

Employment and Wages Under Old-Age and Survivors Insurance, 1940

MERRILL G. MURRAY and MASON C. DOAN *

THE LEVEL OF employment and taxable wages under the old-age and survivors insurance program in 1940 was the highest in the first 4 years of operation of the program. The number of workers was about 7 percent greater than the number in 1937 and in 1939 and 13 percent greater than the number in 1938. Similarly, the 1940 volume of taxable wages exceeded the 1937 and 1939 totals by about 12 percent and the 1938 total by 25 percent. Approximately 35 million workers received wages of \$33 billion during 1940 in employment covered by the program.

The statistics presented here are derived from the 1940 tabulation of individual employee wage records, which is the fourth annual tabulation of this type.¹ To make possible an analysis of the effects of the eligibility requirements, this tabulation was constructed so as to present data on annual earnings of workers distributed by the number of quarters in which they received taxable wages.

The basis for the annual tabulations has varied from year to year. The 1937 and 1938 tabulations were based on approximately 100 percent of the wage records. In 1939, because of a revision in the method for posting wages to employees' accounts, the basis for the tabulation was changed to a 20-percent sample. In 1940, the sample was reduced to 4 percent. The resultant savings made it possible to develop a 4-percent sample for the preceding years, which will produce a tabulation of the continuous wage and employment experience of covered workers for the period 1937-40. This tabulation will provide information not hitherto available on continuity of earnings, patterns of employment, quarters of coverage, and related matters, which is essential in studying the effects of the present and proposed eligibility

and benefit provisions of old-age and survivors insurance. However, since data from the continuous work-history sample would not be available for some time, there was undertaken, on the basis of the 4-percent sample, the present tabulation of 1940 employee data, which provides cross-sectional tables corresponding to the 1937, 1938, and 1939 tabulations.

The sample for 1940 was selected from the employee accounts to which wages received in 1940 had been posted by May 16, 1941. By that time, postings were complete for 94.8 percent of the estimated total amount of taxable wages received in 1940 and 97.6 percent of the estimated total number of workers receiving such wages. The wage items not posted were those which had not been reported by employers at the cut-off date, those reported incompletely or incorrectly and not yet identified, and those reported and identified but not yet posted. However, the 1940 data in table 1 have been adjusted to indicate the estimated 100-percent totals of workers and taxable wages and are therefore comparable with the corresponding data for preceding years. A similar adjustment of other 1940 data is now in progress and may result in some changes in those figures. They should, consequently, be regarded as preliminary.

Trend of Data, 1937-40

There was, in general, considerable stability in the composition of the group of covered workers over the 4-year period. Their distribution by race and sex was almost exactly the same in 1940 as in each of the previous years (table 1). Their distribution by age group in 1940 (table 2) was also substantially the same as in 1937-39. A minor variation in the distribution by age during the period was an increase in 1939-40 in the proportion of covered workers aged 65 and over, resulting from the extension of coverage as of January 1, 1939, to workers in these ages.

The average taxable wages of all covered workers in 1940 were \$929 (table 1); the comparable aver-

*Bureau of Old-Age and Survivors Insurance, Analysis Division.

¹ Summary analyses of the data for 1937, 1938, and 1939 appeared in the Bulletin for March 1939, December 1940, and April 1941, respectively. Analyses of 1938 and 1939 data were also carried in the *Social Security Yearbook* for 1939 and 1940, respectively. Detailed tables of data for 1937 and 1938 were published in *Old-Age and Survivors Insurance Statistics, 1938*, and for 1939 in *Old-Age and Survivors Insurance Statistics, 1939*. A similar volume for 1940 data will be published later this year.

ages in previous years were \$900 in 1937, \$844 in 1938, and \$887 in 1939. The average wages of men varied in a similar way, dropping from \$1,040 in 1937 to \$974 in 1938 and then increasing to \$1,022 in 1939 and \$1,071 in 1940. The average wages for women, however, fluctuated within narrower limits. From \$540 in 1937, they fell to \$518 in 1938, increased to \$543 in 1939, slightly above the 1937 level, and reached \$563 in 1940.

A comparison of the 1940 data with the labor force, as defined by the 1940 Census of Population, indicates a disproportionately large number of young persons in covered employment. Of the workers receiving taxable wages in 1940, 8.4 percent were under 20 years of age, 18.3 percent were aged 20-24, and 16.4 percent were 25-29 (table 2). The median age of all workers in covered employment was 32.5 years. In the labor force, 7.5 percent were under 20, 14.5 percent were 20-24, and 13.6 percent were 25-29. The median age of the labor force was 36.0 years.

The number of women in covered employment also was relatively larger than in the labor force. Of the workers receiving taxable wages, 27.7 percent were women; in the labor force, on the other hand, only 24.3 percent of the total were women. This difference is entirely accounted for by the distribution of white women, who constituted 26.6 percent of the covered employees and only 20.8

percent of the total labor force. Negro women made up 3.5 percent of the labor force and only 1.1 percent of the covered employees.

The differences noted above between the composition of the covered employees by age and sex and that of the labor force probably would be somewhat reduced if the labor-force data, like the data on covered employees, were for a year instead of for a week.² Nevertheless, it is likely that some differences would remain. Some groups of non-covered workers, particularly farm proprietors and other self-employed persons, are not in the younger age groups. Moreover, white women do not work to any great extent in the important noncovered employments—farm labor and domestic service—and few of them are self-employed.

Years of Employment

On the basis of the unadjusted data, approximately 30.4 million workers, or 89 percent of the 34.2 million who received taxable wages in 1940, had taxable wages in one or more of the previous years, while 3.8 million or 11 percent received taxable wages for the first time in 1940. There was considerable variation between these two groups with respect to sex, race, and age (tables 2 and 3).

² See Slomlin, Herman, "State and Regional Differences in Covered Employment and Taxable Wages," *Social Security Bulletin*, Vol. 5, No. 1 (January 1942), p. 35.

Table 1.—Old-age and survivors insurance: Number and percentage distribution of workers with taxable wages and their average annual taxable wages, by sex and race, 1937-40¹

[Data adjusted to estimated 100-percent totals]

Sex and race ²	1937			1938			1939			1940		
	Workers		Average taxable wages per worker	Workers		Average taxable wages per worker	Workers		Average taxable wages per worker	Workers		Average taxable wages per worker
	Number (in millions)	Percent of total		Number (in millions)	Percent of total		Number (in millions)	Percent of total		Number (in millions)	Percent of total	
Total ³	32.4	100.0	\$900	31.0	100.0	\$844	32.7	100.0	\$887	35.0	100.0	\$920
White.....	30.2	93.1	936	(?)	(?)	(?)	30.4	93.0	922	32.6	93.0	966
Negro.....	2.2	6.9	423	(?)	(?)	(?)	2.3	7.0	415	2.6	7.0	446
Male.....	23.4	72.0	1,040	22.2	71.0	974	23.5	71.7	1,022	25.3	72.1	1,071
White.....	21.6	66.3	1,001	(?)	(?)	(?)	21.6	65.9	1,073	23.2	66.2	1,124
Negro.....	1.9	5.7	457	(?)	(?)	(?)	1.9	5.8	443	2.1	6.0	476
Female.....	9.1	28.0	540	8.8	28.4	518	0.3	28.3	543	0.8	27.0	563
White.....	5.7	26.8	552	(?)	(?)	(?)	8.0	27.1	555	9.4	26.8	574
Negro.....	.4	1.2	250	(?)	(?)	(?)	.4	1.2	278	.4	1.1	291

¹ Data for 51 States. In 1937 and 1938, workers 65 years and over and their wages were excluded. Prior to 1940, employees of member banks in Federal Reserve System and crews of American vessels and their wages were excluded. Prior to 1940, annual wages in excess of \$3,000 for any 1 worker, from any 1 employer, were excluded; in 1940, wages in excess of \$3,000 for any 1 worker, regardless of number of employers, were excluded. Wages in specified employments not covered by program were excluded in each year.

² White includes all races other than Negro. Data by race not available for 1938.

³ Total for 1937 excludes 97,837 workers holding railroad retirement account numbers and their taxable wages of \$27,182,270, and 312,536 whose sex and/or

race is unknown, and their taxable wages of \$54,275,641. Total for 1938 excludes 142,433 workers holding railroad retirement account numbers and their taxable wages of \$38,951,068, and 52,297 whose sex and/or race is unknown, and their taxable wages of \$24,067,260. Total for 1939 excludes 255,383 workers holding railroad retirement account numbers and their taxable wages of \$78,860,000, and 70,152 whose sex and/or race is unknown and their taxable wages of \$61,805,769. Total for 1940 excludes 119,351 workers whose race and/or sex is unknown and their taxable wages of \$126,830,200. All amounts are rounded; therefore, totals may differ slightly from sums of rounded amounts.

Of the group with taxable wages in 1940 only, or the "new" workers, 36 percent were women, as compared with 27 percent in the group with taxable wages in 1940 and prior years. This difference probably reflects the tendency of women to drop out of the labor market at relatively early ages because of marriage, care of children, and other reasons.

There were also relatively more Negroes among the new workers than among the workers with taxable wages in prior years—9.3 percent as compared with 6.7 percent. This difference may have resulted principally from the concentration of Negroes in areas where noncovered employment prevails.

The new workers were on the whole considerably

Table 2.—Old-age and survivors insurance: Number and percentage distribution of workers with taxable wages in 1940, in 1940 and one or more previous years, and in 1940 only, by age; percentage distribution within age, by race and sex; and average taxable wages, by age, race, and sex

[Computed from 4-percent sample ¹]

Age ² (years)	Workers								Total	Average taxable wages			
	Total ³		Total	Percentage distribution by race and sex				White ⁴		Negro			
	Number (in thousands)	Percent ⁴		White ⁵		Negro		Male		Female	Male	Female	
				Male	Female	Male	Female						
All workers with taxable wages in 1940													
Total.....	34,202	100.0	100.0	66.4	26.0	5.0	1.1	\$908	\$1,099	\$553	\$403	\$277	
Under 20.....	2,800	8.4	100.0	50.8	37.7	4.8	.7	228	247	215	125	83	
20-24.....	6,258	18.3	100.0	57.0	30.0	5.3	1.1	506	600	470	279	176	
25-29.....	5,893	16.4	100.0	63.3	29.0	6.3	1.4	843	1,019	576	426	268	
30-34.....	4,735	13.0	100.0	65.7	20.1	6.7	1.5	1,031	1,240	657	510	318	
35-39.....	3,793	11.1	100.0	67.8	24.2	6.0	1.4	1,154	1,392	689	566	340	
40-44.....	3,225	9.4	100.0	69.4	22.4	7.0	1.2	1,194	1,429	690	612	350	
45-49.....	2,613	7.6	100.0	74.1	16.5	5.5	.9	1,230	1,420	689	616	346	
50-54.....	2,073	6.1	100.0	77.4	15.0	5.1	.9	1,198	1,357	685	589	333	
55-59.....	1,431	4.2	100.0	80.8	14.2	4.5	.5	1,154	1,276	605	573	322	
60-64.....	894	2.6	100.0	82.0	12.8	4.2	.4	1,086	1,183	658	545	296	
65-69.....	447	1.3	100.0	85.2	10.0	3.8	.4	1,002	1,073	650	449	274	
70 and over.....	231	.7	100.0	88.8	7.4	3.0	.2	904	1,045	679	427	144	
Workers with taxable wages in 1940 and 1 or more previous years													
Total.....	30,368	100.0	100.0	67.0	25.7	5.7	1.0	\$988	\$1,170	\$614	\$517	\$325	
Under 20.....	1,506	5.0	100.0	58.3	30.5	4.6	.6	314	332	305	171	105	
20-24.....	5,508	18.2	100.0	57.0	30.4	4.9	.8	614	711	508	319	220	
25-29.....	5,100	17.1	100.0	64.2	25.0	6.0	1.2	886	1,059	610	401	307	
30-34.....	4,415	14.6	100.0	66.6	25.5	6.5	1.4	1,077	1,290	697	545	354	
35-39.....	3,526	11.6	100.0	68.8	23.5	6.5	1.2	1,209	1,440	735	625	387	
40-44.....	3,005	9.0	100.0	70.2	21.8	6.8	1.2	1,247	1,479	737	649	381	
45-49.....	2,439	8.0	100.0	74.7	19.1	5.4	.8	1,283	1,480	728	658	380	
50-54.....	1,937	6.4	100.0	78.0	16.5	4.9	.6	1,248	1,407	721	627	364	
55-59.....	1,334	4.4	100.0	81.3	13.0	4.3	.5	1,204	1,327	700	614	340	
60-64.....	832	2.7	100.0	82.8	12.7	4.1	.4	1,134	1,233	681	585	309	
65-69.....	413	1.4	100.0	85.4	10.0	3.6	.4	1,044	1,116	674	486	301	
70 and over.....	208	.7	100.0	89.0	7.3	3.5	.2	1,043	1,094	715	461	159	
Workers with taxable wages in 1940 only													
Total.....	3,835	100.0	100.0	57.2	33.5	7.2	2.1	\$273	\$350	\$183	\$135	\$96	
Under 20.....	1,354	35.4	100.0	55.2	38.0	5.0	.9	132	140	120	79	66	
20-24.....	750	19.6	100.0	54.0	33.7	8.0	2.8	213	259	176	118	80	
25-29.....	395	10.3	100.0	52.4	34.0	9.0	3.7	285	377	264	143	101	
30-34.....	320	8.3	100.0	52.8	34.7	9.2	3.3	284	320	252	156	113	
35-39.....	267	7.0	100.0	54.8	33.6	8.3	3.3	437	502	283	180	109	
40-44.....	220	5.7	100.0	59.3	30.4	8.1	2.2	474	522	287	184	119	
45-49.....	173	4.5	100.0	65.1	25.8	7.4	1.7	488	517	274	179	123	
50-54.....	136	3.6	100.0	70.2	21.8	6.7	1.3	482	576	288	191	127	
55-59.....	97	2.5	100.0	75.4	17.0	6.6	1.0	457	529	265	206	145	
60-64.....	62	1.6	100.0	80.4	13.7	5.3	.6	442	495	253	158	103	
65-69.....	33	.9	100.0	83.8	9.3	6.2	.7	456	520	408	182	116	
70 and over.....	23	.6	100.0	86.8	8.0	4.7	.5	593	601	385	208	92	

¹ Compiled from sample which includes wage records of 1,372,618 workers and \$1,245,983,984 in wages identified for posting to individual accounts by May 15, 1941, or approximately 4 percent of total 1940 wages and workers which have been thus identified. Wage items identified for posting by May 15, 1941, represent 94.8 percent of estimated total taxable wages for 1940 and 97.6 percent of estimated total number of workers receiving taxable wages in 1940. Taxable wages exclude remuneration from employment not covered by old-age and survivors insurance program and wages in excess of first \$3,000 a year earned by any 1 worker.

² Age nearest July 1940.

³ Excludes 113,200 workers whose sex and/or race is unknown and their taxable wages of \$106,773,400. These workers represent 0.3 percent of total workers, and their taxable wages represent 0.3 percent of total taxable wages.

⁴ Workers of unknown age omitted from distribution.

⁵ Includes all races other than Negro.

⁶ Includes 49,550 workers of unknown age, of whom 46,750 workers had taxable wages in 1 or more previous years, and 2,800 workers had taxable wages in 1940 only.

younger than those with taxable wages in 1940 and prior years. About 35 percent were under 20 years of age, and the median age of the entire group was 23.7 years. Of those with taxable wages in prior years, only 5 percent were under 20 years, and their median age was 33.4 years. It seems likely that as the years go by the proportion of young persons among the new workers will be even greater, for each year the number of older workers in noncovered employment who have never worked in covered employment is becoming smaller. In fact, from 1938 to 1940 the median age of new workers dropped from 25.3 to 23.7 years, and the proportion of new workers under 20 increased from 28 percent to 35 percent. In 1940, moreover, the relative number of older persons entering covered employment for the first time was increased by the extension of coverage, as of January 1, 1940, to an estimated 400,000 bank and maritime employees. The age distribution of new employees would, of course, be likewise affected in any future year in which coverage was extended to a large group of workers.

Quarters of Employment

About 19.9 million, or 58 percent of all workers in 1940, received taxable wages in 4 quarters of the year (table 3); 16 percent received taxable wages in 3 quarters, 12 percent in 2 quarters, and 14 percent in only 1 quarter. There was considerable variation among the several groups of workers with respect to the number of quarters of covered employment within the year.

Workers with taxable wages in 1940 and prior years had much fuller covered employment in 1940 than did the new workers. Of the former, 64 percent received taxable wages in 4 quarters and only 10 percent in 1 quarter. In contrast, only 11 percent of the new workers received taxable wages in 4 quarters, while 47 percent received wage credits in only 1 quarter. Persons entering covered employment for the first time during a year, even if they thereupon became regular employees, would, of course, on the average work in fewer quarters than those who were employed at the beginning of the year. Moreover, since there was a relatively high proportion of young persons and women among the new workers, it seems likely that many had only seasonal employment or were otherwise on the fringe of the labor market.

White men with taxable wages in 1940 and

prior years had the fullest employment in covered industry of all workers with 1940 taxable wages; 66 percent received taxable wages in 4 quarters and 16 percent in 3 quarters (chart 1). But even in this group there were 8 percent who received taxable wages in only 1 quarter and 10 percent in only 2 quarters. Of the Negro men with taxable wages in 1940 and prior years, 55 percent worked in 4 quarters and 18 percent in 3 quarters. For white women, the comparable percentages were 61 and 17, and for Negro women, 47 and 18. In each case, the percentage of workers with

Table 3.—Old-age and survivors insurance: Workers with taxable wages in 1940, in 1940 and one or more previous years, and in 1940 only, by race and sex; percentage distribution within race and sex, by number of quarters in which they received taxable wages in 1940; and average taxable wages by number of such quarters in 1940 and by race and sex

[Computed from 4-percent sample¹]

Sex and race ²	Total number (in thousands)	Percentage distribution of workers by number of quarters worked				Average taxable wages			
		Total	1 quarter only	2 quarters only	3 quarters only	4 quarters	Total	Less than 4 quarters	4 quarters
All workers with taxable wages in 1940									
Total.....	34,202	100.0	13.6	12.2	10.1	58.1	\$908	\$410	\$1,260
White.....	31,817	100.0	13.1	11.9	10.0	59.0	943	433	1,268
Negro.....	2,386	100.0	20.1	15.8	17.1	47.0	434	108	733
Male.....	24,742	100.0	12.4	11.6	10.0	60.0	1,048	495	1,416
White.....	22,737	100.0	11.8	11.3	15.9	61.0	1,069	532	1,462
Negro.....	2,005	100.0	10.1	15.1	17.1	49.7	463	177	765
Female.....	9,461	100.0	16.8	13.8	16.2	53.2	542	220	825
White.....	9,080	100.0	16.4	13.6	16.2	53.0	553	225	834
Negro.....	381	100.0	25.3	10.2	16.8	38.7	277	125	520
Workers with taxable wages in 1940 and 1 or more previous years									
Total.....	30,368	100.0	9.5	10.2	16.3	64.0	\$988	\$184	\$1,271
White.....	28,340	100.0	9.1	9.9	16.2	64.8	1,024	511	1,303
Negro.....	2,028	100.0	14.4	13.8	17.8	54.0	488	194	739
Male.....	22,273	100.0	8.8	9.8	16.2	65.2	1,128	576	1,420
White.....	20,548	100.0	8.3	9.5	16.0	66.2	1,170	618	1,466
Negro.....	1,725	100.0	13.8	13.3	17.7	55.2	517	203	770
Female.....	8,095	100.0	11.3	11.4	16.7	60.6	603	266	827
White.....	7,783	100.0	11.1	11.2	16.7	61.0	614	266	836
Negro.....	302	100.0	17.0	16.0	18.4	46.8	325	147	525
Workers with taxable wages in 1940 only									
Total.....	3,834	100.0	46.6	27.8	14.2	11.4	\$273	\$172	\$1,059
White.....	3,476	100.0	40.1	27.9	14.3	11.7	288	181	1,095
Negro.....	358	100.0	62.6	27.0	12.8	7.7	120	93	519
Male.....	2,460	100.0	45.3	27.9	14.7	12.1	326	204	1,206
White.....	2,169	100.0	44.4	28.0	14.0	12.7	350	218	1,259
Negro.....	270	100.0	62.0	26.7	13.3	8.0	136	90	552
Female.....	1,304	100.0	40.1	27.8	13.1	10.9	178	116	734
White.....	1,287	100.0	48.9	27.7	13.2	10.2	183	110	749
Negro.....	79	100.0	53.9	28.3	11.1	6.7	90	70	381

¹ See table 2, footnote 1.

² White includes all races other than Negro.

³ See table 2, footnote 3.

taxable wages in 1 quarter was about the same as the percentage with taxable wages in 2 quarters.

Among the new workers, also, white men as a group had the fullest employment in 1940 (chart 1). Thirteen percent received taxable wages in 4 quarters and 15 percent in 3 quarters. The majority, however, had taxable wages in 1 or 2 quarters—44 percent in 1 quarter and 28 percent in 2 quarters. As compared with white men, there were smaller percentages of workers in the other 3 groups with taxable wages in 3 or 4 quarters and considerably higher percentages with taxable wages in 1 quarter.

The foregoing data should not be construed necessarily to mean that all workers who received taxable wages in fewer than 4 quarters were unemployed and seeking employment while they were not working in covered industry. Some, doubtless, had employment in noncovered industry. Others, such as students and housewives, were out of the labor market entirely, and still others—those without previous employment experience—entered covered employment too late in the year to receive taxable wages in 4 quarters. On the other hand, these data should not be construed to mean that all workers who received taxable wages in any number of quarters were employed full time in that period. Workers who receive taxable wages of whatever amount during a quarter are reported by employers for such quarter. Seasonal and intermittent workers and "regular" workers who enter covered employment

late in a quarter may be reported in as many as 3 or 4 quarters and still be out of covered employment for considerable periods.

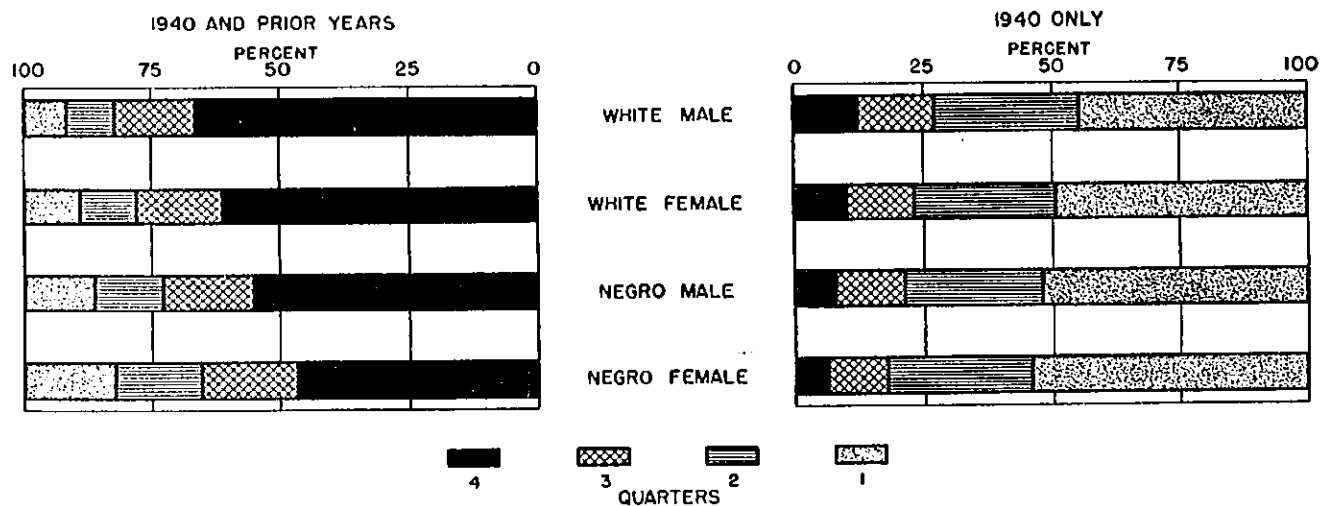
Wages of Covered Workers by Quarters of Employment

The varying duration of employment among covered workers pointed out above was reflected in their average taxable wages. Workers who received taxable wages in 4 quarters had an average of \$1,266 for 1940, while the average for workers with employment in fewer than 4 quarters was only \$410 (table 3). The low average for the latter group resulted largely from the fact that 33 percent had taxable wages in only 1 quarter and 29 percent, in only 2 quarters.

The highest average wages, \$1,466, were received by white men employed in 4 quarters who had received taxable wages in prior years. Negro men in this category had average wages of \$770; white women, \$836; and Negro women, \$525. Those workers with taxable wages in 1940 only who had employment in 4 quarters had somewhat lower averages: white men, \$1,250; Negro men, \$552; white women, \$740; and Negro women, \$381.

Workers with covered employment in fewer than 4 quarters had considerably lower earnings. Of this group, white men with taxable wages in 1940 and prior years had average taxable wages of \$618 in 1940; Negro men, \$203; white women, \$266; and Negro women, \$147. Among the new

Chart 1.—Old-age and survivors insurance: Percentage distribution of workers with taxable wages in 1940, by sex, race, quarters of employment, and year of employment



workers, white men averaged \$218; Negro men, \$99; white women, \$119; and Negro women, \$76. These low averages for the new workers were mainly due to the relatively large proportion who were employed in only 1 quarter. Of the new

workers, 53 percent had taxable wages in only 1 quarter, while only 26 percent of the workers with taxable wages in prior years had 1940 wages in 1 quarter only.

The contrast in earnings between the new

Table 4.—Old-age and survivors insurance: Workers with taxable wages in 1940, in 1940 and one or more previous years, and in 1940 only, by amount of taxable wages; percentage distribution, by amount of taxable wages and by race and sex; and percentage distribution within amount of taxable wages, by race and sex

(Computed from 4-percent sample¹)

Amount of taxable wages	Total ² workers (in thousands)	Percentage distribution by amount of taxable wages					Percentage distribution by race and sex				
		Total	White ³		Negro		Total	White ³		Negro	
			Male	Female	Male	Female		Male	Female	Male	Female
All workers with taxable wages in 1940											
Total.....	34,202	100.0	100.0	100.0	100.0	100.0	100.0	66.4	26.0	5.0	1.1
\$1-100.....	7,730	22.8	17.7	30.2	38.5	51.4	100.0	52.1	35.4	10.0	2.5
200-399.....	3,607	10.6	8.8	14.1	16.4	20.2	100.0	54.3	34.7	8.9	2.1
400-599.....	3,290	9.0	7.6	14.1	13.4	13.7	100.0	51.5	38.8	8.1	1.6
600-799.....	3,404	10.2	8.1	15.1	11.4	9.0	100.0	53.1	39.3	6.5	1.1
800-999.....	2,991	8.7	8.1	10.0	7.1	3.4	100.0	61.7	33.1	4.8	.4
1,000-1,199.....	2,530	7.4	8.1	6.6	4.8	.0	100.0	72.0	23.4	3.9	.1
1,200-1,399.....	2,258	6.6	8.1	3.0	3.6	.3	100.0	81.2	15.6	3.1	.1
1,400-1,599.....	1,896	5.6	7.3	2.2	2.3	.1	100.0	87.0	10.5	2.5	(⁴)
1,600-1,799.....	1,468	4.3	5.9	1.1	1.2	(⁴)	100.0	91.7	6.7	1.6	(⁴)
1,800-1,999.....	1,233	3.6	5.1	.7	.6	(⁴)	100.0	93.8	5.2	1.0	(⁴)
2,000-2,199.....	871	2.5	3.7	.4	.3	(⁴)	100.0	95.4	4.0	.6	(⁴)
2,200-2,399.....	693	1.7	2.6	.2	.1	0	100.0	96.3	3.2	.5	0
2,400-2,599.....	435	1.3	1.9	.1	.1	0	100.0	96.8	2.9	.3	0
2,600-2,799.....	337	1.0	1.4	.1	(⁴)	0	100.0	96.8	2.9	.3	0
2,800-2,999.....	237	.7	1.0	.1	(⁴)	(⁴)	100.0	97.3	2.5	.2	(⁴)
3,000.....	1,130	3.3	4.8	.3	.1	0	100.0	97.4	2.5	.1	0
Workers with taxable wages in 1940 and 1 or more previous years											
Total.....	30,368	100.0	100.0	100.0	100.0	100.0	100.0	67.0	25.7	5.7	1.0
\$1-100.....	5,181	17.1	13.2	22.0	31.6	42.4	100.0	62.3	34.6	10.6	2.5
200-399.....	3,690	12.2	8.0	14.0	17.1	22.6	100.0	53.1	35.2	6.5	2.2
400-599.....	3,045	10.0	7.4	15.5	14.9	16.7	100.0	50.3	39.6	8.4	1.7
600-799.....	3,373	11.1	8.0	17.3	13.0	12.3	100.0	62.3	40.0	6.6	1.1
800-999.....	2,923	9.6	8.7	12.5	8.1	4.3	100.0	61.4	33.4	4.8	.4
1,000-1,199.....	2,401	8.2	8.8	7.5	5.6	1.1	100.0	72.6	23.4	3.9	.1
1,200-1,399.....	2,210	7.3	8.8	4.4	4.1	.4	100.0	81.3	15.4	3.2	.1
1,400-1,599.....	1,863	6.1	7.9	2.5	2.7	.1	100.0	87.2	10.3	2.5	(⁴)
1,600-1,799.....	1,445	4.8	6.5	1.2	1.4	.1	100.0	91.9	6.6	1.6	(⁴)
1,800-1,999.....	1,211	4.0	5.5	.8	.7	(⁴)	100.0	93.9	5.1	1.0	(⁴)
2,000-2,199.....	857	2.8	4.0	.4	.3	(⁴)	100.0	95.5	3.9	.6	(⁴)
2,200-2,399.....	582	1.9	2.7	.2	.2	0	100.0	96.4	3.1	.5	0
2,400-2,599.....	420	1.4	2.0	.2	.1	0	100.0	96.8	2.8	.3	0
2,600-2,799.....	330	1.1	1.6	.1	.1	0	100.0	96.8	2.9	.3	0
2,800-2,999.....	231	.8	1.1	.1	(⁴)	(⁴)	100.0	97.3	2.5	.2	(⁴)
3,000.....	1,066	3.6	5.2	.4	.1	0	100.0	97.4	2.6	.1	0
Workers with taxable wages in 1940 only											
Total.....	3,834	100.0	100.0	100.0	100.0	100.0	100.0	57.2	33.5	7.2	2.1
\$1-100.....	2,549	66.3	60.2	73.1	79.8	85.5	100.0	61.6	37.0	8.8	2.6
200-399.....	608	15.0	18.5	15.2	12.1	10.0	100.0	60.3	32.6	5.7	1.4
400-599.....	251	6.5	7.0	6.5	4.2	2.4	100.0	66.5	28.1	4.7	.7
600-799.....	120	3.1	4.1	2.0	1.7	.9	100.0	74.0	21.5	3.0	.6
800-999.....	68	1.8	2.3	1.1	1.0	.2	100.0	74.8	21.0	3.0	.3
1,000-1,199.....	48	1.3	1.6	.9	.5	.1	100.0	73.6	23.5	2.8	.1
1,200-1,399.....	41	1.1	1.3	.9	.4	0	100.0	69.4	27.0	2.7	0
1,400-1,599.....	33	.9	1.1	.6	.2	(⁴)	100.0	74.6	24.0	1.3	.1
1,600-1,799.....	23	.6	.8	.3	.1	0	100.0	81.1	17.8	1.1	0
1,800-1,999.....	21	.6	.9	.2	(⁴)	0	100.0	88.4	11.2	.4	0
2,000-2,199.....	14	.4	.6	.1	(⁴)	0	100.0	91.3	8.4	.3	0
2,200-2,399.....	11	.3	.5	(⁴)	(⁴)	0	100.0	95.6	4.0	.4	0
2,400-2,599.....	10	.3	.4	(⁴)	(⁴)	0	100.0	95.3	4.4	.3	0
2,600-2,799.....	7	.2	.3	(⁴)	0	0	100.0	95.1	4.0	0	0
2,800-2,999.....	6	.2	.3	(⁴)	0	0	100.0	96.6	.4	0	0
3,000.....	33	.9	1.5	.1	(⁴)	0	100.0	97.5	2.3	.2	0

¹ See table 2, footnote 1.
² See table 2, footnote 3.

³ Includes all races other than Negro.
⁴ Less than 0.05 percent.

workers and those with taxable wages in other years is brought out also by the distribution of workers by earnings intervals (table 4). Sixty-six percent of the new workers received less than \$200, and 82 percent received less than \$400. Of the workers with taxable wages in 1940 and prior years, only 17 percent received less than \$200 and only 27 percent less than \$400. This group was distributed fairly evenly throughout the intervals up to \$1,600, in contrast to the heavy concentration of the new workers in the intervals below \$400. So large a proportion of the new workers were in the low-wage intervals because almost 75 percent had employment in only 1 or 2 quarters.

Wages by Age Groups

Average wages by age for all workers in 1940 followed the same pattern as in previous years. From \$228 for the age group under 20, the average rose rapidly to \$1,031 for the age group 30-34 and then increased gradually to a high of \$1,230 for the age group 45-49; from this figure, the average declined steadily to \$994 for the age group 70 and over (table 2). Although the level of wages differed noticeably among the several groups of workers, the variation in average wages by age for each of these groups generally followed the same pattern as for all workers (chart 2). The age group in which the high point occurred, however, differed somewhat from one group to another. For white men, the highest average wages, \$1,429, were found in the age groups 40-49. For Negro men, the highest average, \$616, was for the age group 45-49. For white women, it was \$696, in the age group 40-44, and for Negro women, \$350, in the same age group.

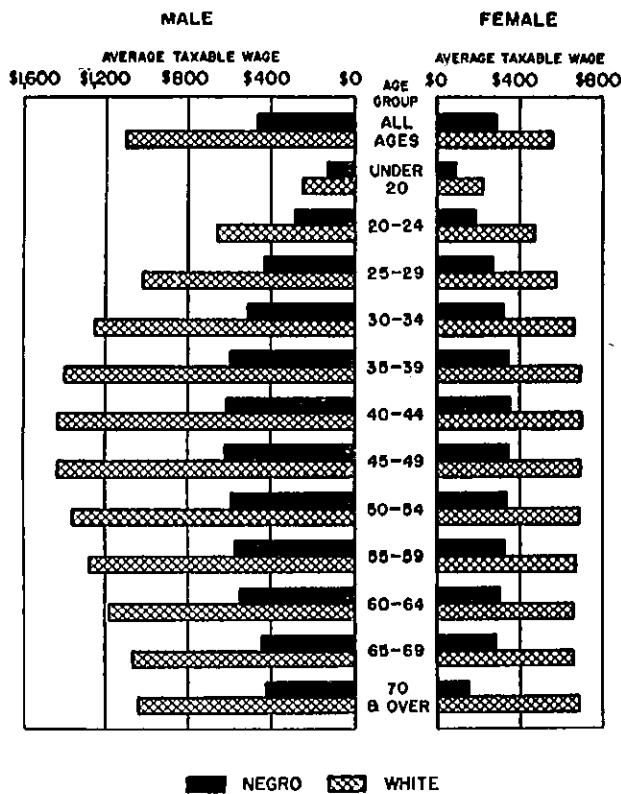
The average wages of workers with taxable wages in 1940 and prior years varied by age groups in much the same way as those of all workers with taxable wages in 1940. The averages for the new workers, however, followed a somewhat different pattern (table 2). For this group, workers aged 70 and over had the highest average wage, \$563; workers aged 45-49 had the second highest, \$488; and workers 65-69, the third highest, \$486. The average earnings of workers in the other age groups varied in the usual way. The averages in the age groups 65-69 and 70 and over were relatively high because the workers in these groups had fuller employment than those in other age groups.

Twenty-four percent of the workers aged 70 and over, and 19 percent of those aged 65-69, received wage credits in 4 quarters in 1940. These figures compare with 11 percent for workers of all ages, 18 percent for those 40-44, and 17 percent for those 45-49. Conversely, relatively fewer workers in the 70-and-over group had taxable earnings in 1 or 2 quarters. It seems probable that the employees who remain in employment at advanced ages represent a selected group with skills, responsibilities, or other characteristics which result in relatively high earnings and steady employment.

Employment and Wages by State

Michigan had the highest average wages for all workers, \$1,143; the highest for white men, \$1,341; and the highest for Negro men, \$930 (table 5). The District of Columbia had the highest average for white women, \$700, and the highest average for Negro women, \$498. The lowest average for all workers, \$484, was found in Mississippi, as well as the lowest average for Negro men,

Chart 2.—Old-age and survivors insurance: Average taxable wages of workers with taxable wages in 1940, by age group, sex, and race¹



¹ See table 2.

\$261. Arkansas had the lowest average for white men, \$620, and the lowest average for white women, \$302. South Carolina had the lowest average for Negro women, \$136. There were few changes of any significance during the period 1937-40 in either the percentage distribution of workers by State or the ranking of States by average annual taxable wages.

These variations among the States result from differences in duration of covered employment as well as differences in wage rates. In Michigan, for example, 66 percent of all workers with taxable wages in 1940 had covered employment in 4 quarters and only 12 percent had employment in only a single quarter. In Mississippi, on the other hand, 40 percent had covered employment

Table 5.—Old-age and survivors insurance: Workers with taxable wages in 1940, percentage distribution by State and by race and sex within State, and average taxable wages by State, race, and sex

(Computed from 4-percent sample ¹)

State	Workers							Average taxable wage				
	Total ²		Percentage distribution by race and sex				Total	White ³		Negro		
	Number (in thousands)	Percent	Total	White ³		Negro		Male	Female	Male	Female	
				Male	Female	Male						Female
United States.....	31,202	100.0	100.0	60.4	26.0	5.0	1.1	\$908	\$1,090	\$553	\$403	\$277
Alabama.....	468	1.4	100.0	53.5	10.5	27.2	2.8	633	827	410	426	190
Alaska.....	20	.1	100.0	85.0	14.1	.3	0	801	975	380	(⁴)	(⁵)
Arizona.....	103	.3	100.0	70.0	20.5	3.2	.3	773	889	406	405	(⁵)
Arkansas.....	232	.7	100.0	53.0	17.7	21.8	1.0	487	620	302	300	180
California.....	2,133	6.2	100.0	70.4	29.3	1.0	.3	967	1,140	558	538	362
Colorado.....	245	.7	100.0	71.7	20.0	1.1	.3	756	878	448	491	(⁵)
Connecticut.....	642	1.0	100.0	68.6	20.7	1.4	.3	1,069	1,260	651	723	(⁵)
Delaware.....	90	.3	100.0	62.6	24.0	10.0	2.0	872	1,112	531	432	142
District of Columbia.....	224	.7	100.0	60.2	25.3	20.1	4.4	970	1,205	700	601	408
Florida.....	487	1.4	100.0	52.8	21.8	21.5	3.0	660	770	380	297	170
Georgia.....	625	1.8	100.0	49.5	24.8	22.8	3.0	575	804	451	288	184
Hawaii.....	94	.3	100.0	72.0	27.0	.1	(⁴)	705	840	357	(⁵)	(⁵)
Idaho.....	102	.3	100.0	78.1	21.7	.2	(⁴)	717	816	361	(⁵)	(⁵)
Illinois.....	2,552	7.5	100.0	69.6	28.8	3.4	1.2	1,027	1,210	608	610	370
Indiana.....	912	2.7	100.0	70.5	25.7	3.3	.5	920	1,000	407	676	345
Iowa.....	436	1.3	100.0	70.7	29.2	.8	.3	730	850	445	614	(⁵)
Kansas.....	292	.9	100.0	72.5	24.5	2.7	.3	670	781	386	510	(⁵)
Kentucky.....	417	1.2	100.0	69.8	19.7	9.3	1.2	730	845	402	496	248
Louisiana.....	466	1.4	100.0	54.1	16.2	26.2	3.5	652	903	410	336	207
Maine.....	242	.7	100.0	70.8	29.0	.2	(⁴)	655	761	369	(⁵)	(⁵)
Maryland.....	542	1.6	100.0	59.3	21.1	13.2	3.4	867	1,130	568	525	177
Massachusetts.....	1,465	4.3	100.0	69.4	32.6	.8	.2	968	1,158	601	662	422
Michigan.....	1,070	4.0	100.0	72.0	23.5	3.4	.5	1,143	1,311	680	930	345
Minnesota.....	540	1.0	100.0	70.0	29.6	.3	.1	869	1,007	545	(⁵)	(⁵)
Mississippi.....	224	.7	100.0	45.6	18.3	33.0	3.1	484	715	306	261	153
Missouri.....	873	2.6	100.0	61.0	29.7	5.1	1.2	834	1,013	534	473	292
Montana.....	117	.3	100.0	79.1	20.6	.2	.1	863	962	489	(⁵)	(⁵)
Nebraska.....	203	.6	100.0	70.4	27.7	1.0	.3	691	803	425	520	(⁵)
Nevada.....	38	.1	100.0	80.4	18.7	.8	.1	875	983	435	(⁵)	(⁵)
New Hampshire.....	160	.5	100.0	67.6	32.1	.2	.1	738	866	460	(⁵)	(⁵)
New Jersey.....	1,375	4.0	100.0	66.1	28.0	4.0	1.0	1,033	1,260	601	585	203
New Mexico.....	70	.2	100.0	78.5	19.5	1.9	.1	643	734	321	(⁵)	(⁵)
New York.....	4,751	13.6	100.0	65.8	30.0	2.0	.7	1,919	1,242	684	630	420
North Carolina.....	726	2.1	100.0	52.2	28.4	16.3	5.1	586	763	474	362	244
North Dakota.....	64	.2	100.0	72.2	27.7	.1	(⁴)	608	685	408	(⁵)	(⁵)
Ohio.....	2,028	5.9	100.0	70.7	25.3	3.5	.5	1,040	1,232	565	677	349
Oklahoma.....	310	1.0	100.0	72.3	23.0	4.1	.6	720	847	408	369	(⁵)
Oregon.....	291	.9	100.0	72.5	27.1	.3	.1	849	984	405	(⁵)	(⁵)
Pennsylvania.....	2,021	8.5	100.0	70.6	25.5	3.3	.6	1,000	1,170	510	750	424
Rhode Island.....	271	.8	100.0	62.8	35.8	1.3	.1	818	1,020	517	446	(⁵)
South Carolina.....	362	1.1	100.0	49.4	23.6	24.1	2.0	538	743	440	265	136
South Dakota.....	75	.2	100.0	72.0	26.8	.5	.1	680	780	424	(⁵)	(⁵)
Tennessee.....	619	1.0	100.0	57.7	24.1	15.1	2.8	637	706	464	385	207
Texas.....	1,205	3.8	100.0	69.4	21.0	10.3	1.4	707	874	401	349	204
Utah.....	116	.3	100.0	73.1	26.6	.3	(⁴)	775	932	347	(⁵)	(⁵)
Vermont.....	83	.2	100.0	73.8	25.7	.5	0	683	791	376	(⁵)	(⁵)
Virginia.....	591	1.7	100.0	54.4	21.0	19.6	5.0	694	874	470	300	258
Washington.....	467	1.4	100.0	73.1	20.5	.3	.1	940	1,098	510	(⁵)	(⁵)
West Virginia.....	420	1.2	100.0	75.7	16.3	7.5	.5	900	992	490	906	(⁵)
Wisconsin.....	725	2.1	100.0	72.5	26.0	.5	.1	907	1,128	539	732	(⁵)
Wyoming.....	54	.2	100.0	79.4	19.9	.0	.1	832	930	413	(⁵)	(⁵)

¹ See table 2, footnote 1.
² See table 2, footnote 3.
³ Includes all races other than Negro.

⁴ Less than 0.05 percent.
⁵ Number of workers in sample less than 100.

in 4 quarters while 23 percent had taxable wages in 1 quarter only. Relatively short duration of covered employment among the workers in agricultural States accounts, in considerable part, for the low average wages in these States.

There was considerable variation from State to State in 1940 with respect to the ratio of new to total workers with taxable wages; the range was from 8.2 percent in Rhode Island to 19.1 percent in North Dakota. Generally, the proportion of new workers was considerably higher in agricultural States than in predominantly industrial States. This variation is, of course, largely the result of the greater extent of noncovered employment in the agricultural States and of the movement from noncovered to covered employment in these States.

Conclusion

Employment and earnings of covered workers in 1940 improved substantially over the level of the preceding 3 years. This rise reflects the first effects of the defense program, which began about the middle of the year. The year 1940 represents, therefore, the beginning of a period in which

covered workers generally will improve their positions under old-age and survivors insurance. Many workers will establish eligibility for the first time, and most workers will increase considerably their total taxable wages, upon which the size of individual benefits depends. This period of favorable experience will make up for the poorer experience in 1938 and 1939, and it will help build up a "cushion" against a possible post-war depression.

The data on quarters of employment in 1940 demonstrate, however, that even in a relatively prosperous year there is a considerable amount of short-term employment in covered industry. This is the result, in part, of the present limited coverage of old-age and survivors insurance. But, in addition to raising questions on coverage, short-term employment also creates problems in connection with the eligibility provisions of the act, which require taxable wages of \$50 or more in at least half the "elapsed" quarters if the worker is to achieve fully insured status. More detailed statistical study of these problems will be possible as data from the tabulations of the continuous work-history sample become available.