
CHAPTER XVI

SUMMARY OF FINDINGS

THE EXTENT OF THE NEED FOR PUBLIC AID

This study has revealed the persistence of a serious degree of economic need on the part of large sections of the American population. *Between 1933 and 1940, the number of recipients of aid from one or another of the public-aid programs in any one month fluctuated between 4,547,000 households (September 1937) and 7,975,000 (February 1934) representing between 13.5 and 28 million individuals respectively.* The composition of the group varied from time to time, for recipients of public aid are characterized by a considerable turnover, which is very marked on certain programs. Nevertheless, *during these years between approximately 10 and 22 percent of the total population were at any one time dependent upon socially provided income.*

Sharp as is the challenge which these figures present to our pride in the efficiency of our economy, they do not measure the full extent to which large sections of the population fail to participate in our vaunted high American standard of living. In the fiscal year 1936, about 47 percent of all consumer units in the United States, or approximately 18.3 million families and single persons, had annual incomes of less than \$1,000; and about 17 percent of all spending units, representing over 6.7 million families and single individuals, had incomes of less than \$500 per year. While about 15 percent of all consumer units received public aid during that year, many families and single individuals in the low-income groups received no governmentally provided income. Among the families of two or more persons, about 2.6 million with incomes below \$500 per year received no public aid. In addition, there were approximately 2.8 million families who did not receive public aid and had incomes between \$500 and \$750, and about 3.3 million unaided families who had incomes between \$750 and \$1,000.

The fact that a large section of the population received public aid during the last decade does not, of course, in itself lead to the conclusion that the public-aid problem of the future will always be large. In particular, it might be supposed that the intense economic activity which is accompanying the mobilization of the Nation for war would largely eliminate the need for public aid. This indeed still appears to be the popular view. But the facts revealed in this study do not support any such optimistic conclusion.

First, the provision of income or support for those in receipt of public aid is less a problem of unemployment or economic depression than is generally recognized. Second, full employment of all our resources, including labor, is a condition which cannot as yet be regarded as a normal characteristic of our economy. Finally, the growing importance of socially provided income during the last 10 years is in part attributable to the fact that the country has begun to grapple more effectively with a problem whose existence antedates the depression, although it struck with cumulative force during these years.

Full Employment Will Not Eliminate Need

In June 1940 some 5,383,000 separate households were receiving public aid through Federal work and construction projects (including the NYA and CCC), special public assistance, Farm Security grants, and general relief. Another 1,510,000 households were receiving income through the social insurances (excluding workmen's compensation). The total of public-aid recipients was undoubtedly lower than the sum of these two figures because of the existence of a certain, but small, amount of duplication of households in the two groups. Nevertheless, it seems probable that the number of different households receiving public aid in this month cannot have been less than 6.5 million and may have been even greater. These figures do not include the vast majority of the approximately 411,000 active rehabilitation loan clients of the Farm Security Administration, only a relatively small proportion of whom are included in the 6.5 million households as recipients of Farm Security grants. Nor do they include recipients of workmen's compensation and surplus commodities only.

Families With No Employable Members

Approximately two-fifths of the households in receipt of public aid in June 1940, as listed above, consisted of families in which there was no employable member. They comprised dependent children, handicapped or permanently disabled persons, and old people who are likely to be in need of some form of public aid regardless of the extent to which economic activity improves. This estimate is necessarily very approximate and is subject to qualification, especially in two

respects. It assumes that all persons over the age of 65 are "unemployable." Undoubtedly in periods of intense business activity, especially at times when a shortage of skilled workers is pronounced, many workers over 65 will find it possible to retain jobs or even to return to work after retirement. Nevertheless, in view of the persistence of business fluctuations, such a state of affairs must be regarded as exceptional. In any case, the recipients of old-age insurance benefits constituted an insignificant proportion of the public-aid population in 1940, so that little distortion of the estimates is introduced by classifying them as unemployable.

However, it must not be forgotten that under the old-age and survivors insurance program the country has accepted a liability to pay benefits to an increasing proportion of the population over 65; and, since at any time after reaching this age workers may elect to exercise their claims, it seems not unreasonable to regard the whole of this contingent liability as part of the public-aid responsibility of the future. This responsibility will grow as the proportion of persons over 65 in the population increases. By 1960 it is estimated that persons over 65 will constitute about 10 percent of the total population.

More important is a second qualification to the estimate that about two-fifths of the 6.5 million households receiving public aid in June 1940 contained no employable member. For it is possible that economic recovery might reduce their need for public aid by increasing the incomes of friends and relatives who might be expected to contribute to their support. That some reduction in the need of this group for public aid would thus accompany economic revival cannot be denied. Yet the long duration and severity of the depression of the last 10 years suggests that any significant assumption by friends and relatives of responsibility for such persons can be expected only after a sustained period of revival. Nor must it be forgotten that other social forces and economic developments are tending to disrupt the economic cohesion and sense of mutual responsibility of the family.

Families With Employable Members

The remaining three-fifths of the households receiving public aid contain members who are available for gainful work in the sense that they seek and have some degree of capacity for work. But it would be rash to assume that the need of even this group for public aid is purely a depression and emergency phenomenon. In the first place, it includes many households with members in full-time employment whose needs are due to the temporary illness of the breadwinner or to the dependence of an unusually large number of persons

upon a single low-paid wage earner. It is estimated that on an average, during the early months of 1940, about 12 percent of all employable families receiving general relief, or about 2 percent of all public-aid households, had a member in full-time employment. Admittedly a high degree of economic recovery might, by leading to a general increase in wages, remove some of these people from the relief rolls, but they are likely to return with every departure from boom conditions.

In the second place, studies of the characteristics of the unemployed receiving public aid in 1940 reveal significant differences between them and both the unemployed not receiving public aid and gainful workers as a whole, in regard to certain characteristics which directly affect prospects of reemployment. For, in view of common employer preferences, opportunity to secure employment varies in degree according to age, sex, race, skill, and duration of past unemployment. In general, an analysis of the characteristics of the unemployed in receipt of public aid reveals an overrepresentation of persons with competitive disadvantages in the search for work because of age, sex, race, occupational background, or duration of unemployment. There is also some evidence to suggest that relief status itself proves a handicap in the competition for private employment.

It should be emphasized that persons with handicapping characteristics, who may have constituted as many as one-tenth of the recipients of public aid in June 1940, are not all unemployable in the sense that they are incapable of performing work efficiently. Their disadvantage in the competition for work stems in the main from the possession of other characteristics not pertinent to the economic processes of production, which are, nevertheless, taken into account by employers. It cannot, however, be denied that there are real differences among workers in regard to capacity for work and in efficiency. Undoubtedly an indeterminate, but probably small, proportion of recipients of public aid are persons whose dependent status is due to a relatively low degree of efficiency which in extreme cases becomes complete unemployability.

Economic conditions obviously affect the prospects of employment both of persons with handicapping characteristics and those with marginal efficiency. For the larger the volume of unemployment the more readily the employers exercise these preferences. As full employment is approached, however, the range of selection is narrowed and noneconomic characteristics become less significant. In extreme boom conditions, even the man of admittedly low efficiency will be employed. Nevertheless, he will be the last to secure employment as business activity revives and the first to be laid off

with recession. His prospects of continuous employment are slim unless boom conditions continue.

Had business activity continued at the high level of the late 1920's, the problem of this group might have been less acute and conspicuous because employment on an intermittent basis and at "casual" pursuits would have been available to many of them. General prosperity has a tendency to divert attention from the plight of these less secure elements in the working population. Moreover, there is a significant distinction between the capacity to retain a job and the capacity to find another. Many of those who today, after an extended period of unemployment, are regarded as handicapped in the competition for new jobs would probably have continued their attachment to their previous employment (perhaps through adjustments in their wage rates and in their occupational levels) had there not been a general and severe contraction in employment. But a protracted depression severs industrial attachments, and handicapping characteristics become more conspicuous and significant in the search for new work in competition against more youthful or more recently employed workers of the race and sex favored by employers. The result is that handicapped workers tend to take on the character of a more or less permanently unemployed group.

The Continuing Public-Aid Burden

This analysis of the characteristics of the public-aid population in 1940 must temper any optimism as to the extent to which full employment would reduce the need for public aid. *Even were full employment continuously assured from now on, the country must plan for the existence of a need for socially provided income on the part of a group which is unlikely to fall much below about one-half of the public-aid population of June 1940, or some 3¼ million households.* When it is recalled that in 1940 perhaps as many as a million cases were in need of public aid but received no aid at all (or at best only surplus commodities), this estimate, despite the qualifications noted above, must appear conservative.

Obstacles to Maintenance of Full Employment

Judging by past experience, full recovery involving the complete utilization of our available resources, both human and material, is unlikely to be continuously attained unless more effective steps are taken to remedy some of the deeper maladjustments in the economic order. The causes of cyclical fluctuations are still the subject of study and of dispute among economists. There is, furthermore, a growing body of opinion which supports the view that the depression of the last 10

years not only differed in degree but may well have differed in kind from previous business depressions. It seems probable that the combination of circumstances, which in the past operated to ensure the degree of investment necessary to bring about full utilization of our economic resources, may need in the future to be reinforced by specific public action.

Much has been learned in recent years concerning the potentialities of social policy designed to ensure full employment, and it is not too much to hope that in time this most serious challenge to the effectiveness of democratic systems of organization may successfully be met. On the other hand, the problem is subtle and complicated, and it is only realistic to expect that not all the measures which may be applied will prove equally successful. Practical common sense suggests that for some time to come even a more strenuous effort to assure continuity of employment will be accompanied by occasional setbacks.

To the extent that the goal of full employment is not secured, the need for public aid, to provide both income and jobs, will continue. Nor must it be forgotten, that public-aid measures as such, and specifically the provision of work by government, can play an important role in assuring greater stability of operation of our economy. Furthermore, even if greater continuity of employment is assured, some margin of unutilized resources appears unavoidable to provide the flexibility required by changes in demand and methods of production. So far as labor is concerned, this margin has been variously estimated at between 5 percent and 8 percent of the total labor supply. Although the turnover in this group may well be high and the unemployment suffered by its individual members may be of short duration, some provision will be required to compensate for their temporary loss of income.

Much Need Antedated the Depression

The coincidence during the last decade of a mounting public-aid population with a period of economic depression tends to conceal the fact that *part of the public provision during this period did not represent the meeting of a new problem arising for the first time, but rather a more effective grappling with an old and neglected problem.* Furthermore, the need for public aid in 1940 had been intensified by our failure to make appropriate provision for the age group which experienced the full impact of the depression in the formative years.

All available studies indicate that long before the 1930's there was a vast amount of destitution which was inadequately provided for, if it was provided for at all. Its existence was in part concealed by the

general prosperity. Until data on a uniform national basis began to be available, unmet need in different parts of the country easily passed unnoticed. Finally, the very improvement in social provision has in itself tended to emphasize the extent of deviations from any given level of living because it has made available a standard of minimum adequacy by reference to which the position of different segments of the population could be compared. As these standards were raised in

individual programs, the numbers of potentially eligible applicants for public aid naturally increased. It has become increasingly evident that many of the essentials of decent living, such as decent housing, adequate nutrition, medical care, and recreational facilities, were lacking for many millions of people throughout the country. The eradication of these conditions may well challenge the ingenuity of the country for some time to come.

TEN YEARS OF EXPERIMENT AND EVOLUTION

Full realization of the character and extent of the problem of economic insecurity was slow. The Nation's first reaction was to regard it as the product of a temporary emergency. This attitude fostered a tendency to provide appropriations on a year-to-year or even shorter basis, and often to adopt policies which were thought of as temporary and whose long-run implications could apparently be disregarded. The practical consequences of the prevailing uncertainty as to the nature of the problem were especially evident and dramatic between 1930 and 1935. The belief that full employment could be brought about by special recovery measures, such as the National Industrial Recovery Act, or by various public spending or pump-priming techniques, such as expanded public works, left its imprint upon these and later years. Other large-scale programs, such as that of the Civil Works Administration, were suddenly adopted and just as suddenly abandoned. The program of the Federal Emergency Relief Administration was discarded without complete assurance that the measures which succeeded it could assume the entire burden which it had carried.

The Beginnings of a Permanent Program

Since 1935, however, the American people have begun to lay the foundations for a permanent framework of protection against economic insecurity. The Social Security Act was the first Federal legislation in this field (except for the short-lived Railroad Retirement Act of 1934) to be supported by appropriations to which the word "emergency" was not prefixed. The Social Security Act, however, gave permanent status to measures dealing only with certain categories of insecure persons; namely, those benefiting from old-age and unemployment insurance and special types of public assistance.

There remained numerically important groups of needy people for whom no permanent provision was made. Outstanding among these were the unemployed. In 1935 it appeared as if a more permanent policy were to be adopted. Unemployment compensation was

to be set up on a permanent basis to provide assured benefits for the first few weeks of unemployment. With the creation of the Works Progress Administration, the Federal Government indicated its willingness to undertake major responsibility for providing work relief for the remaining needy unemployed. But this program has continued to be financed upon an emergency basis, and in consequence the numbers employed since 1935 have consistently fallen short of the total number of needy unemployed workers. Public provision for unemployed youth also rests on no permanent basis. The Civilian Conservation Corps was indeed given a limited measure of recognition as a permanent institution in July 1937, but the National Youth Administration continues to be operated and financed upon a year-to-year emergency basis.

The problem of economic insecurity among the farming population is also still regarded as having an emergency character. Although the creation of the Resettlement Administration in April 1935, the definition of its duties and the transfer to it (and later to the Farm Security Administration) of the rural relief-functions previously performed by other agencies implied a growing recognition that distress in rural areas needed to be coped with on a more consistent and coordinated basis, the financing of the Farm Security Administration program is still on an emergency basis. This situation has persisted despite the fact that the rural-rehabilitation program predominantly takes the form of the grant of loans carrying the obligation of repayment.

Changing Policies and Programs

The response to the problem of economic insecurity during the years 1930-40 has also been marked by frequent changes in all the major aspects of public-aid policy; namely, in regard to the nature of the provision to be made for the economically insecure, the methods of financing to be adopted, and the levels of government which should be responsible for administration.

Although policy in regard to the nature of the pro-

vision to be made has been characterized by certain well-marked trends, there have been sharp deviations. The policy of making economic security available as a right has indeed been continuous in certain programs since 1935. So, too, has the policy of providing security on a specialized or categorical basis. But other policies have not been adhered to so consistently. Thus, *although in 1935 the Nation officially enunciated the principle that work was to be the normal method of providing for the needy unemployed, the principle has been departed from in practice because of financial considerations and administrative practices and policies. Similarly, although the Federal Government, both before and after 1935, promoted cash payments in preference to the granting of assistance in kind, it has in some degree fostered a contrary policy in its program for the distribution of surplus foods.*

The last 10 years have also witnessed major shifts in methods of financing public-aid programs. While the period as a whole has been characterized by an assumption by the Federal Government of a substantial share of the costs of public aid, the proportion of the total costs it has carried has varied from year to year and the manner in which that contribution has been made has undergone many changes. From 1933 to 1935, the Federal Government carried the major share of public-aid costs through grants-in-aid for a comprehensive general unemployment relief program and by accepting complete responsibility for certain work programs. Thereafter, Federal aid was available on a matching basis for the special public-assistance programs (old-age assistance, aid to the blind, and aid to

dependent children) while in principle the Federal Government assumed complete financial responsibility for certain other programs by funds from general revenues or from earmarked taxes. This principle has been adhered to in regard to old-age and survivors insurance and the CCC. But *the policy of Federal financial responsibility for the needy unemployed has never been fully implemented.* For as stated above, the Federal funds have never been adequate to provide for all the needy unemployed, and the States and localities have been required to carry an increasing proportion of the costs of this program.

Such changes in policy, programs, and methods of financing were no doubt inevitable in a country which was faced with a problem so different in degree from that of the earlier years. Frequent changes of policy were only to be expected as the extent of the problem to be met was slowly realized and as the inability of existing private and public institutions to cope with it became increasingly evident. Realignment of administrative responsibility and modifications of programs in the light of administrative experience were comprehensible in a period during which new administrative structures had to be created *de novo* to operate new measures. The important question is whether these developments and changes have resulted in the emergence of a series of public-aid measures which offer a sound and stable foundation on which to build. From many points of view the public-aid policies and programs as they have operated during the last 10 years represent a substantial achievement in the development of progressive social-security policies.

THE SOCIAL CHALLENGE OF ECONOMIC INSECURITY

The outstanding gain of the last 10 years is the fact that the American people have begun to recognize and grapple with the implications of the character of unemployment and of the existence of inadequate incomes or even no incomes at all. Progress has followed two lines. On the one hand, the presence of millions of Americans living at a standard that would be intolerable anywhere, and particularly so in the richest country in the world, has shocked the essential humanity of the country. There has been a growing realization that such a condition constitutes a barrier to the full exploitation of our productive potentialities and is a threat to the very meaning of democracy. On the other hand, it has become clear that social policy in regard to inadequacy of income and unemployment must increasingly incorporate preventive and constructive action looking to the elimination of poverty and insecurity.

The first of these developments has stimulated efforts

to raise the standard of social provision for the economically insecure, and to make public aid available under conditions that involve no loss of self-respect. The task of social policy has thereby been immeasurably broadened. For as public-aid programs have aimed at higher standards, the scope of their effort has inevitably been extended to cover a wider variety of needs. *The country is no longer content merely to ward off the more spectacular consequences of extreme destitution and hunger. Public-aid policies continuously aim to provide more and more of the essentials of decent living.* The recipients of public aid are now seen to differ from the remainder of the low-income population only in the degree of their unmet needs. The problem of public aid is thus more and more coming to be regarded as only one part of the broader problem of how to ensure to all our people the widest possible measure of access to the essentials of the good life.

The second line of progress to be observed in the last 10 years of public-aid policy is equally significant. *There has been a growing recognition of the importance of preventive and constructive, as opposed to merely ameliorative, measures.* The country is no longer satisfied with policies which assure maintenance through cash payments or the provision of goods or services.

To an increasing degree, measures have been adopted which aim at securing full employment and the elimination of poverty. These measures have embraced fiscal and monetary controls, legislation such as wage-and-hour laws, and safeguards of the right to collective bargaining through the National Labor Relations Board, which attempt to enhance the incomes from wage employment; special programs for agriculture, such as the Agricultural Adjustment Administration; and the development of our national resources through the Tennessee Valley Authority and other power projects. It is obvious that, to the extent that these positive policies succeeded in increasing the national income and assuring its more equal distribution, the scope of public-aid measures as such will be reduced.

In public-aid programs the change of focus is equally marked, especially in regard to the unemployed. It is now seen that emphasis must be placed upon measures which aim to facilitate the speedy absorption of the unemployed into private industry and the maintenance and enhancement of employability during periods of enforced idleness. The public employment service is one of the instruments which has been forged for effecting the first of these purposes. A growing body of information concerning the supply of and demand for labor is being accumulated and made available to employers and workers. The maintenance and enhancement of employability has been fostered by

THE ASSURANCE OF MAINTENANCE

During the last 10 years the Nation has grappled with varying degrees of success with the many problems created by lack or inadequacy of private incomes. *As a result of efforts begun in 1933, subsistence income has been provided to many millions of persons whose private resources were either permanently or temporarily nonexistent or obviously inadequate. In the course of handling these problems an outmoded poor-relief system has to a large extent been transformed into a program more consistent with contemporary social standards and needs.*

This basic framework of protection has been provided by a series of measures embracing social-insurance payments, work relief (including special measures

the employment of otherwise idle workers on work projects which also utilize productively a national resource that would otherwise be wasted. Through training programs, government, in the exercise of its responsibility for assuring the continuous and efficient functioning of the economy, aims to ensure a supply of the skills likely to be needed by industry on revival.

Serious efforts have also been made to meet in a constructive manner the problem of unemployment among youth. In addition to the development of work programs whose object is to inculcate essential disciplines and work habits, during the last 10 years the country has also attempted to correct some of the deficiencies in social provision for youth existing prior to the depression. Vocational guidance and junior-placement services have been expanded. Some of the more glaring inequalities and inadequacies of educational opportunity have been remedied by the student work program of the NYA.

Constructive programs have not been restricted to the industrial unemployed. Through the Farm Security loan program farmers are assisted in developing improved farming and home-management practices, the object of which is to place them in a self-supporting position.

The preventive and constructive approach is also evident in policies applied to unemployable dependent persons. The more progressive public-aid agencies now attempt through medical aid and expert guidance and counsel to remedy physical and, to a lesser extent, psychological defects that offer a barrier to self-support. In the broader field of constructive health measures the major progress to be noted is in the general public health agencies and in the accumulation of a large body of information as to the extent of need for public health services and medical care.

for youth), loans and cash payments to needy farmers, special types of public assistance to the aged, the blind, and dependent children, and grants in cash or kind through general relief and the Surplus Marketing Administration.

In consequence of these developments many sections of the needy population are now assured a degree of security far greater than they could have hoped for in previous decades. In many programs, too, the level of living permitted by public-aid payments more nearly approaches minimum adequacy. Finally, social policy has begun to move away from the view that families who suffer unemployment or other misfortunes beyond their control should be reduced to utter destitu-

tion and be subjected to a searching, if not humiliating, investigation before being provided any public service or assistance. The social-insurance programs now implement the theory that it is sound social and economic policy to preserve health and self-respect and to prevent the occurrence of destitution by assuring a minimum of security to individual workers and their families in the event of certain contingencies. In some programs and in some parts of the country, the view that acceptance of public aid involves no disgrace and should even be vested with some of the characteristics of a right has also extended to those who receive assistance other than through the social-insurance benefits. To an increasing degree the special assistances are differentiated from general relief by devices aiming to protect the self-respect of the applicant, such as the grant of rights of appeal and legal protection against the publication of the names of recipients.

While the country may justifiably feel proud of the national response to the need for physical maintenance of so large a proportion of our population, the limited measure of the success must also be recognized. There are indeed a number of serious shortcomings. Many needy people are still without public aid. The level of living assured under even the most liberal of the programs is modest in the extreme and under many of them is disgracefully low. There are wide and unjustifiable differences in the levels of living afforded by the various programs. Finally, for many people, public aid is still available only under conditions which involve loss of self-respect.

The Existence of Unmet Need

There is still no assurance that Americans in need can receive public aid regardless of where they live. This situation is due to the inability of the special programs to provide for all cases of need and the absence of any comprehensive public-aid program providing for demonstrated need, regardless of cause.

Limitations of the Special Programs

All the special measures have their own eligibility requirements and can provide only for persons meeting these specifications. The object of these restrictions is, of course, to limit access to these programs to the groups for whose needs the programs in question were peculiarly designed. But in consequence, those whose age, sex, marital status, place of residence, citizenship, previous occupation, or level of earnings disqualify them benefit not at all from the new programs which have developed in recent years.

Moreover, the special programs do not provide for all those legally eligible for them. Not all the pro-

grams are in full operation in all parts of the country. This is notably the case in regard to the special assistances, where long waiting lists are common in certain States. Indeed, not all States have programs for the blind and for dependent children which qualify for Federal grants. Other programs, such as the WPA, the youth programs, and the Farm Security loans are not available to all eligible persons throughout the country.

Restrictions and Shortcomings of General Relief

If the special programs were buttressed by a general-relief system at all times capable of providing for those who for one reason or another could not obtain assistance from any of the special programs, the objective of assuring to all those in need access to some form of public aid could yet be attained. Unfortunately this is not the case.

There are still sections of the country where no general relief is available. In yet other areas, the local public provision for general relief is so inadequate, because of financial or other reasons, that assistance cannot be given to all who require it. Increasingly also there is a tendency for administrators to impose restrictions upon the types of persons to whom general relief is given. The most important of these restrictions, which relate to the duration of an applicant's residence in a given area, have denied aid to thousands of needy people.

The plight of unsettled persons who cannot meet legal settlement requirements, which in some States call for 5 years of residence in the State or the local unit, has been increasingly recognized as one of the most pressing social and economic problems of the past decade. Congressional committees, notably the Select Committee to Investigate the Interstate Migration of Destitute Citizens appointed by the House of Representatives, which in 1939-41 investigated the volume and causes of "migrancy," have found utter destitution among many of the estimated 4 million persons who cross State lines every year in search of new homes and jobs. This number does not take into account intrastate migration, the volume of which is not known but is believed to be considerable. It is known, however, that many people in both groups either are in need or are close to destitution.

Consequently, the application of State legal settlement laws, many of which are based on early poor laws, has meant that interstate and intrastate migrants are ineligible for general relief in many parts of the country. The lack of uniformity in these laws, and administrative practices frequently resulting from unfavorable attitudes toward unsettled persons have resulted in denial of aid to those who cannot meet the

various qualifications of the settlement laws. The residence requirement is often made even more restrictive by a provision that applicants must not have received public aid during a certain length of time prior to their application for general relief.

While some States, particularly the New England States and New York, have attempted to provide a program of aid for unsettled persons, the aid provided is frequently limited to overnight or emergency care and the return of the unsettled person to his place of legal settlement.

Employable persons are often denied general relief, though admitted to be in need, especially in the Southeast and Southwest (but also in the Nation's capital). Other groups discriminated against by relief agencies in many parts of the country include aliens, the self-employed, farmers, and those who are recipients of payments from other public agencies, regardless of the extent to which that aid meets their needs. Many of these restrictions fall with especial hardship upon Negroes.

Surplus Commodities as a Substitute for General Relief

Those who are denied public aid under either the special programs or general relief may perhaps receive federally provided surplus commodities, but they secure no other form of public aid. Their numbers have been staggeringly large and challenge any complacency regarding the progress that has been made during the last 10 years in grappling with the problem of dire poverty. *It has been estimated that in October 1940 as many as 673,000 cases had to depend upon surplus commodities only. The largest proportion of these people were to be found in the Southeast and Southwest areas, in which provision for general relief is most notoriously inadequate.* It is not too much to say that, for the majority of needy persons in many parts of the country and for certain types of individuals throughout the country, the residual public-aid program is not general relief but the distribution of surplus commodities. Nor do the above data indicate the full extent of unmet need. For they fail to show how many people were in need but did not even receive surplus commodities.

Reasons for Unmet Need

The existence of so large an amount of unmet need, despite the vast improvement in social provision against economic insecurity which has undoubtedly taken place, is due to several factors. In the first place, *the task itself has been tremendous in extent and, as already pointed out, has proved to be far greater than had been initially supposed, for adequate provision for the needs of certain groups and the collection of more com-*

prehensive Nation-wide data revealed the existence of areas of unmet need hitherto unsuspected. From this point of view, therefore, it would be a matter for surprise if, in the course of a decade, the country had succeeded in providing adequate public aid for all those falling below the standards now set by the more liberal programs. This is, however, only a partial explanation, for the figures cited in the foregoing paragraphs relate to the denial of public aid to persons whose need for it is measured by a standard of destitution far below that applied by the most progressive agencies.

A second, and much more important, reason for the large extent of unmet need is the failure to recognize the necessity for considering each special program in terms of its place in the whole structure of services aiming to protect the individual against economic insecurity. Progress has, perhaps inevitably, been made on a sectional and piecemeal basis. Certain groups in the dependent population have been selected for more favorable treatment, and inadequate attention has been paid to the possibility that the improvement in the lot of one group may have been purchased at the expense of another. *From the broad national point of view it may indeed be said that social policy in the last decade has been based upon a fundamentally false premise: namely, that there was everywhere in operation an efficiently and adequately operating residual general public-aid service.* With this premise it was not unreasonable to assume that one group after another could be selected for more favorable treatment with the final result of raising the general level of security for the country as a whole. This study has shown how mistaken was this basic assumption. *The general-relief systems of the country are today the weakest point in the entire public-aid structure.* To some extent at least, the improved position of certain groups of the economically insecure has been purchased at the expense of those who remain dependent upon general relief.

In the third place, and more specifically, unmet need is attributable to the lack of adequate appropriations. The great amount of need which has been met by public provision in the last 10 years and the raising of the standards of public aid have called for tremendously increased governmental expenditures. Large as these sums have been, they have yet proved too small to meet the needs created by inadequacy or total absence of private income. The increasing expenditures for public-aid functions have especially taxed State and local resources, which are more restricted than those of the Federal Government, and it is these units which carry the full responsibility for the vitally important residual general-relief system. Although financial aid for other programs has been given both by the Federal

Government to the States and localities and by many State governments to their subordinate political units, this aid has been neither adequate in amount to meet the need nor equally available for all programs. In consequence, both States and localities have been tempted to channel their resources into those programs which carried the relatively largest subventions from the higher units of government. The consequences of this unequal availability of funds have been especially marked in the general-relief service, which not only receives no grant from the Federal Government but also, in part perhaps by reason of this very fact, is the service toward which most of the States have apparently been least willing to grant financial support.

A subsidiary, but none the less significant, financial consideration which has operated to limit the availability of public aid has been the unpredictability of the size of the residual general-relief burden. In consequence of the uncertainty as to the size and scope of the overwhelmingly important WPA program, it has often been difficult for States and localities to budget adequately and intelligently.

A fourth factor contributing to the existence of unmet need is undoubtedly the lack of a sense of social responsibility in certain areas, for not all of the inadequacy of State or local appropriations for public-aid purposes can be attributed to restricted fiscal resources. There are still parts of the country where local views and attitudes regarding the amount required to permit decent maintenance and the responsibility of the community toward those receiving socially provided income differ little, if at all, from those prevailing in the early nineteenth century.

The Level of Living of Public-Aid Recipients

The fact that a public agency accepts an applicant for public aid does not ensure that his needs will be met. This study has shown that even the most liberal programs and agencies provide recipients of public aid a standard of living that fails to assure many of what have come to be regarded as the essentials of decent and civilized living. In order to secure some measuring rod, the living standards of the beneficiaries of various programs were compared with the standard of an emergency budget. This budget, which would call for a money income for a family of four of between \$813 and \$1,040 per year in cities of different sizes, permits a standard of living that is admittedly modest in the extreme. It permits a diet that is adequate for minimum requirements, given wise spending habits and purchase of supplies at minimum cost. Yet authorities believe that a family compelled to live at this level for any extended period would be subject to serious health hazards. Only the most meagre provision is

made for items of decent living other than food, such as clothing, housing, and household equipment. There is obviously no provision for a radio or newspaper, and the allowance for recreation is negligible. Clearly the selection of such a standard as a measure of the adequacy of public-aid provision cannot be regarded as utopian, in view of the pride taken by Americans in the superiority of their living standards to those of other peoples.

General-Relief Grants

When the level of living which recipients of public aid can secure from their allowances plus any other resources available to them is set against this yardstick, a disturbing picture is revealed. For whether the standard of the modest emergency budget be regarded as too high or too low, none could deny that allowances which meet only half this standard must involve suffering and deprivation of essentials. Yet this was the situation in October 1940 in 13 of 46 cities in which information was secured concerning the allowances from general relief to a family of four with no resources and no special health or other problems or needs. Indeed, in 2 of these cities the general-relief grant was less than one-fifth of the amount necessary to provide the emergency standard of living at the prices prevailing in those cities. Only 6 of the 46 urban communities made grants of 80 percent or more of the sum needed for the emergency budget. In nine cities, the grants were 20 percent to 30 percent below that level; and in 18, they were from 30 percent to 50 percent below the required sum.

Even when allowance was made for the fact that, in addition to relief grants, families in many cities were receiving surplus commodities either through direct distribution or through the stamp plan, their position gave little cause for encouragement. The addition of surplus commodities obviously raised the level of adequacy of the food component of the families' living standards. Even so, in 5 of these 46 cities the amount of the total grant, *including the value of surplus commodities received*, was less than the sum needed to purchase food alone at the emergency budget level. Moreover, additional supplies of food do nothing to offset the inadequacies of the relief allowance for all other elements in decent living. This is an especially important consideration when it is recalled that these other items are usually least adequately provided for in general-relief grants and that no way has yet been discovered of making sure that relief agencies do not take advantage of the availability of surplus commodities to reduce the sums otherwise granted for food and other items.

All other information tends to support the con-

clusion that the standard of living of the vast majority of the several million persons dependent upon general relief is low in the extreme. The facts just cited relate to cities, and it is known that, in general, public aid is more nearly adequate in urban than in rural communities. Studies made on a State-wide basis by some of the agencies in States which give the highest average monthly grants per case reveal that the standard of living of relief recipients falls short of the minimum standard of subsistence as defined in those States. It is also a frequent practice to make either no allowance at all, or at best a very inadequate allowance, for rent in the budgets which agencies use. In many areas, including some of our largest cities, the budget on the basis of which grants are supposed to be made is a pure fiction. For, having determined the extent of a family's needs by reference to this standard, only a percentage of the sum necessary is granted by the agency. In consequence, needy families may receive as little as 25 percent of their demonstrated budgetary deficiency.

While the picture is blackest for the recipients of general relief, it must not be assumed that all is well with needy persons who are assisted by other programs.

WPA Earnings

Even the security wage of the WPA which, being a remuneration for the performance of work, amounts on the average to considerably more than the average general-relief grant, fails to assure the emergency level of living to a large proportion of project workers, especially if the family has no other resources or is continuously dependent upon the project earnings of the family head. Studies made in 1940 by the Surplus Marketing Administration of families of WPA workers in many parts of the country showed that only a small minority spent as much as \$1.75 per capita per week for food, a sum which authorities find to be insufficient for adequate nutrition.

Special-Assistance Payments

With the exception of a small handful of States which provide unusually liberal allowances for the aged and the blind, the level of living permitted by payments made to recipients of the special assistances is also low. In June 1940, average monthly payments for old-age assistance were less than \$10 in 7 States and from \$10 to \$19 in 18 others. Average payments for the blind in the same month were less than \$10 in 3 jurisdictions and from \$10 to \$19 in 13 others. Payments to families under approved plans for aid to dependent children were less than \$20 in 6 jurisdictions and from \$20 to \$29 in 11 others. These low payments cannot be explained away on the theory that

they were attributable to the existence of substantial private resources owned by the recipients of these types of aid. For the low payments characteristically occurred in the poorest States, where the assumption of large private resources is least tenable, or in States in which it is known that social attitudes or financial pressures caused public-assistance agencies to limit aid to the cases of most urgent need.

Social-Insurance Benefits

Assessment of the adequacy of social-insurance programs to provide an acceptable minimum standard of living is a more difficult task because of lack of knowledge both of the size of the family unit dependent upon the beneficiary and of the private resources at the disposal of the family. One aspect of American insurance programs, however, makes it possible to comment with a high degree of confidence upon the payments made. This is the fact that, because of the way in which benefits are geared to wages, the lowest benefits are typically received by workers who have either received the lowest wage rates or have been most irregularly employed in covered industry during the period preceding their application. By definition therefore such workers are unlikely to possess substantial resources with which to supplement their benefits.

It is in the light of this situation that the relatively large proportion of beneficiaries drawing low weekly unemployment-compensation benefits must be evaluated. In 13 States, mostly Southern, from 31 percent to 64 percent of the payments made to unemployment compensation beneficiaries between April and June 1940 were below \$6 per week. For the Nation as a whole in the same quarter, 8.6 percent of all payments were for less than \$6 per week, and 15.7 percent of the weekly checks were for under \$8. It is doubtful whether many workers whose wages from covered employment have not exceeded \$12 or \$16 a week can have accumulated any reserves to eke out such small benefits, even for short periods of unemployment. The probability is that the standard of living of those receiving the smallest weekly benefits is extremely low.

Like unemployment compensation payments, old-age and survivors insurance benefits are in principle based on the worker's previous wage and employment record. Hence they cannot but reflect shortcomings or anomalies of the general wage structure and employment patterns, as well as disadvantageous individual employment experience. However, the fact that the benefits of the old-age and survivors insurance plan under the Social Security Act are less strictly related to previous earnings, together with the provision of benefits for dependents, would seem to indicate that

retirement and survivors' payments should in general be the most nearly adequate of all social-insurance benefits. Data on benefit operations are admittedly very limited, owing to the short duration of benefit payment experience and to the sudden and far-reaching changes in the economic situation since monthly benefits first became payable in January 1940. In June 1940, payments to single primary annuitants and single widows averaged only about \$20 per month, benefits to retired workers with dependents or to widows with dependent children, which represented almost one-third of the number of benefits allowed, averaged between \$36 and \$42 per month. In terms of individual benefit awards, the primary benefit in June 1940 was somewhat over \$22 per month; wives' and children's benefits were about \$12; those for widows were around \$20; and those for dependent parents amounted to about \$13 per month. (A year later these amounts had changed only very slightly.)

While, especially in the absence of information about other resources of beneficiaries, no definite inference can be drawn from the benefit amounts being paid at the present time, it is possible to analyze the long-range implications of the benefit formula on the adequacy of old-age and survivors' benefits. Workers with average wages of less than \$50 per month will seldom qualify for benefits (including dependents' benefits) in excess of \$30 per month even after 20 years of paying taxes. Whether or not a monthly benefit of \$30 or less can be regarded as adequate for maintenance depends in part on the assumption made with regard to resources possessed by the recipient. Because low benefits arise from low average wages (which in turn may be the result of either low wage rates in covered employment, or of employment not covered under the law, or of long periods of unemployment), the presumption is that on retirement recipients of low benefits will have little if any reserves or savings. On the other hand, the eligibility conditions will probably eliminate from receipt of benefits a substantial proportion of those workers whose low wages or irregular earnings would result in very low benefits. If the wage and employment experience of workers earning less than \$600 in a given year be any indication, half of these workers, who as a group accounted for more than two-fifths of all workers with wage credits in the 3-year period 1937-39, may be disqualified on account of the minimum-earnings requirements.

On the other hand, the fact that the remaining one-half of the workers with less than \$600 average annual wages will become entitled to monthly benefits which will be less than \$30, is a cause for concern, because it is precisely that group which, by and large, cannot be expected to have accumulated significant savings. Yet

the benefits for workers with earnings of less than \$50 per month constitute a relatively high percentage of their former earnings during their employment in covered industries.

In comparison with the general old-age and survivors insurance system, railroad retirement benefits are at present seemingly high, despite the fact that no dependents' benefits are provided under railroad retirement legislation except benefits for widows upon option of the insured worker. Railroad benefits are geared not only to the amount of wages from covered employment, with favorable treatment of the lower wage groups, but also to the length of covered or credited employment. In June 1940 retirement and disability annuities averaged about \$65 per month, only about 15 percent of all employee annuities amounting to less than \$40 per month. One-third of all payments were in amounts of \$80 or more per month. Payments to former pensioners of private railroad retirement plans averaged about \$58, with less than one-third at a rate of under \$40 per month, and almost one-fourth amounting to \$80 or more. Widows' payments, which however accounted for only a little more than 2 percent of all benefits paid, were considerably lower, with almost three-fourths amounting to less than \$40 per month.

Benefit scales under workmen's compensation laws are in general more liberal than those under state unemployment compensation laws. In 1940, benefits payable under workmen's compensation laws represented normally a higher proportion of wages than did unemployment compensation payments. In the case of death, payments ranged from 10 to 66 $\frac{2}{3}$ percent, although in the majority of laws the payment was 60 or 66 $\frac{2}{3}$ percent of previous wages. In cases of permanent total or partial disability, payments ranged from 50 to 70 percent. Payments for temporary total disability ranged from 40 to 70 percent of wages, payable either for the whole period of disability or for maximum periods of 78 to 1,000 weeks. Many of the laws also provided minimum benefits which, in terms of weekly payments, ranged from \$1.50 to \$14, while maximum weekly payments ranged from \$8 to \$60, the maximum being \$30 in the case of death, \$60 in the case of permanent total disability, and \$25 for permanent partial or temporary total disability.

Inadequacies of workmen's compensation payments arise, however, from the method of determination of the weekly wage on which benefit amounts are based (a particularly serious disadvantage to workers in those States which have failed to adopt a full-time wage base). Thus benefits for low-paid and intermittently employed workers may be very low. Indeed some of these workers have received as compensation less than a dollar a week. In many cases the

benefits under workmen's compensation laws have been too low for subsistence, and at times the injured worker had to depend on other public aid or private charity. However, some of the inadequacies of workmen's compensation benefits are balanced at least in part by the provision in a number of States for dependents' benefits, which in most cases range from \$5 to \$8 per week per dependent.

Variations Among Groups

Admittedly not all recipients of public aid are living so close to the poverty line. Attention has already been drawn to the fact that social policy has tended in recent years to raise the level of living of certain groups of the economically insecure. Some WPA workers, especially those not continuously dependent on project employment, are undoubtedly enjoying a standard of living superior to that which they had previously been able to secure in the absence of this program. Beneficiaries of the railroad retirement system and some beneficiaries of old-age and survivors insurance are undoubtedly able to maintain a standard of living of which a progressive and wealthy society need not be ashamed, especially since, at least for a part of the retired workers, benefits are an addition to private savings or other resources. Certain of the more highly paid workers, especially in highly unionized seasonal industries, are also securing through social-insurance measures payments which together with their own resources permit the maintenance of a standard of living equal or superior to that permitted by the emergency budget during a short period of unemployment. In a small number of States, also, recipients of old-age assistance are well provided for if the emergency budget standard be accepted as a guide.

Of all groups receiving public aid, the aged, and in certain States also the blind, stand out as the most favorably treated when the amounts of monthly grants are compared. These groups enjoy a level of living which, although by no means generous, is markedly superior to that enjoyed by all other groups of public-aid recipients, excepting only WPA workers and CCC enrollees, both of whom make a contribution to the wealth of the country through the performance of work.

Recipients of general relief suffer in comparison with beneficiaries of other programs. Colorado, for example, gave in June 1940 an average of \$33.75 per month for one person on old-age assistance, but only \$16.23 for general relief, which is usually a family grant. Arizona gave \$26.37 for a blind person, compared to \$13.87 for general relief. Aid-to-dependent-children grants are normally family grants, but here too the comparison is unfavorable to general relief. In Indiana the

average family grant for aid to dependent children was \$28.16, whereas the monthly grant to general-relief cases averaged only \$13.19. In Ohio, the corresponding monthly payments were \$38.54 and \$15.85.

Even among beneficiaries of the social-insurance programs there are differences which are difficult to justify. While all social-insurance programs in which benefits are related to past earnings may be expected to show significant variations in payments to individuals, it is difficult to believe that the wide range which now exists in average monthly payments to beneficiaries of old-age and survivors insurance on the one hand and of the railroad retirement system on the other can be entirely justified by differences in the level of past earnings of the groups concerned or by differences in the amounts contributed by the beneficiaries. The average monthly benefit under the Railroad Retirement Act in June 1940 was approximately \$65. At the same time under the old-age and survivors insurance system the primary benefits averaged about \$22, and wives', children's, and orphans' benefits averaged \$12.

Variations Among Regions and Programs

The variations among groups of recipients of different kinds of public aid is paralleled by another serious weakness of contemporary public provision for the economically insecure; namely, the wide differences in the standards of living afforded recipients of similar forms of aid in different parts of the country. Some degree of variation in standards is, of course, to be expected in a country in which standards of living differ widely and social policy is to a large extent determined by independent political units. *The degree of variation which exists today, however, exceeds any which could be justified by regional differences in living costs and is sufficiently serious to give rise to discontent.* Even when all due allowances are made for the ambiguities and misleading character of "average grants," they cannot explain away the wide ranges in the average monthly grants in old-age assistance programs (varying in June 1940 from \$7.57 in Arkansas to \$37.95 in California), in aid to the blind (averaging from \$7.95 in Mississippi to \$48.02 in California), and in aid to dependent children (where monthly grants to families ran from \$12 in Arkansas to over \$45 in both California and New York).

Why Grants Are Low

It would be difficult to exaggerate the gravity of the situation revealed by this study. For uncertainty and insecurity, hand-to-mouth existence, and lack of opportunity to enjoy even the minimum conditions of decent civilized living are not confined to a mere handful of people or a few unfortunate groups in some of the less

wealthy States. The way of living which is permitted by contemporary public-aid programs as they are here described has in the last decade been that of between 10 and 22 percent of the entire population.

To a large extent the relatively low level of living of recipients of public aid and the differential treatment of groups whose needs appear to be similar are attributable to the same factors which have accounted for the denial of any type of public aid at all to certain groups. *Financial pressures have led to economies which have taken the form in many areas of spreading limited funds over an increasing number of cases. But improvement of the standard of living of public-aid recipients has also been impeded by the almost equally low standard of living of the nondependent population in many parts of the country.* The prevalence of low incomes from private employment also helps to explain the marked geographical differences in the level of living experienced by public-aid recipients in apparently similar circumstances to which attention has already been drawn. The poor showing of the States in the Southeast and Southwest by reference to every criterion of adequacy applied reflects in part the relative poverty of the majority of the inhabitants of these areas. Similarly the piecemeal and uncoordinated manner in which the various programs have developed and the differing extent to which financial aid from higher governmental units is available to the various programs have contributed to the development of differences in the level of living afforded different categories of public-aid recipients.

In part, the differences in payments made to the various groups are attributable to inadequate attention to the framing of the eligibility requirements of the various programs. This is especially evident in the social insurances where certain individuals are admitted to a system in which benefit amounts are determined by past earnings, with inadequate regard to the question whether a payment of this type is a suitable form of public aid for those who have earned low wages or have undergone considerable unemployment or have had little employment in covered industry.

Finally, local apathy in the face of serious economic need and deliberate discrimination by local administrators against certain minority groups have explained at least part of the wide differences in the level of living provided for public-aid recipients. There are other differences to be observed when the beneficiaries of one program are compared with those of another, which cannot be thus explained. Thus the relatively favorable treatment of the aged, including the beneficiaries of the railroad retirement system, is due in large measure to the presence of powerful and effective lobbying groups.

In summary, it may be said that all the basic weaknesses of the existing arrangements for assuring maintenance to the economically insecure—namely, the existence of unmet need, the low level of living afforded recipients of public aid, and the unjustifiable differences in the treatment of different categories of persons—stem from one basic cause. This is the still limited acceptance by the country as a whole of the fact that it is to the national interest to ensure an adequate minimum of economic security to all the people of America, regardless of their place of residence. Until this point of view receives full and free acceptance, it is idle to expect that the country will be willing to make the necessary expenditures to secure this objective, to grant to the Federal Government the responsibility for taking the required action when States and localities are unwilling to do so, or to do the hard thinking required to grapple with the social, economic, and administrative difficulties which must be overcome if the many worth-while programs now in existence are to be integrated into a coherent and closely meshed whole.

The Conditions Under Which Public Aid is Received

The last 10 years have amply demonstrated the fact that in the vast majority of cases inadequacy of private income is not attributable to the fault of the individual. In keeping with this fact there has been, as already pointed out, a notable tendency to remove from the receipt of public aid the taint and the loss of social standing that formerly was characteristically associated with it. This development has been fostered by the adoption of more constructive public-aid programs.

The Right to Social-Insurance Benefits

The provision of public aid in the form of remunerated work has permitted recipients to make a return to society for their maintenance and to prove beyond all doubt that the vast majority of them are willing to work if given an opportunity. The social insurances reflect the view that important individual and social values are destroyed by forcing a man to liquidate all resources and reduce himself to extreme destitution before qualifying for public aid. If the only difference in treatment between the provident and the improvident is the length of time that elapses before public aid of an unsatisfactory character is available, the incentive to save and to strive for self-support in a world characterized by a high degree of insecurity may be greatly weakened. It has been recognized that enforced destitution is itself a corroding influence which destroys morale and initiative. The social insurances thus implement the view that the sense of independence may be fostered by measures which, by

making available a calculable sum in specified contingencies, make private savings and efforts worth while. All the available evidence suggests also that the population as a whole attaches a high value to, and is willing to pay for, the privilege of receiving socially provided income as a right instead of as a concession which may be subject to the discretion of public officials.

Nevertheless, it is evident that many gainful workers and some types of risk are still excluded from the protection afforded by social insurance. *Sickness and ill health, except that arising in the course of employment, have so far been neglected by American social-insurance systems.* Yet these hazards are among the most formidable threats to the worker's security and in other countries have been among the first of the risks against which social-insurance protection has been devised. Only railroad workers, if they are over 60 or have completed 30 years of employment, enjoy a measure of social-insurance protection against loss of wages or employment due to disability, and then only if the disability is permanent. These disability benefits are in fact retirement annuities with somewhat flexible age requirements.

Social-insurance protection in the field of industrial accidents and occupational diseases is still incomplete. Although workmen's compensation antedates the other forms of social insurance in this country, it is much less uniform and inclusive and is unevenly developed in the various sections of the United States. The laws do not protect all workers against loss or reduction of earnings due to physical risks attendant upon employment. Not all the State laws are compulsory; numerous types of employment and sizes of firms are not covered; not all laws provide compensation for industrial diseases; and provision for medical treatment is often inadequate. Similarly the duration of cash compensation is often subject to limitation. Inasmuch as workmen's compensation legislation is wholly a State responsibility, the Federal Government has no direct means of encouraging or enforcing uniform standards or improvements in the nature and scope of medical and cash benefits afforded by independent State action.

The risk of income inadequacy attributable to the loss of a bread-winner is also as yet incompletely covered by social-insurance measures. The problem of the dependents of deceased railroad workers is only partly solved. Unlike the old-age and survivors insurance system under the Social Security Act, the railroad retirement program makes no direct provision for payments to survivors but permits insured workers to decide for themselves whether they will accept a lower retirement annuity during their own life and thus provide a widow's benefit for the surviving spouse.

Only about 6 percent of some 125,000 railroad employee beneficiaries certified through June 1940 selected this option.

The protection afforded by social insurance against the risks of unemployment and old age is also far from complete. Workers in certain employments (in particular, domestic service, agriculture, and nonprofit corporations) are specifically excluded from coverage under these laws. In addition, State unemployment compensation laws often exclude employees of small firms, and all laws for constitutional reasons exclude seamen.

Moreover, in unemployment compensation a significant proportion even of covered workers are barred from the receipt of benefits because their earnings have not been sufficient to make them eligible under the minimum-earnings requirements of this legislation. For example, a recent study revealed that in 30 States during 1939 an average of 10.1 percent of those who claimed unemployment compensation benefits were disqualified because of inadequate earnings in covered industries. In some States the proportion of claims for benefits not allowed because of inadequate earnings has been as high as 40 and even 50 percent in certain months.

For those who do qualify, the benefits are paid for too short a period. In nearly all States, the duration as well as the amount of the weekly benefit is related to past earnings. To many workers, therefore, particularly in the lower income groups, the insurance checks are paid for but a few weeks. In Illinois, for example, between April and July of 1939, 35 percent of the unemployed who qualified for benefits used up their rights in less than 9 weeks on the average. Even in Michigan, where the average potential duration is higher (nearly 15 weeks), in the year between July 1938 and June 1939, 46 percent of the beneficiaries were still unemployed after the receipt of their last benefit check.

Even in the broader old-age and survivors insurance system, a considerable proportion of workers who, together with their employers, are contributing toward what they regard as assured future benefits, will fail to qualify because they do not earn enough wages in enough calendar quarters from covered employment. Even if the restricted scope of "covered employment" should be broadened and thus more and more wages become credited toward ultimate benefit eligibility, a not insignificant proportion of workers may still fail to qualify because of low earnings or discontinuity of insured employment. Estimates suggest that the proportion of nominally covered workers whose earnings record would have thus disqualified them from benefit rights may have been as high as 40 percent by 1940.

It is as yet too soon to say whether the higher general level of earnings and greater continuity of employment that have characterized the subsequent years will substantially and permanently reduce this proportion.

Technical and economic considerations admittedly impose obstacles to the extension of the social-insurance type of security. The exclusion of agricultural and domestic workers has been due, in part at least, to the difficulties of devising administrative mechanisms for the collection of contributions and payment of benefits and the necessary controls for assuring compliance with the eligibility requirements. *But a more serious obstacle to the general provision of economic security through the social-insurance method is presented by the low level of earnings and irregularity of employment of many sections of the working population.* So long as eligibility for benefits and the amount of benefit payable are directly related to a worker's past earnings and employment record, the formal coverage of low-paid and irregularly employed workers in a social-insurance program may be a dubious advantage. For although legally covered they may not qualify for benefits, or if eligible they may receive lower payments than they could secure under some other program. So long as present benefit and eligibility formulas are retained, therefore, the fact that the system does not embrace all of the working population is not necessarily a weakness of the social-insurance system.

Assistance and Work Programs

It would be idle to pretend that the receipt of public aid other than social-insurance benefits has been freed from any taint or loss of social standing, despite the sincere effort of many agencies and administrators to foster a point of view more consistent with the involuntary character of most dependency on socially provided income. It is true that by the end of 1940, all of the approved State plans for the special public assistances contained some kind of a provision for a fair hearing to individuals whose applications for aid had been denied. The right to appeal against alleged inadequacies of grants or on account of dissatisfaction with any order or determination of the agency was less common. The privacy of recipients of the special public assistances has also been protected by an amendment to the Social Security Act in 1939 which required, as from 1941, safeguards to restrict the use or disclosure of information concerning applicants and recipients, to purposes directly connected with the administration of these types of aid. Moreover, in general, recipients of the special public assistances are also submitted to reinvestigation less frequently than general-relief recipients. In so far as the mere process of investiga-

tion is distasteful, this development too must be regarded as an improvement in the status of recipients of this type of aid.

On the other hand the older point of view, which regards receipt of public aid as a sign of social unworthiness, still persists in many parts of the country in regard to the recipient of general relief. As other groups have been selected for special treatment in the newer programs, general relief is still regarded in many quarters as the refuge of the ne'er-do-wells or the least deserving sections of the dependent population. The general attitude towards recipients of this form of public aid is reflected in the not uncommon reluctance of employers to employ workers who have at some time or other been "on relief." Where this attitude is found, relief is likely to be given as a grudging concession, unaccompanied by any safeguards to self-respect, such as the right of appeal or prohibition of the publication of recipients' names.

There are, moreover, still many parts of the country where the receipt of public aid is made as distasteful as possible to the recipient in the hope of discouraging applications. Where this policy prevails, even so constructive a measure as the WPA program may fail in one of its major objectives, since access to it must be through the local relief agency. Thus paradoxically enough, a program which aims to maintain morale and self-respect requires that many applicants must first have been submitted to treatment likely to impair morale. Moreover, after 18 months of continuous employment and morale improvement, project workers are discharged until such time as they have again fallen to the level of destitution and passed through the relief machinery.

Payments in Cash

One other aspect of the conditions under which public aid is available calls for comment; namely, the form in which public aid is received. There has been notable progress in recent years toward abandonment of the older system of providing public aid in the form of grocery orders, issues of supplies from commissaries, or other types of payment in kind. *Experience has shown that the provision of economic security in the form of cash payments is not only greatly preferred by the recipients and thus a factor contributing to the maintenance of initiative and self-respect, but is also often more economical to the community.* Although the tendency to provide payments in cash must be regarded as a real social gain, one of the public measures which in recent years has come to play an important role—namely, the surplus-commodities program—has tended to impede progress toward this goal.

The attempt to remove agricultural surpluses by providing for their free distribution to persons whose low incomes suggest a need for additional foodstuffs is from one point of view a reasonable and intelligent method of making full use of the available productive resources of the country. However, such a measure raises difficult economic and social problems, such as the determination of what is, and still more importantly what should be, a surplus product and at what price. No attempt has been made in this study to examine this aspect of the program of the Surplus Marketing Administration. The repercussions of this program in the field of public aid are, however, direct and relevant. *For without adequate controls to ensure that the free surplus commodities are an addition to, and not merely a substitute for, more carefully planned and appropriate forms of public aid, the impact of the surplus-commodity program has two unfortunate consequences.* On the one hand, it fosters a policy directly

contrary to that promoted by the Federal Government through the social insurances, the special assistances, and the work programs; namely, that public aid should be available in the form of cash. And on the other hand, it obscures the full extent of the inadequacy of other public-aid provision and operates as a concealed and unregulated subsidy to certain types of local authorities, by offsetting their failure to make appropriate provision for general relief.

The introduction of the stamp plan represents a real improvement in these respects. For it offers greater assurance that surplus commodities will be an addition to, and not merely a substitute for, regularly available public aid, and it permits the recipients greater freedom to choose between the available surplus products in accordance with their needs and consumption habits. Nevertheless, this study has shown that *even the stamp plan is not completely proof against abuse by the less progressive or adequately equipped agencies.*

THE PUBLIC SOCIAL SERVICES

The standard of living of any family depends not only on the amount of its money income, whether derived from public or private sources, but also on the extent of available community services. Over a period of time much longer than that covered by this study, recognition of the importance to the individual and to the Nation of enhancing the health and welfare of the whole people has led to the direct provision by government of many types of service. Among these, preventive public-health measures, elementary and high-school education, and special services promoting the welfare of mothers and children are outstanding.

Direct provision by government of certain of the essentials of decent living is also a method of overcoming some of the difficulties of assuring adequate security through cash payments to individuals. For despite what was said above concerning the advantages of providing for physical maintenance through payments in cash in preference to relief in kind, there are many types of need which can be met most economically and with a minimum of interference with the price and wage structure of the country, if supplied directly to the groups at any time declared eligible. Thus the extent to which the country has begun to make social provision for the needs of the low-income population for medical services, general education, housing, and recreation represents real progress. It cannot, however, be pretended that these services are today reaching all people and all areas where the need for them exists, or that any orderly principle of priorities is applied to the selection of the services to be fostered.

Health Services

The provision of medical care for our people is still far from adequate despite the great body of evidence showing that medical costs impose a heavy burden on large sections of the population and that much dependency on publicly provided income is attributable to ill health. Under the FERA program operating from 1933-35, the principle was established that medical care was a necessity of life for which relief and assistance funds could properly be spent. But the termination of that program involved the cessation of much of the publicly supported medical care developed between these years. Furthermore, under the present provisions of the Social Security Act, Federal matching of costs of medical care for recipients of the special public assistances is permissible only when these costs are met from the assistance payment to the recipient. Limitations of maximum payments and financial stringency have combined to prevent many States from providing adequate medical care for these needy groups.

In certain parts of the country, welfare departments have indeed accepted wide responsibility for providing medical care as an outgrowth of their public-aid functions, and at the present time some of them are more active in this field than health departments, which tend to emphasize preventive measures. *To a very large extent, however, these publicly provided medical services are limited to the public-aid population.*

The Federal Government operates two organized medical-care programs, for veterans and for seamen. In addition, the Farm Security Administration has de-

veloped a program of medical care in connection with its rehabilitation program. But by the end of 1939 this service was in operation only in certain counties in 38 States. Access to the services was restricted to rehabilitation clients and participation in the program was on a voluntary basis. As yet, the program has reached only a small proportion even of the rehabilitation clients and does not pretend to meet the needs of the vastly greater number of low-income farm families. The acute need of migratory workers for medical services is also as yet largely unsatisfied, although the special medical programs developed in two States by the Farm Security Administration indicate that the country has at least begun to grapple with this problem.

The workmen's compensation laws make provision for medical treatment of injuries or illness arising in the course of a worker's employment. But, as already pointed out, these laws cover only some 40 percent of the total gainfully employed population. Moreover, the types of disability provided for are restricted—only 30 States compensate all or specified occupational diseases. More than half the States set limits to the time during which medical aid is given or to the amount to be spent in treatment.

During the past few years vocational-rehabilitation work in the States has been materially assisted through the increased grants made available under the Social Security Act. Although provision for the special needs of physically handicapped persons has thereby been expanded, the existing facilities are still far from adequate to meet the need.

Health services for mothers and children have been greatly strengthened through Federal monies made available under the Social Security Act. All the States are participating in this program and also Alaska, Hawaii, Puerto Rico, and the District of Columbia. There has been continuing increase in the number of prenatal clinics and child-health conferences and in the number of counties with public-health nursing programs. However, there are still over 900 counties which do not have any county-wide provision for maternal-and-child-health services and lack even the services of a public-health nurse. Child-health conferences for infants or preschool children, held once a month under State health department supervision, are available in only one-third of the counties.

All of the States and the territories named above are also participating in the program of services to crippled children under the Social Security Act. There is, however, a large amount of need which remains to be met. Furthermore, the scope of the program is still unduly restricted, being confined for the most part to orthopedic cases and those needing plastic surgery.

Programs for the care of cardiac children have been inaugurated in only 12 States and the District of Columbia.

Education

Government has increasingly recognized the importance of fostering the general education of our people. During recent years the provision has been expanded through measures undertaken in consequence of the heavy unemployment among young people. More than 1.5 million young people between the ages of 16 and 24 have been enabled to continue education at the high school, college, or graduate levels since the National Youth Administration began its student work program in September 1935. Although this service is in principle available to all persons in the low-income groups, limitation of funds and the operation of this program by an agency primarily concerned with the needs of unemployed youth have, in fact, meant that the greater proportion of the recipients of this federally subsidized education have come from public-aid families. Another type of encouragement to the continued education of children was given by the 1939 amendment to the Social Security Act, whereby Federal assistance became available to needy children, otherwise qualified for aid to dependent children, up to the age of 18 (instead of 16 as heretofore) if regularly attending school. Here again, however, the encouragement to pursue education is limited to children who are by definition members of the public-aid population. Moreover, only 16 States have so far taken advantage of the liberalization of the Federal law.

Through the work program many thousands of persons who have left school have been enabled to continue some form of education through adult-education classes. But this program has necessarily developed as a byproduct of the major function of the WPA—namely, to provide suitable project employment for unemployed workers. The current extent of the service depends upon the availability of persons eligible for project employment and capable of conducting the classes, and also on State and local interest in sponsoring such projects. Moreover, its continuation is bound up with the availability of funds for unemployment relief and will be imperiled as employment revives.

Child-Welfare Services

Mention should also be made of the extension and strengthening, especially in rural areas, of services designed to protect homeless, dependent, and neglected children, and children in danger of becoming delinquent. All the States and Territories and the District of Columbia are today cooperating with the Children's

Bureau in the administration of such services. Because of the limited funds available, however, the program has in the main taken the form of strengthening State services and financing demonstration services in a limited number of local areas in every State.

Public Housing

The need of large sections of the population for better housing has increasingly become a matter of public concern during the last 5 years. By 1940 such Federal agencies as the Federal Housing Administration, the Farm Credit Administration, the Home Owners' Loan Corporation, and the Federal Home Loan Bank Board were concerned with housing, but only the United States Housing Authority and the Farm Security Administration were peculiarly concerned with the housing needs of families in the lowest income brackets.

The United States Housing Authority program operated in 38 States but the number of persons to be housed under projects completed or in the course of construction was extremely small. The work of the Farm Security Administration in regard to housing has been necessarily incidental to its major objectives, except for the rural and suburban resettlement projects which in 1939 together provided for only some 16,000 families.

The extremely modest nature of our attack upon the

housing problem is evident when it is recalled that a high proportion of relief and public-assistance families are inadequately housed. It will also be recalled that a number of States make no regular allowance in relief grants for rent and that families on relief are subject to frequent eviction.

Policies Underlying Provision of Social Services

The growing awareness of the extent to which important sections of the American people are deprived of the essentials of decent livelihood and the more generous interpretation of these essentials to include decent housing, adequate medical care, educational and recreational opportunity, and assistance in the solution of problems of economic and community adjustment necessitate a reconsideration of policy in regard to the social services. Two major questions must be answered. First, to what extent can the objectives be secured through cash payments to individuals and to what extent can these needs more appropriately be met by direct public provision? Secondly, until it is possible to assure all these essentials to all the people, what order of priorities should be adopted? Specifically, are some types of need, such as that for adequate medical service, more urgent than others? Should public policy concentrate upon the needs of the public-aid population or should the developing services be available to all low-income groups?

WORK, GUIDANCE, AND TRAINING FOR THE EMPLOYABLE POPULATION

A fundamental attack upon the problem of unemployment would look not merely to the maintenance of the morale and work habits of workers who are unemployed, but would aim at the elimination of the conditions giving rise to the need for such action. It cannot be pretended that measures directed toward the reduction of unemployment have as yet been adequately developed. It is true that during the last 10 years efforts have been made to vitalize the economy by a government spending program. But these efforts have been sporadic and uncertain and so little coordinated with public-aid policies that their effect was in part negated by the pay-roll taxes imposed in connection with the social insurances. Nor, as the contrasting experience of the war period has shown, had the volume of expenditures prior to 1940 been sufficient to exert a significant and sustained effect upon the economy.

Admittedly the selection and implementation of preventive measures is no easy task, especially when, as was the case in the last 10 years, the problem to be faced

is one of revitalizing a severely depressed economy and not merely the maintenance of an existing high degree of utilization of all productive resources. It is difficult not to believe, however, that more could have been accomplished had greater attention been paid during the years of depression to the relocation of industries and transference of workers from depressed areas to those of greater economic opportunity, to the inculcation of skills likely to be in demand when industry revives, and to the remedying of physical and mental defects which at present impair the efficiency of thousands of workers.

Given the existence of unemployment, however, the country can justifiably take pride in the fact that it has recognized that there is need for a more active and constructive policy than the mere assurance of subsistence income. A series of measures has been developed aiming to provide work opportunity for those who are not absorbed by private industry and to enhance the productive capacity of employable persons. The instruments through which these policies have been

applied include the employment service, rural rehabilitation loans, public works, the work projects of the WPA, CCC employment, the NYA out-of-school work programs, and in certain areas locally operated work projects.

The Public Employment Service

The employment service is an important element in any series of measures aiming at the reduction of unemployment. But it is obvious that at best the service can supply workers with jobs only where jobs exist. It can reduce the time lag between the occurrence of an employment opening and the satisfaction of the demand, but it cannot create jobs. Even from this point of view *the service is not yet equipped to make the full contribution of which it is capable*. There are still many areas which are inadequately served by employment offices. Because during the last 5 years the preponderant proportion of the funds which have made possible the extension of the service have been supplied through the unemployment compensation program, the new growth has tended to emphasize benefit-paying activities. Prior to the defense emergency, placement services had not undergone a corresponding expansion. *In particular the guidance and counseling aspects of the work of the service, especially in regard to young people, have been underdeveloped*. Until recently also any assumption of such functions could have had but limited success because there existed no adequate data relative to future trends in the demand for and supply of labor on a Nation-wide basis.

Nor have the facilities of the public employment service been available to all those who could benefit from them. The lack of development of the service in many areas which has been referred to above means that many workers do not receive the expert guidance and information concerning job opportunities to which they are entitled. This is an especially serious consideration for new entrants to the labor market. Moreover, the preoccupation of the service with unemployment beneficiaries in recent years has fostered some neglect of the interests of WPA workers and recipients of general relief in referrals to private employment.

In view of the national character of the labor market and, in consequence, of the problem of unemployment, *it must also be regarded as a weakness of the employment service that until 1942 it was organized on a State, rather than a Federal, basis*. For, as the defense emergency has shown, the failure of given States to develop an adequate service defeats attempts to make the most effective use of the available labor supply, especially when geographical transference is involved. The perfection of the national clearing system might have over-

come some weaknesses of this state-by-state organization, but it could not overcome the unwillingness of certain States to develop an efficient service.

It is also unfortunate that the service has no powers or resources which would permit it to advance funds to workers for the payment of fares or the purchase of tools, and even more importantly, to grant subsidies for geographical transference and allowances to workers undergoing training courses.

Rural Rehabilitation Loans

The rehabilitation loan program of the Farm Security Administration represents another type of constructive and preventive attack upon the equivalent of unemployment for the farming population. A major feature of the program is the assistance given to loan clients in developing sound farming and home-management practices. The enhancement of the net worth of the majority of loan clients testifies to the success of the program. Yet it is doubtful whether, from the long-range point of view, even this program can be envisaged as a permanent solution of the need of farmers for public aid. Acceptance of it as such implies acceptance also of the view that subsistence farming must continue to be the normal way of life for a large proportion of our farm families. Obviously, in a period of severe unemployment any measure which tends to prevent intensification of the competition for jobs in an overcrowded industrial market is desirable. Even so, it is doubtful whether the wisest policy is one that encourages the investment of considerable resources in farms or farmers of marginal efficiency. But the real test of the program will come with the revival of industry, and the increased demand for industrial labor which the defense program has stimulated may shortly show whether many of those who have been assisted to remain on small farms by FSA loans will continue to prefer the agricultural way of life with its lower standard of living to the greater economic inducements offered by industrial employment.

Federal Work Programs

All of the Federal Work Programs aim to provide for the other-than-maintenance needs of the unemployed and to retrieve for society at large an otherwise wasted national resource—its labor power. The development of these programs has necessarily made great demands upon our people. Quite apart from a willingness to recognize that in the long run the cheapest method of handling the problem of unemployment is not that which involves the minimum expenditure necessary to keep people barely alive, these

measures have called for the exercise of imagination in devising appropriate projects, for social planning at Federal, State, and local levels of government, and for a high degree of adaptability and inventiveness on the part of those responsible for administration.

Achievements of the Work Programs

Millions of Americans have been given productive jobs. This work has enriched the physical and social resources of our country; the labor which would have been irretrievably lost has been stored up in roads, bridges, schools, and hundreds of other structures. The national well-being has been increased just as directly through the services rendered by white-collar project workers in such fields as health, education, recreation, and the arts.

These have not been the only gains from the work programs. The men and women who were given work by the PWA, the CCC, the NYA, and the WPA, and by the local projects were kept from idleness. That fact alone is of outstanding importance. Maintenance is not enough for the able-bodied unemployed. The work program made it possible to provide "maintenance-plus"—and the plus item includes among other assets the opportunity to do useful work, the preservation of skills, and the maintenance of work habits. In providing an opportunity to earn wages for longer or shorter periods for an estimated nearly 8 million project workers during 1930-1940, the American people have signified their approval of the principle that the provision of work to the able-bodied unemployed is more desirable than direct relief.

The development of the Federal youth programs has represented especially significant gains for the younger generation. They forced public recognition of a condition that had been existing for many years—the increasing difficulty young people had been experiencing in obtaining employment. Our economy had taken work out of the lives of many youth. The inadequacies of the curriculum of the public schools, especially on the secondary level, were emphasized by the spectacle of thousands of young people leaving the educational institutions of the land unprepared for work and not knowing either what their capacities were or how they could make a satisfactory occupational adjustment.

The NYA and the CCC have undoubtedly sustained the morale of many thousands of young people by providing the opportunity for the acquisition of work habits and attitudes toward work through productive work and community service. Moreover, the work projects of both agencies have demonstrated the importance of work as a phase of education and as a necessary experience in the transition from youth to adulthood.

Great as is the pride which the country may take in these achievements, especially in view of the emergency conditions under which many of the programs for the unemployed were evolved, many problems are yet unsolved.

Limited Coverage of the Work Programs

In the first place, the available constructive measures do not embrace all of the involuntarily unemployed population. Despite the many programs in operation, considerable numbers of unemployed persons have been denied access to those which would seem appropriate to their needs for work. While for various reasons it is impossible to present precise estimates, it is known that, quite apart from aliens and certain other groups who are specifically excluded by law, there have been during these years hundreds of thousands of employable persons awaiting assignment to Federal work projects and the special youth programs primarily because the funds for their employment were not available. For WPA alone, the number of needy unemployed certified for employment and awaiting assignment has ranged at various times from 500,000 to about 900,000 persons. Because in many areas the local public-welfare agencies do not refer persons to WPA unless project work is in fact available, the actual number eligible for assignment can be estimated to have fluctuated between 600,000 and 1,330,000 persons.

Except for the short-lived Civil Works Administration and to a lesser extent the youth programs, *employment on projects has been limited to unemployed persons in need. Employment is therefore not available to many unemployed persons who are not completely destitute but who need work and are just as eager to work as those who are accepted because they have passed a means test. Thus, secondary wage earners in families in which the primary wage earner is employed on public or private work may be denied access to work projects, however great their need for work experience.*

Lack of Clarity in Objectives

A second major weakness of contemporary constructive programs for the unemployed is the lack of clarity as to objectives and as to the special problems which each measure was designed to solve. In consequence, it is difficult to evaluate the effectiveness of the different programs because of a confusion as to the objectives which each seeks to attain.

All available evidence points to the conclusion that the unemployed are not a homogeneous body and that the type of constructive program made available should reflect this heterogeneity. Some of the unemployed need merely the opportunity to work at some kind of

labor roughly approximating their previous type of employment. Others have had no experience at all and require measures that will inculcate habits of discipline and workmanship. Some need retraining; others, geographical transference. Still others, such as many young people, require a continuance of formal education or at least continuance of education on a part-time basis. Most of the unemployed, unless demoralized by long periods of idleness, are capable of full and efficient performance of work as judged by the standards set by private employers. But there is a small residue which, because of physical or mental handicaps, can never be expected to meet these standards in the absence of specific remedial treatment. These differences would suggest the evolution of specialized programs differentiated from each other by their major emphasis, whether it be upon the mere routine of work, the inculcation of disciplines and work habits, the acquisition of skills, the adaptation to new environments, or the remedying of physical or mental defects. In fact, however, such careful differentiation does not exist.

Although the WPA is the major work program for needy unemployed persons, two other work programs operated by public authorities have assumed varying importance at different times; the Federal emergency public-work programs, and the work-relief programs operated by local authorities. All these work programs differ from one another in regard to the conditions of employment. Workers on emergency public works operate under conditions which exactly parallel those of private employment. The WPA pays a security wage, requires normally 130 hours of monthly employment, and affords workmen's compensation protection and freedom of workers to organize. The local work-relief projects characteristically do not pay prevailing or even security wages. Instead, workers receive a nominal hourly rate (which at best equals, and is usually below, basic common-labor rates) or are paid on a budgetary-deficiency basis, being required to work at an hourly rate long enough to earn the amount of assistance thus determined. In most cases no workmen's compensation is provided, and no formal arrangements exist for the adjustment of grievances.

No objection can be made to the existence of work programs characterized by differing conditions of employment, provided that these variations reflect corresponding differences in the character of the work undertaken, in the standards of performance demanded of the workers engaged thereon, and in the types of workers employed by each. In fact, however, this is not the case.

Many of the projects operated by the WPA are similar in character to those carried out by the emer-

gency public works program. Indeed in recent months a significant proportion of WPA employment has been on defense projects. Dissatisfaction and loss of morale are inevitable when workers receiving only a security wage are employed on types of work whose character and importance are identical with that performed by other workers securing full-time prevailing wages. This situation is especially frequent in regard to the local work-relief programs. For there is a widespread practice of using relief workers at relief wages instead of standard pay to perform the regular maintenance operations of local departments, a state of affairs demoralizing not only to the relief workers but also to the nonrelief employees whom they may actually replace.

Nor does the standard of performance theoretically required of workers on these various work programs parallel the differences in working conditions and rates of remuneration. In principle all of them demand standards of performance comparable to those normally required in private industry. Yet attainment of these standards can scarcely be expected when, as is the case in the local work-relief programs and to a lesser degree in the WPA, project workers are selected primarily on the basis of need, rather than efficiency or suitability for the work to be performed, and are paid less than prevailing wages. The fact that the WPA program must be adjusted to operate with workers who may be available only for occasional weeks or even days also makes the attainment of standard performance difficult, when the standard of comparison is that of regular public works or private enterprise.

Special problems of the WPA.—The WPA program, which as a work program aims to enhance morale and to maintain skills and work habits, operates under real disadvantages because it is also utilized as a major relief measure. Workers are not employed until they have been certified as needy by local relief agencies, a requirement that is in itself sufficient to ensure some impairment of morale before employment on projects begins. For those who are continuously without private employment, the 18-month rule serves to impose a further period of a month or more during which the worker is thrown back into a state of demoralizing inactivity before he can once more qualify as a needy person for project employment.

The relief objective also conflicts with the proper objective of a work program by fostering emphasis on the provision of the greatest amount of direct employment for a given expenditure. It has led to restrictions on the nonlabor costs of programs which have precluded the adoption of certain socially desirable projects having relatively high capital costs. On the other hand, the employment of workers on tasks normally

carried out by machinery or with the aid of equipment operates against the morale-enhancing objectives of a work program, for the worker cannot be expected to respect himself or his job if his instincts of workmanship are violated.

The dual objective of the present major work program also operates against the maintenance of high standards of performance. For when workers are selected primarily on the basis of economic need rather than suitability for the job, projects must be adapted to the capacities of workers found to be needy. Although it is also required that such needy workers be "employable," the practical difficulty of specifically defining this term under present arrangements introduces an element of elasticity in which the application of standards of performance becomes difficult. The relief objective also operates against a strict enforcement of a policy of discharge for inefficiency. While the general standard of performance on work projects has compared not unfavorably with that in private employment, when allowance is made for the limiting conditions under which work projects operate, it is undeniable that in certain areas and on certain projects a segment of the workers have been of low efficiency. It is an unfortunate fact that the presence of even a small number of submarginal workers on projects supposedly designed for the normally efficient may bring the entire program into disrepute. Although part of this situation is undoubtedly due to the quality of supervision, more weight must be attached for the reasons just given, to the conflict between the program's work and relief aims.

Special problems of youth programs.—The confusion as to the nature of the problem to be faced and the types of measures appropriate to the circumstances is especially evident in the programs for youth. When the CCC and the NYA were initiated, it was evident that there was a backlog of young people over 21 for whom nothing had been done in previous years and who had spent the years between leaving school and adulthood in idleness. It was thus perhaps reasonable to make these programs available to young workers up to the age of 25, since young workers over 21 were frequently in need of a type of employment which would devote peculiar attention to the inculcation of disciplines and work habits and to the provision of related training. But by 1940 the CCC and the NYA had been in operation for 8 and 6 years respectively and had made available work and training opportunities to young people during the pre-adult years. Policy should have been adjusted to the disappearance of the backlog, so that, once the arrears of social neglect had been made good, the youth programs would have concentrated upon pre-adults, aiming to fit them for com-

petition with other adults on reaching maturity, and workers over 21 should thereafter have been treated on the same basis as all other adults. No such development has taken place, and today workers over 21 who need the type of employment that would yield wages permitting them to accept normal adult family responsibilities are still assigned to, and accepted for, programs which yield far less than the security wage of the WPA project worker.

Nor have the youth programs been designed so as to meet all of the special needs of the group of young people under 21. The interest of the Nation in applying measures to sustain and improve the general health of this group is self-evident. Yet until recently the NYA paid no special attention to the health of its young employees and has been financially equipped to do so only in the fiscal year 1940. While the CCC made more ample provision, its health program failed to reach those youth most in need of remedial treatment, for only those young men whose physical condition fitted them for hard physical labor were accepted as enrollees.

If it be assumed that the primary need of young workers is for the acquisition of habits of discipline and workmanship and for familiarity with the use of tools, contemporary youth programs must be regarded as definitely inadequate. The CCC undoubtedly enforced a rigorous discipline and continuous application to work. But the NYA out-of-school program permits discontinuity of employment, a condition far from conducive to the inculcation of desirable work habits. The need of young people beyond the compulsory school-attendance age for an opportunity to continue education of a formal character or to undergo training related to work on which they are engaged has also as yet been imperfectly met. Despite increasing attention to this aspect of the program, the educational work of the CCC still left much to be desired. Nor is it certain that the educational authorities, to whom responsibility for related training on the NYA out-of-school work program has been transferred, are as yet equipped either financially or by tradition to supply education and related training of the type and to the extent called for.

Finally, it is evident that a primary need of pre-adult work seekers—the need for guidance as to the types of employment for which they should seek to fit themselves in view of their own capacities and interests and the occupational requirements of present techniques of production—has been very largely neglected.

Effective Utilization of Available Programs

Another major weakness of the existing constructive provisions for the unemployed is the fact that *the*

country has not yet solved the problem of making the most effective use of such financial resources and programs as are at any time available. This weakness is evident in two directions. Firstly, there is no provision for an orderly and continuous adjustment of programs either to the funds that society is prepared at any time to devote to such measures or to the changing composition of the unemployed. Secondly, there is no effective machinery for assigning the unemployed to the available programs in accordance with the relative needs of the individual for work experience or other constructive treatment, and with the best interests of society.

Adjustments of programs to resources and needs.—Neither orderly allocation of limited funds as between the various available programs nor modification of the programs themselves in the light of total needs and total available resources has yet been achieved. If for example only limited funds were to be devoted to constructive measures for youth, it might be expected that some consideration would have been given to a reduction in the scope of the relatively expensive CCC program in order to provide employment opportunity for a somewhat larger number of young people on other less costly programs.

So little thought has been devoted to this aspect of provision for the unemployed that there is even a lack of the basic data essential to policy making. Admittedly, there are technical difficulties in framing a meaningful definition of an unemployed worker. Yet it is a shocking fact that after 10 years during which unemployment has been an outstanding social problem, there was not until 1940 any official estimate even of the total numbers of the unemployed, let alone any more precise, continuous, and orderly accumulation of data on a monthly or weekly basis. In that year the WPA developed sampling techniques for securing monthly estimates of fluctuations in employment and unemployment which appear to offer real promise. When so vital a fact as the total number of the unemployed remained an unknown quantity, or at least a matter of estimates which varied by as much as several millions and regarding which the opinions of newspaper columnists appeared to carry as much weight with the public as those of officials who should have access to the facts, it would be unrealistic to suppose that constructive programs could have been intelligently planned and adjusted to the varying needs of the time.

Other basic data are even more inadequate. This study has revealed how fragmentary and inadequate is the information at present available concerning all the aspects of contemporary unemployment relevant to wise social planning. Except for scattered studies

which relate only to special groups, special areas, or occasional periods of time, there is a woeful inadequacy of data concerning the changing age and sex composition, the duration of unemployment, and the changing occupational and geographical distribution of the unemployed population. Only recently, under the impetus of defense requirements, have efforts been made to forecast certain types of labor demand and supply. Yet here, too, it is difficult to see how constructive public programs can be intelligently prosecuted in the absence of such data or estimates.

Allocation of workers to available programs.—Whatever the character of the work and training programs at any time available, it is unfortunate that greater efforts have not been made to secure the most effective utilization of them, in the sense of allocating the unemployed to the most appropriate programs, taking into account their own needs for work experience and the economic requirements of society. There is no arrangement in any locality whereby all persons claiming to be employable and seeking work are required to report to a central office with specialized knowledge of labor market requirements which could refer each worker to the program most appropriate to his peculiar needs and which could evaluate the relative employment needs of all applicants in relation to the limited programs available.

Instead, responsibility for referring workers to the various work programs is divided between the public employment service, the local relief office, the local intake offices of certain Federal agencies such as the NYA, and even the schools. In consequence, the unemployed are allocated as between the different programs in what can only be described as a haphazard manner. Access to the WPA program is restricted to persons who can pass a test of need. Because this test is in general carried out by local relief agencies, the selection of project workers frequently reflects local practices, such as discriminations against non-residents. Single persons without dependents are also among the last to be employed on work projects, if indeed they are employed at all.

The operation of the 18-month limit to project employment also fails to act as an orderly method of assuring equality of access to a public work program which has continuously been too limited in extent to provide even for all the needy unemployed. For it perpetuates discrimination between those who are fortunate enough to become initially attached to the program and those who subsequently become unemployed and needy and who find that the employment quotas are already filled. The needy unemployed, even those who have been idle for many months, thus fall into two groups: those on, and those off, the Federal work

programs. Those who secure project employment can retain their privileged status for 18 continuous months. But there is no assurance that, after severance, the available employment will be offered first of all to those who have not been project workers. The worker laid off, once he can again prove need, has, after a month, just the same chances of reemployment as his fellow worker whose unemployment has lasted almost as long but who has never secured project employment. Indeed, it is probable that the worker laid off on account of the 18-month rule may even have a better chance, since he will be known to the project supervisors and has all the advantages of familiarity with requirements and procedures, as well as personal contacts.

The allocation of unemployed youth among the available work programs is equally unplanned and uncoordinated. If two programs for youth are in operation, each should serve the peculiar needs of a selected and special clientele or there should be an orderly progression of youth from one to the other. Neither situation appears to exist today. The conditions of eligibility for the CCC and the NYA are almost identical for substantial groups of young men. And cases are not uncommon of young workers employed on NYA having had previous CCC employment, and vice versa.

It is unfortunately true that there has been evidence in various parts of the country of open competition between the CCC and the NYA for available youth. The use of the general-relief office as the major referring agency for the CCC and in some States also for the NYA means too that considerations other than the employment needs of the individual youth and the economic interests of the community will predominate in the referral process. In any case, even those relief agencies which are prepared to disregard the relative financial advantages to local relief authorities of referring youth to one program rather than another are not equipped to make referrals by reference to the only proper and relevant consideration, namely, knowledge of the potentialities and past employment experience of the young applicant and of the nature of the labor market to which he will ultimately have to adapt himself. The relief agency also has knowledge only of those who come from needy families or are willing to apply to such an agency. In consequence, in allocating applicants to the available and limited programs, inadequate attention is paid to the claims of many other young people whose need for training or work experience is equally great.

Underlying Difficulties in the Provision of Work

Many factors account for the still limited measure of success which has marked the attempt to meet the

need of the unemployed for work. *Primary importance must be assigned to the prevailing tendency to regard the problem as having only an emergency character.* Planning has been on a year-to-year basis, and frequently appropriations have been available for a period even shorter than a year. This situation has severely inhibited planning by all levels of government for the development of appropriate and worthwhile projects. It is indeed surprising that in these circumstances the quality of the projects developed has so steadily improved.

A second factor of almost equal importance has been the unwillingness of the country to pay the money price of adequate constructive provision for the unemployed. Because at no time were the funds appropriated adequate to provide work for all the needy unemployed, let alone for all unemployed persons, it has been necessary to ration public work opportunity and to economize by modifying the program in important ways. Attention has already been drawn to the unfortunate consequences of restricting access to WPA employment to needy persons. It has also been pointed out that the payment of a security wage in lieu of prevailing wages and the early attempt to pay prevailing wages but to limit the extent of monthly employment impaired both the efficiency of project work and the morale of project workers. All these modifications of the program are, however, a direct consequence of the lack of adequate appropriations. Financial stringency has also led to the attempts referred to above to make limited appropriations provide for as many workers as possible by restricting expenditures on material and overhead costs.

Nor must it be forgotten that in large measure the growth of local work programs which are little better than "work-for-relief" programs is a direct consequence of the unwillingness to appropriate adequate funds. For in several areas these projects have developed because of the restricted WPA quotas, while in others they have evolved because they have appealed to localities as a cheaper way of providing work for the unemployed than sponsoring WPA projects.

A third major factor influencing the effectiveness of public work provision has been the inadequate development and availability of alternative programs providing for the maintenance of needy persons. The imperative necessity of providing maintenance for the aged, farmers, or married women with family responsibilities has led on occasion to the employment of such persons on work projects, because other programs more appropriate to their needs, such as old-age assistance, special measures for farmers, or aid to dependent children, were not available.

Finally, some share of responsibility for the as yet