seen our cities grow from towns and our towns from wide places in the road.

Ten years is a larger part of the history of these States than it is of the history of the industrial East, but the problems of an industrial society have caught up with the Southwest. These years have brought more and more people—more and larger towns—greater dependence on money wages or markets—fewer people who count on raising or making the things they use. In one sense the region has been rushed from a very simple society into a highly complex one, complicated by interdependence with other parts of our country and the world beyond it. We have had little time to make the transition, but we now must deal with the consequences of the change.

Probably the most impressive achievement of these first 10 years of social security administration is the

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general public acceptance of its programs. Acceptance of social security as an idea and as a protection against income losses due to unemployment, old age, or death is the more remarkable because before 1935 workmen's compensation was the only form of social insurance with which the United States had had much experience. This almost immediate and universal acceptance undoubtedly reflects the fact that the insurance programs met a widely felt need. Unemployment in the early 1930's was still a vivid reality even to those who, by 1935, had regained jobs. The particularly difficult plight of old people during the years of depression and drought forcefully dramatized the needs of this growing group in our population. American workers had long recognized the desirability of life insurance, but for the most part they had not been able to provide adequate protection for their families. The introduction of social insurance provided at least a minimum of protection against circumstances with which they themselves had not been able to deal as individuals.

By way of contrast, the public assistance titles of the Social Security Act were less of a novelty in the United States. Many States had already singled out the needy aged, the blind, and dependent children for special assistance. Some of the programs, however, were of little significance in meeting need. Frequently they were in operation in only a part of a State. Residence and other eligibility requirements often barred many needy people from aid. Moreover, since appropriations were often extremely small and sometimes were lacking, payments were far from adequate and on occasion were interrupted or discontinued. A few of the early laws became inoperative or were even repealed. The Social Security Act—building on existing foundations—gave every State a chance and an incentive to extend and strengthen its assistance programs or to establish new ones on a State-wide basis.

## Social Insurance in the Southwest

The Federal old-age and survivors insurance program was established to enable workers, through their own contributions and those of their employers, to build up rights to benefits against the time when old age cuts down or cuts off earnings and also to protect the wives and children of wage earners who die. The Federal-State unemployment insurance system builds up a fund from employer contributions to protect workers against complete loss of income during limited periods of involuntary unemployment. Since the coverage of both these programs is now restricted almost wholly to wage and salary workers in industry and commerce, the significance of social insurance under the Social Security Act has been different in areas like the Southwest, where agriculture is important, from that in parts of the country where industry predominates.

### *Effect of Old-Age and Survivors Insurance Coverage Restrictions*

Unfortunately not all people who work for a living can earn the protection of old-age and survivors insurance. Under the present law, the self-employed, including farmers, shopkeepers, and most professional people, as well as agricultural workers, domestic workers, and others, do not have this protection. Farmers and farm wage workers—two of the largest groups left out—make up a substantial part of the labor force in the Southwest.

*Loss of family protection.*—The last census shows that only about half the employed labor force in the seven States here denoted as the Southwest were in jobs covered by the system. Measure this protection against that in seven industrial States—Connecticut, Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, and Rhode Island—where the number of workers in covered jobs represents three-fourths of the employed labor force. Even among the seven Southwestern States, the proportion of gainful workers in covered employment varies widely, from less than one-third in Arkansas to more than half in Arizona and Colorado.

In addition to keeping many people from earning any rights to benefits, the restrictions in coverage cut down the size of the benefit paid to those who do qualify. Benefit rights under old-age and survivors insurance depend not only on having earnings in covered industry but also on the amount and continuity of such earnings. If a worker spends a part of each year or a part of his life working on a farm and another part in a job covered under the Federal insurance program, his earnings on the farm will not be counted in determining whether or not he or his survivors can be entitled to benefits or the size of any benefit for which they do qualify. Where opportunities for covered employment are relatively fewer, as in the Southwest, the shifts of workers between covered and non-covered jobs seriously affect their chance of building up benefit rights.

*Relation to cost of assistance.*—Obviously the coverage limitations of old-age and survivors insurance bear more heavily on this section of the country than on the more industrialized States. This fact has particular significance for public welfare administrators, who must go to their State legislatures from time to time to ask for funds to meet the mounting burden of public aid to the aged. The

more old people who receive retirement benefits under the Federal insurance program, the fewer the old people who will be in need of public aid and the smaller the burden on State and local budgets to finance old-age assistance. Likewise, wider protection for widows and children under the insurance program will lessen needs for aid to dependent children.

Because the insurance program is still so young, the present number of beneficiaries and the amount of their benefits are only a small fraction of what the figures will be in the years ahead. Yet even now the Southwest's disadvantage is apparent.

In June 1945, about 82,000 persons in the seven Southwestern States were on the benefit rolls of the insurance system and entitled to receive benefits totaling about \$16 million a year (table 1). In contrast, the seven industrial States mentioned earlier, with a somewhat smaller total population, had 191,000 beneficiaries on the rolls, who were entitled to receive almost \$45 million a year—nearly three times the total payable in your seven States. These figures are for benefits in force—that is, for benefits that were payable but were not always being paid each month, since a beneficiary cannot receive a payment for any month in which he

earns more than \$14.99 in a covered job or fails to meet certain other conditions for current payments. During the war a considerable number of beneficiaries had their benefits suspended while they had covered earnings; now, when it is harder for old people and widows and children to get and hold paid jobs, the proportion of suspensions is shrinking. Relatively fewer people in the Southwest have benefit rights on which they can draw when they choose or are obliged to stop paid work.

Per capita of total population, your States had \$1.09 per person per year in benefits in force under old-age and survivors insurance as of June 1945. The industrial States had \$3.33, almost three times as much. Your old people on the insurance rolls represented 42 per 1,000 of your total aged population, but in the seven industrial States the aged beneficiaries represented 108 out of each 1,000 old people in the population. Arizona, with 65 aged beneficiaries per 1,000 old people, had the highest rate in this region, but the Arizona rate was lower than that in any of the seven industrial States.

Looking at old-age assistance in these two groups of States, we find that in June 1945 the Southwestern States were paying old-age assistance to 358,000 needy old people, or to 382

Table 1.—Old-age and survivors insurance: Selected data for seven Southwestern States and seven industrial States

State	Total population, 1940	Old-age and survivors insurance benefits, June 1945		Percent of employed labor force covered by old-age and survivors insurance, March 1940	Aged population and beneficiaries			Total insurance benefits as percent of total income payments, 1944	Percentage distribution of benefits and contributions, 1944		
		Number of beneficiaries	Total amount		Aged population, April 1945	Aged beneficiaries			Benefits	Employer contributions	Total contributions <sup>1</sup>
						Number, June 1945	Number per 1,000 aged population				
Total, United States.....	131,669,275	1,281,040	\$23,547,508	59.9	10,060,000	759,682	76	0.15	100.00	100.00	100.00
Total, 7 Southwestern States.....	14,656,018	81,985	1,326,110	47.9	978,000	40,726	42	.10	5.65	6.30	7.65
Arizona.....	490,261	4,032	69,088	52.5	27,000	1,751	65	.11	.29	.29	.34
Arkansas.....	1,949,387	8,228	116,997	30.7	120,000	4,003	33	.11	.52	.41	.56
Colorado.....	1,123,286	9,179	168,942	53.7	95,000	5,764	61	.14	.73	.65	.78
Kansas.....	1,691,028	12,061	202,465	44.2	166,000	7,358	44	.09	.77	.87	1.00
New Mexico.....	531,818	2,330	35,101	43.3	26,000	885	34	.08	.14	.14	.22
Oklahoma.....	2,336,434	10,267	160,745	44.5	158,000	4,030	31	.09	.71	.84	1.03
Texas.....	6,414,824	35,870	563,778	45.8	386,000	10,035	42	.09	2.49	3.20	3.74
Total, 7 industrial States.....	13,478,747	191,061	3,740,608	75.3	1,151,700	124,102	108	.18	15.30	14.43	13.55
Connecticut.....	1,709,232	24,844	491,041	78.4	148,000	16,063	109	.17	2.07	2.49	2.10
Delaware.....	260,505	3,315	60,107	63.0	22,700	2,036	90	.15	.27	.32	.29
Maryland.....	1,821,244	18,305	328,198	64.9	137,000	10,260	75	.12	1.47	1.81	1.61
Massachusetts.....	4,316,721	71,924	1,424,154	78.1	402,000	48,120	120	.21	5.23	4.11	4.12
New Hampshire.....	491,524	7,143	129,403	71.1	50,000	5,012	100	.29	.53	.60	.48
New Jersey.....	4,160,165	54,201	1,090,779	76.3	330,000	34,711	105	.18	4.88	4.63	4.20
Rhode Island.....	713,346	11,239	214,224	79.8	62,000	7,694	127	.20	.94	.77	.72

<sup>1</sup> Assuming employer contributions shifted to consumers.

out of each 1,000 old people in the total population. The seven industrial States, on the other hand, were paying assistance to only 120 per 1,000 total aged population, less than one-third the relative number. While the rate for the Southwestern States as a group is greatly influenced by the rates in Oklahoma, Texas, and Colorado, which are the highest in the country, none of the industrial States had a rate as high as that in Kansas, the low State in your region.

In the last fiscal year, your seven States as a group spent \$8.28 per inhabitant for old-age assistance from Federal, State, and local funds. The seven industrial States as a group spent only \$4.62 per inhabitant. In your region only Arkansas and New Mexico spent less than \$5 per inhabitant, while only two of the seven industrial States spent more than \$5 per inhabitant.

I am not implying that old-age and survivors insurance is responsible for all or even a major part of the difference between the two groups of States in old-age assistance expenditures. Even before insurance benefits were paid, old-age assistance loads in some of these industrial States were much lower than in your States. The point is that, because per capita income in all your States is below the average for the country as a whole, the need for assistance is relatively greater than in many other parts of the country. Unless we have broader coverage under old-age and survivors insurance, your public assistance burden, which is already large, will continue to mount, while that in other States will decline as the insurance program matures. Even now, in relation to income payments, your State and local expenditures for old-age assistance, aid to dependent children, and aid to the blind are double those in the seven industrial States. Consider the record for the past 10 years. The seven Southwestern States spent \$855 million for the three public assistance programs, while the seven industrial States were spending \$620 million. It would not be safe to attempt to predict the aggregate amount of your future public assistance bill. Present and past trends are indicative, but economic and political pressures, which would be minimized to some extent under a contributory

insurance system with broad coverage, are too unpredictable to permit a forecast under a continuation of the present legislative structure.

*Disadvantages to business.*—The limitation of the coverage of old-age and survivors insurance also operates to the disadvantage of the States in this region in its effect on business enterprises, including farming. Every person who would be eligible for a benefit under broader coverage but is now ineligible, and every beneficiary whose benefit is smaller because of the limited coverage, in effect loses a certain amount of potential income. This loss, in turn, affects total income in the State and the purchasing power which supports markets within the State. In 1944, old-age and survivors insurance benefits represented almost twice as large a proportion of total income payments in the seven industrial States as in the seven Southwestern States. This difference in the relative contribution of insurance benefits to State income will become increasingly larger as benefit payments under the insurance program grow. Over a period of years the total is expected to increase to from 10 to 20 times the present amount.

*Relation of benefits to contributions.*—The total amount paid in benefits in this region also is smaller in relation to contributions paid toward old-age and survivors insurance than in the seven industrial States. Relatively more workers here move back and forth between covered and non-covered employment and do not obtain enough credits to qualify them for insurance benefits, though they and their employers pay contributions on their earnings when they are in covered jobs. Moreover, it is frequently maintained that employers shift a substantial part of their old-age and survivors insurance contributions to the consumers of their products in the form of prices. To the extent that this occurs, residents of the Southwestern States, many of whom are not insured under the Federal system, contribute indirectly to the cost of old-age and survivors insurance as consumers of products produced in other States. If we assume that the shifting of employer contri-

butions follows closely the pattern of consumption expenditures in the States, the people in this region are paying—either directly or indirectly—half as large again a percentage of total insurance contributions as the proportion of total insurance benefits they are receiving.

*Costs of coverage restrictions to the Southwest.*—I have not attempted to translate into dollar terms what the Southwest may be losing as a result of the limited coverage of the insurance program. For one thing, that program is still growing very rapidly and will continue to do so for many years. Figures which would be applicable today would considerably understate potential future losses. In the second place, translating into dollar figures the percentages and ratios I have given would require assumptions or forecasts regarding various uncertain factors. Two points are certain, however. One is that, measured in relation to present State and local budgets, the losses of the Southwestern States from the limited coverage of the insurance program are far from insignificant. The second point is that removal of present limits on the coverage of the Federal program would largely remedy their unfavorable position under the insurance program and would help to lighten their disproportionately heavy burden of assistance.

#### *Restrictions in Coverage of Unemployment Insurance*

Limitations on unemployment insurance coverage also are relatively more significant in your States than in the seven industrial States. To some extent this less favorable position results, as in old-age and survivors insurance, from the exclusion of agricultural and domestic employees and government workers. In unemployment insurance, however, there is an additional restriction on coverage. While old-age and survivors insurance applies to employers regardless of size of firm, the Federal Unemployment Tax applies only to firms employing at least 8 persons for at least 20 weeks in a calendar year. The States are not bound by this restriction, and only 18 have adhered to it. Of these, three are Southwestern States. Only Arkansas in this

region covers employers of 1 or more. The increase in coverage which would result in this region from elimination of the size-of-firm provision would range from 2.3 percent in New Mexico to almost 20 percent in Kansas.

In 1944, among your States, unemployment insurance covered from 49 percent of all wages and salaries in New Mexico to 64 percent in Kansas. In the seven industrial States, in contrast, the range was from 68 percent in Rhode Island to 85 percent in Connecticut. For both groups of States, these proportions would be further increased if exclusions relating to type of employment as well as size of firm were removed.

The effect of unemployment insurance on public assistance is less clear than that of old-age and survivors insurance. Undoubtedly, however, to the extent that unemployment insurance benefits are available to workers for their entire spells of unemployment, the burden of need is carried by the insurance rather than the assistance program. Failure to insure all workers leaves one gap in the insurance program. Other gaps arise if benefits are paid for too short a time or if too many other barriers are put between the workers and benefits. In the seven industrial States which I have been using as a sort of measuring rod, the maximum time during which an unemployed worker can receive benefits ranges from 20 weeks in three States to 26 weeks in two. In this region, one State provides a maximum of 14 weeks, and only two provide as many as 20 weeks of benefit payments for an insured worker who continues to be unemployed for that time.

### *The Southwest's Stake in Strengthening Social Insurance*

Coverage of all gainful workers by old-age and survivors insurance and extension of unemployment insurance to all wage and salary workers as rapidly as possible are two of the important recommendations made to Congress by the Social Security Board. Other recommendations for old-age and survivors insurance are to credit veterans with their period of service in the armed forces, to reduce the qualifying age for women beneficiaries from 65 to 60 years, to increase benefit amounts, particularly

for low-paid workers, and to increase the amount of earnings a beneficiary may have without suspension of benefits.

Adoption of these recommendations would be of far-reaching benefit to the Southwest. It would protect many millions of workers and their dependents against the hazard of wage loss due to unemployment, age, or death. It would serve to bring social insurance contributions and benefit payments in this region more nearly into line with each other. It would raise average benefit amounts and reduce the relative load on the public assistance program. It should make it possible for the States to care better for their unfortunate.

The Southwest has a big stake as well in Board recommendations in the field of disability and health. For many thousands of families, illness or disablement of the wage earner is an even greater hazard than either old age or death. Family income is seriously reduced or ceases altogether, and large and unpredictable expenses for medical care may be necessary.

The Social Security Board believes the insurance principle can be applied to these risks as it has been to the risks of old age, death, and unemployment. The Board has recommended the addition of long-term disability insurance to the present old-age and survivors insurance program. There should also be insurance against wage loss due to temporary illness, and the Board has proposed a prepayment system of medical care insurance to assure that all workers and their dependents can get—and pay for—necessary kinds and amounts of medical care when they need it.

These recommendations have a special significance for the States in this conference because farmers and farm workers are generally excluded from workmen's compensation and you have more than your proportionate share of both farmers and farm workers. Moreover, some of your States have illness and death rates for certain conditions in excess of the national average. By making possible early diagnosis and treatment, insurance against medical costs should do much to reduce the annual toll in disability and death chargeable to our major illnesses. It should also reduce appreciably the volume of public

assistance resulting from illness or incapacity.

### **The Role of Public Assistance**

Until we extend coverage and liberalize age and other eligibility requirements and benefit amounts in social insurance, public assistance will continue to be the mainstay against income loss of the large group of people who have no opportunity to build up insurance rights or who meet with some misfortune not now covered by social insurance. Even when social insurance is extended, there will always be some people who for one reason or another will fail to qualify for any benefits or for enough to meet their basic needs. Under a comprehensive and adequate social insurance system, however, the number of such people would represent but a small fraction of the present public assistance load.

### *Progress in the Conference States*

During the last decade, the Southwest's progress in public assistance has been impressive. Some of this progress is part of the long-time trend toward better provisions for public welfare, but undoubtedly Federal grants-in-aid for the special types of public assistance have helped in developing these programs. In January 1936, old-age assistance was provided in only three of the seven States in this region, and aid to the blind in only two. By 1935, when the social security law was passed, all seven States had mothers'-aid laws for the benefit of dependent children, but only Arizona had a State-wide program. The acute need that existed among these groups is shown by the fact that, over the decade, the number of people receiving old-age assistance or aid to the blind has increased approximately tenfold, and the number of families receiving aid to dependent children is nearly 20 times greater than at the beginning of the decade. Actually the growth in the number of aged and children receiving public aid is not as great as these figures suggest, for undoubtedly many of the people now receiving special types of assistance were aided under the State emergency relief administrations of the early 1930's. During the decade, average monthly payments also have

Table 2.—Public assistance: Selected data for seven Southwestern States and seven industrial States

State	Recipients, June 1945					Average monthly payment, June 1945		Expenditures per inhabitant from Federal, State, and local funds, fiscal year 1944-45					State and local expenditures as percent of income payments, 1944		
	Old-age assistance		Aid to dependent children			Per recipient of old-age assistance	Per family receiving aid to dependent children	Total	Old-age assistance	Aid to dependent children	Aid to the blind	General assistance	Total	Three special types of public assistance	General assistance
	Number	Rate per 1,000 population aged 65 and over	Families	Children											
				Number	Rate per 1,000 population under age 18										
Total, United States.....	1 2,036,375	207	255,675	646,808	16	\$29.46	\$47.40	\$7.50	\$5.51	\$1.09	\$0.20	\$0.67	0.37	0.31	0.06
Total, 7 Southwestern States..	357,786	382	40,503	98,742	20	-----	-----	9.08	8.28	1.10	.24	.36	.65	.51	.01
Arizona.....	9,435	319	1,419	4,087	18	38.55	39.52	10.35	7.63	1.14	.40	1.18	.62	.48	.14
Arkansas.....	27,906	287	4,685	12,014	18	17.09	23.69	4.77	3.40	.92	.17	.22	.38	.31	.01
Colorado.....	1 38,428	405	3,208	8,751	25	41.35	53.22	22.20	19.06	1.50	.20	1.44	1.25	1.10	.15
Kansas.....	28,087	198	2,860	7,274	14	28.82	40.13	7.77	5.82	1.04	.24	.67	.40	.34	.06
New Mexico.....	5,813	253	2,512	6,862	32	31.81	38.56	7.34	4.42	2.21	.18	.63	.47	.42	.05
Oklahoma.....	78,275	517	14,793	35,433	47	29.27	34.16	16.82	13.29	2.93	.35	.25	.90	.87	.03
Texas.....	169,812	440	11,096	24,291	11	23.00	20.80	7.95	7.22	.43	.21	.09	.41	.40	.01
Total, 7 Industrial States.....	138,627	120	17,541	44,919	12	-----	-----	6.52	4.62	1.02	.08	.60	.29	.23	.06
Connecticut.....	13,878	91	2,017	5,123	10	36.73	77.39	5.00	3.40	.99	.01	.57	.20	.15	.01
Delaware.....	1,297	57	271	770	10	15.84	67.88	2.02	.93	.73	-----	.36	.09	.07	.02
Maryland.....	11,550	84	2,875	8,254	13	27.77	37.53	3.53	1.92	.62	.08	.01	.16	.10	.06
Massachusetts.....	74,561	185	7,161	17,632	15	42.76	80.32	12.20	9.21	1.63	.12	1.21	.58	.49	.09
New Hampshire.....	6,545	134	745	1,844	13	30.03	68.37	7.34	5.05	1.16	.21	.92	.48	.35	.12
New Jersey.....	23,576	71	3,238	8,087	7	31.74	58.52	3.15	2.15	.55	.05	.40	.13	.10	.03
Rhode Island.....	7,214	116	1,234	3,200	15	33.67	67.85	6.69	4.10	1.34	.05	1.10	.29	.21	.08

<sup>1</sup> Excludes 2,020 recipients in Colorado 60-65 years of age.

risen substantially—from about \$13 to \$29 a month for old-age assistance and aid to the blind, and from \$11 to almost \$35 a month for families receiving aid to dependent children.

#### Differences in State Programs and Expenditures

This is the over-all picture. I need hardly emphasize that the public assistance programs have developed unevenly from State to State. Moreover, within some States, there is a lack of balance among the several public assistance programs. Arkansas and New Mexico, for example, assist between a quarter and a third of their aged population, while Oklahoma gives assistance to more than half, and Texas, to about 45 percent of its old people (table 2). Since Arkansas and New Mexico rank lower than Oklahoma and Texas in per capita income, recipient rates in Arkansas and New Mexico might reasonably be expected to be at least as high as in those States. In aid to dependent children, the number of children aided per 1,000 children under age 18 in the total population ranges from 11 in Texas to 47 in Oklahoma, a difference of more than 4 to 1. The differences

among the seven States in average monthly payments are also greater than can be explained in terms of State differences in living costs and in recipients' resources other than their assistance payments. Average payments for old-age assistance range from about \$18 a month in Arkansas to \$41 in Colorado, and for aid to dependent children, from \$21 a month per family in Texas to \$53 in Colorado.

In most of the Southwestern States, the funds available for public assistance are very limited. Legislatures face the difficult problem of determining how much should be appropriated for each program. Then, if the appropriation is not enough, administrators usually must decide whether to lower the standards of aid and assist all needy people or to keep to minimum standards and give nothing to some people who are in as much need as those already receiving aid. Decisions on these basic questions differ from State to State and largely cause the wide differences in the State programs.

#### General Assistance

The program that has been most inadequately financed in all parts of

the country, and particularly in the Southwest, is general assistance. While this region spent nearly twice as much per inhabitant for old-age assistance as the seven industrial States, your expenditure per inhabitant for general assistance was less than half as much as theirs. Here again the over-all picture conceals wide variations among the seven States in this region. Expenditures for general assistance in the last fiscal year ranged from less than 10 cents per inhabitant in Texas, where the localities carry the entire financial burden, to \$1.44 in Colorado, where both State and local funds support the program. In relation to its total population, Colorado spends 16 times as much as Texas for general assistance and about 7 times as much as Arkansas or Oklahoma. For needy people who are ineligible for the special types of public assistance because of their age or because of their need or for other reasons, for people who are ineligible for social insurance benefits, and for those whose assistance or benefits fall short of meeting their needs, the general assistance program is the last—and often the only—resort.

### *The Southwest's Stake in Strengthening the Assistance Programs*

In considering what can be done to strengthen the public assistance programs in the Southwest States, a few major facts must be kept in mind. One is that per capita income in all these States is below the average for the country as a whole; in several, it is much below the national average. Therefore, need is relatively greater than in many other States, and resources for meeting need are more limited. The second fact is that, in relation to total income payments in the State, State and local expenditures for public assistance in 1944 in all your States were above the average for the country as a whole. The increase in State and local tax revenues that would be required to raise assistance standards in the Southwest under all four public assistance programs to a level comparable to that in more prosperous States would place a disproportionately heavy burden on your resources.

*Federal legislative changes.*—To strengthen the public assistance programs in all States, but particularly in low-income States, where the inadequacies are most acute, the Social Security Board has recommended three major changes in Federal legislation: special Federal aid to low-income States, Federal participation in the costs of general assistance, and the use of Federal funds to help provide medical care. The extent to which the Southwestern States would benefit from these changes in legislation would, of course, depend on the particular provisions of the law enacted and on the extent to which a State used its opportunities to obtain Federal funds.

For example, a bill now before Congress, sponsored by the American Public Welfare Association, would provide for Federal participation in general assistance and special Federal aid to low-income States for both the special types of public assistance and general assistance. Under this bill, the States represented here would have received \$114 million in Federal funds, in contrast to the \$61 million they received in 1943-44. Thus if they spent \$69 million from State and local funds, as in 1943-44, they would have

had in all \$183 million for old-age assistance, aid to dependent children, aid to the blind, and general assistance, instead of the \$130 million they actually had in 1943-44. Federal expenditures per inhabitant in these States would almost double, and the total expenditures per inhabitant from Federal, State, and local funds combined would rise from about \$9.50 to more than \$13. Federal funds would meet about 62 percent of the public assistance bill in this group of States in contrast to the 47 percent in 1943-44. For the individual States in this region the Federal share would range from 53 percent in Colorado to 75 percent in Arkansas.

I need hardly explain to this group the practical limitation on the use of Federal funds to provide medical care under the present public assistance provisions of the Social Security Act. The Board is fully aware of the difficulties you have encountered and believes that we need a more flexible method for sharing medical costs. Accordingly, it has recommended that matching Federal funds be available for direct payments by the assistance agency to doctors, hospitals, and other health agencies that furnish care to needy persons.

*Improving personnel standards and administration.*—Besides these legislative changes, is there anything that can be done to strengthen the public assistance programs in the Southwest and elsewhere? I think there is. State public welfare agencies have been up against the same sorts of difficulties as we have had in the Federal Government during the war. They have lost many good people, whom they had to replace, when replacements could be found at all, with less well-qualified employees. In some cases it may have been necessary to upgrade people into jobs beyond their capacities, and now or soon the difficult decisions as to when and how the necessary staff adjustments will be made will have to be faced.

In the demobilization of the armed forces, many millions of young people will return to the competitive labor market. In the Federal Government and in most of the States, these veterans will have preferential rights to employment in the public service. As public administrators we will

probably not see a comparable time in our lives when the opportunities for restaffing the agencies of government will be better or more promising for the public good. This period of transition from an abnormal wartime situation is a natural one for return to more normal personnel practices, with frequent examinations promising permanent tenure.

If the present trend toward veterans' preference legislation continues, and I see no reason why it should not, we can be sure that an increasingly large percentage of public employees will be veterans. Upon our efforts during the next 6 months or the next year or two will largely depend the quality of public welfare administration during this generation. If we can do well, within our own resources, what needs to be done by way of improving the public attitude toward government and career service in government, if we can attract from among the veterans those who are best qualified to serve the public, we can expect a higher order of service to the people for whose benefit the laws which we administer were devised. Welfare agencies with their wide community contacts are particularly well-equipped to do an active and affirmative job of recruitment—of attracting the better veterans to public service. If this job is not done and done promptly and if examinations do not follow soon, many of the best of the veterans will have found other employment and thus will be lost to the public service.

In my opinion, much can be done now and in the immediate future to improve and strengthen the public assistance programs. We all have to work through people in doing what needs to be done. A better job of personnel administration will go far toward improving our programs. Better recruitment practices are only a part; simpler and better classification plans, more adequate salaries, adaptation and use of modern testing techniques in choosing people, better methods of teaching them how to do their jobs, fair, objective, and impartial methods of measuring the effectiveness of service, an orderly system of promotions, and better supervisory practices are other requisites of good personnel administration.

We cannot serve the people well through our own efforts alone. We cannot discharge our responsibilities as public administrators without the assistance of good people. We cannot hope to staff our agencies with good people unless we have adequate standards. We cannot content ourselves with selecting the "best of the worst." We must attract good people if we are going to be able to hire them. We must be able to choose the most competent among those who offer themselves for public service, and we must be able to equip them by training, not only for the sake of the public but for the sake of the employees themselves, to do an adequate and satisfactory job. If we attract, choose, and train good people but then lose them because we do not give them a sense of security in their jobs or a hope for advancement based upon quality of performance, we may

later find ourselves in as bad a fix as we were when we started off.

### The Decade Ahead

Amendments to the public assistance titles of the Social Security Act would be of immediate benefit to the States in this region. In the long run, however, universal coverage under the insurance system and expansion of the social insurances to include health insurance and protection against temporary and permanent disability undoubtedly would provide a greater measure of social security to the people of the Southwest. Adoption of the Board's recommendation of the inclusion of insurance against wage loss due to disability would relieve the States of a large part of the cost of general relief and would cut down needs for the special types of assistance. Fortunately we are not faced with an either-or proposition. We

can—and I hope we will—have improvements in both the assistance and insurance programs early in this second decade of social security administration.

If we can look forward to as great progress in social security during the coming 10 years as we have seen during the last 10, and I think we can, we should enter this new period with hope and enthusiasm. The plans that are being put into effect in most of the other countries of the world illustrate, I believe, a universal demand for the achievement of our common aspiration for security. The attitudes of the people of this country have undergone a remarkable change during the brief period of social security administration here. Legislative changes may come more slowly here than some of us think desirable, but that they will come I have no doubt.

## Need for a National Health Program: Excerpts From Testimony Presented Before the Senate Committee on Education and Labor

*The Senate Committee on Education and Labor opened on April 2 comprehensive hearings on the National Health Act of 1945 (S. 1606). The following pages summarize statements presented to the Committee by the Federal Security Administrator, the Chief of the States Relations Division of the U. S. Public Health Service, and the Chairman of the Social Security Board.*

ON NOVEMBER 19, 1945, President Truman transmitted to Congress his message on a national health program,<sup>1</sup> with the recommendation that "the Congress adopt a comprehensive and modern health program for the Nation." Immediately afterward, S. 1606, the National Health Act of 1945, proposing a program "along the lines set forth by the President," was introduced by Senator Wagner, for himself and Senator Murray. A companion bill, H. R. 4730, was introduced in the House by Representative Dingell. In a report on the bill (Senate Committee Print No. 1, November 26), Senator Wagner summarized its major provi-

sions: broadening and increasing the present Federal grants-in-aid to the States for public health services, to speed up the progress of preventive and community-wide health services; a similar increase in the community-wide maternal and child health services which are aided by Federal grants to the States; authorization of Federal grants to States for meeting the costs of medical care for needy persons; prepaid personal health service benefits, based on need for services rather than on ability to pay; and, in connection with the provision of prepaid medical care, grants-in-aid to non-profit institutions engaging in research or professional education.

The Senate bill was referred to the Committee on Education and Labor,

which began hearings on the bill on April 2. On April 3, Watson B. Miller, Federal Security Administrator, told the Committee that, individually and as spokesman for the Agency, he stood squarely behind the national health program, which he characterized as necessary, practical, and long overdue. The program, as outlined by President Truman and as proposed in S. 1606, appeared complex, he said, because it was necessarily comprehensive, covering the entire Nation and dealing "with an aspect of our common welfare in which our day-to-day practice has lagged far behind our standards, our knowledge, and our resources." In reality, he asserted, the basic issue is simple. "The health of the people is the strength of the Nation. Health protection, for himself and his family, is implicit in the guarantees which the American democracy makes to every citizen. As a fundamental need of all the people, health is a proper responsibility of the national Government, as of the State and local governments. To help meet this need, Government has a twofold task—first, to provide, insofar as possible, a healthful environment, to see that the communities in which people live are free from the needless threat of disease-breeding hazards; second, to assure to every individual safeguards against the

<sup>1</sup> See the *Bulletin*, December 1945, pp. 7-12.