

# *Social Security at the Midcentury:* *Report for the Fiscal Year 1950*

*Experience under the Social Security Act in the fiscal year 1950 proved once more the importance of the social security program to workers and their dependents and to those unable to work. At the same time, certain shortcomings in the program were clearly shown. Many of these inadequacies have been remedied by the Social Security Act Amendments of 1950, enacted shortly after the close of the fiscal year. The major remaining program needs, as set forth in the Administration's fifteenth annual report<sup>1</sup> to Congress, are summarized in the following pages.*

**S**Ocial security has become one of the most widely accepted goals of a democratic society. The discussions and action on social security by Congress during the past year made clear the broad support for and the immediate importance of that goal. The Social Security Act Amendments of 1950, which became law shortly after the end of the fiscal year, gave new strength to our existing program and pointed the way toward a more complete fulfillment of its purposes.

From the beginning of our history as a Nation the welfare of the individual has been one of our most basic values. In today's highly industrialized economy, that welfare cannot be ensured for everyone by individual effort alone. Most families earn enough to buy most of the essentials, but large and important groups in our population cannot depend on their current earnings. There are increasing numbers of persons over age 65 who find it necessary to retire from gainful employment. For them, as for those adults who cannot earn because of disability and for children left without parental support, we want to provide a fair and generous share of our current abundance and to provide it in an orderly way—in a way that respects human dignity and promotes confidence and security among all groups.

It is now generally agreed that a

<sup>1</sup> The report constitutes a section of the *Annual Report of the Federal Security Agency, 1950.*

social security system that will provide effectively for the entire population can be organized only by society as a whole, acting through government. Voluntary group arrangements and private pensions can usefully supplement basic social security measures. They can be increasingly effective, however, only if they build on a comprehensive contributory social insurance program with broad coverage, which would assure to all or almost all individuals and families a basic continuing income if earnings were to be cut off by unemployment, sickness, disability, retirement, or death of the breadwinner and which would guarantee that there would be no financial barrier to needed medical services.

A comprehensive insurance program would still need to be supplemented by public assistance for those who, because of special circumstances, fail to qualify for insurance benefits or require additional help.

It is also generally agreed that certain services should be available to everyone in a democratic society and that they can most effectively be provided by the community. The availability of maternal and child health services has done much and can do still more to reduce the number of maternal and infant deaths and to start millions of children on the way toward healthful living. The promotion of services for crippled and handicapped children has made parents and communities aware of what can and should be done for such children and has helped provide the means for

doing it. Child welfare services have come to the rescue of children neglected or abandoned by their families and have provided for other children guidance and help in adjusting to the complexities of modern life. We are coming to realize the values of constructive community welfare services for adults and families as a whole.

## *Program Operations*

At the end of June 1950, almost 3 million persons were receiving benefits under old-age and survivors insurance at a monthly rate of about \$60 million. Of these beneficiaries, 2.1 million were aged 65 or over; another million aged persons were receiving regular benefits under the special programs for railroad and government workers and for veterans. Some 2.8 million men and women—mostly persons who had missed out on the protection of the insurance program—were receiving old-age assistance.

About 630,000 children with one or both parents dead were receiving benefits under the old-age and survivors insurance program in June 1950, while the assistance program was helping to support about 470,000. As old-age and survivors insurance has taken over the support of a larger proportion of orphans, aid to dependent children has come increasingly to serve the needs of other children. Of the 1.7 million children in the 654,000 families receiving aid to dependent children in June 1950, not quite three-tenths needed help because of the death of a parent and nearly one-fourth because of the father's disability; roughly half were children whose parents were estranged or whose fathers were absent from the home for other reasons.

There is in this country no generally available and systematic provision for income maintenance or for the medical care needs of sick and disabled persons except when the disability is work-connected, although at the close of the fiscal year 1950 certain groups—railroad workers,



ginning, but only a beginning, toward correcting one of the major weaknesses in our social security program—the lack of adequate provision for the disabled. The new program of Federal grants for assistance to needy persons permanently and totally disabled will bring immediate relief to many individuals and families, and it will help the States with a part of the load they are now carrying under general assistance. But it does not provide that comprehensive assurance against loss of income in case of sickness or disablement that workers should have.

Lack of protection against economic loss resulting from disability is one of the factors that has kept some aged persons from benefiting from old-age and survivors insurance. Unless provision is made in the insurance program for persons who are permanently disabled before they reach age 65, there will continue to be a large group who cannot qualify for benefits when they reach age 65 because they have been kept out of employment by disability. It is, of course, fully as essential that such persons have an assured source of income before as after age 65. And if protection against disability is to be comprehensive and adequate, it should extend also to those who are temporarily sick and unable to work. The Social Security Administration again recommends extension of the Nation's social insurance program to cover the risks of both permanent and temporary disability.

The other large gap in our social security program is our failure to assure that costs do not interpose a barrier between individuals and the preventive and curative medical care they need. Health insurance is essential if we are to achieve comprehensive social security for our population. Though disagreement over method continues, there is widespread and growing agreement on the need for insurance against the costs of medical services. Voluntary insurance, while it has achieved considerable coverage, offers only limited protection, mainly to middle-income groups in the larger urban areas. Publicly subsidized voluntary insurance has been proposed, but such a program would be more costly, much more

THE SOCIAL SECURITY ADMINISTRATION presents the following major recommendations:

*A comprehensive, basic national system of contributory social insurance* should remain our first goal. Social insurance provides an orderly and equitable method of assuring continuing incomes to families whose earnings are interrupted by unemployment, sickness, disability, retirement, or death of the breadwinner, and of insuring against the costs of medical care. Because the cash benefits are related to individual earnings and are paid without regard to other resources, social insurance encourages and gives opportunity for individual initiative and individual efforts to build additional security above the basic security it provides. A national system of social insurance, which can and should be administered on a decentralized basis, is the most effective and the most economical method of providing basic protection for all our people.

*Complete coverage of all gainful workers* is necessary if the program is to be fully effective. Without such extension of coverage, individuals and families who could help provide for themselves through social insurance will have no recourse but public assistance when their individual savings are insufficient; workers who move from job to job will miss out on the protections of any system; and complicated and expensive provisions will be necessary to prevent unwarranted duplication of benefits to others.

*Protection against income loss in periods of sickness and disability* can and should be provided under an expanded social insurance program. The lack of any general and systematic method of assuring a continuing income to families when the breadwinner is sick or disabled is one of the major gaps in our social security program. Disability insurance should be so designed as to provide the maximum encouragement and support for the rehabilitation of disabled persons.

*Social insurance against the costs of medical care* is essential if we are to achieve comprehensive social security and if the benefits of modern medicine are to be available to everyone. Private health insurance has achieved considerable coverage in recent years, but it cannot effectively meet the needs of all the people. Publicly subsidized private insurance would be costly, complicated, and only partially effective. Government health insurance administered on a decentralized basis as part of a national contributory social insurance system offers the most adequate and economical method guaranteeing that there will be no financial barriers to needed medical care.

*A public assistance program able to meet satisfactorily all the residual and special needs* that cannot be covered by insurance is an essential part of the social security program. To enable public assistance to play its part more effectively, the major improvements which are needed are: Federal grants for general assistance for needy persons ineligible under the categories; increased and separate Federal funds to match payments for medical care; Federal sharing in the costs of family welfare services; and relatively more substantial Federal sharing of public assistance costs to States with low per capita income.

*Health and welfare services for children and research in child life* need to be expanded so that, when public and private resources are considered together, such services—guided by increasing knowledge and understanding—may become available to all children in all parts of the country.

*A strong credit union program* will make it possible for more families to help themselves toward increased security. Further consideration should be given to the establishment of central discount facilities for credit unions.

complicated, and less effective than national contributory social insurance administered on a decentralized basis and as part of a comprehensive social insurance program.

The need for public assistance will be reduced but not eliminated by a comprehensive and more adequate contributory social insurance program. There will always remain individuals and families whose special circumstances call for special help. It may be possible later, when social insurance has been made adequate, for the Federal Government to step out of the field of public assistance and leave the entire responsibility to the States and localities. That time has clearly not yet come. Whatever steps we take to reduce the size of the assistance program, we should increase its ability to meet satisfactorily the residual demands that are made on it.

### *Cost of Social Security*

World-wide developments require that we look more closely at the potential cost of all our national undertakings. Can we, with our other commitments—national and international—afford social security? Actually, we cannot afford not to have social security. More than ever, in the present world situation, we cannot afford the consequences of poverty, of poor health, of insecurity and the resulting lowered morale and lowered productivity for individuals and for the community.

Most persons would agree that current social security costs are within our means. Fear of the burden of social security arises primarily from estimates of future costs. The cost of programs that provide current benefits—that is, temporary disability, unemployment, and health insurance—is about the same percent of payrolls or national income after the system has been in operation many years as in the first years of full operation.

The cost of old-age insurance will rise, on the other hand, since as the program matures relatively more of the people who reach retirement age will qualify for insurance benefits. As the insurance program takes over more of the burden, the costs of old-age assistance may be expected to decline; what we must look at, therefore, is not the cost of old-age insurance

alone but the cost of old-age insurance and old-age assistance together.

A second reason that old-age insurance costs will increase is that the number and proportion of older persons in the population are increasing. Consequently the amount and proportion of the national income going to older people as a group should also increase. Most cost estimates assume that the proportion of people retiring at given ages will be about the same in the future as it has been in the past. But we are coming to realize that it is to the advantage of individuals and of the Nation if older workers continue in productive employment as long as they can. To the extent that we make it possible for more older persons to continue working, these estimates will be too high both absolutely and relatively.

The factor that is most often neglected in discussions of future costs is the future size of our national income and our population. Both are growing, but our productivity is growing faster than our population. Conservative estimates assume that national income will continue to increase at a rate of at least 3 percent a year, 1 percent representing labor-force growth and 2 percent, increasing productivity. On this assumption, we would in 1980 be concerned with the distribution of a national income of \$450-500 billion (at fiscal-year 1950 price levels), compared with our 1950 national income of \$217 billion. Social security costs should be viewed in that perspective.

We cannot, of course, evaluate social security only in terms of its out-of-pocket cost. The real cost, in economic terms, can be determined only after consideration of its impact on the levels of production and consumption and on the structure of the economy. Expenditures for social security do not represent a destruction of a certain portion of the national product but rather a more orderly, effective, and equitable method for enabling individuals to pay for those essentials of life that would have to be paid for in any event.

Social security payments that are made to those who have no other source of income, or to compensate in part for loss of regular income, have an importance disproportionate to

their dollar totals. The confidence and security that the existence of these measures engenders have an important effect on the productivity and the general outlook of those who are currently earners. A comprehensive program with broad coverage will permit labor mobility—an essential factor in maintaining full employment—and will help counteract and prevent rigidities in the economic system that are inevitable under separate public or private limited-coverage benefit systems.

The expenditures for health and welfare services under a comprehensive program also have a strategic value well beyond their dollar amounts. Such services represent, in general, the kinds of help, guidance, or dissemination of knowledge that cannot be provided on a commercial basis.

It is not without reason that social security has come to represent one of the aspirations and goals of people throughout the world. For social security is an expression of the individual's desire for a secure base on which to build a good life for himself and his family, and his desire to live in a society in which all men have the same opportunity. Because of this combination of values, social security has acquired a moral force that can provide new strength while it gives new substance to the ideals of freedom and democracy.

### *Old-Age and Survivors Insurance*

The 1950 amendments, though extensive, leave unsolved a number of major problems. One is the problem of disability. Today, of the persons who normally would be in the labor market, 1 out of every 25 below retirement age has been disabled for more than 6 months; tomorrow, with a greater proportion of people in the 50-65 age group, the ratio may be considerably higher. One-third or more of all present assistance costs are attributable to disability, and the burden is increasing.

Planning for the problem of disability is twofold. First, it is necessary to rehabilitate and secure employment for more of the disabled than in the past if we are to maintain high levels of production and high

standards of living. Second, it is necessary to provide for income maintenance for those who cannot be rehabilitated, in the sense of being returned to productive employment, and for those who eventually do get jobs during the often long period in which they cannot work. The need is for both permanent and temporary disability insurance.

Insurance protection of this type, made an integral part of old-age and survivors insurance, would have many advantages. It would provide workers with continuing protection as long as they are disabled. They would not lose protection by changing jobs or moving from one State to another. Their rights to retirement and survivor benefits would be preserved during periods of permanent and total disability. Maximum operating efficiency, uniformity, consistency, and economy would be obtained; there would be no overlapping or duplication of facilities. Working relations with the medical profession, with State rehabilitation agencies, and with various groups in the welfare field would be clear-cut.

*Coverage.*—With the 1950 amendments, about three-fourths of the Nation's gainfully employed workers will be in jobs covered by old-age and survivors insurance. About 7.6 million persons in an average week are covered under other public retirement systems, but some 10 percent of the gainfully employed population still have no retirement protection under any public plan. Farmers, most self-employed professional persons, and agricultural and domestic workers not regularly employed by one employer are the chief groups without protection. Their coverage under old-age and survivors insurance is recommended, since otherwise those with earnings too low to save for their old age and no opportunity to be covered by private pension plans will have no recourse but to seek help under the assistance programs.

For the 7.6 million workers covered under other public programs the problem is different. In a dynamic economy, workers move from job to job and from one kind of employment to another. As a result, an individual may fail to remain under one retirement system long enough to acquire

any benefit rights, or may end up with very inadequate benefits. The Social Security Administration therefore recommends coordination of these other public retirement programs with old-age and survivors insurance. The most immediate need for such coordination is in the field of military service. Under the system maintained by the Armed Forces, no retirement benefits are payable for less than 20 years' service, and the disability and death benefit protection provided by veterans legislation is substantially restricted when the individual leaves the service. With few exceptions the short-term serviceman now receives no credit toward benefits under any retirement plan for his military service. It is essential that provisions be adopted to assure protection under old-age and survivors insurance for individuals who leave civilian life for military service.

*Benefits.*—If the long-range trend of wages continues upward, further increases in benefits will be necessary to keep them appropriately related to current levels of living. In these circumstances, benefits may be liberalized without an increase in the contribution rates scheduled in the law; as wages go up, the same contribution rate brings in more dollar income, and the effect of increasing wages on benefit amounts will be more than offset by the increase in dollar income. One proposal for keeping benefits adjusted to rising wages would be to base them on an average wage figured over a limited period—say, the 5 or 10 consecutive years of highest earnings—rather than the span of a working lifetime.

As wages rise, it is also necessary to increase substantially the maximum wage base. Otherwise, more and more workers have their benefits based on an average wage at or near the maximum limit, and benefits tend to be concentrated in a narrow range as many workers lose credit for higher earnings. Also, unless the maximum wage base is raised, the system must depend for financing on a smaller and smaller proportion of payrolls.

Another important change that should be made in the benefit computation is the restoration of the 1-percent increment in the benefit formula

for each year in which the worker has substantial covered employment. In that way, long years of contribution would be recognized. Furthermore, an increment would also help somewhat in keeping benefits adjusted to the rising trend of wages.

If all self-employed persons are covered under the program, Congress may also wish to consider whether the age at which the test of retirement is suspended should be 70 rather than 75, as provided in the amendments. It will not be unduly expensive to pay benefits without respect to earnings to those persons who have reached an age at which all but a small proportion of workers are normally retired.

*Eligibility.*—Because the wife seldom reaches age 65 at the time her husband can first qualify for benefits and because of more limited employment opportunities for older women, further consideration should be given to the question of permitting women to qualify for benefits when they reach age 60.

Despite the sweeping revision in eligibility requirements, there will remain a considerable "backlog" of aged persons who will not meet even the minimum requirement of 6 quarters of coverage. To the extent that the public assistance load is composed of such individuals, its size will not be affected by the improved insurance program. Several proposals have been made for enrolling persons already past retirement age as beneficiaries under the insurance program. If this group is "blanketed in," the cost of the resulting noncontributory benefits should be met out of general taxation. To keep the cost of benefits to noncontributors within bounds, it is essential that any plan to bring in the present aged be accompanied by extension of insurance coverage to all gainful employment. If this is done, persons retiring in the future would have eligibility based on contributions, and the need to pay benefits to noncontributors would be confined largely to the present aged. Only with universal coverage could a plan for including the present aged as beneficiaries be considered as a transitional device that would not substantially increase the long-run cost of the system or threaten the contribu-

tory principle on which the insurance program is founded.

*A Government contribution.*—If it were possible to set up a separate system applying only to a new generation of workers—those now under age 21—and the generations that come after, benefits at the level provided under the new law could be financed on a self-supporting basis by contributions of 2 percent from employers and 2 percent from employees. For individuals who are now over age 21 the level premium cost of a program paying benefits at the new scale would be considerably higher. It is not possible to collect the full cost of adequate benefits from persons nearing retirement age and their employers without making the contribution rate prohibitively high. Nevertheless, it has been decided as a matter of national policy that these older workers ought to be paid adequate benefits. The level premium cost of the system as a whole, including the cost of paying full-rate benefits to older workers, is estimated at about 6 percent on an intermediate basis.

If, as has been proposed, a Government contribution were to be made for the purpose of meeting the additional cost of the benefits for the older workers, a maximum combined employer-employee contribution rate of 4 percent could be established, with a provision in the law for the Government contribution to cover the remainder of the cost. (This Government contribution might begin when the 4-percent rate, plus interest earnings of the old-age and survivors insurance trust fund, is insufficient to cover expenditures.) Under this plan, each generation after the first would contribute at a rate that would pay its own way, but no more, and over the long run a close relationship would be maintained between the value of the protection and the rate of contribution.

### **Public Assistance**

Enactment of the 1950 amendments strengthened the public assistance program in several significant respects. The most important provision is a new program of grants-in-aid to the States for needy persons who are permanently and totally disabled be-

cause of physical or mental handicap. Assistance, partly financed by Federal funds, is thus made available to an additional group of handicapped persons 18 years of age or older. Another significant amendment enables the Federal Government to participate in larger State payments for aid to dependent children. This change, which for the first time recognizes the needs and expenses of the mother or other person keeping the home together for the children, will aid materially in improving the general level of assistance available to needy children.

A further provision makes public assistance grants available to Puerto Rico and the Virgin Islands. In both islands, need is widespread, and fiscal resources can meet only a fraction of the need.

Another provision enables the Federal Government to participate in payments made by the State public assistance agencies directly to individuals and agencies that supply medical and remedial care to recipients of assistance within the maximum on individual monthly payments. Previously the Federal Government could share only in the assistance payment made to the recipient, which precluded sharing in the payments made by the agency to medical practitioners or to other agencies for the medical care they gave the recipient. The prohibition on Federal sharing in payments to persons in public institutions is also relaxed to allow Federal participation in assistance given to patients in public medical institutions, except persons diagnosed as having a mental disease or tuberculosis.

Changes in the old-age and survivors insurance program make it possible that the insurance program will in time assume its proper role as the major defense against loss of income. It can therefore be expected that the number of persons dependent on public assistance for causes covered by old-age and survivors insurance will decline from their present levels. The public assistance programs then will be increasingly able to assume their proper role as residual and supplementary programs designed to meet the particular needs of individuals who are not covered by the insurance program or whose needs are

greater than the benefits paid under insurance.

Many of the economic risks that people face, moreover, are not now subject to social insurance protection, and many are of such a nature that insurance coverage is not feasible. The present old-age and survivors insurance program has little if any effect on the number of persons dependent for reasons other than the old age or death of the wage earner. Dependency caused by illness is covered by insurance protection in only a few States. Dependency stemming from desertion, nonsupport, or illegitimacy is not suitable for insurance protection.

As assistance administration is relieved of the strains of dealing with ever-mounting caseloads and expenditures, it can increasingly turn its attention to the quality of the help that the assistance agencies give through welfare services to needy people. The assistance program should become more effective in helping people meet their particular needs in ways that will help them regain control of their own living. Public welfare agencies should also be able to aid in making community resources available so that the people can carry out plans for their own rehabilitation and increase their ability to meet and deal with their own personal problems. To give this kind of service will bring the public assistance programs closer to a realization of their real purpose and potentialities.

*Federal participation in general assistance.*—Fifteen years of experience have convinced the Social Security Administration of the need for broader coverage in the State-Federal assistance programs. The greatest unmet need occurs in the field of general assistance. Since no Federal grants-in-aid are available to the States for this program, each State is left to carry alone what it can afford to do for needy persons who do not qualify for old-age assistance, aid to dependent children, aid to the blind, or aid to the permanently and totally disabled. In some high-income States the program has been adequate to meet the needs. Unfortunately, however, States with limited resources have had to choose between spending their inadequate public welfare funds

in such a way as to attract Federal funds or to expend their funds for general assistance and receive no supporting Federal financial help. Enactment of the new category for the permanently and totally disabled will not relieve this situation. Persons who are disabled but not permanently or totally, the prematurely aged, the unemployed, and the underemployed will continue to depend on what the States, unaided by Federal funds, can do for them. Grants to the States for general assistance are urgently needed to enable them to assist needy persons ineligible under the other categories. The Social Security Administration recommends that Congress enact such a program.

Although the cost of public assistance may decline as time progresses and the insurance program becomes more fully mature, the need for comprehensive coverage by the assistance programs will continue to be urgent. Inadequate coverage is costly to the Nation in terms of the ultimate consequence of neglect of poverty. Ill health, maladjustment leading to delinquency and other antisocial behavior, and a high incidence of expensive institutional commitments are inevitable consequences of unrelieved poverty. For these reasons, it is essential that the assistance program be broadened to include needy persons not now aided.

*Residence and citizenship requirements.*—Many States still impose residence and citizenship requirements. In our modern society with its mobile population, residence requirements are an anachronism, and, like citizenship requirements, they work great hardship and prevent needy and otherwise eligible persons from obtaining aid. The Federal law does not require the States to have such requirements, but it does not prohibit them from imposing those restrictions. To fulfill the objective of having assistance available to needy people, residence and citizenship requirements should be prohibited in State public assistance programs approved under the Social Security Act.

*Equalizing grants.*—The Administration has been greatly concerned over the level of payments that some

States are now making to assistance recipients. States with low per capita income are not only limited in the tax revenue they can raise but often have a relatively high proportion of people who need public aid. The Administration again recommends that the formula governing the Federal share of assistance programs be changed so as to provide for a more equitable distribution of Federal funds, taking into account the fiscal ability of the various States and their public assistance needs.

*Medical care.*—The Social Security Administration welcomes the amendment enabling the Federal Government to share in the costs of medical payments made directly to the suppliers of medical service. It is hoped that Congress will establish a method of financing payments for medical care that will give funds to the States in addition to those available for money payments made to recipients. Such a step would recognize the fact that costs of medical care are above and beyond the usual maintenance needs of recipients. Without provision for such separate financing, Federal participation will be available only when the payments are made within the regular individual maximum previously applicable only to the money payment. The additional amount thus available for medical care will be limited. The Administration recommends separate financing of medical care based on an average maximum amount.

*Welfare services.*—Many persons live in areas not served by private social welfare agencies and look to the local public welfare department for information and advice with respect to community resources available to meet their problems. Even in urban areas the inadequacies of finances and the complexities of the problem make it difficult for private welfare agencies to meet all the demands placed on them.

The public welfare department should be a place where people can go not only for financial aid but also for help with family welfare problems not related to economic need. With respect to adult and family welfare services, the House Ways and Means

Committee has encouraged the States to make such services available to applicants and recipients of assistance as a part of the cost of administration, which the Federal Government shares with the States. The Social Security Administration further recommends a separate Federal grant to the States for the provision of family welfare services. The program could thus be made available to persons who are not applicants for or recipients of assistance.

### *Children's Bureau*

The year 1950 was a significant point in history for children in the United States. Never before was it so safe for mothers to have babies. Never before had children so great likelihood of surviving the physical hazards of birth and of contagious diseases during their growing years. Public health and welfare services reached more children in various ways, but in no sense did they keep pace with the great increase in numbers, especially of very young children. An unprecedented mobilization throughout the year of citizen concern for children was focused on the Midcentury White House Conference on Children and Youth, called by President Truman to meet in Washington in December 1950. For the first time in Conference history the child's mental health and personality development was being stressed. The Social Security Act Amendments of 1950 should mean a better chance for good health and care for tens of thousands of the Nation's children.

Special problems for children are created in periods of special strain and apprehension, such as the present. If civil defense or mobilization results in major dislocations or break-ups of families, new or expanded services for children will have large claim on our public and private pocketbooks. If we want to help in building the kind of world in which an enduring peace will be achieved, we must not let our children become casualties of mobilization. Their needs must stand high on the list of priorities for services and for funds for research that will show how best to help them develop their fullest powers for creative living.

The Social Security Act Amend-



ments of 1950 authorize substantially increased expenditures for health and welfare services for children. State health and welfare agencies indicated during the year the direction along which they expected to move if more funds should become available. Of the health agencies, 33 said they would start or expand programs for the care of premature infants, 21 would do the same for hard-of-hearing children, 17 would develop sight conservation programs, six would conduct maternity care demonstrations for patients with complications in pregnancy, five would do a better job on health services for school-age children, and five would build their dental programs.

Programs for crippled children now cover a wide range of handicapping conditions that require prolonged care. State crippled children's agencies would develop programs for children with these conditions: rheumatic fever, 36 States; cerebral palsy, 33 States; epilepsy, nine States; and hearing difficulties, 10 States.

Of the State welfare agencies, 24 said that they urgently needed money for shelter care for children in emergencies; 22 States would work to get rid of the "black market" in babies and provide better service for parents who want to adopt babies; 21 want care for babies available for adoption; 19 want to give better protection to runaway children and to ensure their return to homes that are ready to welcome them; 15 would get homemaker services into operation or extend their small programs; and 12 States would try at once to get youngsters out of jails and place them under good care while they wait for court action.

The quality of service is inseparable from the people who give the service, and a program that has a full complement of skills is miles ahead of one that is only partially staffed. Serious vacancies exist in the staffs of both welfare and health agencies in many States. Even when staffs are complete, there should be constant effort to raise the level of service. Staff development—on the job and in advanced training—and evaluation of programs are the two most effective techniques; both are now being used in many quarters, and their use should be multiplied. The quality of health

services for mothers and children is greatly aided when they are closely related to local health units. Similarly child welfare services gain in strength as they are allied with local welfare services for people of all ages. Universal availability of such services still awaits congressional action.

Proposals before the Eighty-first Congress to give Federal aid to education would provide grants and scholarships for education in the professions that would be valuable long-time solutions for the manpower shortage. Even should such measures become law, State health and welfare agencies will have to continue and increase their present practice of using a substantial part of their present Federal grants for services to give practitioners specialized training in their programs. Better salary levels would be another strong magnet to attract workers. Professional training for all who serve children must have a common core of knowledge of the growth of human personality, and more opportunities for such training need to be developed by universities at both undergraduate and graduate levels.

Constantly feeding into program operations and enriching the understanding of both professional workers and parents must be continuous and well-financed research. Present Federal contributions to research in child growth and development are almost invisible, and private sources of funds seem to be drying up. Two broad types of research are urgently needed—basic studies in child growth and development and studies that will provide all types of agencies serving children with tools for measuring the effectiveness of their work and with guides for improving their programs.

Without minimizing the responsibility of government, we need constantly to develop practical ways in which citizens can take more and more responsibility for reviewing and planning for children's needs and relating themselves closely with their local public and private children's services. Great hopes are held that one of the concrete results of the Mid-century White House Conference on Children and Youth will be a resolve to continue the pattern of State and

local committees on children and youth.

### *Federal Credit Unions*

The Federal Credit Union Act was 16 years old on June 25, 1950. In this time the Federal credit unions have become a substantial part of the credit union movement in the United States; they are making a worth-while contribution toward improving the economic status of workers and their families.

Federal credit unions encourage their members to develop habits of thrift by establishing convenient facilities, by accepting share payments in installments as small as 25 cents a month, and by educational efforts among members and potential members. They serve workers in factories, offices, stores, schools, and government establishments, as well as groups having a common bond of association or residence.

Loans granted to their members by Federal credit unions have an average maturity of less than 12 months. In most States the legal commercial rates for such loans range from 2 to 3.5 percent per month, as compared with the 1-percent maximum rate permitted for Federal credit unions. In interest charges alone, Federal credit unions are saving their members more than \$40 million a year. Illegal lenders charge much higher rates than the licensed small loan companies. Excessive charges for small loans reduce the purchasing power of the persons concerned and are nearly always exacted from those least able to afford them. Through Federal credit unions, nearly 2 million people are providing for themselves an inexpensive source of small loans.

Three amendments to the Federal Credit Union Act became effective October 25, 1949. One increased the maximum unsecured loan limit from \$300 to \$400, and another increased the maximum maturity for loans from 24 months to 36 months; both maximums are permissive. The third amendment concerned the reserve for bad loans. There is still need for legislation to provide central discount facilities for State and federally chartered credit unions.