

Social Welfare Programs in the United States

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Social welfare is one of the accepted goals of the United States and of the entire free world. Great interest attaches, therefore, both in this country and elsewhere, to the status of social welfare programs in the United States today. The standard of living and general welfare of the American people derive from the multiform activities of a free people, working individually, through voluntary groups, and through their government. This article is concerned primarily with the development and current status of public social welfare programs. For this purpose, the term social welfare is broadly defined to include education, health, social security, and veterans' programs—the major programs that are directed specifically to promoting the well-being of individuals and families. The data are presented in such a way as to permit exclusion or reclassification of specific programs by those who would find a different classification more useful.

FROM the beginning of its history as a Nation, the United States has been committed to a policy of positive action by government to advance the public or general welfare. When society was largely rural and economic organization relatively simple, the circumstances in which government was called upon to safeguard or promote social welfare were fewer than today; they were, however, important.

As early as 1785 the Federal Government set aside land from the public domain to be used for the support of public education. In 1789 the Federal Government accepted the responsibility of providing pensions to disabled veterans of the Revolutionary War. Another special group for which the Federal Government early made special provision was merchant seamen, for whom in 1798 Congress established a system of health insurance. Compulsory deductions from seamen's wages were used to establish and maintain hospitals for the care of sick and disabled seamen in the various ports. In 1884 the payroll deductions were replaced by a tonnage tax and later by general revenue financing. The Marine Hospital Service established by this early

legislation developed into the U. S. Public Health Service.

Throughout the nineteenth century, however, it was the State and local governments rather than the Federal Government that carried the major responsibility for the various programs that are included in the term social welfare. The growing complexity and interdependence of our society have multiplied the number of problems calling for national rather than local solution. Yet even today, considerably more than half of all public expenditures for social welfare are made from State and local funds, and about two-thirds of all the money (Federal, State, and local) spent for social welfare goes to programs administered by the States or localities.

Development of Social Welfare Programs

In the colonial period and in the early years of the Republic, security for the dependent members of society—children, old people, the sick and disabled—was regarded as primarily the responsibility of the family, backed by the mutual assistance of neighbors and friends. The community always recognized a final responsibility for the destitute, which it carried out through the local poor relief system, the provision of alms-

houses or workhouses, or the indenture of orphaned or deserted children or adult vagrants to "worthy" families of the neighborhood.

Nineteenth Century Beginnings

By the middle of the nineteenth century, growing social dislocations and the inadequacies of general almshouses and local poor relief led to action by some of the State governments. Differentiated treatment of special groups began in the 1850's with separate State institutions for the mentally ill. During the next few decades, special institutional arrangements were made in many States for children, the aged, and such groups as the blind, the deaf, and the mentally retarded. State departments of welfare with limited authority to set standards for local relief activities were established in a number of States.

In the 1870's and 1880's there was a rapid growth of private charity organizations with paid workers in many areas. The settlement house movement, beginning at this time, focused attention on the terrible living conditions and insecurities of the urban poor and provided the inspiration for many of the reform movements of the early twentieth century.

An attempt to prevent some of the conditions leading to poverty and dependency—as well as the advance of scientific medical knowledge—was reflected in the public health movement that had begun in the 1850's and that got well under way in the 1890's with the establishment or development of State boards of health in a number of States. Environmental sanitation and general public health services gradually became an accepted function of local and State governments in most parts of the country.

In spite of the early support given to public education by the grant of Federal lands, the movement for tax-supported public schools available to all groups and classes met

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substantial opposition, and its success was not really assured until well into the second half of the nineteenth century. The first compulsory attendance law was passed in Massachusetts in 1852. It was 1920 before all States had such laws, and they could not be effective while child labor was accepted and widely used. Tax support of high schools began in the 1870's, but the widespread development of secondary education did not occur until after 1900.

From 1900 to the Depression

The great upsurge of economic, social, and political reform, which began at the end of the nineteenth century and had its greatest impact before 1917, led to the development of a number of new social welfare programs. The most important were workmen's compensation and mothers' aid and old-age pensions.

Workmen's compensation.—Long before 1900, the toll of accidents in the mines and factories of the new machine age had begun to arouse concern. Studies of workmen's compensation legislation in Europe, published by the U. S. Bureau of Labor in 1893 and 1899, influenced the thinking of persons concerned with social reform in this country. A workmen's compensation bill introduced in New York in 1898 while Theodore Roosevelt was governor and one introduced in Illinois in 1905 were defeated. The passage in 1908 of a Federal Compensation Act covering civil employees of the Federal Government gave stimulus to the movement for State laws. The first law to be held constitutional by the State courts was enacted in 1911; altogether 10 laws were enacted in that year, three in 1912, and eight in 1913. By 1920, workmen's compensation laws were in effect in 43 States, Alaska, and Hawaii. It was not until 1948, however, that all States finally had such legislation.

Pensions for the blind.—One semi-dependent group whose needs early gained special recognition was the blind. State laws authorizing special pensions for the blind were adopted in Ohio in 1898, in Illinois in 1903, and gradually thereafter in a number of States.

Mother's aid.—Interest in the wel-

fare of the many children left orphaned, abandoned, or taken from parents who could not support them was crystallized and given direction by the first White House Conference on the Care of Dependent Children, called by President Theodore Roosevelt in 1909. The Conference gave momentum to a Nation-wide campaign on the part of social welfare groups and women's organizations for mothers' pensions—cash payments to widows with young children to enable them to care for the children in their own homes. The campaign encountered relatively little organized opposition. The still widely accepted association of poverty or dependency and moral delinquency was less easily applied to children than to older persons, and there was widespread interest in a more constructive (and less costly) solution than institutional or foster-home care. The first State-wide mothers' pension law was enacted in Illinois in 1911; 18 States had enacted such laws by 1913. By 1934, there were mothers' aid laws in 46 States, the District of Columbia, Alaska, and Hawaii. Applicable at first only to orphan children, most of the laws were extended to provide aid also to children whose fathers had deserted or who were without support for other reasons. The majority of the laws, however, were permissive rather than mandatory on the local units; in all but a few States the costs were borne entirely by the counties or towns, and in many areas grants were never made or were very inadequate.

Health insurance.—The Progressive Party platform of 1912 had endorsed not only workmen's compensation but also social insurance against the risks of sickness and unemployment. Between 1915 and 1920 the subject of health insurance was studied by 11 State commissions; six favored compulsory health insurance, and five issued majority reports against it. A model health insurance bill, providing both cash benefits and medical services, was developed by the American Association for Labor Legislation with the cooperation of a committee of the American Medical Association. Legislation based on the model bill was introduced in Massachusetts, New Jersey, and New

York in 1915 and in 12 States in 1917. In spite of the early strength of the movement, none of the bills was enacted. The New York State Senate passed a bill in 1919, but it failed of adoption in the lower house.

Child health.—One special public health program—Federal grants of funds to the States to help support maternal and child health services—was enacted in 1921, largely as a result of the stimulus provided by the second White House Conference on Child Welfare, called by President Woodrow Wilson in 1919. All but three States were receiving grants under this act (the Sheppard-Towner Act) in 1927, when Congress announced its intention of making no further appropriations for this purpose after the following year.

Vocational rehabilitation.—In 1920 the Federal Government also offered financial aid to the States in providing vocational rehabilitation services for injured and disabled persons. Interest in vocational rehabilitation had begun as early as the 1890's and led to the establishment under private auspices of a number of agencies for the employment of handicapped persons. The increasing number of industrial accidents, the development of workmen's compensation, the rise of modern orthopedic surgery, and public concern with the problems of the disabled veterans of World War I led to the adoption of the Federal program. Twelve States had enacted laws providing vocational rehabilitation services for civilians before the passage of the Federal act, but only six programs had begun to function. Within a year after the passage of the Federal act, 25 States had accepted its terms and were operating vocational rehabilitation programs shortly thereafter.

Old-age pensions.—The increasing number of industrial workers left without an income in old age had been a matter of growing public concern since the end of the nineteenth century. In the 1890's a number of trade unions established homes for their aged members and shortly afterwards began to experiment with retirement benefit systems. About the same time, first the railroads, then a few other large corporations, set up private pension plans for their

employees. Special retirement systems for State and local government employees, principally teachers, policemen, and firemen, were in existence in a few localities before 1900.

A Massachusetts legislative commission, established in 1907, reported a substantial amount of old-age dependency but recommended against a public pension plan. A number of State survey commissions were set up in the next few years; the Pennsylvania commission of 1920-21 was the first to take a clear-cut position in favor of State assistance to aged persons without responsible relatives.

The Territorial Legislature of Alaska had adopted an old-age assistance law in 1915. In 1923, old-age assistance laws were passed in Montana and Nevada. A number of fraternal organizations had been urging "old-age pension" legislation for some time, although they favored county-option laws rather than mandatory State laws. A trend toward mandatory laws with State financial aid to the localities began in 1929 with the enactment of such a law in California. By the end of 1929, 11 States had old-age assistance laws. By 1934, laws were in effect in 28 States and in Alaska and Hawaii; 23 were mandatory on the localities, and 16 provided State financial aid. In many States, however, there were long residence requirements and other restrictive eligibility conditions, and the amount of aid actually provided was limited.

Unemployment insurance.—Unemployment insurance had been discussed in some of the States and in Congress during the 1920's but did not become an important issue until after 1930. An unemployment compensation law that had been introduced in the Wisconsin Legislature at every session since 1921 was passed in 1932. Unemployment compensation or unemployment insurance laws were introduced in a number of States before 1935, but enactment was blocked by fear on the part of individual States of putting their employers at a competitive disadvantage.

Impact of the Depression

When the depression of the 1930's began, the country had a system of

relief that was almost entirely locally administered and locally financed, except for the special categories of the aged, the blind, and children in some States. The rapid increase in relief loads in 1930 and 1931 placed an impossible burden on local—and particularly municipal—finances. The first shift in responsibility was to the States. By the middle of 1933 about half the States had appropriated funds for emergency relief, but State resources also were limited. In July 1932 the Reconstruction Finance Corporation, which had been set up in January of that year to provide financial aid to agriculture, commerce, and industry, was given authority to make loans to States for relief purposes.

By March 1933, it had become generally recognized that the Federal Government must take direct responsibility for relief. The Civilian Conservation Corps was created on March 31 to provide useful work for young people. In May the Federal Emergency Relief Administration was established and given authority to make grants to the States for both work relief and direct relief. The FERA exerted a lasting influence on the administration of relief in the States through its requirement that Federal funds must be publicly administered and its encouragement of relief payments in cash rather than in kind. In June 1933, Federal grants to the States for public employment offices became available under the Wagner-Peyser Act. The Public Works Administration was also created in June. When it became clear that the letting of contracts for regular public works projects was moving too slowly to meet the crisis before winter, the Civilian Works Agency was set up by Executive order in November 1933 and for 4 months operated directly a vast Federal work relief program.

In June 1934, President Franklin D. Roosevelt sent to Congress a special message pointing to the "security of the men, women and children of the Nation" as the first objective in the task of reconstruction and recovery. Following this message he set up by Executive order a special Cabinet committee, the Committee on Economic Security, to make recommen-

dations on a comprehensive program relating to old-age security and unemployment, sickness, and health insurance. The Cabinet committee was assisted by a technical board and a number of advisory groups representing employers, employees, the interested professions, and the public. A report of the committee was transmitted to Congress on January 17, 1935, together with a bill carrying out its recommendations.

Social Security and Related Programs After 1935

The passage of the Social Security Act, which became law on August 14, 1935, marked a new stage in the acceptance by the Federal Government of responsibility for the welfare of all citizens. The act established a national contributory old-age retirement annuity system for workers in industry and commerce. Contributions of workers and their employers began in 1937. Benefit payments were originally intended to start in 1942, but in 1939 the act was amended to make the benefits payable beginning January 1, 1940. At the same time, the system was expanded to provide survivor benefits (life insurance) and benefits for dependents (aged wives and young children) of retired workers.

A special national retirement system for railroad workers, which in effect took over the private pension obligations of the railroad companies, had been enacted in 1934 but declared unconstitutional the next year. A revised act, designed to overcome the objections raised by the Supreme Court, was adopted in August 1935. A special system of unemployment insurance for railroad workers was adopted in 1938. In 1946 the railroad programs were expanded to provide survivor benefits and temporary and permanent disability benefits.

The 1950 amendments to the old-age and survivors insurance program increased the benefit amounts, restoring them to about the same level of adequacy relative to price and wage levels that they had had in 1939, and expanded the coverage of the program. At present, almost 80 percent of all civilian jobs are covered by old-age and survivors insurance, and another 10 percent are covered

by other public retirement systems.

The Social Security Act of 1935 also laid the basis for a Nation-wide system of unemployment insurance. To encourage State action and to overcome the fear of individual States that they might place their employers at a competitive disadvantage, the act provided for a uniform Federal excise tax on employer payrolls and for an offset up to 90 percent of the tax for employers covered by State unemployment insurance laws. By June 1937, all 48 States, Alaska, and Hawaii, and Congress for the District of Columbia, had adopted unemployment insurance laws, and by July 1939 all were paying unemployment benefits. The cost of administration of these State programs and of the State employment services is financed by Federal grants to the States.

To help the States and localities care for persons already old and out of the labor market when the old-age insurance program started, and to care for orphaned and dependent children and needy blind persons, the Social Security Act also provided for Federal grants-in-aid to the States for old-age assistance, aid to the blind, and aid to dependent children. As a condition for receipt of a grant the State was required to have the program in operation in all parts of the State and to provide for financial participation by the State. The Federal Government matched State and local expenditures up to specified maximum amounts for an individual. The first grants to the States for public assistance were made in 1936, and during the next few years all the States put into effect approved plans for one or more of the categories. The maximum matchable amounts and the basis for matching have been changed several times since enactment of the original legislation. In 1950, Federal grants were made available for aid to permanently and totally disabled persons who are needy.

The Social Security Act also provided for grants-in-aid to the States for programs for maternal and child health services, services for crippled children, and child welfare services and increased the amount of Federal grants authorized for vocational re-

habilitation. Amendments to the Vocational Rehabilitation Act in 1943 greatly expanded that program but made inoperative the vocational rehabilitation provisions in the Social Security Act.

Public health.—The Social Security Act also provided Federal grants to the States to support general public health programs. Although some States and many localities had well-developed public health programs by the beginning of the thirties, many areas of the country had only partial services and many were without any organized health protection. It was estimated that no more than one-fourth of the counties in the Nation had full-time health departments and that no more than half the cities had the minimum essential health services. To stimulate State and local public health activities and to provide a financial basis for their extension, the Social Security Act authorized Federal grants of \$8 million annually. In 1944 the public health title (VI) of the Social Security Act was transferred to the Public Health Act adopted in that year. Federal grants-in-aid to the States for public health activities have subsequently expanded tremendously, both through an increase in the amounts authorized and through the enactment of new categorical grant programs (venereal disease control, 1938; tuberculosis control, 1944; mental health and hospital survey and construction, 1946; cancer control, 1947; and heart disease control and water pollution control, 1948). During World War II a program of emergency maternity and infant care for dependents of servicemen in the lower grades of the Armed Forces was carried out through Federal grants to the States provided under successive annual appropriation acts. Almost 90 percent of all public expenditures for health and medical care (excluding services to veterans) are, however, still made from State and local funds.

Veterans' programs.—The United States has from the beginning made special provisions for veterans that have become increasingly more generous over the years. Pensions were provided first to veterans disabled in service and then to widows and orphaned children of men who died

in service or as a result of service-connected injuries. Pensions have been paid after each war to veterans with non-service-connected disabilities—usually at a lower rate than the amounts paid in service-connected cases—and the qualifying basis has been liberalized. In the absence of a general social insurance system, it was perhaps to be expected that as large numbers of veterans reached the age when disabling infirmities become more frequent there would be strong pressures to liberalize eligibility for veterans' pensions. Such pressures have been stronger in periods of economic depression. Medical services available to veterans have also gradually expanded. Special medical and institutional care for those suffering from service-connected injuries are provided primarily in veterans' hospitals. Veterans with non-service-connected disabilities may also receive care at these hospitals if room is available and they sign a statement that they cannot afford to pay for the care elsewhere. Since World War II, the Veterans Administration has also paid for care obtained under approved arrangements by veterans with service-connected disabilities from private physicians and dentists in their home towns.

In recognition of the disadvantage suffered by many young men and women in the interruption of their education by military service, a new type of benefit was provided for veterans of World War II by the education program. This program provided for the payment of tuition and subsistence allowances for veterans taking courses in approved educational institutions. Millions of veterans took advantage of this opportunity, many of whom would have been unable to continue their education and training without this help from the Government. More than \$2 billion was spent for this program in each fiscal year from 1946-47 through 1950-51. By June 1951, over 7½ million veterans had entered training under the program. Another major new benefit provided to veterans of World War II was readjustment allowances—cash payments analogous to unemployment benefits and

paid through the State unemployment insurance agencies. More than 9 million veterans were tided over the period between discharge and reemployment in civilian life with the help of these benefits. Shortly after the close of 1951, the eligibility of most veterans of World War II to enter these programs had expired. In 1952, Congress made similar benefits available to veterans of the Korean action.

Social Welfare Expenditures

Information as to the amounts of money spent by all levels of government for social welfare programs before 1935 is not readily available. Shown below is one estimate,¹ made in the early thirties, of expenditures by all units of government for welfare activities—defined to include charitable institutions, outdoor relief, welfare departments, and part of health, hospital, and correctional expenditures (not otherwise defined) but to exclude expenditures for veterans.

Year	Amount (in thousands)	Percent of national income	Percent of total cost of government
1903.....	\$105,860	0.52	6.7
1913.....	182,587	.55	9.25
1918.....	250,044	.44	(¹)
1923.....	372,291	.54	3.63
1928.....	535,459	.64	4.29

¹ Not computed, because total costs of government during World War I were abnormal.

These figures probably do not include expenditures under workmen's compensation programs or the few retirement systems for employees of State and local governments or (after 1920) of the Federal Government. The additional amounts would have been small.

Expenditures for public elementary and secondary schools increased substantially between 1900 and 1930. The dollar increases between 1910 and 1920 were primarily a reflection of changed price levels. In dollars of stable purchasing power, expendi-

¹ From Committee on Economic Security, *Social Security in America* (Social Security Board Publication No. 20, 1937), p. 346, quoting from an unpublished manuscript of Clarence E. Heer, University of North Carolina.

tures for public education were almost twice as large in 1910 as in 1900 and more than twice as large in 1930 as in 1920. These increases reflected primarily the tremendous expansion of high school education that occurred after 1900 and again after the interruption of the war years.

Year	Total expenditures (in thousands)	Per capita	Per child aged 5-17
1900.....	\$214,965	\$2.84	\$10.04
1910.....	426,250	4.63	17.58
1920.....	1,036,151	9.80	37.37
1930.....	2,316,790	18.87	73.38

Expenditures for education were, roughly, around 1.5 percent of national income in the period 1903-18 and somewhat more than 2 percent in 1923 and 1928.²

Veterans' benefits represented about 1 percent of national income in 1923 and 0.8 percent in 1928. By 1929, therefore, total public expenditures for education, health, public aid, and veterans' benefits were taking about 4 percent of the national income. With the depression, the welfare expenditures of many of the large cities and some of the States first increased enormously and then fell off as the taxing and borrowing powers of the local units reached their limits. In 1933 the Federal emergency relief program began to take over the mounting load of support for the unemployed. Total expenditures for unemployment relief amounted to just under \$1 billion in 1933 and to almost \$2 billion in 1934. At the same time national income dropped, until in 1933 it was less than half what it had been in 1929.

Expenditures, 1937-51

Table 1 presents estimates of the total social welfare expenditures in the United States for civilian public programs for the fiscal years 1936-37 through 1950-51. For a number of years the Social Security Administration has compiled and published estimates of expenditures under civilian social security and related programs. This series has included social in-

² Based, for comparability, on national income figures computed from Heer's estimates given above.

urance and public assistance programs, public health and medical services, other welfare programs (for example, vocational rehabilitation and child welfare), and veterans' pensions and medical care. It has not included veterans' educational benefits or general education. The series has been revised from time to time; for the most recent revision, figures on a comparable basis have been available only for 1948-49, 1949-50, and 1950-51. The entire series has now been revised back to the fiscal year 1936-37 and at the same time expanded to include data on education and on all veterans' benefits.³ Preliminary estimates of all social welfare expenditures in the fiscal years 1949-50 and 1950-51 were presented in the October 1951 and December 1952 issues of the BULLETIN. These analyses included an estimate of Federal expenditures for public housing (\$602 million in 1950-51). Since it has not been possible to get satisfactory estimates of State and local expenditures for housing, however, the public housing program is not included in this historical series.

Between the fiscal years 1936-37 and 1950-51, total dollar expenditures by all levels of government for civilian social welfare programs as here defined, including veterans' programs, about tripled. A large part of the increase was, however, due to the decrease in the value of the dollar. When adjusted for price changes, social welfare expenditures increased only 64 percent over this 15-year period, and per capita expenditures increased only 40 percent (table 2). And when measured in relation to the national income or the gross national product, they were relatively smaller in the later year (table 3). Expenditures for all the programs except those for veterans represented 8.4 percent of the gross national product in 1936-37 and 5.8 percent in 1950-51.

There were considerable changes during the period in the relative importance of the different programs making up the total. Expenditures for veterans' benefits were more than

³ Advice and assistance were given by the Office of Education and the Veterans Administration in the preparation of estimates for these programs.

Table 1.—Social welfare expenditures in the United States under civilian public programs, fiscal years 1936-37—1950-51¹

[In millions]

Program	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48	1948-49	1949-50	1950-51
Total															
Total.....	\$7,775.0	\$8,157.7	\$9,555.2	\$9,124.6	\$9,047.5	\$8,501.9	\$7,189.5	\$6,902.3	\$7,690.4	\$11,445.2	\$16,508.3	\$18,024.1	\$20,795.7	\$23,326.9	\$23,367.4
Social insurance.....	473.2	790.9	1,114.6	1,214.9	1,267.7	1,313.5	1,207.7	1,239.5	1,316.3	2,576.2	2,655.0	2,863.7	3,631.7	4,723.5	4,625.5
Public aid.....	3,449.9	3,266.0	4,252.9	3,701.9	3,482.8	2,738.5	1,484.1	1,036.2	1,037.7	1,149.2	1,440.4	1,700.4	2,087.1	2,528.8	2,583.3
Health and medical services ²	724.0	750.6	807.0	799.2	754.5	790.6	805.0	897.5	995.9	1,102.5	1,191.4	1,493.5	1,930.4	2,144.8	2,512.3
Other welfare services ³	115.6	116.1	126.5	132.1	154.5	159.6	155.6	179.7	213.7	246.0	278.4	326.5	370.7	421.9	496.5
Education.....	2,527.3	2,740.0	2,741.0	2,741.5	2,853.1	2,962.2	2,981.2	2,926.5	3,212.6	3,357.0	4,253.9	4,760.4	5,766.9	6,973.4	7,626.7
Veterans' programs ⁴	485.0	494.1	513.2	535.0	534.9	537.5	555.9	622.9	914.2	3,014.3	6,689.2	6,879.6	7,008.9	6,534.5	5,506.1
From Federal funds															
Total.....	\$3,160.6	\$2,899.4	\$3,770.2	\$3,292.0	\$3,294.8	\$2,924.3	\$2,122.0	\$1,962.4	\$2,356.2	\$4,532.2	\$8,565.7	\$8,602.6	\$9,358.8	\$9,523.1	\$9,632.5
Social insurance.....	121.8	243.2	303.2	350.1	430.9	480.6	525.7	626.8	705.4	858.4	1,116.7	1,314.3	1,580.0	1,911.7	2,717.4
Old-age and survivors insurance.....	(5)	5.4	13.9	28.1	91.2	137.0	176.8	217.2	266.8	357.9	466.4	550.1	660.5	784.1	1,568.5
Railroad retirement.....	1.5	82.5	108.6	115.7	124.1	129.1	133.2	136.5	143.7	154.4	177.6	227.3	282.5	304.4	321.0
Public employee retirement.....	96.5	98.5	101.0	107.5	113.6	119.0	122.4	164.9	184.8	193.3	256.0	306.9	354.7	433.7	555.2
Unemployment insurance and employment service.....	12.9	46.6	64.6	65.8	68.0	73.6	76.5	90.4	90.5	110.6	148.8	141.5	184.3	213.6	183.4
Railroad unemployment insurance.....			1.7	18.9	21.1	11.4	3.9	3.7	4.3	24.2	51.2	35.9	50.5	119.6	28.3
Railroad temporary disability insurance.....												28.6	32.0	31.1	28.9
Workmen's compensation.....	10.9	10.2	13.4	14.1	12.9	10.5	12.9	14.1	15.3	18.0	16.7	15.0	15.5	25.2	21.1
Public aid.....	2,482.5	2,079.2	2,859.2	2,304.3	2,150.6	1,661.4	753.3	432.3	427.4	448.1	615.9	722.5	939.5	1,095.8	1,187.7
Public assistance ⁶	135.3	201.4	231.4	279.4	333.5	373.5	395.0	409.6	417.6	446.0	615.9	722.5	939.5	1,095.8	1,187.7
Other ⁸	2,347.2	1,877.8	2,627.8	2,024.9	1,817.1	1,287.9	358.5	22.7	9.8	2.1					
Health and medical services ²	40.0	38.6	44.0	51.2	54.5	60.6	73.0	106.5	126.9	128.5	152.7	148.7	182.8	266.7	315.3
Other welfare services ³	4.0	4.3	9.6	9.9	20.8	22.0	32.7	47.4	69.7	73.3	96.2	93.1	100.8	112.1	114.0
Education.....	27.3	40.0	41.0	41.5	103.1	162.2	181.2	126.5	112.6	57.0	53.9	60.4	66.9	73.4	126.7
Veterans' programs ⁴	485.0	494.1	513.2	535.0	534.9	537.5	555.9	622.9	914.2	2,966.9	6,530.3	6,263.6	6,488.8	6,063.4	5,171.4
Pensions and compensation ⁹	413.0	419.2	433.7	447.8	453.1	452.6	467.6	520.5	755.9	1,265.7	1,830.6	1,910.7	1,983.2	2,092.8	2,120.8
Readjustment allowances.....									24.1	1,037.2	1,511.6	714.9	540.7	148.3	11.0
Health and medical services ¹⁰	71.1	74.0	78.4	86.2	80.8	84.1	87.6	100.9	114.5	244.8	571.7	560.4	710.9	742.0	601.1
Education.....									9.7	362.7	2,251.1	2,619.8	2,818.7	2,020.5	2,020.5
Welfare and other ¹¹9	.9	1.1	1.0	1.0	.8	.7	1.5	10.0	56.5	365.3	457.8	435.3	391.1	328.1
From State and local funds															
Total.....	\$4,614.4	\$5,258.3	\$5,785.0	\$5,832.6	\$5,752.7	\$5,577.6	\$5,067.5	\$4,939.9	\$5,334.2	\$6,913.0	\$7,942.6	\$9,421.5	\$11,436.9	\$13,803.8	\$13,734.9
Social insurance.....	351.4	547.7	811.4	864.8	836.8	832.9	682.0	612.7	610.9	1,717.8	1,538.3	1,549.4	2,051.7	2,811.8	1,925.1
Public employee retirement.....	129.0	135.0	142.0	147.0	151.0	161.0	174.0	187.0	198.0	216.0	236.7	256.5	276.0	299.5	336.0
Unemployment insurance and employment service.....	3.3	182.9	447.8	485.9	435.7	371.4	176.1	61.1	71.3	1,091.1	837.2	759.7	1,198.0	1,868.2	876.0
State temporary disability insurance.....							.8	4.7	4.9	4.7	15.3	34.3	51.7	69.1	80.7
Workmen's compensation ¹²	219.1	229.8	221.6	231.9	250.1	300.5	331.1	359.9	336.7	406.0	449.1	498.9	526.0	575.0	632.4
Public aid.....	967.4	1,186.8	1,393.7	1,397.6	1,332.2	1,077.1	730.6	603.9	610.3	701.1	824.5	977.9	1,147.6	1,433.0	1,395.6
Public assistance ⁶	662.1	807.2	892.1	888.0	770.1	687.3	615.4	603.9	610.3	701.1	824.5	977.9	1,147.6	1,433.0	1,395.6
Other ⁸	305.3	379.6	501.6	509.6	562.1	389.8	115.2								
Health and medical services.....	684.0	712.0	763.0	748.0	700.0	730.0	732.0	791.0	869.0	974.0	1,038.7	1,344.8	1,747.6	1,878.1	2,197.0
Other welfare services ³	111.6	111.8	116.9	122.2	133.7	137.6	122.9	132.3	144.0	172.7	182.2	233.4	269.9	309.8	382.5
Education.....	2,500.0	2,700.0	2,700.0	2,700.0	2,750.0	2,800.0	2,800.0	2,800.0	3,100.0	3,300.0	4,200.0	4,700.0	5,700.0	6,900.0	7,500.0
Veterans' programs.....										47.4	158.9	616.0	520.1	471.1	334.7

¹ Data represent expenditures from public funds (general and special) and trust accounts, and other expenditures under public law; exclude transfers to such accounts and loans; include administrative expenditures unless otherwise noted. Fiscal years ended June 30 for Federal Government, most States, and some localities; for other States and localities fiscal years cover various 12-month periods in the specified year.

² Includes hospital construction and medical research; excludes veterans' programs; excludes medical expenditures of the Military Establishment and the Atomic Energy Commission, and health and medical services provided in connection with public education, public assistance, workmen's compensation, and those subordinate to the performance of other functions such as those of the Civil Aeronautics Authority.

³ Represents vocational rehabilitation, child welfare services, school lunch program, and institutional care.

⁴ Preliminary estimates. Excludes Federal bonus payments, appropriations to Government life insurance trust fund, and accounts of several small revolving funds.

⁵ Less than \$50,000.

⁶ Old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled and, from State and local funds, general assistance.

⁷ Assistance payments only; administrative expenditures for 1936-37 through 1938-39 not available.

⁸ Work program earnings, subsistence payments, and other emergency aid programs.

⁹ Includes burial awards.

¹⁰ Includes hospital construction; through 1945-46 includes domiciliary care; from 1946-47 through 1950-51, domiciliary care included under "welfare and other."

¹¹ Vocational rehabilitation, specially adapted homes and autos for disabled veterans, counseling, beneficiaries' travel, loan guaranty and, beginning 1946-47, domiciliary care.

¹² Includes benefits payable under public law by employers and private insurance carriers; excludes administrative expenditures.

12 times as large in 1949-50 as in 1936-37. By the fiscal year 1950-51, after the new veterans' benefits for education and readjustment allowances had passed their peak, expenditures for veterans began to decline. Even in that year, however, they amounted to \$5.5 billion or 1.8 percent of the total product output of the economy. The relative importance of the education and readjustment allowance programs in total expenditures for veterans during the past few fiscal years is indicated in the following tabulation.

Fiscal year	Adjusted per capita expenditures (1935-39 = 100)		Benefits as percent of gross national product	
	Education and readjustment allowances	All other veterans' benefits	Education and readjustment allowances	All other veterans' benefits
1944-45.....	(1)	\$5	(2)	0.4
1945-46.....	\$7	8	0.7	.7
1946-47.....	17	13	1.7	1.3
1947-48.....	13	15	1.4	1.4
1948-49.....	13	14	1.3	1.4
1949-50.....	11	14	1.0	1.4
1950-51.....	7	13	.7	1.1

¹ Less than \$0.50.

² Less than 0.05 percent.

The figures used in this analysis exclude Federal bonus payments to World War I veterans, appropriations to Government life insurance trust funds, and the accounts of several small revolving funds—for instance, a fund for the operation of canteens in veterans' facilities. The bonus payments—adjusted service certificates—are more in the nature of deferred compensation than of insurance or welfare benefits, and it has therefore seemed preferable not to include them in this analysis. The amounts appropriated from general revenues to cover the extra risk costs of Government life insurance policies should properly be included. The available data relate, however, to the amounts transferred to the Government life insurance trust fund each year, and since these transfers have been concentrated in a few years and cover both past and future payments to veterans' survivors, their inclusion would distort the analysis. During the period 1936-37 through 1950-51, a total of \$4.9 billion was appro-

riated from general revenues for this purpose.

The steadiest growth, during the period under review, occurred in social insurance payments, as the programs established by the Social Security Act came into operation. In the year ended June 30, 1937, only one State (Wisconsin) was paying unemployment benefits. Expenditures for unemployment insurance in the other States were primarily for the operation of the employment service and the collection of contributions. The amounts spent for old-age and survivors insurance and the railroad retirement system were also incurred in setting up the programs. These expenditures together with benefit payments under the special retirement systems for government employees (Federal, State, and local) and under workmen's compensation programs amounted to \$473 million or 0.5 percent of the gross national product in that year.

Old-age and survivors insurance benefits were first payable in January 1940. The total payments increased from year to year as an increasing proportion of persons aged 65 and over acquired insured status, and as more of the workers who died leaving young children had insurance protection. Because of the failure to change the benefit amounts in line with changes in the value of the dollar, the old-age and survivors insurance benefits were less important in relation to the total national income than the increases in dollar amounts would suggest, particularly in the period from 1945-46 through 1949-50.

The 1950 amendments of the Social Security Act, in addition to extending the coverage of the program, restored the benefits to about the same level of adequacy or purchasing power they had had in 1939. These increases are reflected in expenditures for the fiscal year 1950-51. The 1952 amendments again liberalized benefit amounts to take account of further increases in price and wage levels above those of 1950. At the present time, old-age or survivor benefits are being paid to some 5 million persons. These beneficiaries include more than one-third of all persons aged 65 and over who are not

employed or the wives of earners. There still remain, however, many older persons who had had no opportunity to acquire insured status before retiring (or whose husbands had not been covered before their death). As the program matures, a smaller and smaller proportion of aged persons will be in this situation. This development, together with the increasing proportion of older persons in the population, will result in substantial future increases in expenditures for benefits under this program.

Unemployment benefits accounted for a substantial part of all social insurance expenditures from 1938-39 to 1940-41, and again in 1945-46, 1948-49, and 1949-50. These payments fluctuate more sharply than any other social insurance payments. Since they increase when employment and total wage payments fall, and decline in periods of high employment and earnings, unemployment benefits show even larger swings relative to total national income than in absolute dollar amounts. As a result, of course, they can have an important stabilizing effect on total consumer incomes. Old-age and survivors insurance and other retirement system benefits also increase somewhat when employment falls off, as older workers who would have continued to work even though they had insurance rights are forced out of employment and fall back on their benefits. The more important aspect of old-age and survivors insurance benefits, however, is the steady income they provide to groups who cannot or should not be forced to work but who should share in the current output of the economy.

The social welfare expenditures that have shown the sharpest decline over the past 15 years are those for public aid. Practically every State took advantage of the Federal grants provided under the Social Security Act and established programs for old-age assistance, aid to dependent children, and aid to the blind on a State-wide basis. At the same time, however, the termination of the emergency unemployment relief programs (in 1942) and the high levels of employment during and after the war caused total expenditures for public aid to drop from 4 percent of

Table 2.—Social welfare expenditures adjusted for price changes and adjusted expenditures per capita and for education per child aged 5-17, fiscal years 1937-51¹

[1935-39 = 100]

Fiscal year	Adjusted social welfare expenditures (in thousands)	Adjusted per capita expenditures						
		Total	Social insurance	Public aid	Health and medical services	Veterans' programs	Education	
							Per capita	Per child aged 5-17
1936-37	\$7,667.7	\$60	\$4	\$26	\$6	\$4	\$19	\$81
1937-38	7,997.7	62	6	25	6	4	21	88
1938-39	9,517.1	73	9	32	6	4	21	91
1939-40	9,070.2	69	9	28	6	4	21	91
1940-41	8,674.5	66	9	25	6	4	21	93
1941-42	7,464.4	57	9	18	5	4	20	90
1942-43	5,715.0	44	7	9	5	3	18	83
1943-44	5,135.6	40	7	6	5	4	17	77
1944-45	5,489.2	43	7	6	6	5	18	81
1945-46	7,728.0	58	13	6	6	15	17	80
1946-47	10,253.6	73	12	6	5	30	19	92
1947-48	10,424.6	72	12	7	6	28	19	93
1948-49	11,795.6	81	14	8	7	27	22	109
1949-50	13,164.2	88	18	10	8	25	26	128
1950-51	12,590.2	84	17	9	9	20	27	130
Percentage change, 1950-51 from 1936-37	+64.2	+40.0	+325.0	-65.4	+50.0	+400.0	+42.1	+60.5

¹ Per capita figures relate to total civilian population of the continental United States as of December.

the gross national product in the fiscal year 1936-37 to 0.8 percent in 1950-51. In dollars of stable purchasing power, public aid expenditures have decreased 59 percent in total amount and 65 percent in expenditures per capita (table 2).

Public expenditures for civilian health and medical services, like all other social welfare expenditures except those for veterans, decreased as a percent of gross national product during the war years. By the fiscal year 1950-51, the Nation was again spending as large a proportion—0.8 percent—of its national output for publicly supported health and medical services for civilians (other than veterans) as in 1936-37.

While the total dollar expenditures for education almost doubled even in dollars of stable purchasing power and adjusted expenditures per child aged 5-17 increased about 60 percent, a smaller proportion of the total national output was devoted to the construction and operation of public schools in the year ended June 1951 than was being spent for this purpose in each of the fiscal years from 1936-37 through 1939-40. This contrast is the more striking in view of the tremendous backlog of need for new and additional classrooms and teachers arising from the neglect of school

building during the depression and the war and from the great increase in the number of children entering or about to enter school as a result of the high birth rates of the war and postwar years.

Federal, State, and Local Expenditures

As was indicated earlier, most social welfare programs in the United States have been and are administered by the States or localities. Care for veterans, however, has always

been accepted as primarily a responsibility of the Federal Government. Also, it was recognized in 1935, by the public and by Congress, that a basic old-age and survivors insurance system could be effective only if it were a national system that could cover individuals throughout their working lives—wherever they lived and were employed. Many of the emergency relief programs of the thirties also were Federal programs.

The national interest in public health, in public assistance, in education, and in other welfare services has been expressed primarily in Federal financial aid to the States and localities rather than in direct Federal operation of programs. About \$1.7 billion of the Federal funds spent for social welfare purposes in 1950-51 was in the form of Federal grants-in-aid to the States or localities. All the Federal expenditures for public assistance and for unemployment insurance and employment service except the administrative costs of the Federal agencies administering the grant programs were paid as Federal grants to the States. A substantial share of the Federal expenditures for general health and medical services, for education (primarily grants for vocational education and for school buildings in defense-affected areas), and for other welfare services also took the form of Federal grants.

In the year 1950-51, almost 60 percent of all social welfare expendi-

Table 3.—Social welfare expenditures under civilian public programs in relation to gross national product, fiscal years 1936-37-1950-51

Fiscal year	Social welfare expenditures as percent of gross national product							
	Total expenditures	Veterans' programs	All programs other than veterans'					Other welfare services
			Total	Social insurance	Public aid	Health and medical services	Educa-tion	
1936-37	9.0	0.6	8.4	0.5	4.0	0.8	2.9	0.1
1937-38	9.3	.6	8.8	.9	3.7	.9	3.1	.1
1938-39	10.9	.6	10.3	1.3	4.8	.9	3.1	.1
1939-40	9.5	.6	8.9	1.3	3.8	.8	2.8	.1
1940-41	7.9	.5	7.5	1.1	3.1	.7	2.5	.1
1941-42	5.9	.4	5.5	.9	1.9	.5	2.1	.1
1942-43	4.0	.3	3.7	.7	.8	.5	1.7	.1
1943-44	3.4	.3	3.1	.6	.5	.4	1.4	.1
1944-45	3.6	.4	3.2	.6	.5	.5	1.5	.1
1945-46	5.4	1.4	4.0	1.2	.5	.5	1.6	.1
1946-47	7.4	3.0	4.4	1.2	.6	.5	1.9	.1
1947-48	7.3	2.8	4.5	1.2	.7	.6	1.9	.1
1948-49	8.0	2.7	5.3	1.4	.8	.7	2.2	.1
1949-50	8.6	2.4	6.2	1.7	.9	.8	2.6	.2
1950-51	7.6	1.8	5.8	1.5	.8	.8	2.5	.2

Table 4.—Social welfare expenditures, percent from Federal funds, percent from State and local funds and percent for programs administered by States or localities,¹ fiscal years 1936-37—1950-51

Fiscal year	Total social welfare expenditures			Social welfare expenditures for programs other than veterans ²		
	Percent from Federal funds	Percent from State and local funds	Percent for programs administered by States or localities	Percent from Federal funds	Percent from State and local funds	Percent for programs administered by States or localities
1936-37	40.7	59.3	61.8	36.7	63.3	65.9
1937-38	35.5	64.5	68.2	31.4	68.6	72.6
1938-39	39.5	60.5	64.2	36.0	64.0	67.9
1939-40	36.1	63.9	68.1	32.1	67.9	72.4
1940-41	36.4	63.6	68.6	32.4	67.6	72.9
1941-42	34.4	65.6	71.6	30.0	70.0	76.4
1942-43	29.5	70.5	77.4	23.6	76.4	83.8
1943-44	28.4	71.6	79.3	21.3	78.7	87.2
1944-45	30.6	69.4	76.6	21.3	78.7	86.9
1945-46	39.6	60.4	65.7	18.6	81.4	88.6
1946-47	51.9	48.1	53.6	20.7	79.3	88.5
1947-48	47.7	52.3	58.0	21.0	79.0	88.3
1948-49	45.0	55.0	61.1	20.8	79.2	88.4
1949-50	40.8	59.2	66.0	20.6	79.4	88.9
1950-51	41.2	58.8	66.0	25.0	75.0	84.4

¹ Benefit payments under State workmen's compensation programs classified in this table as expenditures from State and local funds; percent for programs administered by States and localities represents expenditures from State and local funds plus Federal grants-in-aid to the States or localities for social welfare programs, but excludes seamen's unemployment benefits and veterans' readjustment allowances (programs administered by the State unemployment insurance agencies as agents of the Federal Government).

tures were from State and local funds and 66 percent were made for programs administered by the States or localities (table 4). For social welfare expenditures other than those for veterans' programs, 75 percent were from State and local funds, and 84 percent were for programs administered by the States or localities.

In the period under review, social welfare expenditures have accounted for a far larger share of all State and local government expenditures than of Federal expenditures for all purposes (table 5). The contrast was especially marked, of course, during the war years. In 1950-51, State and local expenditures for social welfare accounted for 60 percent of all State and local expenditures, with education taking 34 percent. Federal funds used for social welfare programs represented 21 percent of all Federal expenditures, with the veterans' programs accounting for 11.1 percent and the other programs for 9.7 percent of total Federal expenditures.

Government expenditures, as used here, include expenditures from social insurance trust funds—built up through earmarked contributions made by insured persons or their employers—as well as the regular budgetary expenditures from general revenues. These trust fund expenditures have become an increasingly

important part of the total. In 1936-37, almost 99 percent of all social welfare expenditures were from general revenues and a little over 1 percent from trust funds. In 1950-51, about 15 percent of all social welfare expenditures and 23 percent of the Federal expenditures came from social insurance trust funds. Federal expenditures from general revenues for social welfare programs other than the veterans' programs represented a little less than 5 percent of the total Federal budget (from general revenues) in 1950-51.

Welfare Expenditures and the National Economy

In almost every major area of social welfare, there remain large and important unmet needs. With respect to health, the recent report of the President's Commission on the Health Needs of the Nation⁴ has highlighted the need and opportunity for further expansion in medical facilities and personnel, in medical research, in public health activities, and in the development of arrangements whereby every member of society is assured of access to needed medical services. Although much of what needs to be done to make

⁴ *Building America's Health: A Report to the President . . . Volume 1, Findings and Recommendations, December 1952*, 80 pp. (H. Doc. 55, 83d Cong., 1st sess.)

modern medical care and health services universally available in this country may be done privately, a considerable expansion in public expenditures would also be required. The Commission recommended more than doubling Federal expenditures for health (including present medical care expenditures for veterans); it proposed specific additional Federal expenditures of about \$1 billion a year apart from recommended grants to the States to make tuberculosis, mental disease, and chronic illness facilities available to the entire population without a means test. Such increased Federal expenditures would entail a substantial expansion of expenditures by State and local governments as well.

The great bulk of medical care expenditures at present are private expenditures for personal medical care. In 1951 consumers spent about \$8.8 billion privately for this purpose, while private funds for hospital construction and philanthropic and in-

Table 5.—Social welfare expenditures as percent of government expenditures for all purposes,¹ fiscal years 1936-37—1950-51

Fiscal year	Social welfare expenditures as percent of government expenditures for all purposes	Social welfare expenditures from Federal funds as percent of Federal Government expenditures for all purposes		Social welfare expenditures from State and local funds as percent of State and local government expenditures for all purposes ²
		All programs	All programs other than veterans'	
1936-37	47.4	40.4	34.2	54.0
1937-38	50.3	41.2	34.1	57.6
1938-39	50.3	41.7	36.0	58.4
1939-40	46.9	35.4	29.7	57.8
1940-41	38.2	24.3	20.3	58.1
1941-42	18.8	8.5	6.9	57.0
1942-43	7.7	2.7	2.0	54.1
1943-44	6.3	2.1	1.4	54.0
1944-45	6.8	2.4	1.5	56.7
1945-46	15.3	7.4	2.6	58.1
1946-47	29.9	21.4	5.1	54.4
1947-48	33.9	24.9	6.8	52.1
1948-49	33.0	22.9	7.0	53.2
1949-50	35.2	23.1	8.4	56.5
1950-51	33.4	20.8	9.7	59.6

¹ Expenditures from general revenues and from social insurance trust funds; because a substantial portion of non-Federal workmen's compensation payments are made through private insurance carriers, they have been omitted in computing percentages relating to total and to State and local government expenditures.

² State and local government expenditures include expenditures from State accounts in the unemployment trust fund but exclude Federal grants-in-aid.

dustrial expenditures for medical care (other than workmen's compensation payments) amounted to about \$1 billion. If health insurance or any other arrangement for the prepayment of medical bills through public programs were to be adopted, the amount of public expenditures for medical care would increase greatly, but the amount spent privately would decrease by almost the same amount. Since health insurance or any publicly supported prepayment program would enlarge the opportunities of lower income groups and others to obtain medical care, it would result in some increase in the total share of the national income used for health and medical services.

In the field of education, present and future needs are also great. On the basis of a recent survey of school building needs, conducted at the request of Congress, the Office of Education has estimated that to construct the public school facilities needed this year to relieve overcrowding and replace obsolete buildings would cost \$10.7 billion. Both the school housing shortage and the need for additional teachers will become more acute each year for at least the next decade if the aim is simply to keep up with present standards of elementary and secondary education. Adequate provision of special types of education for the young children of working mothers, for handicapped or especially gifted children, and for adults who want to continue their education would require still further efforts. And if all individuals are to have an opportunity of making their maximum contribution, and the Nation is to be assured of the trained scientists and other professional people it needs, expenditures for higher education would need to be on about the same scale as the expenditures made during the past few years under the veterans' educational benefits program.

Private expenditures for education in the fiscal year 1950-51 were about \$1.7 billion, with somewhat over half this total used for higher education. About the same percent of the gross national product (0.6) was spent privately for education and research in 1936-37 as in 1950-51. It has been estimated that for every young man

or woman in college or advanced university training today, there is another capable of profiting from such education but without the means to get it. If higher education is to be made generally and effectively available to all qualified young persons, it will have to be primarily as a result of an expansion of public expenditures.

The social insurance programs to maintain income are, also, less than adequate. There is widespread agreement on the desirability of extending the coverage of old-age and survivors insurance to all gainfully occupied persons now excluded. Proposals have been made for maturing the system rapidly by paying a minimum insurance benefit to all aged persons who have retired, whether or not they have a record of actual coverage under the program. One of the major gaps in our present social security protection in the event of temporary or permanent disability from non-work-connected causes. There will always be need, also, for periodic reconsideration of the level of support that is being provided through social insurance to persons who are not able to depend for support on current earnings.

While it is to be hoped and expected that the total expenditures for public aid will decrease as the social insurance programs develop, it must be recognized that residual need is now being met with different degrees of adequacy in different parts of the country. Additional expenditures would be needed today in many States if public assistance payments were to be made at the level that the State itself has determined to be needed. Even if full employment is maintained for those who are able to work, and the present social insurance program is rounded out, there will always be some individuals and families with no member able to work or with special needs that cannot be met through social insurance, and for whom public assistance should be available.

The special welfare services provided under the vocational rehabilitation program and under the maternal and child health and child welfare programs are today reaching only a

small proportion of the persons who could benefit by them. Expansion of these programs is limited by lack of trained personnel as well as by lack of funds. They are the kind of programs, however, into which an increasingly productive society may decide to channel more of its resources.

There is no fixed measure of the portion of its current output that a highly developed Nation can or should devote to health, education, social security, and related welfare services. Even in the face of heavy defense expenditures, the United States could certainly have devoted to these purposes more than it spent for them in 1950-51. The larger possibility for programs to improve health and to support education and social security comes, however, from the increasing productivity of the economy. Just as this productivity has been the source of the Nation's rising standard of living in the past, so it can be in the future. And while a rising standard implies new products and more goods, it also means more services, better health, greater security for those who are not currently producers, more training and education. A fairly conservative estimate of the probable future expansion of the economy—assuming an annual increase in productivity per man-hour about equal to the average over the past 40 or 50 years—would suggest that the gross national product in 1960 might be about \$425 billion and in 1975, about \$600 billion, compared with \$329 billion in the calendar year 1951, in dollars of stable value.⁵ If public expenditures for social welfare purposes merely maintained the same relative importance compared with all other uses of the national product, they would in 1960 on these assumptions be over \$8 billion more than they were in 1950-51. But when defense spending levels off, there will be both opportunity and need for directing not merely the same proportion but relatively more of the Nation's resources and efforts to these ends.

⁵ For a recent analysis of possible future adjustments to an expanding economic output, see Gerhard Colm, *The American Economy in 1960*, National Planning Association (Planning Pamphlets, No. 81), 1952.