

FEDERAL WORK, SECURITY, AND RELIEF PROGRAMS



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WORK PROJECTS ADMINISTRATION
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FEDERAL WORK, SECURITY, AND RELIEF PROGRAMS

by
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WORK PROJECTS ADMINISTRATION,
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SIR: There can be little question that prior to 1930 relief did not receive its proper share of attention from students and writers in the social sciences. During the last decade, however, economists have made numerous studies of the causes of unemployment; sociologists have inquired at length into the effects of ensuing destitution upon individuals; students of political science have probed into problems of administering relief. Statisticians have gathered data on the various categories of the relief population: the number of persons receiving public aid; their ages, sex, race, employability, and previous occupations.

These particularized studies have often thrown much-needed light on hitherto obscure areas of the relief problem. They do not, however, completely meet the needs of intelligent laymen and of those students of the social sciences who are not specializing in relief problems. Such persons have neither the time nor the inclination to piece together all these specialized studies and to map out significant trends. In a sense, they cannot see the forest for the trees.

This report attempts to point up the major developments in the field of relief during the last decade and, by placing the problem in its economic setting, to make possible an understanding of the present relief problem as a whole. Chapter I is designed to set the stage by describing the impact of the mass unemployment of the thirties upon the relief problem. The present activities and future programs of the Federal Government regarding relief must be viewed as part of a continuous pattern rather than as isolated incidents. For this reason, chapter II is devoted to sketching relief administration prior to 1933, or the background from which Federal grants for relief emerged in 1933. Succeeding chapters trace the work of the FERA, the CWA, and the highly significant relief developments of 1935. Federal work and security programs from 1935 to the present time are then described. A chapter on the general relief programs of the States and localities since 1935 follows, and a final chapter presents certain conclusions concerning the relief problem of the future.

This report was prepared in the Division of Research, Work Projects Administration, under the direction of Howard B. Myers, Director

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Respectfully submitted.

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Federal Work, Security, and Relief Programs

IX

SUMMARY

THE NEED for some public assistance has always existed in the United States. There is, however, one extremely important difference between the relief problem as we have known it during the last decade and as it existed prior to 1930. The new element which has entered the situation is the destitution arising from *large-scale, continuing* unemployment. And, largely because of this change in the relief problem, there have been many revisions in relief policies and administration during the last 10 years.

In the years before 1930 the great majority of those receiving relief were unemployables—chiefly the aged, mothers with dependent children, and persons with some mental or physical handicap making it impossible for them to compete in the labor market. It is true that during our recurrent business depressions large numbers of unemployed workers became destitute and some of these received limited public or private aid for short periods. The fact remains, however, that these conditions were regarded as temporary; the unemployables were considered to be the major relief problem.

Some needy people were helped by private charities; most, however, had to seek public aid from the local poormaster or overseer of the poor. Because "poor relief" was considered to be a local problem, the financing and administration of public assistance was held to be the responsibility of the local government.

Most of the public relief offered during the first three decades of the twentieth century was of the "outdoor" or home variety, and consisted in the main of grocery slips and coal orders. Institutional care was provided for those who did not receive home relief. The able-bodied destitute and those who were unable to work received the same type of relief. In many localities, however, the able-bodied were put at arduous "made" work, usually on a woodpile, to demonstrate that they were not work-shy. Categorical assistance, now highly developed under the present public-assistance provisions of the Social Security program, was beginning to appear, but had not been sufficiently developed by 1930 to be of much significance in the relief picture as a whole.

Then, beginning in 1930, the Government was confronted with a problem of human needs that was of unparalleled breadth and intensity. Mounting business failures and investment losses caused widespread distress; declining agricultural prices and extensive droughts impoverished vast numbers of the farm population. Above all, however, unemployment deprived millions of families of their sole source of livelihood.

Conservative estimates, such as those of the National Industrial Conference Board, place the number of persons unemployed in the United States in January 1930 at nearly 4 million; other estimates are even larger. By December of that year approximately 7 million persons were in the ranks of the unemployed. This large number doubled during the early part of 1933. Further complicating the situation was the fact that the hours of work of many persons still holding jobs had been so reduced that their wages would not support their families. Although unemployment declined after 1932 and 1933, large-scale joblessness persisted throughout the decade. This persistent mass unemployment made relief a major problem and forced the adoption of new relief methods.

Since relief had traditionally been considered a local responsibility in the United States, the State (and more particularly local) governments were asked to bear the brunt of the unemployment relief problem during the period 1930-1932. The first reaction of the local governments was to extend relief to the jobless workers through the old poor-law agencies. Private charity was urged to make strenuous efforts. These regular public and private agencies, however, soon proved inadequate for the task of dealing with the rising tide of needy jobless.

Emergency local agencies, both public and private, were therefore set up, especially in the cities. The financial difficulties of the localities, caused largely by crumpling real-estate values, soon forced State governments to lend their aid. By the end of 1931 four States had set up emergency relief administrations, and during the ensuing year almost two score States established such agencies. But most States had financial problems similar to those of the counties, cities, and towns. An ever-growing demand therefore arose for help from the Federal Government. Unemployment, it was urged, was a national problem far beyond the power of States and localities to remedy. The Federal Government, it was said, must cooperate with the States and localities in furnishing assistance to workers made destitute by lack of jobs.

Although Federal relief committees designed to encourage and stimulate State and local action were formed in 1930 and 1931, and some federally owned surplus wheat and cotton were distributed early in 1932, substantial Federal aid in meeting the problem did not come

until the passage of the Emergency Relief and Construction Act in July 1932. Under this act the Federal Government set up a relief fund of 300 million dollars from which States and localities could borrow money at 3 percent interest.

By the time the new administration took office in March 1933, this 300-million-dollar loan fund had been practically exhausted, and Federal action on a large scale was generally agreed to be necessary. The question was no longer whether the Federal Government should participate in financing relief, but rather how this participation was to be accomplished and how much money was to be appropriated.

In May 1933 the Federal Emergency Relief Administration was created. It started out with a 500-million-dollar fund for distribution to the States, not as loans but as direct grants. The main task of the FERA was to allocate Federal moneys to the States on the basis of need and financial resources, and to issue broad rules and regulations accompanying the grant to insure minimum relief standards and the proper expenditure of Federal funds.

During the period of FERA grants (1933-1935) Federal relief policy was in a formative stage; it was necessarily a period of experimentation and formulation of relief policies. During this period relief programs and techniques shifted considerably. Underlying all these changes, however, was a unifying tendency—a constant trend toward differentiation of the relief groups. Guided by this principle, the FERA emphasized the development of work programs for destitute employable persons and the institution of special programs designed to meet the particular needs of various groups on relief rolls, such as farmers, teachers, transient persons, and youth.

The experience gained under the FERA was of considerable importance in laying the foundation for a more permanent Federal security program in 1935. This program, although modified in certain respects from time to time, has continued in active operation and includes two principal parts: (1) the Social Security program embracing unemployment compensation and old-age benefit systems, and public assistance for certain categories of needy unemployables, and (2) a program of work projects financed in whole or in part by Federal funds and giving employment to a large but varying proportion of the needy able-bodied. Most of the employment since 1935 has been provided by the Work Projects Administration (formerly the Works Progress Administration). Partly because of the difficulties which the FERA had begun to meet in using the grant system, the WPA was set up as a "Federal" program. The financial limitations of these federally aided programs, as well as the eligibility requirements, have meant, of course, that numbers of needy persons must be left to the care of States and localities. For such groups the State and local governments are conducting programs of "general relief."

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Under the Social Security Act, which was passed in 1935, the Federal Government is providing financial assistance to those States operating approved plans for aid to such classes of persons as the destitute aged, the blind, and mothers with dependent children. Payments were being provided (in States with plans approved by the Social Security Board) in December 1940 to 2,070,000 aged persons, 49,000 blind persons, and 358,000 families with dependent children. Unemployment compensation programs are now operating in all States, and in December 1940 approximately 667,000 unemployed were receiving weekly benefits. The old-age insurance program came into complete operation early in 1940; this has brought further large numbers of persons within the security program.

About 3,660,000 persons were receiving employment under the various Federal work programs in December 1940. Of this total about 1,859,000 persons were employed under the program operated by the Work Projects Administration. The remainder were being given work by the Civilian Conservation Corps, the Public Works Administration, and other Federal agencies cooperating in furnishing work for the unemployed.

Those needy persons who are not included among Social Security beneficiaries or among the workers on Federal employment programs are usually forced to seek the "general relief" made available by State and local governments. In addition, general relief is at times extended to supplement wages or benefits on Federal employment and security programs. Approximately 1,240,000 families and single persons were receiving general relief from the States and localities in December 1940.

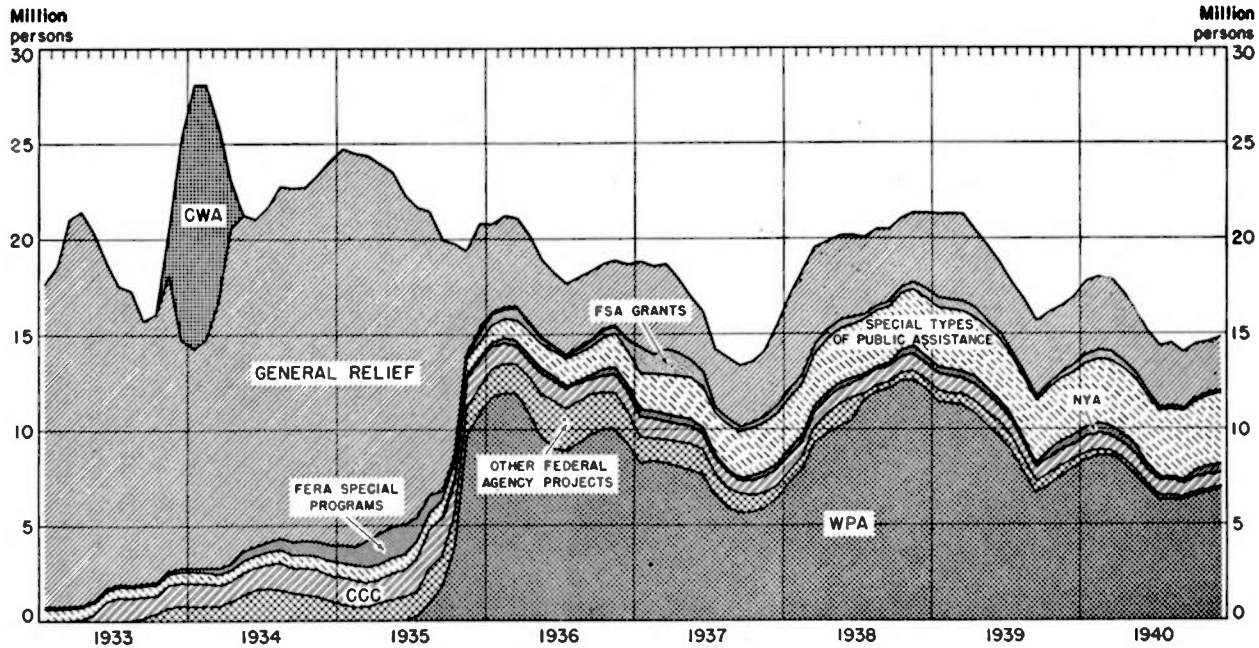
The magnitude of the various relief and emergency activities (Federal, State, and local) since January 1933 can be seen from the accompanying figure which shows the total number of persons aided by these governmental work and relief programs. The peak occurred in January 1934 when 28,228,000 persons in 8 million different households benefited directly from these programs. During the period since 1933 the major agencies through which assistance has been offered have included the Federal Emergency Relief Administration, the Civil Works Administration, the Work Projects Administration, the Social Security Board (through its public-assistance grants), and the State and local bodies administering general relief programs.

What can be said of the relief problem of the future? Will the Federal work and security programs, as now constituted or in modified form, continue to be necessary? Obviously, no simple "yes" or "no" answer can be given. The future need for these programs will depend upon our progress in eliminating as many as possible of the basic causes of destitution.

In recent years it has been erroneously assumed in some quarters that economic recovery would somehow of itself eliminate the relief

PERSONS BENEFITING FROM EMPLOYMENT ON FEDERAL WORK PROGRAMS
AND PUBLIC RELIEF

January 1933 - December 1940



Source: Estimates prepared by Work Projects Administration
in cooperation with Social Security Board.

WPA 3855

problem or reduce it to extremely small proportions. This assumption ignores the fact that a very large proportion of those now receiving relief or work relief would still remain in need even if there were an increase in the number of jobs available.

For example, about 50 percent of the 5 million households receiving public aid in June 1940 fall into a class that cannot hope to benefit greatly by future increases in employment. In this large group are the unemployables (the aged, the blind, dependent children, etc.) receiving aid under the public-assistance provisions of the Social Security Act and other unemployables receiving aid under the general relief programs of the States and localities.¹ Some form of aid will continue to be the major, if not the only, source of income for such families; the need for a permanent program for this segment of the relief population appears obvious.

The present problem of destitution among employable persons has come about in the main because of the failure of the economic system to achieve full employment. About one-half of the households receiving public aid in June 1940 had an employable member. The possibility of eliminating—or rather, reducing to small proportions—the problem of employables depends in large measure upon the success of efforts designed to expand the industrial system, to push forward to new highs in production and employment.

The many difficulties standing in the way of full employment need not be emphasized here. In addition to such well-known factors as seasonal, frictional, and cyclical unemployment, there came to the fore in the 1930's such influences as loss of foreign markets, decline in the rate of population growth, the changing nature of technological advances, and the retarding influences of an economy which has reached a high degree of industrial maturity. All these factors help to explain why the economic system during the 1930's failed to expand to make full use of its labor and other resources.

The outlook for an increase in employment is now affected, of course, by the national defense program. There is great interest in the possible effect of this program in the immediate and more distant future. As the rearmament program gets well under way in 1941, the volume of investments and the level of income will increase substantially. Government expenditures for defense purposes may be viewed as a form of public investment; these, in turn, will be accompanied by a considerable volume of induced investment on the part of industries producing for defense purposes. If these combined

¹ Also included among those whose need for relief is not due to lack of employment opportunities are a number of persons with full-time employment who require some relief to supplement earnings which are insufficient for the full support of their families.



Federal Works Agency (Highton).

For the Army.

From July 1935–December 1940 the WPA constructed 251 armories.

investments become sufficiently large during the next several years relatively full employment may be achieved.

Large increases in employment would alter our unemployment problem considerably. It is easy to exaggerate, however, the amount of reemployment that can reasonably be expected and the extent to which such new employment would diminish the need for programs of work for the destitute unemployed. We must remember that in addition to the nearly 2 million workers employed on WPA projects in December 1940, there were perhaps 6 million other unemployed persons looking for work. WPA workers must compete for jobs with these nonrelief unemployed who are on the average younger and have had more recent employment in private industry. The fact that many WPA workers are in areas only slightly affected by defense contracts must also be taken into consideration.

Another significant fact is that a comparatively early stage of defense preparations is apt to be the period of maximum employment. During this period many jobs open up as new plants are constructed and new equipment is prepared. Later, as emphasis shifts from new construction to maintenance, the need for labor is likely to decline. In such a period of readjustment the need for government programs of work for the unemployed would increase. It is extremely desirable that plans be made for work projects for this contingency in order to avoid the errors inevitably arising from hasty improvisation.

Since the need for the various relief, work, and security programs is not temporary, efforts should be directed toward perfecting these programs. Experience gained in recent years points to the need for improvements along a number of lines. Some corrective action now appears essential if the best results are to be achieved under the public-assistance provisions of the Social Security Act for the aged, dependent children, and the blind. Numbers of needy persons otherwise eligible for benefits do not receive them because of technical residence requirements imposed by State laws. A still more serious failing is that the benefits paid to eligible persons are clearly inadequate in many areas. It has been suggested that perhaps the only way to remedy this situation would be to discard present provisions for "matching" State funds with Federal moneys, and instead to distribute Federal funds more in accordance with the need of the various States.

The problem of maintaining an adequate system of general relief also requires attention. As has been indicated, many destitute families fall outside the scope of aid given under the specialized programs that were developed during the 1930's. This residual group of families is dependent upon whatever aid can be secured under the various State programs of general relief. In only a limited number of States, however, is an adequate program of general relief in operation. Some States help in the financing of their general relief program; others do not.

The result is reflected in the extremely low general relief benefits paid in many areas. Some students of the problem feel that standards of general relief should be raised through Federal grants to the States, which would be required to observe Federal conditions in order to receive the funds. There is much to be said, however, for the view that general relief is traditionally and properly the concern of State and local governments, and that the motive power for improvements in benefits and administration should come from these governmental units.

Continued expansion and improvement of the present social insurance measures seem necessary. At the present time a great many workers are not covered at all under the two insurance programs. Workers in agriculture, in domestic service, and employees of non-profit institutions are among those excluded. Also, the benefits received by many covered individuals are too low for minimum support. In nearly all States the amount of the weekly unemployment compensation benefit, and the duration for which it is to be paid, are related to past earnings of the recipient. Many workers therefore receive only meager benefits (often below \$5 per week in Southern States) which are paid for only a few weeks. While unemployment compensation is not designed to tide workers over long periods of unemployment, benefits and duration should be made sufficient to carry jobless workers for short periods without the need for relief. Another important step in the direction of greater economic security would be the adoption of some system of social insurance to afford workers protection against loss of income arising from sickness and disability. Some limited aid in this field is given at present through State programs of workmen's compensation and through railroad retirement legislation.

Maintenance of adequate work programs for the destitute unemployed seems essential. As pointed out above, joblessness of a few weeks' duration may be handled by an augmented and more generous unemployment compensation program. Long-term joblessness, however, requires different treatment. The desirability of utilizing Government work programs rather than direct relief in meeting this problem seems increasingly apparent. Much useful work is needed in virtually all localities. Moreover, the work programs can be geared to take an even more important part in defense activities than they have taken in the past.

In short, destitution can no longer be regarded as a temporary problem to be treated on an emergency basis. Rather, it must be viewed as a continuing problem necessitating a permanent and varied program of economic security. This problem cannot be met by adopting a policy of drifting and waiting for the need for the various programs of relief, work, and security to disappear; instead, every effort should be made to strengthen and integrate these programs.

Chapter I

THE ECONOMIC BACKGROUND

AN OBSERVER, looking back, can often see a pattern of social and economic change which was obscure on nearer view. In 1941, by casting a backward glance over the decade of the thirties, we see more clearly the chain of events leading to the development of the present Government programs of relief, work, and security. It is easier now to trace the sequence of events—the rising tide of unemployment, the large-scale destitution following in its wake, the unavoidable failure of the old relief methods to meet the new problem of mass joblessness, and finally the emergence of broader and more suitable programs. The present chapter will present the background for this survey of relief, work, and security programs by pointing out the relative severity of the unemployment crisis in the 1930's and by indicating how this large-scale unemployment furnished the impetus for new relief policies.

It is true that business depressions are not a new development in this country. During the recurrent depressions of the past large numbers of unemployed workers became destitute and some of these received limited public or private aid for short periods. The fact remains, however, that these conditions were regarded as temporary; the need for a basic revision of relief methods was not recognized.

In all instances these earlier depressions were followed within a year or two by a period of recovery and expansion in which new high ground ultimately was gained. Expansive forces in the economy opened up new investment opportunities, and enabled the economic system to provide new employment and to bring depression conditions to an end within a short period of time. While a certain amount of unemployment existed at all times, an impetus to expansion was provided by new industries, a rapidly growing population, the development of new territories and markets, and a growing export trade.

Although the labor supply increased and technological displacement of workers was common, the total demand for labor grew as the economic system expanded. Under these circumstances unemployment did not constitute a persistently serious problem. Nor did the collateral aspects of insecurity—such as old age, dependency of children, and rural destitution—assume the proportions of a national problem, as they did in the 1930's.

A sharp distinction can be drawn between the earlier and temporary dislocations and the economic difficulties of the decade following 1929. This decade was marked by a failure of the economy to expand as it always had hitherto. All major indexes, notably those on production and national income, attest to this fact. Since the labor supply was growing steadily throughout the decade, this failure of the economy to expand and create new jobs resulted in a large-scale problem of unemployment.

The special character of the economic difficulties of the last decade is brought out in testimony presented to the Temporary National Economic Committee:

The decade that has just passed is unique in American economic history. It has been marked by the worst depression the country has ever known—a depression unparalleled both in severity and in persistence. At the end of the decade recovery is still far from providing normally full employment of the country's human and material resources.

Perhaps the best indication of how much worse the economic difficulties of the last 10 years have been than those of any previous period is afforded by a comparison with the so-called "great" depressions of the seventies and nineties. Production and employment are the most vital elements in economic well-being. Although it is only in comparatively recent years that employment figures have been gathered, reasonably satisfactory production data are available as far back as 1870. Indexes of general industrial production undoubtedly furnish the most satisfactory measures for a comparison of the course of the three depressions.

. . . The differences in severity and length between the depression of the 1930's and the two earlier depressions are so great as to suggest a difference in kind. From 1929 to 1932 industrial production declined by almost 50 percent, as compared with a maximum decline in the nineties of 13 percent, and in the seventies of 7 percent. The contrast in the three recovery periods is quite as striking. In 1939 production averaged somewhat below 1929. In each of the earlier periods it had far surpassed the previous prosperity peak. Eighteen eighty-two was 70 percent above 1872, and 1902 was 55 percent above 1892.¹

Other data presented to the Temporary National Economic Committee on industrial production show an uneven but persistent upward trend from the 1860's through 1929. During the 1920's the industrial production index averaged 264 (1899=100). Each of the three decades following 1900 showed successive increases, following the upward trend clearly evident in the latter part of the nineteenth

¹ See Gill, Corrington, *Unemployment and Technological Change*, Report No. G-7, National Research Project, Work Projects Administration, Philadelphia, Pa., April 1940, p. 2. This material was presented to the TNEC April 26, 1940.



Farm Security Administration (Vachon).

Closed.

The drop in industrial production in the 1930's is evidenced by the factories that lay idle.



Farm Security Administration (Lange).

Idle.

Although the labor force steadily increased, employment declined more than 10 million from 1929 to 1932.

century. In 1932, however, the index dropped below its 1914 level; the entire decade of the 1930's averaged 236, only 19 percent above the average for 1910-1919.²

The measurement of industrial production on a per capita basis shows even more clearly the failure of the economy to expand because it takes into account the effect of a change in population. Throughout the long period before 1930 the growth in per capita production was marked. Per capita output in 1929 was twice that of 1900; output in 1900 was twice that of the 1870's. After 1929, however, the trend was abruptly reversed. Dr. Lubin, Commissioner of Labor Statistics, in presenting data to the Temporary National Economic Committee, said:

. . . In per capita terms the amount of production fell from 197 in 1929 to 102 in 1932, so that in terms of the products of our factories and our mines, the average citizen in this country had about as much available as he did in 1899.³

Of course, 1932 was a year of unparalleled depression. Yet for the 10-year period of the 1930's per capita average output was 138, compared with an average of 172 during the 1920's. Thus, on the basis of this and other evidence, the decade just passed represents a marked break in the long upward trend in production which featured the industrial growth of this country.

A comparison between figures on industrial production and on the labor supply throws light on the difficulties of the 1930's. The rate of increase in production exceeded the rate of increase in labor supply during the 1870's and 1890's.⁴ During the 1930's, however, the volume of industrial production failed to keep pace with the labor supply. Indeed, the Federal Reserve index of production (1935-1939=100) shows that during 9 of the 10 years production was lower than during 1929; for only 1 year, 1937, it exceeded the previous high level, and then by only 3 points (113 compared with 110). In the meantime the labor supply increased substantially each year.

Employment and unemployment changes since 1900 are of utmost significance, too, in an understanding of the need for the development of the major relief, work, and security programs of the 1930's. Estimates of total labor force, employment, and unemployment have been prepared for the 40-year period by the National Industrial Conference Board.⁵ The total labor force increased steadily during the

² *Investigation of Concentration of Economic Power: Economic Prologue, Part 1, Hearings Before the Temporary National Economic Committee, 75th Cong., 3d sess., December 1-3, 1933, pp. 24, 25, 200.*

³ *Ibid.*, p. 25.

⁴ See Gill, *op. cit.*, p. 5.

⁵ "Employment and Unemployment of the Labor Force 1900-1940," *Conference Board Economic Record*, Vol. II, No. 8, New York, March 20, 1940, pp. 77-92.

period, from 29 million in 1900 to some 55 million in 1940. Employment during the first 30 years of this period also followed an upward trend; fluctuations occurred from year to year but employment generally kept pace with the growth in labor force.

After 1929 the situation assumed a materially different aspect. Employment declined from its 1929 peak of 47.9 million to 37.7 million in 1932. In the subsequent recovery employment rose to 46.6 million in 1937, declined in 1938, and regained only part of the loss in 1940 under the stimulus of rearmament and war orders. Thus in the years 1930-1940 employment failed to regain the peak of the 1920's; in 1940 average employment was almost 1 million below the 1929 level.

Throughout the 1930's however, the labor force continued to grow at an average rate of 600,000 each year, reaching a total of 55 million in 1940. Employment thus failed to keep pace with the growing supply of labor. As a result of the steady expansion of the labor supply and the decline in employment, the 1930's witnessed a problem of unemployment without precedent in this country.

Further evidence of the lack of expansion during the 1930's can be seen in the data on national income. Previously, the long-term trend in national income was upward, reaching its high point in 1929.⁶ Then it declined drastically until 1933. In 1939, when national income reached its highest total during the 1930's, it approximated the 1929 total in terms of "real income."⁷ It was thus a decade without expansion; the best that was done was to attain the approximate level of 10 years earlier.

In terms of per capita income, however, the previous level was not reached. "Since the population of the United States in 1939 was approximately 10 million larger than in 1929 . . . there is little doubt that the per capita real income in 1939 continued well below that of 1929."⁸

It is significant to note that although the national income in 1939, expressed in terms of goods and services produced, was approximately equal to that produced in 1929, some 2.6 million fewer persons

⁶ *Investigation of Concentration of Economic Power: Economic Prologue, Part 1, Hearings Before the Temporary National Economic Committee, 75th Cong., 3d sess., December 1-3, 1938, pp. 5-12.*

⁷ This refers to "real income" as estimated by the Department of Commerce. In 1929 national income produced was over 82 billion dollars, in 1939 nearly 70 billion dollars. Prices in 1939, however, were lower than in 1929, and when allowance is made for the difference in price, real income, or the quantity of goods and services produced, was approximately equal to 1929.

Measurement of real income is difficult at best. The 1939 total of national income was 16 percent below 1929, while wholesale prices were 19 percent lower and living costs 17 percent lower. In 1939, therefore, total national income "was at least equal to and probably above the previous record of 1929." See *Survey of Current Business*, Vol. 20, No. 6, June 1940, p. 6.

⁸ *Ibid.*

were employed. Technological improvements undoubtedly account for much of this difference in employment.

This situation contrasts sharply with the decades before 1930 when employment, production, and national income forged ahead. As shown above, the serious depressions of the 1870's and 1890's involved no chronic problem of economic retardation. When these depressions are compared with the period following 1929, the declines in production seem insignificant. The volume of production recovered quickly and advanced to new high ground, thereby providing jobs and income to the growing labor force. No such expansion came about to take care of the increasing labor supply of the thirties.

The restricted demand for labor during the 1930's reflects the pronounced decline in private investment expenditures and the concomitant decline in consumer purchasing power. Expenditures for durable producers goods—roughly reflecting the volume of industrial investment—declined from 10.2 billion dollars in 1929 to 2.4 billion dollars in 1933.⁹ Another measure of investment activity may be seen in the amount of "income-producing expenditures" which declined from 18 billion dollars in 1929 to 3 billion dollars in 1933.¹⁰ Although these expenditures increased in the recovery following 1933, the average for the decade remained considerably below the average for the 1920's. It is this type of expenditure which is primarily responsible for changes in the general level of employment. High levels of consumer purchasing power, national income, and employment are associated with large-scale outlays for industrial plant and equipment, housing, and similar investments.

That the difficulties experienced in the 1930's were more than a problem of depression was clearly brought out by testimony presented to the Temporary National Economic Committee in 1939. For example, in analyzing the problem of prolonged unemployment and curtailed national income, Dr. Alvin H. Hansen said:

Let us consider what is necessary in order to keep the income stream flowing on a high level, once it has reached that level. The income received or realized out of the productive process of the prior week or month will either be expended for consumption or it will be saved. The part that is spent on consumption goods and services automatically becomes the source of a new income stream. The part that is saved may or may not feed into the income stream, depending upon whether or not these savings are used either by the saver himself or by a borrower for the purpose of capital goods, plant, machinery, industrial and commercial construction, houses, office buildings, schools, or public works.

If the saver does not himself use the funds, or if he fails to find a borrower who

⁹ *Federal Reserve Bulletin*, Vol. 25, No. 9, September 1939, p. 731. Another indicator is the New York Federal Reserve Bank index of production of producers goods, adjusted to trend, which declined from 115 in 1929 to 54 in 1932.

¹⁰ *Investigation of Concentration of Economic Power: Savings and Investment*, Part 9, Hearings Before the Temporary National Economic Committee, 76th Cong., 1st sess., May 16-18 and 22-26, 1939, p. 4013.

will use them to purchase plant, equipment, and other capital goods, the income stream dries up and unemployment prevails in the capital-goods industries. It is highly essential that all that part of the current flow of income which is not expended on consumption goods, namely that part which is saved, shall be expended either directly by the saver himself or indirectly through a borrower on new plant and equipment of some sort. If the amount which is saved is large, as it is likely to be at a high income level, it is necessary that equally large outlets be available for these savings in equipment and plant expansion, and in residential and public construction. . . .

To repeat, money spent or withheld for capital outlays is high-powered money, whether in the upswing or in the downswing. Thus a society geared to a high peak load of capital-goods production is likely to experience violent fluctuations in income and employment, a high savings economy will remain a highly dynamic economy so long as it is able to experience periodically great bursts of capital outlays on plant and equipment. It is then a dynamic, rapidly expanding, and progressive economy, despite its instability. But if such an economy fails to find adequate investment outlets in plant and equipment for its new savings and for its depreciation allowances, it will lose its dynamic quality and become a depressed and stagnant economy, with a large volume of chronic unemployment. The high-savings economy can escape a fall in income and employment only through the continuous development of new outlets for capital expenditures on industrial plant and equipment and on commercial, residential, and public construction.

So far as private investment outlets are concerned, this requires continuous technological progress, the rise of new industries, the discovery of new resources, the growth of population, or a combination of several or all of these developments.

We are completing this year a decade of unemployment on a scale never before known in our history. This decade of unemployment was interrupted by a partial recovery which culminated in 1937. This depression is of a magnitude and duration which has eclipsed all others, not excepting even the deep and prolonged depressions of the seventies and nineties. It is a unique phenomenon. It cannot be explained in terms of ordinary business-cycle analysis. For the time being at least we are experiencing a chronic maladjustment, a failure of adequate outlets for capital expenditures for a society geared to a high savings, high investment level. We are caught in the midst of powerful forces in the evolution of our economy which we but dimly understand. Something has gone wrong with the forces making for expansion. We are undergoing a fundamental change in the structure of our economic life. ¹¹

Since chronically high levels of unemployment and low volumes of income and investment affect adversely all elements of the population it was inevitable that a great problem of destitution would arise in the early 1930's. ¹² It cannot be said, of course, that all destitution stems from joblessness, but it is true that widespread loss of work aggravates the insecurity which arises from causes other than unemployment. Unemployability due to old age, youth and lack of experience, physical handicaps, or loss of the family head, inevitably leads to destitution even in prosperous periods. Widespread unemployment aggravates these problems and, at the same time, contributes its own problem of mass destitution.

¹¹ *Ibid.*, pp. 3500-3501, 3503.

¹² The early Federal efforts (1930-1932) to cope with the problem are traced in ch. II. Subsequent chapters outline the development of present programs.

Old-age dependency is a growing problem when considered from the long-term point of view, because of the rapid growth in the number of aged persons.¹³ In a period of large-scale unemployment many older workers, who in a prosperous period would be at work and self-supporting, are unable to find jobs. The general decrease in income and loss of personal resources has made poverty in old age inevitable for a great number who in better times would contribute to their own support. Thus the problem of support which accompanies old age in any case, has been greatly intensified. The widespread and insistent demand for old-age security during the 1930's can be attributed in large part to the chronically low level of employment in that period.¹⁴

Youth is a segment of the population that has been hit with exceptional severity by the large-scale unemployment of recent years. The unemployment census of 1937 showed that the age group 15-24 constituted almost one-third of all unemployed workers. Throughout the 1930's millions of young people sought to find a place for themselves in business or agriculture. Because of their lack of experience and an already overcrowded labor market, many were forced to drift for long periods, securing odd jobs or part-time work now and then, usually at extremely low wages.¹⁵

Other groups, too, are affected by prolonged unemployment. It is true that many handicapped persons, dependent children, and other unemployables, require public assistance even in a period of relatively full employment. Here again, however, the need for public assistance is intensified when unemployment is general. Families and relatives share much of the financial burden of support, but when unemployment strikes at the incomes of these people, the need for public assistance increases. With fewer people employed in the 1930's than during the latter 1920's, it was to be expected that destitution among the unemployed would have its effect on the unemployable groups as well.

Still another aspect of destitution is presented by the "depressed areas." These are areas in which the principal industry has migrated to other parts, or has suffered a permanent loss of markets, leaving

¹³ The change in age composition of the population is reflected in the figures on the aged. In 1850 only 3 percent of the population was 65 and over. In 1940 this had increased to 6.4 percent, aggregating 8.4 million persons. Estimates indicate that further increases are in store, both in absolute and relative terms. National Resources Committee, *The Problems of a Changing Population*, Washington, D. C., May 1938.

¹⁴ In ch. VIII the reader will find a discussion of certain sections of the Social Security Act (passed in 1935) designed to afford security to the aged.

¹⁵ The work of the National Youth Administration and the Civilian Conservation Corps, two agencies created in the 1930's to furnish assistance to youth, is outlined in ch. VII.

the local population with wholly inadequate job opportunities; or the natural resources (e. g., lumber or coal) which formed the backbone of economic activity may have become exhausted. Prolonged drought conditions and gradual deterioration of farm land through erosion often intensify rural destitution and create a long-term problem of poverty.¹⁶ Again, it is true that these conditions exist even in a period of general prosperity; but these problems are intensified when the economy as a whole is depressed.

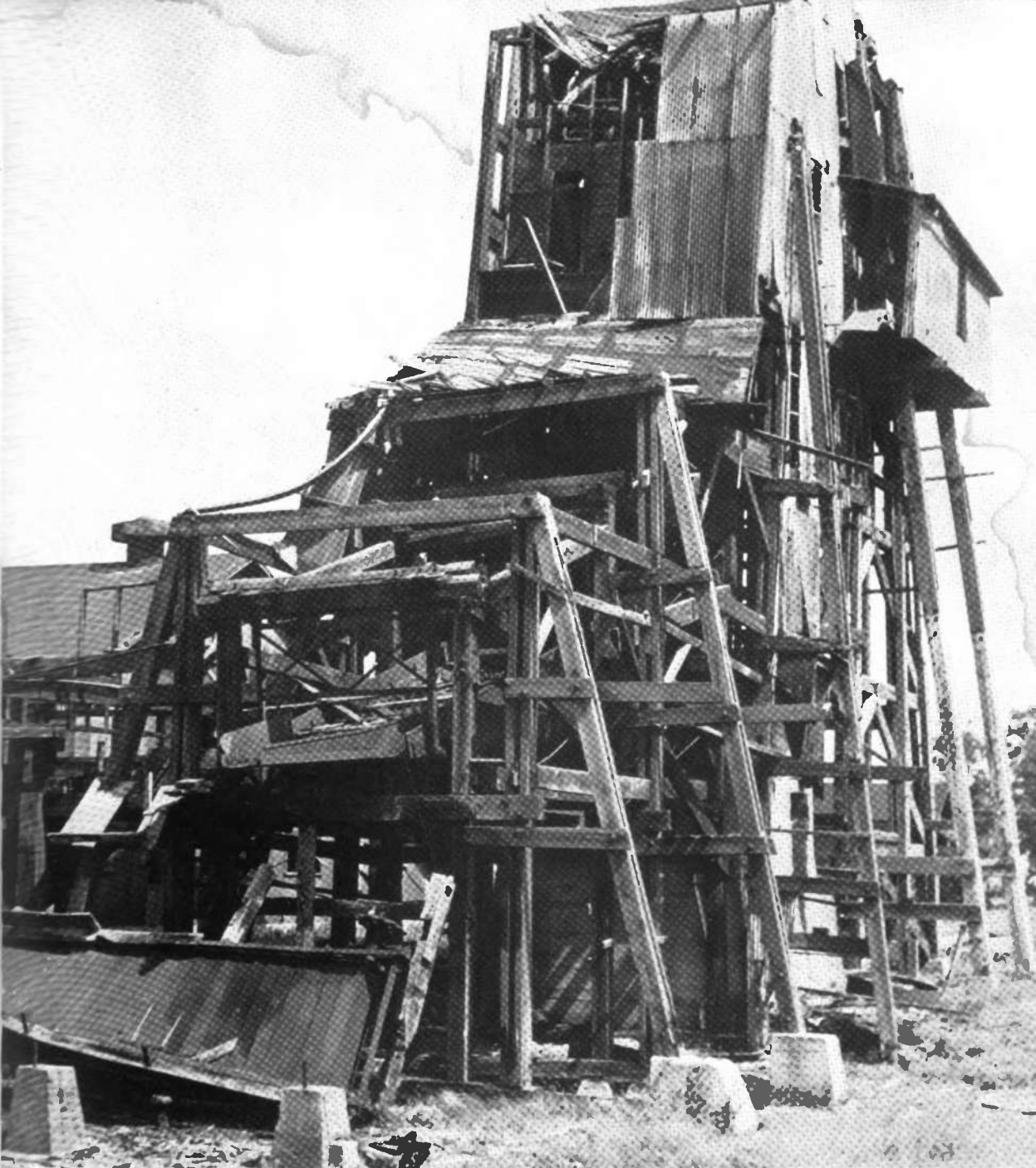
Rural destitution, of course, is not limited to "problem" areas. Depressed agricultural prices during the 1920's brought about widespread distress in the agricultural regions. After 1929 the general depression hit agriculture with particular force. The decline in foreign demand, together with curtailed domestic purchasing power, created a problem of chronic agricultural surpluses and low income.¹⁷ Restoration of relatively full employment in the nonagricultural sectors of the economy would diminish materially the problem of rural destitution. To the extent that other causes, such as curtailed foreign demand, are at work, however, the problem would remain, although with lessened intensity, despite high levels of investment and employment.

The general problem of destitution—one of unprecedented severity—which confronted this country during the 1930's, grew out of a diversity of causes and affected all segments of the population. The most important of all these causes of destitution was large-scale and prolonged unemployment. In the early years of the depression, the statistics of unemployment (averaging 11.9 to 14.4 million in 1933) reflected largely the depression decline in employment. But although this decline had been substantially reversed by 1939, unemployment still averaged 9.1 to 10.8 million in that year. This persistence of the problem at the end of the 1930's reflected, for the most part, the failure of employment to keep pace with the labor supply which had grown by 6 million since the outset of the depression.¹⁸ The fact that industrial expansion was arrested while the labor supply grew steadily

¹⁶ For detailed analyses of depressed areas see Beck, P. G. and Forster, M. C., *Six Rural Problem Areas*, Research Monograph I, Division of Research, Statistics and Finance, Federal Emergency Relief Administration, Washington, D. C., 1935; Asch, Berta and Mangus, A. R., *Farmers on Relief and Rehabilitation*, Research Monograph, VIII Division of Social Research, Works Progress Administration, Washington, D. C., 1937; Kifer, R. S. and Stewart, H. L., *Farming Hazards in the Drought Area*, Research Monograph XVI, Division of Social Research, Works Progress Administration, Washington, D. C., 1938; and Brown, Malcolm and Webb, John N., *Seven Stranded Coal Towns*, Division of Research, Work Projects Administration, Federal Works Agency, Washington, D. C., 1941.

¹⁷ See chs. V and VII.

¹⁸ The National Industrial Conference Board shows 6.0 million; the American Federation of Labor, 5.4 million; and the WPA National Research Project, 6.2 million for the 10-year period.



Work Projects Administration (Herron).

Abandoned Mine.

Abandoned coal mines contributed to the destitution found in stranded coal towns.

provided the principal basis for the continuing need for programs of public employment.¹⁹

The relief, work, and social security programs developed in the last decade should therefore be viewed in terms of basic changes in the economic system which have affected the levels of investment and national income. With the rearmament program getting well under way in 1941, the volume of investment and the level of income will increase substantially. Public investment represented by Government expenditures for defense will no doubt be accompanied by some induced private investment in the defense and many nondefense industries. In time, these combined investments may become sufficiently large to provide relatively full employment, and thereby modify to some extent the character of the unemployment problem of recent years.²⁰ The extent to which this happens in the next year or so will depend upon the volume of investment associated with the defense program. Beyond that, unless the conditions which led to chronically low levels of private investment during the last decade pass away, a recurrence of the problem can be expected, perhaps in more serious form, after the stimulus from the rearmament program is expended. In the long run, therefore, the size of the unemployment problem and the accompanying programs of relief and public employment will be determined in large measure by the ability of the economy to provide sufficient outlets for normal investment.²¹

¹⁹ See chs. VII and XI.

²⁰ See ch. XI for a discussion of the possible effect of the defense program upon present relief, work, and security programs.

²¹ This study was completed in the first half of 1941, many months before the entrance of the United States into the war in December of that year. The authors believe, however, that the basic analysis presented above remains true despite active participation by the United States in the war. Need for a work program, although in a lesser degree, seems likely to continue over the next several years. The analysis of a postarmament period presented above applies equally well to the postwar period.

Chapter II

THE RELIEF PROBLEM PRIOR TO 1933

RELIEF PROBLEMS AND POLICIES BEFORE 1929

PUBLIC RELIEF to the destitute was, until recent years, administered chiefly under the "poor laws" of the various States.¹ These poor laws were inherited from Colonial days, and were largely based on the Elizabethan poor laws.² Few significant changes were made in the method of administering public relief during the whole period before 1929. The great depression which began in that year tested current relief methods to the utmost, and under the strain the poor-law system broke down. The decade 1930 to 1940 saw more changes in our attitude toward public relief, and in our methods of administering it, than had been made in the three preceding centuries.

Why did the public relief methods then prevailing buckle under the 1929 depression? Primarily, because they had been framed to deal with the relatively simple relief problem of a young, quickly expanding, and predominantly agricultural nation. A brief backward glance will

¹ See Abbott, Edith, *Public Assistance: American Principles and Policies*, Vol. I, 1940, Vol. II, in press, Chicago: The University of Chicago Press; Breckinridge, Sophonisba P., *Public Welfare Administration in the United States: Select Documents*, Second edition, Chicago: The University of Chicago Press, November 1938; Creech, Margaret, *Three Centuries of Poor Law Administration*, Chicago: The University of Chicago Press, 1936; Kelso, Robert W., *The History of Public Poor Relief in Massachusetts, 1620-1920*, Boston and New York: Houghton Mifflin Company, 1922; Browning, Grace A., *The Development of Poor Relief Legislation in Kansas*, Social Service Monographs, Number Twenty-five, Chicago: The University of Chicago Press, August 1935; and Shaffer, Alice, Keefer, Mary Wysor, and Breckinridge, Sophonisba P., *The Indiana Poor Law*, Chicago: The University of Chicago Press, 1936.

² For an account of the development of English public relief methods over the centuries see Webb, Sidney and Beatrice, *English Local Government: English Poor Law History: Part I. The Old Poor Law, 1927; English Poor Law History: Part II. The Last Hundred Years*, Vol. II, 1929, London: Longmans, Green and Co., Ltd.

show why the old system of local relief and private charity was unable to meet the problem of large-scale destitution arising from mass unemployment.

During the late eighteenth and early nineteenth centuries, when the poor laws were taking form, the relief problem in the United States was a comparatively simple one. The unemployables, who constituted the bulk of those requiring assistance, were thought of as being primarily the responsibility of their relatives; care by the community was assumed only where private charity was unavailable and the relatives could not be prevailed upon to provide assistance. The principle of local responsibility in caring for the needy was reinforced by the usual availability, in these early years, of jobs for all able-bodied persons willing to work. Those few worthy cases who required public aid during short periods of unemployment looked to the localities and not to the National Government. The locality was likewise charged with the responsibility of caring for its own aged and handicapped. Following the early practices, therefore, all State poor laws entrusted to the locality (county, city, town or township) the task of administering and financing poor relief. Local poormasters or overseers of the poor were charged with the duty of caring for the destitute of their own communities.³

Wholesale acceptance of the many repressive features of the Elizabethan poor laws of England, and their incorporation in the poor laws of the United States, may likewise be traced directly to late eighteenth-century philosophy and the economic and social conditions of the time. The early poor laws were often so drafted as to require recipients to take a "pauper's oath." Certain privileges of citizenship, such as the right to vote, were not infrequently denied. To give more than the barest minimum of public assistance to employables, it was argued, would be to encourage idleness and make inroads upon the needed labor supply of the growing nation. To grant more than the barest minimum to unemployables, it was believed, would remove the inducement for relatives to take up their rightful burden.

The purely repressive theory of relief had, of course, lost ground to some extent even prior to 1929. Indicative of the trend away from the harshness of the old poor laws during the late nineteenth and early twentieth centuries was the attempt to improve conditions in almshouses and the increasing emphasis on "outdoor" or home relief.

Institutional care was long regarded as the scientific method of giving public relief, and it was the method chiefly used until very late in the nineteenth century. In practice, however, it was subject to the gravest abuses. Local almshouses tended to become filled

³ See Millspough, Arthur C., *Public Welfare Organization*, Washington, D. C.: The Brookings Institution, 1935, ch. XII.

indiscriminately with all kinds of destitute people—the aged, homeless children, the infirm, the feeble-minded, the insane, prostitutes, and vagrants. Repeated attempts were made to reform these institutions, and the early decades of the twentieth century saw considerable improvement in the administration of almshouses in a few States. Efforts were also made to have those requiring special attention (the insane, feeble-minded, etc.) sent to institutions particularly designed to afford them the type of care required.

Also indicative of the attempt to differentiate the relief population and to provide suitable care for the various groups was the development with the turn of the century of outdoor relief, or home relief, as it is now called. Under this system certain needy persons were furnished public aid in their own homes rather than being sent to institutions.

While these attempts to modernize the old poor-law systems were noteworthy, the actual results achieved throughout the country as a whole were not great. Some localities gave no home relief; in such areas all recipients of poor relief were forced to live in institutions. In many States all sorts of destitute persons were still placed together in poorhouses. The shocking conditions prevailing in almshouses in many States as late as 1929 were notorious.⁴ Home relief, the major form of public assistance of the early twentieth century, was often limited to meager donations of food and clothing. Still acting on the assumption that need was always due to some personal inadequacy, those who administered poor relief did not feel that relief recipients could be trusted with cash.⁵

Perhaps the greatest divergence from the repressive policies of traditional poor relief was the development of "categorical" relief. Several decades before 1929 State legislatures had begun to recognize that certain categories or classes of needy individuals, such as mothers with dependent children, the blind, the aged, and certain classes of veterans were entitled to more adequate and humanely administered public assistance. This recognition resulted in the passage of special legislation⁶ (often termed categorical relief) for these classes in a number of States.⁷ The first general pension law for the blind came in Ohio in 1898. The first mothers' aid law, giving aid to children in their own homes, was passed by Missouri in 1911.

⁴ See, for example, *Old Age Security, Report of the New York State Commission*, Legislative Doc. No. 67, 1930, Albany, pp. 395-399.

⁵ See Colcord, Joanna C., *Cash Relief*, New York: Russell Sage Foundation, 1936.

⁶ See Lowe, Robert C., *State Public Welfare Legislation*, Research Monograph XX, Division of Research, Works Progress Administration, Washington, D. C., 1939.

⁷ The categorical approach was given impetus through the Social Security Act and is referred to again in ch. VIII.

Montana enacted the first valid old-age pension law in 1923. It is easy to overestimate the importance of this movement prior to 1929, however. While the number of States passing such legislation was fairly large, the numbers of persons actually aided were often small and the sums granted remained inadequate. Much of the categorical relief legislation was optional, and many of the counties in States with such "county option laws" did not place the special assistance programs in operation.

The legislative status of public relief in 1929 may therefore be summarized briefly as follows: The primary relief offered was that provided under the various State poor laws which were in operation in all 48 States. Veterans' relief legislation had been enacted in 44 States and assistance for the blind in 22 States. Forty-three States had provisions for aid to dependent children in their own homes, and all but three States had laws concerning the care of dependent children in foster homes and institutions. Assistance to the aged was given in 10 States. Local responsibility was the keystone of the relief methods in operation. With the exception of veterans' relief and care of dependent children by agencies or institutions, the local political subdivisions generally were charged with the responsibility for administering and financing the various types of aid.

The public relief "system" which has just been briefly sketched was supplemented by the activities of various private charitable organizations. Private charities were an important factor in some localities; in others they were of little significance or were nonexistent. The major portion of all relief provided in 1929 was extended by governmental agencies. It has been estimated that in 1929 public agencies were meeting about three-fourths of the cost of relief for the country as a whole.⁸

BREAKDOWN OF THE LOCAL RELIEF SYSTEM

As has been indicated, few significant changes were made in the relief systems and policies of the various States during the period from 1789 to 1929. In 1929, as in the late eighteenth century, relief methods were predicated on the assumption that, with relatively few exceptions, unemployment was voluntary and should be treated as such. Local responsibility was still generally regarded as an essential feature of relief methods.

Meanwhile, the ground had been cut from under the basic principles of the poor laws, with the development of the United States from a simple to a complex economy, from a local agricultural and handicraft economy to a predominantly industrial and specialized system. During this process wage employment had become more and more impor-

⁸ See Colcord, *op. cit.*, p. 17.

tant for economic security, and at the same time tended to become more and more difficult to secure. As a matter of fact, for some time before 1929 unemployment of varying intensity had become a regular feature of our economy. Thus, estimates of unemployment covering the period from 1897 to 1926 for four major industries show an average unemployment rate of 10 percent, with wide fluctuations between prosperity and depression periods.⁹ It is generally admitted that 1923 and 1926 were relatively prosperous years, yet in each of these there were more than 1½ million unemployed.¹⁰ Local censuses of unemployment in many localities over the last several decades also indicate quite clearly the existence of numbers of involuntary unemployed.

The theory of local responsibility for all relief measures had likewise been losing validity steadily with the growing industrialization of the United States. In modern economic society, characterized by a high degree of specialization and interdependence, unemployment becomes primarily a national problem. Granting of relief to the needy unemployed becomes a problem of national interest.

It is clear, moreover, that even prior to 1929 the growing volume of need and the limitations on the financial abilities of local governments were factors in the main current working slowly toward Federal participation in the relief problem. Not generally recognized is the fact that relief expenditures had been rising constantly for several decades prior to 1933. Public relief expenditures in 16 cities, for example, increased from 1½ million dollars in 1911 to 20 million dollars in 1928.¹¹ Thus, the steadily increasing cost of the relief problem was another factor working toward State and, ultimately, Federal participation.

In short, the depression of the early 1930's accentuated and brought sharply to public attention an unemployment and relief problem of long standing. Changes in relief policies, financing, and organization were inevitable in any event; the depression hastened their development.

Unemployment grew by leaps and bounds after the 1929 crash and resulted in an ever-growing number of persons in need of public

⁹ See Douglas, Paul H., *Real Wages in the United States, 1890-1926*, Boston and New York: Houghton Mifflin Company, 1930. See also Gill, Corrington, *Wasted Manpower*, New York: W. W. Norton & Company, Inc., 1939.

¹⁰ The estimates quoted above are those prepared by the Committee on Economic Security appointed by President Roosevelt in 1934 to study the bases of a program of social security.

¹¹ Anne E. Geddes observes, "At least since 1910 there has been a strong underlying upward trend in relief expenditures. The very great increase in expenditures in the depression years represents a sharp acceleration of a tendency manifest throughout the preceding two decades." See Geddes, Anne E., *Trends in Relief Expenditures 1910-1935*, Research Monograph X, Division of Social Research, Works Progress Administration, Washington, D. C., 1937, p. xiii.

assistance. The unemployment estimates of the National Industrial Conference Board—estimates generally regarded as conservative—indicate that there were almost 4 million unemployed in the United States in January 1930. By August over 4½ million persons were without work; in December the number of unemployed had reached nearly 7 million. A considerable number of these unemployed were without substantial savings and were forced to apply for relief within a short period after loss of employment.¹²

The regular local poor-relief systems had not been designed to deal with an unemployment relief situation of such magnitude and soon began to bog down under the ever-increasing pressure. Many local public and private emergency relief agencies were created during 1930 and 1931—mainly in the cities. The localities, however, were sharply circumscribed in their quest for larger and larger sums for relief. Rapidly declining real-estate values, the backbone of the local tax systems and the real security behind local bonds, made the securing of relief funds ever more difficult. The first State relief organization was set up in New York in November 1931. Many State relief agencies were set up in 1932, and State organizations were in operation in every State by the end of 1933.

EARLY FEDERAL ACTIVITIES (1930-1932)

The rising tide of unemployment which had forced States to come to the aid of their hard-pressed localities continued during 1932. The States were not able to give adequate assistance because they were beset by the same problem which had engulfed the localities—greatly increased need for expenditures during a period of falling tax revenues and extreme credit stringency. Under these circumstances demands for active Federal participation became more frequent and more insistent.

The first steps of the Federal Government in the field of relief were taken cautiously and in complete conformity with the tradition of local responsibility for relief. On the theory that the Federal Government could do its share by supplying advice and encouragement to States and localities, President Hoover in the latter part of 1930 set up The President's Emergency Committee for Employment. This committee, headed by Colonel Arthur Woods of the Rockefeller

¹² Statistics showing the extent of the relief problem (1930-1932) for the country as a whole are not available. U. S. Children's Bureau figures, gathered by 108 public agencies in 70 urban areas, give a clue, however, to the rapid growth of the problem. The combined totals for the 70 areas show 52,698 families and single persons receiving relief from public funds in December 1929. One year later the totals had reached 141,640. By December 1931 and December 1932, respectively, the totals were 288,119 and 666,370. The reader interested in statistics on increasing expenditures for relief during the period should consult Geddes, *op. cit.*

Foundation, was designed to be merely a coordinating agency and central clearinghouse for information; it had no funds at its disposal for distribution.¹³ The Woods group worked largely through State committees in more than 30 States and through local committees in large industrial areas. The principal functions of these committees were to point out the value of expediting State and local public and semipublic construction for giving employment, to encourage individuals to "give a job" and "spruce up" their homes, and to give publicity to the relief efforts being made in various localities.¹⁴

In August 1931, after Colonel Woods and several other members had found it necessary to return to private life, a new committee was established. Walter S. Gifford, president of the American Telephone and Telegraph Company, headed the group, which was known as The President's Organization on Unemployment Relief. The Gifford Committee continued the work of encouraging State and local officials and organizing private unemployment committees. The view taken continued to be that direct Federal financial assistance was unwise and that States and localities must bear the responsibility for unemployment relief. The stimulation of local relief efforts, both public and private, was therefore the main concern of the Gifford Committee.

The advice and encouragement emanating from the Woods and Gifford Committees proved to be an inadequate solution of the problems arising from increasing joblessness and destitution. Estimates of the National Industrial Conference Board indicated that the number of unemployed had risen to 10½ million by the end of 1931. Local tax and credit resources were drying up while the need for expenditures increased; it was becoming clear that businessmen could not be expected to keep men on their pay rolls unless there was a prospect of earning a profit. Demands arose in Congress and throughout the country, therefore, for more tangible Federal assistance.

One of the greatest obstacles to Federal aid for unemployment relief was the lack of clear precedent for such action.¹⁵ Proponents of Federal aid met the lack of direct precedent, however, by pointing to the many instances where aid had already been advanced from

¹³ For an account of the activities of the "Woods Committee," see Hayes, E. P., *Activities of the President's Emergency Committee for Employment*, Concord, N. H.: The Rumford Press, 1936.

¹⁴ While Chairman Woods himself went so far as to suggest that the Federal Government relieve unemployment by embarking upon a large-scale Federal construction program, this plan did not meet with the approval of the Administration.

¹⁵ The Federal Government had, of course, made an indirect entry into the broad field of welfare through the creation of such agencies as the U. S. Children's Bureau and the U. S. Public Health Service. In addition, it had made indirect contribution to the relief of destitution through pensioning war veterans. The Sheppard-Towner Act of 1921, providing for grants to the States for maternity and infant hygiene, was another approach by the Federal Government into the field of welfare and relief.

Washington to the victims of great natural disasters both in this country and abroad. The economic crisis was said to be no less a disaster than fire or flood. Thus, like fire or flood, widespread unemployment was looked upon as an emergency condition. During the period 1930-1932 few Congressional advocates of Federal financial aid for unemployment relief based their cases largely, or even incidentally, on the recognition of unemployment as a national problem and the consequent national responsibility for unemployment relief. "Emergency" was the main argument advanced at that time.

The first step toward Federal aid for relief was taken on March 7, 1932, when a Congressional resolution was approved authorizing the Federal Farm Board to give the Red Cross 40 million bushels of "surplus" Government wheat for distribution to the needy. In July 1932 a similar resolution made possible the distribution of 45 million bushels of wheat of the Grain Stabilization Corporation and 500,000 bales of cotton of the Cotton Stabilization Corporation.

The first real break with the tradition of purely local responsibility for relief came with the passage of the Emergency Relief and Construction Act of 1932.¹⁶ Title I of this statute made 300 million dollars of Federal funds available for repayable relief advances to State and local governments. This sum was not intended to cover all local relief expenditures; it was supposed to serve as a supplement to State and local resources for meeting the relief situation.¹⁷ The Reconstruction Finance Corporation, set up under an earlier law to make emergency loans to financial institutions, industrial corporations, etc., was named as the agency to distribute the 300-million-dollar fund among the State and local governments making application. These Federal advances were to bear interest at 3 percent.

State governors could apply for relief funds under the Emergency Relief and Construction Act by certifying that the State was unable to meet the relief problem from its own resources. The sums advanced to States were originally intended to be repaid by deductions from future Federal road grants, but this method of repayment was later canceled¹⁸ and the advances to States were converted, in effect, to straight grants. In cases where a governor did not apply for aid, or did not ask for sufficient funds, county or municipal governments in need of aid were permitted to apply for funds by putting up their own local securities as collateral. Some of these bonds are still held by the Federal Government; others have been sold to private investors.

¹⁶ Approved July 21, 1932 (c. 520, 47 Stat. 709).

¹⁷ See Betters, Paul V., Williams, J. Kerwin, and Reeder, Sherwood L., *Recent Federal-City Relations*, Washington, D. C.: The United States Conference of Mayors, 1936.

¹⁸ Act approved June 18, 1934 (c. 586, 48 Stat. 993).

The relief advances provided under the 1932 act were practically exhausted by the time the new Administration assumed office on March 4, 1933. A few months later, on May 29, 1933, when the Reconstruction Finance Corporation officially ended its activities under Title I of the Emergency Relief and Construction Act, 42 States and 2 Territories (Hawaii and Puerto Rico) had received relief advances from the Corporation.¹⁹

While the distribution of the 300-million-dollar fund gave temporary aid to some States and cities which found themselves in a serious financial plight,²⁰ the trend toward wider Federal participation in the unemployment relief problem continued. By 1933 a great many localities were either bankrupt or perilously close to the line. Many State governments were unable to provide substantial assistance to their localities. Increased revenues from taxes or borrowing was impossible for many localities in the face of falling real-estate values. Further, the "economy" moves made by State and local governments in 1930-1932 had frequently involved the discontinuation of useful public services in order that money could be diverted to relief; such vital services as schools, fire protection, hospitals, sanitation, and policing were being neglected. Under such circumstances, direct and substantial Federal assistance in meeting the relief problem became a necessity. Thus, on May 12, 1933, the Federal Emergency Relief Act of 1933²¹ was approved and 500 million dollars was made available for outright grants to the States for relief. The Federal Emergency Relief Administration, created by the act, was designated as the agency to administer the granting of these Federal funds to the States. By the end of 1933 State emergency relief administrations were functioning in every State and were receiving grants from the FERA.²²

¹⁹ See Betters, Williams, and Reeder, *op. cit.*, p. 6. See also Watson, Donald S., "Reconstruction Finance Corporation," *Municipal Year Book, 1937*, Chicago: International City Managers' Association, 1937, pp. 375 ff.

²⁰ The sum of 300 million dollars appears to have been too small; further, the fact that local borrowers had to put up their bonds as collateral made it impossible for some of the localities in greatest need to get any Federal money under the act.

²¹ C. 30, 48 Stat. 55.

²² For a more detailed account of the entrance of the Federal Government into the field of unemployment relief, see Williams, Edward Ainsworth, *Federal Aid for Relief*, New York: Columbia University Press, 1939, ch. I.

Chapter III

THE FEDERAL EMERGENCY RELIEF PROGRAM IN 1933

WHEN FEDERAL aid to the States and localities for relief purposes became urgent early in 1933, Congress was confronted with the important task of determining the method by which such Federal assistance was to be provided. Ultimately, as has been indicated, the Congress decided to utilize the old device of grants-in-aid to the States.¹ What sort of relationships came into being between the Federal Government and the States and localities with the creation of the FERA in May 1933? What were the aims and objectives of the newly created Federal relief agency, and what methods did it use in putting them into effect? It will be the purpose of this chapter to consider these broad questions and to indicate the major relief trends set in motion during the year 1933, the first year of existence of the FERA.²

THE GRANT METHOD

A résumé of the main provisions of the Federal Emergency Relief Act of 1933 will serve to give some indication of the setup of the FERA and the general relationships which developed between it and the State and local relief administrations.

¹ Standard works on grants-in-aid in the United States are: Key, V. O., Jr., *The Administration of Federal Grants to States*, Chicago: Public Administration Service, 1937; MacDonal, Austin F., *Federal Aid*, New York: Thomas Y. Crowell Company, 1928.

² The FERA continued in active operation through 1935; for an account of the Federal work activities inaugurated in the second half of 1935 and designed to replace the FERA work program, see ch. VII.

Section 3 (a) of the act created the FERA and empowered the President to appoint an administrator subject to the advice and consent of the Senate.³ Reflecting the quite generally accepted view then held in Congress that the need for the FERA would be short-lived, section 3 (a) provided that the FERA was to expire 2 years after the date of enactment of the act. Any unexpended balances of funds provided under the act were then to be disposed of as the Congress should decide.

Under the act of 1933, 500 million dollars was made available for allocation by the FERA to the States.⁴ Section 4 (b) provided that out of this sum a maximum of 250 million dollars was to be granted to the States on the basis of 1 dollar for each 3 dollars of public moneys, from all sources, spent in the State for unemployment relief during the preceding 3 months. The balance was to be available, in accordance with section 4 (c), as a discretionary fund from which the Administrator might make grants to those States whose financial resources were so low that they could not meet their relief problem under the matching provisions of section 4 (b). Federal relief funds therefore were to be allocated to the States in part under a prescribed statutory formula and in part on a discretionary basis by the FERA.⁵

Section 5 of the act prescribed that "any State desiring to obtain funds under this Act shall through its Governor make application therefor from time to time." This section further provided that the following information must accompany all requests for funds: "(1) the amounts necessary to meet relief needs in the State during the period covered by such application and the amounts available from public or private sources within the State, its political subdivisions, and from private agencies, to meet the relief needs of the State, (2) the provision made to assure adequate administrative supervision, (3) the provision made for suitable standards of relief, and (4) the purposes for which the funds requested will be used." Section 6 declared that ". . . the Governor of each State receiving grants under this Act shall file monthly with the Administrator, and in the form

³ Harry L. Hopkins was named Administrator on May 22, 1933, and served in that capacity throughout the period of existence of the FERA. For a discussion of the work of the new agency by the Administrator, see Hopkins, Harry L., *Spending to Save*, New York: W. W. Norton & Company, Inc., 1936.

⁴ For an account of the mechanics of making FERA grants, see McCormick, M. Riggs, "Federal Emergency Relief Administration Grants," *Monthly Report of the Federal Emergency Relief Administration, December 1 Through December 31, 1935*, Washington, D. C., 1936, pp. 1-33.

⁵ For a detailed account of the equalization formulas and methods utilized by the FERA in making discretionary grants, see Williams, Edward Ainsworth, *Federal Aid for Relief*, New York: Columbia University Press, 1939, ch. V.

required by him, a report of the disbursements made under such grants."⁶

This brief statement of the main provisions of the Federal Emergency Relief Act of 1933 gives some indication of the types of relationships which were to develop between the FERA and the State and local relief administrations. But since there is considerable misunderstanding concerning the respective roles that were played by the FERA and the States and localities during the period of FERA grants, it may be well to expand upon and emphasize certain basic facts. Relief applicants did not receive their food orders or work-relief checks from officials of the FERA.⁷ Nor did relief applicants receive their relief benefits from State officials. Instead, the actual administration of relief was in the hands of the approximately 5,000 local relief agencies which were in existence during the active period of the FERA. The FERA allocated funds to the Governors of the various States. These officials then turned the funds over to the State relief organizations which in turn distributed Federal funds, along with State funds, among the local relief organizations.⁸ The local relief organizations spent these funds, together with locally provided money, for relief purposes.⁹ The functions of the FERA, in addition to granting funds to the States, involved the issuance of broad policy regulations designed to promote minimum relief standards and the proper use of Federal funds.

⁶ Section 3 (d) of the Federal Emergency Relief Act of 1933 required the Administrator to print monthly, and to submit to the President and the Congress, a report of activities and expenditures under the act. A report, known as the *Monthly Report of the Federal Emergency Relief Administration*, was published each month through June 1936 and is a valuable source of information concerning the FERA. See also Whiting, T. E., *Final Statistical Report of the Federal Emergency Relief Administration*, Division of Statistics, Work Projects Administration, Federal Works Agency, Washington, D. C., 1941.

⁷ An exception to this general statement should be noted. The 1933 act, in conjunction with an act of February 15, 1934, gave the Administrator of the FERA the power to set up a Federal relief organization within a given State and to make grants of Federal moneys to it. In several States for certain periods the FERA did assume, for various reasons, the actual administration of emergency relief. These States were: Oklahoma, North Dakota, Massachusetts (work relief), Ohio, Louisiana, and Georgia. See Bartlett, F. S., "Financial Procedure in the Federally Operated Relief Administrations in Six States," *Monthly Report of the Federal Emergency Relief Administration, June 1 Through June 30, 1936*, Washington, D. C., 1937, pp. 134-139; and Williams, *op. cit.*, ch. IV.

⁸ For an article dealing with the distribution of intrastate funds, see Wells, Anita, "The Allocation of Relief Funds by the States Among Their Political Subdivisions," *Monthly Report of the Federal Emergency Relief Administration, June 1 Through June 30, 1936*, Washington, D. C., 1937, pp. 56-87.

⁹ Appendix table 1 shows the amount of obligations incurred for emergency relief, by State and by source of funds, 1933 through 1935.

24 • FEDERAL WORK SECURITY AND RELIEF

Table 1 serves to give a picture of the number of persons dependent upon emergency relief during the period January 1933 to the end of the active existence of the FERA in December 1935.¹⁰

Table 1.—Number of Families, Single Persons, Cases, Total Persons, and Percent of Population Receiving Emergency Relief Under the General Relief and Special Programs, Continental United States, by Month, January 1933–December 1935¹

Year and month	Resident cases			Total resident persons		Trans- ient per- sons ²
	Total	Families	Single per- sons	Number	Percent of popu- lation ³	
1933 ¹						
January.....	4,132,562	3,738,132	394,430	16,659,042	13.2	
February.....	4,399,697	3,971,764	427,933	17,709,078	14.1	
March.....	4,977,742	4,502,903	474,839	20,066,970	16.0	
April.....	5,070,866	4,570,703	500,163	20,387,292	16.2	
May.....	4,735,427	4,261,685	473,742	19,016,333	15.1	
June.....	4,213,551	3,793,467	420,084	16,925,459	13.5	
July.....	3,926,785	3,473,592	453,193	15,454,384	12.3	
August.....	3,788,483	3,379,650	408,833	15,165,702	12.1	
September.....	3,428,674	3,028,532	399,542	13,472,610	10.7	
October.....	3,476,110	3,040,593	435,517	13,716,641	10.9	
November.....	3,872,388	3,408,577	463,811	15,264,911	12.1	
December.....	3,104,170	2,656,539	447,631	11,769,495	9.4	
1934						
January.....	2,991,539	2,515,087	476,452	11,224,010	8.9	
February.....	3,178,468	2,618,461	560,007	11,739,883	9.3	126,873
March.....	3,687,089	3,042,807	644,282	13,715,211	10.8	145,119
April.....	4,455,071	3,793,046	662,025	16,957,922	13.4	164,244
May.....	4,459,244	3,802,356	656,888	17,201,466	13.6	174,138
June.....	4,334,672	3,751,807	582,865	16,823,562	13.3	187,282
July.....	4,392,138	3,834,103	558,035	17,190,695	13.6	195,051
August.....	4,617,446	4,031,070	586,376	18,107,006	14.3	206,173
September.....	4,736,846	4,062,751	674,095	18,277,868	14.4	221,734
October.....	4,812,393	4,071,806	740,587	18,309,510	14.5	235,903
November.....	5,002,545	4,212,446	790,099	18,940,150	15.0	266,790
December.....	5,279,975	4,458,065	821,910	20,052,101	15.8	288,955
1935						
January.....	5,490,325	4,616,982	873,343	20,685,471	16.2	297,058
February.....	5,473,021	4,585,350	887,671	20,610,941	16.2	300,460
March.....	5,491,755	4,587,291	904,464	20,573,541	16.1	299,509
April.....	5,367,395	4,464,846	902,549	20,034,209	15.7	293,676
May.....	5,184,393	4,301,182	883,211	19,264,431	15.1	273,824
June.....	4,814,752	4,018,313	796,439	17,932,478	14.1	263,668
July.....	4,392,108	3,678,549	713,559	16,149,647	12.7	253,340
August.....	4,251,116	3,554,563	696,553	15,554,985	12.2	245,266
September.....	3,935,004	3,264,250	670,754	14,234,397	11.2	218,722
October.....	3,742,132	3,085,313	656,819	13,435,258	10.5	157,634
November.....	3,480,025	2,853,876	626,149	12,386,373	9.7	112,277
December.....	2,617,372	2,084,878	532,494	8,917,898	7.0	64,409

¹ Data for months from January through June 1933 are partly estimated.

² Based on estimated population as of July 1 of each year.

³ Figures obtained from midmonthly census; comparable data not available for months prior to February 1934.

Source: Division of Statistics, Work Projects Administration, Washington, D. C.

FERA OBJECTIVES

From the beginning of the FERA program several major objectives were continuously stressed by the agency. One of the principal reasons for the establishment of Federal grants for relief was the fact that relief funds in virtually all localities were insufficient. An outstanding objective therefore was to encourage and, insofar as funds

¹⁰ See also figure, p. XV.



Federal Works Agency (Pryor).

Drought.

Severe droughts were among the several factors intensifying the troubles caused by low prices.

were available, make possible the provision of more adequate relief throughout the country.

The remaining major objectives of the FERA can best be understood when it is realized that the broad relief problem of 1933 was a compound of many previously existing kinds of relief problems. The great stream of need was being fed by such tributaries as the unemployed, the underemployed, transients, destitute farmers, and farm workers, the aged, mothers with dependent children, youth, stranded rural groups, and other special types. Each of the above broad groups, of course, was itself made up of widely differing types of individuals, whose needs varied greatly and whose destitution was traceable to many differing causes. Thus the needs of the unemployed unskilled worker differed greatly from those of the jobless white-collar worker; the relief problem of the urban unemployed worker was not the same as that of his rural and small-town brother. Farmers on relief were destitute for a wide variety of reasons; top-heavy debts, barren soil, severe droughts, and lack of equipment, seed, and stock were among the special factors intensifying the troubles caused by low agricultural prices.

The differentiation of the various relief groups and the establishment of special programs and policies designed to fit their individual needs were accordingly undertaken as far as conditions permitted. A major objective of the FERA was the development of work-relief programs for the employable workers on relief rolls. In some areas this merely involved the continuation, revision, and expansion of existing local work-relief programs. A large-scale direct-relief program was instituted for those unable to work or for whom work projects could not be devised. The rural rehabilitation program of the FERA was created to care for segments of the destitute rural group. In addition, such special activities as a transient program, an emergency education program, and a college student aid program were instituted. The number of cases aided on these programs and the obligations incurred are shown in appendix tables 2 and 3.¹¹

As has been indicated, the FERA sought to direct the use of Federal funds through the issuance of regulations accompanying grants of funds to the States. These regulations were issued from time to time throughout the existence of the FERA;¹² certain of the broad rules laid down at the outset, relating to the types and amount of relief to be given, are sketched here because they tend to throw light upon the general setting in which the various programs were carried out.

¹¹ See table 1, p. 24, for the number of persons aided on the transient program.

¹² Summaries of all of the important written regulations, etc., issued by the FERA for State guidance are to be found in Carothers, Doris, *Chronology of the Federal Emergency Relief Administration*, Research Monograph VI, Division of Social Research, Works Progress Administration, Washington, D. C., 1937.

Rule No. 3 of the FERA issued on July 11, 1933, indicated that States might authorize local relief agencies to use Federal funds for any or all of the following types of relief or their equivalent in cash:

- (1) Food, and/or food orders or allowance, determined by the number, ages, and needs of the individual members of the family in general accordance with standard food schedules.
- (2) Orders or allowances for the provision of shelter, or its equivalent, where necessary.
- (3) Orders or allowances for light, gas, fuel, and water for current needs.
- (4) Orders or allowances for necessary household supplies.
- (5) Clothing or orders or allowances for clothing sufficient for emergency needs.
- (6) Orders or allowances for medicine, medical supplies, and/or medical attendance to be furnished in the home.

In making the above necessities available, the States were required by Rule No. 3 to "see to it that all such needy unemployed persons and/or their dependents shall receive sufficient relief to prevent physical suffering and to maintain minimum living standards." The actual amounts granted were to be computed on the following basis:

- (1) An estimate of the weekly needs of the individual or family including an allowance for food sufficient to maintain physical well-being, for shelter, the provision of fuel for cooking and for warmth when necessary, medical care and other necessities. Taxes may be allowed in lieu of allowances for shelter, and not to exceed the normal rent allowance—providing such tax allowance is necessary in order to maintain the shelter or home of the relief recipient.
- (2) An estimate of the weekly income of the family, including wages or other cash income, produce of farm or garden, and all other resources.
- (3) The relief granted should be sufficient to provide the estimated weekly needs to the extent that the family is unable to do so from its own resources.

The budgetary deficiency principle thus became an integral part of FERA procedure at the outset. It should be remembered that this principle was applicable to those on work relief as well as to those receiving direct relief.

It is impossible to make any sweeping statements for the United States as a whole concerning "adequacy" of relief during the period of FERA grants.¹³ It may be said, however, that most local relief agencies gave special attention to food. This budgetary item appears to have been covered more adequately than such other requirements as shelter, light and heat, clothes, and household articles. During the period 1930-1932 many localities had not been able, for financial reasons, to allot a regular sum in the budget for rent. Nearly all States came to include a regular rent item in the budget during 1934 and 1935. During these years of FERA grants there was also a

¹³ See Nicol, Mary Aylett, "Family Relief Budgets," *Monthly Report of the Federal Emergency Relief Administration, June 1 Through June 30, 1936*, Washington, D. C., 1937, pp. 140-156. See also Baird, Enid and Brinton, Hugh P., *Average General Relief Benefits, 1933-1938*, Divisions of Research and Statistics, Works Progress Administration, Washington, D. C., 1940, table 3, p. 12.

steady improvement in the manner in which other budgetary items were met.

Some idea of the increased "adequacy" of relief during the period 1933-1935 may be gained from an examination of the statistics on average relief benefits. Whenever possible the Federal relief agency adjusted its grants to States so as to effect a gradual leveling upward of relief allowances in areas where relief was particularly inadequate. Under the FERA the average amount of relief extended per case (families and single persons) for the country as a whole increased from \$14.13 in May 1933 to a peak of \$28.13 in January 1935.¹⁴

In interpreting the above averages, of course, it should be borne in mind that they include a number of cases where only supplementary assistance was given, and that some cases received relief during only part of a month. Actually, therefore, the average benefits given to cases completely dependent upon relief in January 1935, for example, were higher than the \$28.13 shown in the table as an over-all average. Nevertheless, it may be said in general that, despite a substantial rise in relief averages under the FERA, the total funds distributed were not enough to permit the achievement of adequate standards in all areas.

EARLY FERA WORK RELIEF

To clarify the following discussion of the early FERA work program, a distinction must be drawn at the outset between the old "work test" and the FERA conception of work relief. The work test was devised, long before 1929, to suit economic conditions of the nineteenth century, when able-bodied persons seeking relief were considered *prima facie* to be malingers. As a prerequisite to the granting of poor relief, therefore, applicants during that era were often required to perform a certain amount of disagreeable work, usually on a woodpile. The amount of relief given had little to do with the amount of work performed. The work test was essentially just what its name implies—a test of the willingness of an individual to perform arduous physical labor—a showing that the applicant was not work-shy.

Work relief has entirely different philosophical roots. It is based on the theory that needy workers may be jobless through no fault of their own; work relief is provided not primarily as a test of willingness to labor but rather as a means of conserving the skills, work habits, and morale of the able-bodied unemployed. Work-relief projects, unlike the old work tests, are not conceived of merely as a means of frightening off applicants for relief. True work-relief undertakings, therefore, cannot be selected in haphazard fashion; emphasis is placed,

¹⁴ Appendix table 4 shows the average relief benefits by month, January 1933 through December 1935. See also Baird and Brinton, *op. cit.*

rather, on securing projects which when completed will be of value to the community.

Many work-relief projects had, of course, been organized and put into operation by local and State governments during 1932 and early 1933. Well over 1 million persons were already employed on emergency work programs of one sort or another in the early summer of 1933 at which time the FERA began to urge the Nation-wide adoption of certain minimum standards for work relief.

Prior to the FERA the work programs in many States and localities had shown a curious mixture of work-test and work-relief principles.¹⁵ In some localities good work programs were in operation. In other areas, particularly where there was lack of funds and of experience, the projects were more in the nature of work tests. In addition, both total and hourly wage rates on these early local work projects were often very low, and the amount of work required bore little relationship to the wages offered. Few attempts were made, moreover, to provide jobs in line with the past experience of the relief workers. White-collar workers and skilled workers were lumped with unskilled labor and put to work on such old "reliables" as sprucing up parks and repairing roads. Lack of funds or unwillingness to purchase materials often went hand in hand with inefficient supervision, and resulted in projects of limited value.

When the Federal relief agency assumed its task in 1933, it took the position that every encouragement should be given to the continuation and expansion of good local work programs but that Federal funds should not be supplied for the continuation of programs whose value to the workers and their communities appeared to be slight. Certain broad rules were therefore laid down by the FERA in the summer of 1933 concerning work-relief wages, hours, types of projects, and similar matters.

Actual progress toward better work programs was extremely slow during the period from June through October 1933. At that point, for various reasons, it was decided that the Federal Government itself should undertake an experiment in providing work for the unemployed. The following chapter deals with the Federal Civil Works Administration (CWA), which had an important influence upon all subsequent work programs. Chapter V deals with the work program that was begun under the FERA in 1934 as the CWA drew to a close, and also outlines the progress of the FERA toward its other major objective of diversification through special programs.

¹⁵ See Colcord, Joanna C., Koplovitz, William C., and Kurtz, Russell H., *Emergency Work Relief*, New York: Russell Sage Foundation, 1932.

Chapter IV

THE CIVIL WORKS PROGRAM

THE DECISION to inaugurate a large-scale Federal work program during the winter of 1933-34 may be traced to several major factors.¹ First, and perhaps most important, there was a growing fear in the fall of 1933 that there might be a resumption of the deflationary trend which had caused so much trouble in the period 1930-1932. Prompted largely by a fear that NRA codes would result in higher prices, a small boom had taken place in the early summer of 1933 with a consequent increase in employment. In the fall, however, production declined sharply and unemployment figures began to turn upward again. Hope had existed that the construction program of the Public Works Administration would be furnishing considerable direct and indirect employment by the winter of 1933-34. Early in October, however, it became apparent that the PWA, a newly created agency, could not avoid being delayed by the many legal and other problems inherent in placing in operation its non-Federal program of heavy construction.²

The Civil Works Program was proposed as a combined recovery and relief measure. It was expected to stimulate further recovery through the injection of purchasing power into the economic system in a short period of time, and to alleviate the critical unemployment relief situation of the winter of 1933-34.

The Civil Works Administration was created on November 9, 1933, by Executive order ³ of the President under authority of the National Industrial Recovery Act. ⁴ The Administrator of the FERA was, by

¹ See Gill, Corrington, "The Civil Works Administration," *The Municipal Year Book, 1937*, Chicago: The International City Managers' Association, 1937, pp. 419-432.

² See statement of Ickes, Harold L., *Proceedings of the General Meeting and Executive Meeting*, Federal Civil Works Administration, Washington, D. C., November 15, 1933, pp. 27 ff. The PWA program is outlined in ch. VII.

³ No. 6420-B.

⁴ Approved June 16, 1933 (c. 90, 48 Stat. 195).

the same order, named to head the new work organization. The next day State emergency relief administrators were instructed to act as State civil works administrators. On November 16 the first transfers of relief workers from the FERA work program to the Civil Works Program were made.

The number of persons furnished employment under the Civil Works Program grew by leaps and bounds during the first several weeks of its operation. Civil Works employment stood at slightly over 800,000 persons for the week ending November 23. Statistics for the week ending December 7 show almost 2 million persons employed. Nearly all of these workers were transferees from the early FERA work-relief program. A week later more than 2,700,000 persons were on the CWA rolls. The peak of the program was reached during the week ending January 18, 1934, at which time more than 4,260,000 persons were at work. As had been planned at the outset, about half of this total number was composed of employable persons who had been transferred from State emergency relief rolls; the remainder were drawn from the ranks of unemployed workers who had not previously had to apply for relief.⁵

In line with original plans, the Civil Works Program was tapered off rapidly as the spring of 1934 approached. For the week ending March 1 employment stood at about 2,900,000; for the week ending March 29 employment had been further cut by about 1 million. As may be seen from an examination of table 2, only a few projects (chiefly federally sponsored) were in operation in May and June, and on July 14 the program was officially closed.

It will perhaps aid in an understanding of the Civil Works Program if it be emphasized that the FERA and the CWA were separate organizations. This fact is sometimes overlooked because of the close cooperation and dovetailing of activities during the simultaneous operation of the two programs. Throughout the existence of the CWA, the FERA continued to make grants to States to assist them in conducting their direct-relief programs. The work-relief activities of the State and local relief agencies (financed in part through FERA grants) were greatly curtailed during the period of active operation of the Civil Works Program, and a considerable portion of the personnel which had been operating these programs in the States was transferred to the State and local Civil Works Administrations. However, the Civil Works Administration and the Federal Emergency Relief Administration, although operating simultaneously, and with much the same personnel, were legally quite distinct.

⁵ In allocating jobs under the program to the States the CWA made use of a rough formula weighted three-fourths according to State population and one-fourth on the number of relief recipients in the State.

Table 2.—Number of Persons Working and Amount of Earnings on All Projects, Civil Works Program, Continental United States, by Week, November 23, 1933–July 14, 1934

Week ending—	Number of persons working ¹	Amount of earnings ²	Week ending—	Number of persons working ¹	Amount of earnings ²
Total		\$749,542,456			
1933			1934—Continued		
November 23.....	814,511	7,509,135	March 15.....	2,452,544	31,982,990
November 30.....	1,631,131	14,691,737	March 22.....	2,149,405	29,172,691
December 7.....	1,976,625	24,808,871	March 29.....	1,964,040	27,089,772
December 14.....	2,726,167	34,844,802	April 5.....	1,179,145	12,963,210
December 21.....	3,418,431	46,605,974	April 12.....	104,691	1,954,876
December 28.....	3,632,120	47,290,482	April 19.....	72,653	1,442,182
1934			April 26.....	59,831	1,221,761
January 4.....	3,943,047	54,117,482	May 3.....	40,757	668,631
January 11.....	4,094,758	61,812,716	May 10.....	13,559	330,273
January 18.....	4,263,644	64,136,908	May 17.....	11,979	289,249
January 25.....	4,164,377	47,147,119	May 24.....	10,313	254,523
February 1.....	3,915,405	48,174,060	May 31.....	8,912	226,570
February 8.....	3,875,279	45,239,337	June 7.....	7,398	189,293
February 15.....	3,787,986	44,040,906	June 14.....	6,845	176,910
February 22.....	3,426,712	38,606,303	June 21.....	6,475	166,016
March 1.....	2,902,287	33,581,055	June 28.....	5,886	148,448
March 8.....	2,655,307	32,530,150	July 5.....	5,029	123,960
			July 12.....	4,522	114,935
			July 13 and 14.....	3,345	38,534

¹ Includes supervisory and administrative (exclusive of central office) personnel.
² Includes wages of operators and hire of teams, trucks, and equipment.

Source: Brown, Pamela, *Analysis of Civil Works Program Statistics*, Works Progress Administration, Washington, D. C., June 1939, tables 1 and 3, pp. 17 and 19.

The Civil Works Program has been of great interest, not only to the economist and the sociologist, but to students of public administration and more particularly to those interested in Federal-State-local relationships.⁶ A major point of distinction between the Civil Works Program and the Federal-State-local program of the FERA may be seen in the fact that the former was federally operated.

The "Federal" aspects of the CWA program have perhaps been overemphasized. It is true that, in the last analysis, the CWA at Washington exerted considerable control over the operation of the Civil Works Program. This control was exercised primarily through its subdivisions—the various State and local Civil Works Administrations. Considerable Federal control was possible because the personnel of the CWA, both in its State and in its local offices, were Federal employees.

On the other hand, States and localities played an important part in the operation of the CWA program. Most of the work projects

⁶ Until 1932 and the passage of the Emergency Relief and Construction Act, no Federal-local contacts of great significance had been established. The old line grant method, based on Federal-State contacts, had been consistently utilized. The CWA constituted a major link in the new chain of Federal-local relationships. See Better, Paul V., Williams, J. Kerwin, and Reeder, Sherwood L., *Recent Federal-City Relations*, Washington, D. C.: The United States Conference of Mayors, 1936.

were planned and sponsored by localities or States; in a few instances projects were sponsored by various Federal agencies. To the sponsor went the important task of drawing up plans for a given undertaking and presenting it for approval to the local and then to the State Civil Works Administration. Final approval necessary to commencement of work on projects proposed by local and State governments was vested in the various State Civil Works Administrations.

Certain general principles and policies concerning work projects were outlined at the outset by the Civil Works Administrator. All work was to be of social and economic value and to be performed on public property. All projects were to be operated by force account rather than by contract. Projects were not to be approved if they involved performance of work normally done by States or localities or if they might be financed through Public Works Administration grants or loans. Many localities had become impoverished during the depression, however, and were unable to carry on their normal functions of repairing public buildings, schools, streets, sewers, water mains, etc. The Civil Works Administration therefore accepted these types of projects for operation where it was obvious that the work was essential and could not be performed without assistance from the Civil Works Administration.

The original 400 million dollars which was used to finance CWA operations was made available to that agency through Executive order, from funds appropriated under the National Industrial Recovery Act. Because of certain restrictions concerning the use of funds appropriated under this act, the CWA was obliged to limit its activities to construction or to such white-collar projects as the planning of construction projects for subsequent operation. However, since construction projects were not suitable for the large numbers of unemployed white-collar workers, a Civil Works Service Program was set up in order to make possible the operation of nonconstruction projects. Funds were provided to State relief organizations through grants by the FERA. Both the CWA and the CWS programs were administered by the State Civil Works Administrations.⁷ When new funds were appropriated for the Civil Works Program the money was made available both for construction and nonconstruction purposes;⁸ CWS projects then were transferred directly to the Civil Works Program.

⁷ The statistics presented here cover both CWA and CWS projects.

⁸ See Act approved February 15, 1934 (c. 93, 48 Stat. 351). Ultimately \$337,000,000 under this act was made available to CWA by Executive order. Through a transfer of FERA funds made available under the 1933 act, \$88,960,000 was furnished to the CWA. The total of sponsors' contributions came to nearly 91 million dollars and some FERA grants were also used by States to finance CWS operations. See Burns, Arthur E., "Federal Financing of Emergency Relief," *Monthly Report of the Federal Emergency Relief Administration, February 1 Through February 29, 1936*, Washington, D. C., 1936, pp. 1-9.

The Civil Works Program resulted in the expenditure of a total of about \$951,650,000. Of this total the Federal Government provided \$860,403,000, local governments provided about \$84,638,000, and the balance was contributed from State funds.⁹

The CWA rules on hourly wage rates, hours of labor, etc., announced on November 15, 1933, stated specifically that the Civil Works Administration would observe certain labor provisions established by the Federal Emergency Administration of Public Works (PWA) for its program. In accordance with this principle, Rules and Regulations No. 1 of the CWA¹⁰ stated that all persons employed on the program (with the exception of those in executive, supervisory, or clerical positions) were to work a maximum of 8 hours a day, 30 hours a week, and 130 hours per month.¹¹

The PWA zone system was accepted with respect to hourly wage rates. Under this system the 48 States were classified into 3 zones, and minimum hourly wage rates for skilled and unskilled labor on projects in each zone were set as follows:¹²

	Southern Zone	Central Zone	Northern Zone
Skilled.....	\$1.00	\$1.10	\$1.20
Unskilled.....	.40	.45	.60

CWA rules provided that where prevailing rates exceeded these zone rates the higher rate was to be paid. The hourly wage rates fixed by the various State highway departments were adopted for CWA road projects. Semiskilled workers received hourly wages established in accordance with local prevailing wages for these occupations. A prevailing "weekly wage" was set for clerical and white-collar work with the provision that weekly rates were in no case to be set below \$18, \$15, and \$12, in the Northern, Central, and Southern zones, respectively.

The wages paid to CWA workers were, of course, somewhat higher than the earnings of the relief workers on the preceding FERA program. On the other hand it should be remembered that the \$1.20

⁹ Appendix table 5 gives the totals expended in each State, by source of funds.

¹⁰ For the complete text of this rule, see Carothers, Doris, *Chronology of The Federal Emergency Relief Administration*, Research Monograph VI, Division of Social Research, Works Progress Administration, Washington, D. C., 1937, p. 29.

¹¹ Certain modifications were permitted in remote areas where such a schedule was not feasible. See Burns, Arthur E., "Work Relief Wage Policies, 1930-1936," *Monthly Report of the Federal Emergency Relief Administration, June 1 Through June 30, 1936*, Washington, D. C., 1937, pp. 23-29.

¹² This original wage scale was dropped on March 2, 1934, chiefly because the zone minimum rates were found sometimes to be in excess of prevailing rates in the locality. The new policy provided for the payment of prevailing rates but set a minimum of 30 cents per hour.

top per hour and the earnings of a few highly skilled workers were exceptional; the average hourly CWA rates and earnings were far below these isolated examples. For the week ending January 11, 1934, for example, only 4.2 percent of all CWA workers were earning \$1.20 or more per hour. Almost 80 percent were earning less than 55 cents per hour. Because of limited hours worked, average weekly earnings per worker on the program for this sample week were \$15.

By order of January 18, 1934, because of a shortage of funds, maximum hours were sharply reduced to 24 hours per week in cities of 2,500 population or over and to 15 hours per week in smaller places. As a result, average weekly earnings dropped to \$11.32 for the week ending January 25. By this time it had become necessary for many CWA workers responsible for the support of large families to apply for supplementary relief to bring their incomes up to a minimum budgetary standard.¹³

As has been indicated, the great majority of projects operated under the Civil Works Program were sponsored by cities, towns, and villages and were designed to meet existing community needs. By far the largest group of projects, accounting for about one-third of all expenditures, involved work on highways, roads, and streets. Approximately 255,000 miles of highways, roads, and streets were repaired or built; of this total, 160,000 miles were of the farm-to-market type. Road work varied from such routine repair work as filling in holes and leveling shoulders to new construction and paving.

Repair and construction of public buildings constituted the next largest group of projects operated under the Civil Works Program. These projects and the road projects together represented almost one-half of all project costs. Approximately 60,000 public buildings were repaired or constructed; of this total more than half were buildings devoted to educational purposes. School buildings were rehabilitated throughout the country in urban and rural areas. In some instances where repair was impossible new buildings were erected. School grounds were graded, planted, and made attractive. Athletic fields, stadiums, and swimming pools were built, parks were improved and developed, and other recreational facilities expanded.

A wide variety of administrative, professional, and clerical projects was instituted. These included such projects as providing clerks and machine operators in Weather Bureau stations, surveying and relocating boundary lines, plotting streets, and drafting charts, maps, and diagrams.

The Federal projects, under the supervision of Federal departments and bureaus, provided the greatest number of positions for the

¹³ For a discussion of CWA statistics, see Brown, Pamela, *Analysis of Civil Works Program Statistics*, Division of Statistics, Works Progress Administration, Washington, D. C., June 1939.

nonmanual and professional workers. An outstanding example was the Real Property Inventory sponsored by the Department of Commerce. This project gave work to about 11,000 men and women and furnished basic data for 60 cities concerning the financial phases of real property, the extent of use, vacancy, overcrowding, etc. Other Federal projects provided work on experiment stations of the Department of Agriculture, in Army and Navy posts and stations, in Government fish hatcheries, and on projects of the Tennessee Valley Authority, and the Soil Erosion Service.

A fair appraisal of the Civil Works Program must take into consideration the emergency conditions under which it was operated. In 2 months the program reached its employment peak of over 4,200,000 persons, and it was practically terminated at the end of 4½ months. A major difficulty encountered was the planning of projects. In those localities where advance planning for public construction was in effect, the program operated with a large measure of success. In other areas where planning was nonexistent and imagination and initiative were lacking, poorly conceived projects were undertaken. The inauguration of the program during the winter months likewise made extremely difficult the prosecution of many of the construction projects. On the whole, however, the completed projects were of definite value to the communities. Moreover, the experience gained on the program was valuable for the development of later programs. As a means of providing aid to the unemployed, the Civil Works Program was highly effective.¹⁴ Finally, although exact statistical proof cannot be adduced, the purchasing power released by the program appears to have been a distinct boon to business generally.

¹⁴ See Gill, *op. cit.*, pp. 419 ff.

Chapter V

THE FEDERAL EMERGENCY RELIEF PROGRAM, 1934-1935

PREPARATORY TO the liquidation of the Civil Works Program, the FERA began to issue instructions early in March 1934 concerning the initiation of a new work-relief program to be operated jointly by the FERA and the States.¹ This new program, known as the Emergency Work Relief Program, was placed in operation in April as the CWA drew to a close. Work was provided for about 1,100,000 persons in April; employment totals advanced slowly thereafter month by month, reaching a peak of nearly 2,500,000 persons in January 1935. By December 1935, when the new work program of the WPA (see chapter VII) was well under way and the FERA was making its last general grants, the program had dwindled to 60,000.

The Emergency Work Relief Program, like the work-relief program of the FERA prior to the Civil Works Program, was operated under the grant technique. Thus, as indicated in chapter III, the FERA made grants of funds to State emergency relief administrations for the operation of both direct- and work-relief programs. These funds became State funds when received for by the State Governor. In general, the FERA encouraged States, whenever possible, to provide work rather than direct relief for employables. Further utilizing its powers as a dispenser of relief funds, the FERA, through its Work Division, laid down broad rules² concerning the types of projects

¹ In order to effect the transition between the CWA and the Emergency Work Relief Program with as little hardship as possible, the liquidation of the Civil Works Program was begun as early as February in some sections of the country. In general, the reductions in Civil Works employment through March were accomplished primarily by discharging members of families with other workers employed or with other resources.

² See WD-1, issued March 6, 1934. For an account of this rule, see Carothers, Doris, *Chronology of the Federal Emergency Relief Administration*, Research Monograph VI, Division of Social Research, Works Progress Administration, Washington, D. C., 1937, pp. 49-50.

which might be operated as well as regulations concerning hours of labor and working conditions.

While the FERA could to some extent channel or guide the broad course of the Emergency Work Relief Program in the various States, actual administration and primary control over the work program were in State and local hands.³ This fact of primary control by State, and more particularly local, relief administrations is obvious in view of the role played by them with respect to employment of workers and the initiation of projects.

How did destitute employable individuals or families with an employable member secure work relief? The focal point of intake for all relief programs, work or direct, was the social service division of the local relief administration. It was this division which determined the eligibility of all applicants for relief.⁴ It investigated need, determined the budgetary deficiency of the family, certified an employable member (if there was one) to the local work division, administered direct relief, and made periodic reinvestigations of need—both of families receiving direct relief and those on work relief. In short, it was the local social service division which in effect determined whether an individual was eligible for work relief and which, on the basis of the budgetary deficiency, in effect set the total wages which each relief worker was to receive.

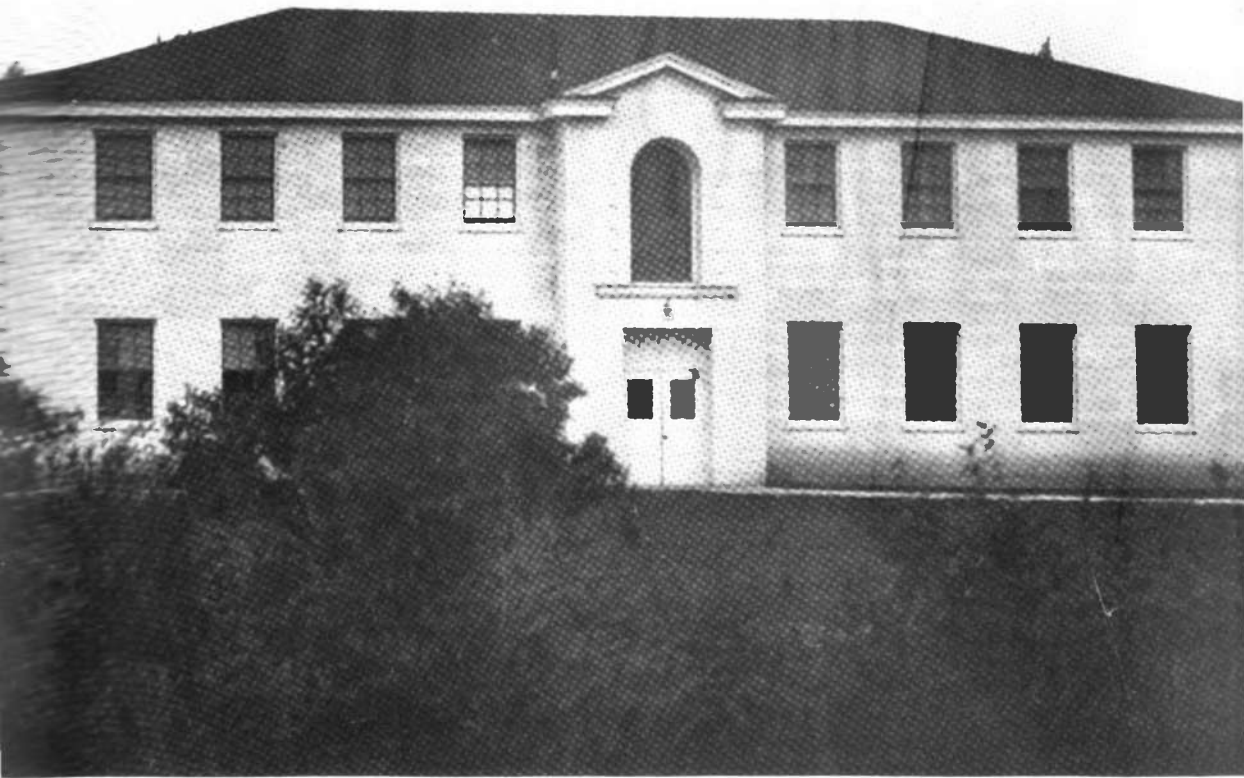
The operation of the work program was a joint Federal-State venture. The task of administering it was entrusted to the Work Division of the FERA and corresponding divisions of the various State and local relief administrations. Projects, to be acceptable, had to fall within one of the major categories declared eligible by the FERA, and work on them had to be carried on in accordance with certain broad principles laid down by the Federal relief agency.⁵ However, actual planning of projects, selection of projects for operation, and managing of activities necessary for the completion of projects were in State and local hands.

Each project had to have a "sponsor." The sponsor was usually one of the regular agencies of the State or local government, such as the board of county commissioners, the local city engineering department, the town council, or the State department of education or conservation. Occasionally the project was sponsored by the State or local work division itself or by some other division of the relief agency. Responsibility for the supervision of the project was entrusted to the

³ For a discussion of the advantages of the WPA method, see ch. VII.

⁴ The local offices, of course, were under the general supervision of the social service divisions of the respective SERA's; the State agencies in turn received general guidance from the FERA.

⁵ For example, the Federal relief agency required that all projects be carried on by force account (day labor), that needy women be given equal consideration with needy men, etc.



Federal Works Agency.

For Education.

5,000 schools, libraries, and other public buildings were constructed and well over 30,000 were improved under the Emergency Work Relief Program.

public body sponsoring the project, although this duty was occasionally vested in the work division.

When making an application in support of a given project the sponsor was required to give full details concerning the engineering specifications, etc., of the work to be done, the estimated cost, the number of relief workers who would be given employment, and the economic and social value of the project to the community or State. If approved by the local ERA, the application was sent to the State relief administration for final approval. Projects did not go to Washington for approval, with the exception of certain statistical and survey projects for which Federal approval was required in order to avoid duplication and to make certain that comparable data were being secured in the various States.

The types of projects carried on under the Emergency Work Relief Program were substantially the same as those operated under the CWA. Indeed, many of the unfinished CWA projects were completed under the Emergency Work Relief Program. In all, about 240,000 projects, representing a total cost of nearly \$1,300,000,000 were carried on under the Emergency Work Relief Program.⁶

What public facilities were secured through the expenditure of this large sum? Only a few major categories can be mentioned briefly here. About 27 percent of all the funds made available to the program was spent on the construction or improvement of highways, roads, and streets; 44,000 miles of new road were constructed and over 200,000 miles of road were repaired. As another example, public buildings accounted for almost 200 million dollars, or 15 percent of all funds expended; over 5,000 new public buildings were constructed under the program, including such types as municipal garages, fire-houses, hospitals, armories, and schools. Repair and improvement work was performed on well over 30,000 public buildings.

As has been indicated, employment on the Emergency Work Relief Program⁷ reached a peak of nearly 2½ million in January 1935. (See appendix table 2.) Employment totals fell slowly during the first half of 1935 to about 2 million in July. During the first half of 1935 approximately 45 percent of all relief cases received work-relief benefits, while the remainder received direct relief. The program was virtually brought to an end during the second half of 1935, when FERA grants were terminated and Federal work activities were

⁶ These totals do not include the amounts expended on FERA work-relief projects prior to the CWA, nor do they include CWA or WPA work expenditures.

⁷ For a very complete report of the activities conducted under the Emergency Work Relief Program, see "The Emergency Work Relief Program of the FERA, April 1, 1934-July 1, 1935," submitted by the Work Division of the FERA to the Administrator. The report is based on material obtained from reports of State administrators.

carried forward through the program of the WPA and other emergency work programs.⁸

Since it was not always possible to secure relief workers with the requisite skills to operate certain projects, limited numbers of persons without relief status, but with the special skills necessary to the efficient conduct of the projects, were sometimes employed. The number of such nonrelief workers on the Emergency Work Relief Program was always low, however. It has been estimated that during the week ending September 20, 1934, a typical week, they numbered less than 5 percent of all workers on the Emergency Work Relief Program.⁹

As has been indicated, earnings under the Emergency Work Relief Program were limited to the budgetary deficiency of the family or household. The problem of wages serves as an important point of distinction between the Civil Works Program and the Emergency Work Relief Program. While all employees under the CWA were allowed to work the same number of hours during any given week, the hours of work of relief workers under the Emergency Work Relief Program were limited to the number required to earn their individual budgetary allowances. During the period from April 1934 through the middle of 1935 earnings for all workers averaged \$28 per month. The hourly wage policy in effect at the close of the Civil Works Program was, however, retained by the FERA for some time. This wage policy, it will be recalled,¹⁰ provided for the payment of the prevailing hourly rate with a 30-cent minimum. The FERA maintained the prevailing rate concept to the end of the Emergency Work Relief Program but discontinued the 30-cent minimum clause on November 19, 1934.¹¹

DIRECT RELIEF

Throughout this period of work-relief activities, first under the FERA, then under the CWA, and again under the FERA, direct-relief benefits were given to more than half the total cases on emergency relief rolls. Those receiving direct relief included many unemployable persons (although some States had removed unemployables from the emergency relief rolls)¹² as well as many employables for

⁸ See ch. VII.

⁹ This fact serves, in part, to distinguish the Emergency Work Relief Program from the Civil Works Program. It will be recalled that at the peak of the Civil Works Program about half of the workers did not have relief status.

¹⁰ See ch. IV.

¹¹ See Burns, Arthur E., "Work Relief Wage Policies, 1930-1936," *Monthly Report of the Federal Emergency Relief Administration, June 1 Through June 30, 1936*, Washington, D. C., 1937, pp. 23-29.

¹² In the years 1933-1935 local governments in many areas continued to extend outdoor poor relief or categorical relief to unemployable cases independently of the FERA. It is to these agencies that the unemployables removed from the emergency relief rolls had to look for assistance.

whom work relief could not be found. The expansion of work-relief activities to care for the employable group was sometimes rendered impracticable by such difficulties as possible competition with private and regular public enterprise, shortage of funds, insufficient supervisory personnel, or lack of skilled relief labor.¹³ Partly because of these considerations, the State ERA's exercised considerable latitude in determining the scope and size of their work-relief programs. As a result, the proportion of work-relief clients to the total number of cases on the emergency relief rolls varied greatly from State to State. Many relief clients on the work program during this period had their work earnings supplemented by direct relief.¹⁴ For these and other reasons the direct-relief program was an essential part of the FERA program and was continued by the States and localities after the termination of FERA grants at the close of 1935.¹⁵

SPECIAL PROGRAMS

As indicated in chapter III, one of the major objectives of the FERA was diversification of its program to fit the many different types of need. Thus, in addition to the general relief program (work and direct relief), the FERA developed certain special programs to meet some of the problems peculiar to such special groups as farmers, teachers, transient persons, and youth. (See appendix tables 2 and 3.)

Rural Rehabilitation Program

The rural rehabilitation program, inaugurated in April 1934, was one such undertaking.¹⁶ Prior to that time relief had been given in rural areas under the emergency relief program of work and direct

¹³ The budgetary deficiency principle adopted by the FERA was also a source of difficulty in this connection. Many work projects cannot be successfully operated unless the supervisor is assured a relatively stable labor supply. Since the number of work hours was directly determined by the budgetary allowance, it was frequently necessary to limit work assignments to those relief persons, who, because of their many dependents, had budgetary allowances sufficient in amount to permit full-time or nearly full-time employment.

¹⁴ Although the volume of supplementary relief depended in some measure on seasonal variations in needs, there was a fairly steady increase in the relative importance of this type of aid. In March 1935 approximately 930,000 cases, representing over 39 percent of the work-relief force or 18 percent of the total general relief case load, received direct relief in supplementation of work-relief earnings.

¹⁵ For an account of the general relief programs in the States and localities subsequent to the FERA, see ch. X.

¹⁶ For an account of this program see "The Rural Rehabilitation Program," *Monthly Report of the Federal Emergency Relief Administration, August 1 Through August 30, 1935*, Washington, D. C., 1936, pp. 14-24. For an account of special aid furnished by the FERA to farmers in drought areas, see Castle, H. H., "Summary of Drought Relief," *Monthly Report of the Federal Emergency Relief Administration, November 1 Through November 30, 1935*, Washington, D. C., 1936, pp. 11-23.

relief. The rural rehabilitation program was based primarily on the proposition that a major distinction could be drawn between the rural destitute and unemployed workers in urban areas.¹⁷ It is clear that the city worker is more or less completely dependent upon employment. He is often unable to save a substantial sum and when his job is lost the need for public assistance may follow swiftly. On the other hand, the farmer in need of public assistance can often be put back on a self-sustaining basis through the extension of credit. In short, if he is given credit for some equipment and stock, if his debts are adjusted, or if he is placed on more fertile land, the farmer can often be rehabilitated. This is precisely what the Rural Rehabilitation Division of the FERA¹⁸ set out to do through its "rehabilitation in place" activities. Destitute farmers were to be placed on a self-sustaining basis through extension of credit for working capital and stock, such as cattle, horses, farm equipment, etc., and the adjustment of their debts. Direct assistance in the form of food, clothing, fuel, medical care, and other necessities was also allowed under the rural rehabilitation program in emergency cases. This latter type of direct assistance was not repayable and did not differ in essence from general relief.

The first advances to farmers for rehabilitation in place were made in April 1934; during June 1935, the month preceding the transfer of rural rehabilitation activities to the newly created Resettlement

¹⁷ The reader desiring material on the background and causes of rural destitution, the social and economic characteristics of farm operators receiving assistance under the general relief and rural rehabilitation programs, etc., will find of special interest the following monographs: Beck, P. G. and Forster, M. C., *Six Rural Problem Areas*, Research Monograph I, Division of Research, Statistics and Finance, Federal Emergency Relief Administration, Washington, D. C., 1935. McCormick, Thomas C., *Comparative Study of Rural Relief and Non-Relief Households*, Research Monograph II, 1935; Asch, Berta and Mangus, A. R., *Farmers on Relief and Rehabilitation*, Research Monograph VIII, 1937; Kifer, R. S. and Stewart, H. L., *Farming Hazards in the Drought Area*, Research Monograph XVI, 1938; Mangus, A. R., *Changing Aspects of Rural Relief*, Research Monograph XIV, 1938; and Zimmerman, Carle C. and Whetten, Nathan L., *Rural Families on Relief*, Research Monograph XVII, 1938, Division of Social Research, Works Progress Administration. Lively, C. E. and Taeuber, Conrad, *Rural Migration in the United States*, Research Monograph XIX, 1939; and Melvin, Bruce L. and Smith, Elna N., *Youth in Agricultural Villages*, Research Monograph XXI, 1940, Division of Research, Works Progress Administration. Holley, William C., Winston, Ellen, and Woofter, T. J., Jr., *The Plantation South, 1934-1937*, Research Monograph XXII, Division of Research, Work Projects Administration, Federal Works Agency, 1940.

¹⁸ Actual administration of the program (subject, of course, to the general rules laid down by the Rural Rehabilitation Division of the FERA) was a responsibility of the rural rehabilitation divisions which were organized within the State emergency relief administrations. The State rehabilitation divisions utilized permanent legal entities (rural rehabilitation corporations) when purchasing, selling, or leasing real property or engaging in other business activities.

Administration, about 200,000 families received loans. At the time of this transfer ¹⁹ about 364,000 cases were "under care," i. e., they had received loans for seed, livestock, etc., on which repayments had not yet been completed.

Federal Surplus Relief Corporation

Another special activity, instituted both to improve the economic condition of farmers and to improve standards of relief throughout the country, was the program set up by the Federal Surplus Relief Corporation on October 4, 1933.²⁰ The directors of the Corporation included the Administrator of the FERA, the Federal Emergency Administrator of Public Works, the Secretary of Agriculture, and the Governor of the Farm Credit Administration.

The FSRC program was intended to be of immediate value both to farmers and to those on relief rolls. Farmers would be assisted by the removal of huge price-depressing surpluses in certain agricultural commodities.²¹ Those on relief would gain by the distribution of these surplus commodities through State relief organizations. In order to make certain that relief standards would be raised by distribution of these surplus commodities and to avoid competition with products for sale in private hands, the FERA ruled that all commodities must be distributed on an "over-and-above basis," that is, as an addition to the amount of relief figured on a budgetary-deficiency basis.

Among the surplus commodities distributed by the FSRC were beef and veal (fresh, boned, and canned), pork and sausage, mutton, cereals of many sorts, and fruits. Many useful work projects were instituted by the emergency work divisions of the various States in connection with surplus commodities. Clothing, towels, bedding, etc., were made in women's workrooms from surplus cotton and cotton textiles; projects were likewise instituted for the canning of fruits and vegetables.

¹⁹ The work initiated under the rural rehabilitation program was carried forward under the Resettlement Administration. Subsequently (January 1, 1937), the Resettlement Administration was transferred to the Department of Agriculture, and on September 1, 1937, by order of the Secretary of Agriculture, the Resettlement Administration was renamed the Farm Security Administration.

²⁰ For a more detailed account of the activities of the FSRC, see "The Federal Surplus Relief Corporation," *Monthly Report of the Federal Emergency Relief Administration, July 1 Through July 31, 1935*, Washington, D. C., 1935, pp. 17-30.

²¹ The FSRC had three main sources of farm commodities. First, the Agricultural Adjustment Administration gave the FSRC great quantities of commodities purchased in connection with its crop and price adjustment program. The Corporation itself, acting as agent for the States, purchased some surplus commodities for distribution. Finally, some local crop-surplus purchases were made by State relief administrations from funds granted to them by the FERA for that purpose.

In November 1935 the Corporation was given a new name, Federal Surplus Commodities Corporation, and executive direction (which had been exercised by the FERA) was vested in the Department of Agriculture. Later, in accordance with the President's Reorganization Plan No. III, the Federal Surplus Commodities Corporation and the Division of Marketing Agreements were merged into a single agency known as the Surplus Marketing Administration. From the creation of the FSRC in October 1933 through October 1935 the FSRC distributed to States commodities valued at about 265 million dollars. The Surplus Marketing Administration still operates with the dual objectives of the FSRC. Emphasis has tended to shift away from relief distribution, however, to the commodity purchasing phase.²³

Emergency Education Program

An excellent example of FERA efforts to devise special programs to fit the particular needs of those on relief rolls may be seen in the emergency education program.²³ This program was organized in October 1933 to give work to destitute unemployed teachers.²⁴ At the outset the FERA indicated that the program in a State might include such broad categories as general adult education, literacy classes, vocational education and rehabilitation, parent and worker education, and nursery school work. Each State, however, was free to select and emphasize those categories most useful to itself; each State

²³ In the spring of 1939 the so-called "food stamp plan" was introduced in a number of cities on an experimental basis. In accordance with this plan the direct distribution of surplus commodities by the FSRC was discontinued in the stamp-plan areas; instead, low-income families eligible for public assistance received additional purchasing power in the form of stamps, redeemable by the Government and acceptable in grocery stores in exchange for certain food products officially designated as surplus commodities. This plan has proved so successful that it has been greatly extended and by the fall of 1940 was in operation in approximately 150 cities and urban counties. See also Surplus Marketing Administration, *Report of the Administrative Official in Charge of Surplus Removal and Marketing Agreement Programs, 1940*, U. S. Department of Agriculture, Washington, D. C., 1940.

²⁴ For a more complete analysis of this program, see "Emergency Education Program," *Monthly Report of the Federal Emergency Relief Administration, June 1 Through June 30, 1935*, Washington, D. C., 1935, pp. 16-19. See also *A Descriptive Bulletin of the Various Activities Authorized as Work Projects in Education*, Federal Emergency Relief Administration, Washington, D. C., April 1935.

²⁵ Although the Administration avoided using Federal funds for the regular public school system, expenditures were authorized in the spring of 1934 and again in 1935 to pay the salaries of unemployed teachers in rural schools where local and State funds were completely exhausted. This program was referred to as the "rural school continuation program." During the school years 1933-34 and 1934-35 FERA grants for this program amounted to \$21,805,651. See *Monthly Report of the Federal Emergency Relief Administration, October 1 Through October 31, 1935*, Washington, D. C., 1936, table B, p. 23.

department of education was responsible for drafting the program for its State.

Federal regulations required that the persons given employment on the program be duly qualified teachers drawn from relief rolls. Employment reached a peak of more than 44,000 persons in March 1935. The emergency education program was gradually curtailed in the latter part of 1935, at which time similar activities were undertaken by the Works Progress Administration.

College Student Aid Program

The special needs of young persons were recognized by the establishment of a college student aid program²⁵ which was introduced as an experiment in Minnesota in 1933 and subsequently extended throughout the country beginning in February 1934. The program was designed to provide part-time employment for college students who otherwise would not be able to continue their studies. In selecting students for the program, therefore, the colleges were required to place major stress upon need for assistance, although ability and character were also to be taken into consideration. During the winter of 1934-35, an average of more than 100,000 students were aided.²⁶ Since September 1935 this program of student aid has been under the direction of the National Youth Administration which has enlarged the concept to include high-school as well as college students.²⁷

Transient Program

The need for a special program for transients had been apparent for some time before the creation of the FERA, and Congress, in the Federal Emergency Relief Act of 1933, had specifically empowered the Federal relief agency to make special grants for this purpose.²⁸ It was not an easy task, however, to induce States to operate transient programs. The age-old dislike of many localities for transients had become stronger during the period of depression following 1929.²⁹ Even prior to that time, of course, transients frequently had been

²⁵ See "The College Student Aid Program," *Monthly Report of the Federal Emergency Relief Administration, July 1 Through July 31, 1935*, Washington, D. C., 1935, pp. 39-42.

²⁶ The FERA provided that a State could receive \$15 of Federal aid per month for each student given employment under the program. Originally 10 percent, and later 12 percent, of the total enrollment of college students within the State could be placed on the program.

²⁷ See ch. VII.

²⁸ See section 4 (c) of the Federal Emergency Relief Act of 1933, approved May 12, 1933 (c. 30, 48 Stat. 55, 57).

²⁹ See Williams, E. A., "Legal Settlement in the United States," *Monthly Report of the Federal Emergency Relief Administration, August 1 Through August 15, 1935*, Washington, D. C., 1936, pp. 25-40.

viewed as unwelcome loafers or financial liabilities who should be passed on to other States or sent back to their places of origin. Depression merely added fuel to the flames, for transients who found jobs were then accused of taking jobs belonging "properly" to local residents.

The Transient Division of the FERA was established in July 1933.³⁰ In order to encourage States and localities to foster transient programs the FERA agreed to make grants covering the expenses of a transient program in those States submitting approved plans for dealing with the problem. Thus stimulated, 40 States had instituted transient programs by January 1934, and the first midmonthly census, taken as of February 15, 1934, revealed that 127,000 persons were under care. An extensive network of centers and camps was set up to take care of the bulk of the transients, and work-relief projects were established for able-bodied transients. An average of almost 300,000 persons received assistance under the transient program during the winter of 1934-35. After the discontinuation of the FERA provision for transients was included in regular work-project activities of the WPA.

NUMBER OF CASES RECEIVING EMERGENCY RELIEF³¹

The preceding pages have outlined the nature of the work-relief and direct-relief activities as well as the major special programs conducted under the FERA. A brief sketch of the numbers aided and the sums spent will help to indicate the size and scope of the problems involved. (See table 1, p. 24, and appendix table 1.)

In March 1933 unemployment was at an all-time peak. It is estimated that during that month 4,977,742 cases received public emergency relief in the form of work and direct relief and that in April a

³⁰ See Webb, John N., "The Transient Unemployed," *Monthly Report of the Federal Emergency Relief Administration, January 1 Through January 31, 1936*, Washington, D. C., 1936, pp. 1-25.; and Webb, John N., *The Transient Unemployed*, Research Monograph III, Division of Social Research, Works Progress Administration, Washington, D. C., 1935. For an account of the characteristics and activities of the depression migrant families receiving relief under the transient program of the FERA, see Webb, John N. and Brown, Malcolm, *Migrant Families*, Research Monograph XVIII, Division of Social Research, Works Progress Administration, Washington, D. C., 1938; and Webb, John N., *The Migratory-Casual Worker*, Research Monograph VII, Division of Social Research, Works Progress Administration, Washington, D. C., 1937.

³¹ The data used in this section are based on table 1, p. 24, which presents the number of resident and transient cases and persons receiving emergency public relief during each month of the 3-year period, 1933 through 1935. The term "emergency relief" includes direct and work relief under the FERA as well as relief under the several special programs inaugurated under the FERA after September 1933. Emergency relief does not include the relatively small volume of "poor relief" extended in localities independently of the FERA.



Federal Works Agency.

For the Transient.

During the winter of 1934-35 an average of almost 300,000 persons received assistance under the transient program.

high mark of 5,070,866 cases was reached. This total represented 20,387,292 persons, or 16.2 percent of the total population of the country. The rise in relief rolls was checked late in April, and an uninterrupted decline continued throughout the late spring and summer of 1933. In September 1933 only 3,428,074 cases were on the relief rolls, a drop of over 32 percent from the April peak. A general improvement in employment conditions played a large part in this decline, although the reduction in seasonal needs was undoubtedly of considerable importance. The trend of emergency relief turned upward again in the fall. This was partly the result of the growing winter needs, but rising unemployment and steady depletion of individual resources were more fundamental causes of this increase.

The rise in the emergency relief rolls was checked with the inauguration of the CWA work program. Following the large-scale transfer of emergency relief recipients to CWA projects only 2,991,539 cases remained on the relief rolls in January 1934. Curtailment of CWA activities in the late winter of 1934 was almost immediately followed by an expansion in the volume of emergency relief. With the virtual liquidation of the CWA by the end of April 1934, the number of cases on relief rolls rose to 4,455,071.

Thereafter the relief rolls fluctuated within a relatively narrow range. The second half of 1934, however, was marked by a continuous rise in the volume of relief, due in part to the severe drought which affected a large part of the country in the summer of 1934.²² Winter requirements also contributed to a new peak in the volume of emergency relief in the first quarter of 1935. After 1935 a general revival in industry and economic recovery in drought areas combined to cause a perceptible drop in relief rolls.

With the inauguration of the WPA and other Federal work activities in the latter part of 1935 the FERA entered a stage of gradual liquidation. The number of cases receiving emergency relief dropped from 4,392,108 in July 1935 to 2,617,372 in December 1935, a decline of about 40 percent. By the close of 1935 the Federal Government had discontinued grants-in-aid for emergency relief.

COST OF EMERGENCY RELIEF: SOURCES OF FUNDS

The total cost of relief programs under the FERA in the 3 years amounted to \$4,119,004,631. Of this total sum 71 percent came from Federal funds, 13 percent from State funds and 16 percent from local funds. For a detailed summary of FERA obligations incurred, see appendix tables 1 and 3.

²² The drought of 1934, the severest on record, spread over the entire areas of 15 States and over sections of 10 additional States in the midwestern and western parts of the country.

SUMMARY

In brief, the FERA represented the first major step of the Federal Government in the field of relief.³³ Under this program substantial Federal responsibility for relief was assumed in contrast to the pre-1929 policy. It may be said that the Federal relief agency encouraged the extensive development of relief facilities so that, at the peak of its program, virtually all counties in the country were equipped with emergency relief agencies. Further, as has been outlined in previous pages, the FERA sought to improve relief standards, to differentiate the relief programs, and to support the work-relief movement whenever possible. In general, the FERA marked an abrupt change in Federal policy and established the basis for continued Federal action in the field of unemployment relief.³⁴

³³ See Williams, Edward Ainsworth, *Federal Aid for Relief*, New York: Columbia University Press, 1939, ch. I.

³⁴ See Burns, Arthur E., "The Federal Emergency Relief Administration," *Municipal Year Book, 1937*, Chicago: International City Managers' Association, 1937, p. 395.

Chapter VI

CHANGING RELIEF POLICY, 1935

SIGNIFICANT IN the history of relief in this country is the year 1935, a year when far-reaching changes were made in Federal relief policies and programs. During the summer and fall of 1935 the grant program of the FERA was gradually liquidated. In that same year a new Federal work program was instituted and the Social Security Act was passed. These major developments represent an attempt to differentiate the problem of dependence and to establish the basis for a more permanent program.

That major changes in Federal relief policies and activities would take place within a year or two after the active entrance of the Federal Government into the field of relief was inevitable. A brief glance at the earlier steps in the history of relief will help to make this point clear. When Congress had met early in 1933 to determine the role to be played by the Federal Government in meeting the relief crisis then prevailing throughout the Nation, the all important point was that substantial Federal aid be made available quickly to the overburdened States and localities. The choice of the traditional grant method to accomplish this purpose, rather than a more direct form of Federal action, was a natural one in the light of previous relief history. As has been indicated in previous chapters, relief had traditionally been considered a local problem. It was assumed that Federal aid would be purely temporary and that Federal grants could be dropped within a short period. Further, there were many State and local relief organizations in existence in 1933 which had sprung up during 1931 and 1932; it was thought that the simplest method would be to set up a grant agency to funnel required Federal funds for a period into these established organizations.

The need for Federal aid for relief did not, however, disappear during 1934 and 1935. On the contrary, it came to be rather generally

recognized that the relief problem was a many-sided and lasting one, and that the Federal Government must work out a more permanent program in cooperation with the States and localities.

The contribution of the FERA toward the eventual working out of such a program can scarcely be overestimated. First, the year 1933 can be described, in a sense, as one of crisis government. Funds for relief had to be pumped quickly to the hard-pressed States and localities. This the FERA accomplished, and in so doing gave time to plan ahead. Next, the FERA experimented along a great many lines during the period 1933-1935. The present program of the WPA is undoubtedly more effective as a result of the experience in work relief gained during the period of the FERA. The present programs of the National Youth Administration and certain activities of the Farm Security Administration and the new Surplus Marketing Administration likewise owe much to the earlier programs along these lines conducted by the FERA.

In order to understand the highly significant changes made in Federal relief programs and policies in 1935, some attention should be given to FERA relief rolls as they stood during the latter part of 1934. In November 1934 there were approximately 5 million cases (families and single persons) on emergency relief rolls. These 5 million cases may be divided into 2 general categories, those in whose families there was no employable person and those in which 1 or more members were capable of self-sustaining effort. FERA grants were used to take care of both employables and unemployables on the emergency relief rolls, with the Federal Government bearing approximately 70 percent of total emergency relief costs during the period.

In redrafting Federal relief policy and programs in 1935, the President and the Congress operated on the assumption that the unemployable relief group should, in the future, be primarily a State and local responsibility in accordance with traditional practice in this country. In other words, the attempt was made in 1935 to redefine Federal, State, and local responsibility with respect to unemployables, and to secure wider State and local participation in meeting this aspect of the relief problem. The Federal Government was not to decline all further responsibility for the care of unemployables; provision for Federal participation was made under the Social Security Act.¹ Federal aid, however, was to be limited to certain types or categories of unemployables; unemployables not falling within those categories were left entirely in the care of States and localities. Under the Social Security Act the Federal Government was to institute a system of regular Federal grants to match State expenditures for certain relief

¹ Approved August 14, 1935 (c. 531, 49 Stat. 620).

categories.² These Federal grants were to be available to States setting up approved pension systems for the needy aged, for mothers with dependent children, and for the blind. Federal grants for these categories, however, were to be on a matching basis; the matching proviso was obviously intended to encourage States to set up permanent programs for these groups and to stimulate a greater volume of State and local funds than had been forthcoming for these purposes under the FERA program.³

As pointed out by the President early in 1935, the second major group of needy persons, the jobless employables, involved entirely different concepts.⁴ Unemployment is a national problem and both logic and financial necessity make it imperative that the Federal Government assume primary responsibility for meeting the destitution which comes in its train.

The method advocated and developed by the FERA for helping the destitute workers had been to provide work on projects of economic and social value to the communities wherein the jobless resided. Those who formulated the Federal relief policy in 1935 accepted the proposition that work, not direct relief, should be the keystone of the Federal relief policy for destitute employables. At the same time, however, it was thought that the work principle could be made to produce still better results if the FERA, utilizing the technique of grants to States, were replaced by a new agency primarily utilizing Federal-local contacts. It was also believed that a much better work program could be operated if the budgetary-deficiency-wage concept were abandoned. The advantages to be derived from these and other shifts are described in the following chapter which outlines WPA work activities since 1935. Subsequent chapters outline the other major changes in Federal relief and security policies introduced under the Social Security Act.

² The act also contained insurance features to guard against certain future problems of destitution. Thus there was provision made for a contributory old-age insurance or annuity system under which superannuated workers would receive benefits. In the ordinary course of events many of these persons would otherwise have had to apply for public assistance when their working years were over. To tide jobless workers over for short periods between jobs, and thus to give more stability to the economic structure, the act also provided for the encouragement of State systems of unemployment compensation. See ch. VIII.

³ For a more complete discussion of categorical assistance under the Social Security Act, see ch. VIII.

⁴ See the annual message from the President to the Congress, with recommendation for a new program of emergency public employment (H. Doc. 1), January 1935. See also Wood, Katherine D. and Palmer, Gladys L., *Urban Workers on Relief*, Research Monograph IV, Part I and Part II, Division of Social Research, Works Progress Administration, Washington, D. C., 1936; and Hauser, Philip N., *Workers on Relief in the United States in March 1935*, Vol. I, Division of Social Research, Works Progress Administration, Washington, D. C., 1938.



Federal Works Agency (Highton).

For Transportation.

From July 1935–December 1940 the WPA built or improved 565,456 miles of roads.



Work Projects Administration (Wilson).

For Recreation.

One of 1,500 swimming and wading pools built by the WPA from July 1935–
December 1940.

Chapter VII

WORK FOR THE UNEMPLOYED

THE WORK PROJECTS ADMINISTRATION

AFTER MANY months of discussion and study plans for a new Federal work program were put into effect with the passage of the Emergency Relief Appropriation Act of 1935 in April of that year. Acting under authority of this act the President, by Executive order,¹ created the Works Progress Administration.² Designed primarily to give direct employment on locally sponsored work projects to employable persons in need of public assistance, the WPA was also given the broad task of coordinating the work of other Federal agencies receiving emergency Federal funds for construction.³ Joining with

¹ No. 7034, May 6, 1935.

² Known as the Work Projects Administration since July 1939, at which time this Federal agency was made a part of the newly created Federal Works Agency. For an account of the early activities of the Works Progress Administration, see Ross, Emerson, "Works Progress Administration," *Municipal Year Book, 1937*, Chicago: International City Managers Association, 1937, pp. 433 ff. See also Gill, Corrington, *Wasted Manpower*, New York: W. W. Norton & Company, Inc. 1939, ch. IX. For a detailed account of WPA administration in one area, see Millett, John D., *The Works Progress Administration in New York City*, Chicago: Public Administration Service, 1938.

³ Thus the term "Works Program" as used in 1935 referred to the activities of a group of agencies. When Congress later began to make separate appropriations for these units, the WPA dropped its functions of coordinating and reporting the work of the other agencies. For an account, from the administrative point of view, of the development of the various work programs during 1935 and ensuing years see Macmahon, Arthur W., Millett, John D., and Ogden, Gladys, *The Administration of Federal Work Relief*, Chicago: Social Science Research Council, 1941. See also *Report on Progress of the Works Program*, issued monthly by the Works Progress Administration from March through August 1936 and thereafter in October and December 1936 and March, June, and December, 1937; and *Report on Progress of the WPA Program*, June 30, 1938, June 30, 1939, and June 30, 1940, Work Projects Administration, Washington, D. C.

the WPA in 1935 in the task of providing work for the destitute unemployed were more than 40 Government agencies; the more important were the Resettlement Administration (now the Farm Security Administration), the Civilian Conservation Corps, the Public Works Administration, and the Rural Electrification Administration.

From the outset of the program in 1935 the WPA has played a major role in Federal emergency work activities. (See table 3.) This agency has consistently provided more than half the employment thus furnished; at various times it has supplied between 70 and 80 percent of the total. The first part of the present chapter explains the purposes of the WPA and the manner in which it functions. Later in the chapter the work of other Federal agencies furnishing emergency employment is outlined.

In planning the new WPA setup, Federal relief officials utilized the experience gained under the grant system of the FERA in operating

Table 3.—Average Number of Persons Employed on WPA Projects,¹ by Month, United States and Territories, August 1935–December 1940

Year and month	Average number of persons employed	Year and month	Average number of persons employed
1935		1938—Continued	
August	220, 163	April	2, 540, 464
September	374, 316	May	2, 640, 246
October	705, 169	June	2, 743, 025
November	1, 814, 958	July	2, 999, 021
December	2, 687, 190	August	3, 125, 244
1936		September	3, 213, 609
January	2, 879, 733	October	3, 286, 611
February	3, 019, 098	November	3, 334, 594
March	2, 960, 315	December	3, 161, 080
April	2, 626, 387	1939	
May	2, 396, 719	January	3, 021, 595
June	2, 285, 622	February	2, 996, 554
July	2, 245, 328	March	3, 009, 110
August	2, 332, 380	April	2, 792, 362
September	2, 453, 602	May	2, 645, 550
October	2, 552, 574	June	2, 578, 041
November	2, 551, 042	July	2, 282, 087
December	2, 247, 461	August	1, 870, 688
1937		September	1, 720, 996
January	2, 131, 079	October	1, 877, 439
February	2, 149, 369	November	1, 960, 518
March	2, 129, 475	December	2, 123, 431
April	2, 078, 221	1940	
May	2, 021, 579	January	2, 216, 314
June	1, 878, 008	February	2, 309, 218
July	1, 631, 204	March	2, 310, 539
August	1, 510, 894	April	2, 144, 040
September	1, 455, 977	May	1, 981, 666
October	1, 462, 605	June	1, 755, 532
November	1, 503, 720	July	1, 655, 479
December	1, 596, 676	August	1, 701, 512
1938		September	1, 692, 641
January	1, 803, 102	October	1, 706, 489
February	2, 003, 840	November	1, 759, 382
March	2, 321, 541	December	1, 859, 594

¹ Includes employment on projects operated by other Federal agencies and financed by allocation of WPA funds.

Source: Division of Statistics, Work Projects Administration, Washington, D. C.

a work program. While the grant system has worked well in other fields in the past,⁴ FERA experience showed that the grant method was not particularly effective in connection with a problem so complex and dynamic as the conduct of a work program for the unemployed. The new WPA setup was designed specifically to operate a work program without the difficulties which had begun to crop up under the FERA. A brief outline of some of the shortcomings of the grant system for relief will serve to indicate both why the FERA grant system was abandoned and how the WPA system functions.⁵

The essential feature of the grant system in the United States has been the donation of funds raised by one level of government to be used by another level of government, usually under certain conditions and regulations prescribed by the grantor of the funds. The FERA followed this grant-in-aid pattern in making Federal funds available to the States. As soon as the transfer of funds had been made by the FERA and receipted for by the State governor, title to the funds passed to the State.

This brings us to the crux of the situation. Technically, Federal funds became State funds when once receipted for by the Governor, but the FERA was still obligated to see that the funds it had supplied were spent honestly, that desirable relief standards were observed, and that a sound and useful work program was carried forward in the States.

It was, of course, possible for the FERA to exert considerable influence merely through the maintenance of amicable and cooperative relationships with the State relief agencies. Mere suggestion was often sufficient to improve standards of administration, of work projects, etc. The FERA also had certain "control" devices. Thus, it issued regulations from time to time and States accepting Federal funds agreed to abide by them. The Federal relief agency had field representatives who reported to Washington concerning the effectiveness with which these regulations were being enforced, and the Division of Investigation within the FERA helped to ferret out dishonest practices.

In the last analysis, however, the FERA had only one major sanction for inducing unwilling States to improve work-relief standards

⁴ For an excellent account of Federal grants-in-aid from the administrative point of view, see Key, V. O., Jr., *The Administration of Federal Grants to States*, Chicago: Public Administration Service, 1937.

⁵ See Williams, Edward Ainsworth, *Federal Aid for Relief*, New York: Columbia University Press, 1939, for a discussion of the relative advantages of the grant system and the WPA in operating a work program. See also Williams, Edward A. and J. Kerwin, "The WPA Method vs. Grants-in-Aid," *Survey Midmonthly*, Vol. LXXVI, No. 3, March 1940, pp. 91-93; and Williams, J. Kerwin and Edward A., "New Techniques in Federal Aid," *American Political Science Review*, Vol. XXXIV, No. 5, October 1940, pp. 947-954.

and practices.⁶ It could refuse to grant any further funds to a State which failed to maintain certain standards. This power, however, could not be used as effectively by the FERA as it had been used by other Federal grant agencies, because of the grave suffering caused the needy unemployed.

There were also other facts which emphasized the need for a new type of Federal-State-local setup if the "work principle" were to be effectively furthered. For example, in some States the Governor, or the legislature, or both, were dominated by rural groups little interested in operating "costly" work programs for the unemployed in the cities. The obvious remedy was to establish direct Federal-municipal contacts in order to deal directly with city executives who were anxious to operate useful work programs.

The difficulties faced by the FERA in securing a satisfactory work program without direct Federal control were, therefore, responsible for the decision that the WPA, like the earlier CWA, should be set up as a "Federal" program. Adequate safeguarding of Federal funds is achieved as follows: All WPA officials, from Washington down through the State and district offices, are Federal officials. All projects that are proposed throughout the country receive a final review at the Washington office. A pool of desirable projects is approved for each State and from this pool the WPA Administrator in each State selects those projects which are to be placed in operation. The maintenance of a reserve of approved projects is of considerable importance, for it makes possible prompt inauguration of new and varying types of projects as employment needs expand.

Unlike the FERA, the WPA does not use State governments as a funnel through which funds are distributed and contacts made with local project sponsors. Direct Federal-local contacts are established under the WPA. Local governments suggest projects directly to the WPA and Federal funds are earmarked for projects placed in operation. The funds, however, do not actually pass into the possession of the project sponsor; the Federal Government, through regular Treasury checks, disburses the funds directly to the project workers. Further, such materials as the WPA may supply for a given project are secured through Federal purchasing channels.⁷

It is with the above Federal controls in mind that persons speak of the WPA as a "Federal" program. Use of this term is probably justified, and serves, when used to describe the contrast with the

⁶ The FERA could, when all else failed, abandon the grant method completely and "federalize" relief in the State. Since Congress had obviously intended this power to be used only in rare cases, and since it would also have involved loss of State and local contributions, "federalizing" was seldom used. See p. 23.

⁷ An independent accounting of WPA expenditures is made by the U. S. Treasury Department.

FERA grant program, to indicate the greater degree of Federal control exerted over the WPA program. On the other hand, use of the term "Federal" in connection with the WPA has tended to obscure the essentially cooperative Federal-State-local nature of the program. Localities play an important part in the administration and financing of the program.

The joint Federal-State-local nature of the activities carried on under the WPA may be seen in many aspects of the program. For example, the determination of the need of families or individuals for employment on the program is a local function.⁸ That is, the local relief agency, manned by local officials, receives the original application for assistance made by the needy worker. This local agency determines the relative need of each applicant and then, in line with WPA rules on eligibility, refers eligible persons to the WPA. The WPA accepts or rejects those referred; from the accepted group of persons, the WPA Division of Employment selects workers with the skills and experience needed to carry on the various local work projects. Principally because of the limitations on available funds, the WPA has never been able to give work to all certified workers; those who are not assigned are left to the care of local relief agencies.

The planning and operation of projects again brings the localities to the fore. State-sponsored projects are only a relatively small part of the WPA program; projects sponsored by other Federal agencies and financed through WPA funds are also only a relatively small part of the total program.⁹ The vast majority of the projects operated under the WPA program are local projects; that is, they are planned and initiated by cities, counties, villages, and other local political subdivisions to meet specific local needs. It is the duty of the sponsor in this connection to draw up full plans (actual blueprints in the case of construction projects) describing in detail the work to be done, the amount and kinds of labor required, and the estimated costs. Further, once a project is in operation, the local sponsor generally plays a part in directing the project. Finally, sponsors share in the program by paying a part of the project cost. (See appendix tables 6 and 7.) During the calendar year 1940 sponsors' funds averaged

⁸ In a few States, usually because the State is unable or will not provide funds for adequate investigation, the need of those applying for WPA work is ascertained by the local WPA.

⁹ During December 1940 about 51,000 workers were being given employment on projects operated by other Federal agencies and financed through WPA funds. Outstanding among the Federal agencies operating projects with funds transferred to them by the WPA for this purpose are bureaus of the Agriculture, Interior, Navy, and War Departments.

28.5 percent of the total project costs.¹⁰ It is required by law that in each State not less than 25 percent of the total cost of non-Federal projects approved after January 1, 1940, be borne by the local sponsors.¹¹

Projects

The WPA has undertaken a wide variety of projects of which over three-fourths (about 79 percent) of the cost through December 1940 is accounted for by construction activities and the remaining portion (about 21 percent) by nonconstruction activities.

About half of the construction work is new construction; the other half involves repair work. Listed in order of their percentages in terms of funds expended from July 1935 through December 1940, some of the major types of construction projects are highways, roads, and streets, 39.2; public buildings, 10.4; publicly owned or operated utilities, 10.1; recreational facilities, 8.6; conservation, 3.8; and airports and airways, 2.2.

Among the major nonconstruction activities (educational, professional, and clerical projects) are sewing, 6.6; research and surveys, 2.0; education, 2.0; recreation, 2.0; public records, 1.5; and library projects, 1.0.

Practically every community in the United States has cooperated with the Federal Government in instituting projects of the WPA work program. Some idea of the amount and value of the work accomplished can be gained from a brief reference to some of the major types of projects. (See appendix table 7.)

Construction and improvement of highways, roads, and streets has always accounted for a large proportion of WPA expenditures. Road building is a type of work particularly well suited to the use of unskilled labor, and projects can be devised readily because local governments are familiar with this type of work. Another reason for the large number of road projects is that the need for good roads is universally recognized. Between July 1935 and December 1940 the WPA built or repaired 565,000 miles of roads. Much of this work was done on farm-to-market roads which are needed not only to facilitate transport of farm products to market centers but for mail

¹⁰ From the outset of the program through December 31, 1940, sponsors have provided a total of about \$2,079,800,000 toward WPA project costs. Sponsors' contributions to the cost of project operations for the calendar years 1937 through 1940 are as follows: 1937, \$330,000,000; 1938, \$437,000,000; 1939, \$498,000,000; and 1940, \$532,000,000.

¹¹ The ERA Act, fiscal year 1941, in order to expedite defense work on the WPA program, authorized the exemption of projects from the 25-percent clause if they have been certified by either the War Department or the Navy Department as being important to the national defense.

delivery and school bus transportation as well. In addition, the miles of curbing, road shoulders, culverts, gutters, guard rails, drainage ditches, and highway landscaping have mounted into six figures.

Second in importance only to the highway, road, and street work of the WPA is the construction and renovation of public buildings. Through December 1940 WPA workers had completed over 28,000 new public buildings, repaired or improved an additional 72,000, and built additions to more than 3,600. The types of public buildings constructed or improved with WPA labor include schools, libraries, hospitals, gymnasiums and other recreational buildings, firehouses, courthouses, armories, etc. New school construction alone has accounted for a total of 4,800 WPA-built buildings, and 31,700 school buildings have been repaired or improved by the WPA.

At least a part of WPA work in the related fields of recreation, health, and sanitation should also be mentioned. WPA labor has built approximately 2,750 athletic fields, 1,500 parks, and 44 fairgrounds. New playgrounds number 2,700, while 9,000 playgrounds have been improved. The WPA workers have also completed over 700 swimming pools and a total of about 15,500 new play areas such as public golf courses, tennis and hand-ball courts, ski jumps, outdoor theaters, band shells, etc. Public health projects include 12,700 miles of water mains and distribution lines as well as hundreds of sewage treatment plants, water purification plants and pumping stations, and 19,800 miles of new storm sewers.

Many other types of WPA projects might also be cited. Flood and erosion control work, for example, has included the construction of 111 miles of jetties and breakwaters, 136 miles of bulkhead, and 4,200 miles of riverbank and shore improvements.

In still another broad field, projects of importance for the national defense, the WPA has performed service of great value. A tabulation of defense projects covering the period from July 1935 through December 1940 indicates, for example, the construction or improvement of many thousands of military and naval buildings.

Among the buildings newly constructed for the armed forces are 251 armories, 330 garages, 362 storage buildings, 67 administrative buildings, 36 hospitals and infirmaries, 351 barracks and officers' residences, and 431 dining halls, mess halls, and kitchens.

Work performed by the WPA in the highly important field of aviation includes the construction of some 200 new landing fields, 57 additions to such fields, and the reconstruction or improvement of 340 others; the construction of 180 new hangars, and the reconstruction or improvement of 300. In addition, over 11,000 new airway markers have been constructed and 3,050 have been reconstructed or improved.

Since June 1940 increasing emphasis has been placed on defense work and by the spring of 1941 about 500,000 WPA workers were engaged in the construction of airports, armories, barracks, military roads, etc.¹³

Like the construction program briefly sketched in the preceding pages, the nonconstruction activities of the WPA also cover a wide field. These white-collar projects have accounted for a little less than one-fourth of WPA expenditures, but they are an important part of the program because they represent the chief source of employment for women and the able-bodied needy in clerical, professional, and service fields. The projects include, for example, adult education classes, research projects, public health nursing, nursery schools, the providing of hot lunches for needy school children, and community sewing rooms making supplies for the needy. The art, music, and writers' projects fall in this nonconstruction group also; so did the now discontinued Federal theater project.

Some idea of the scope of the accomplishments of professional and service workers may be had from the following statistics. During October 1940 there were enrolled in WPA literacy and naturalization classes about 245,000 men and women. During the 3 months ending December 31, 1940, WPA workers served 70 million lunches to school children in 18,677 schools. Through December 1940 they operated or assisted in the operation of well over 10,000 libraries, and renovated some 80 million school and library books. Many of these community service projects, particularly those bolstering the health and morale of the people, may be considered to be an important part of our "home defense."

In addition to the regular projects outlined above are certain emergency projects which have been instituted from time to time in areas devastated suddenly by flood, storm, or other disasters. Excellent examples of these emergency undertakings may be seen in the activities carried on by WPA workers following the New England hurricane of September 1938 and the Mississippi and Ohio floods of 1937. In order to release workers for emergency duties, many regular projects were immediately closed down, thus making thousands of WPA workers available for rescue and rehabilitation work. In the case of the New England disaster, approximately 100,000 WPA workers were placed in emergency activities. Women workers served as cooks and nurses; men on the program aided in the rescue work, helped move families from dangerous areas, distributed food and clothing, helped in the restoration of roads, repaired water mains, and assisted in clearing away debris.

¹³ For other WPA defense work, through its worker-training program, see p. 64.



U. S. Army Air Corps.

A Defense Need.

From July 1935–December 1940 the WPA built or improved approximately 600 landing fields and 1,900 airport buildings.



Federal Works Agency.

Sewing for the Needy.

Through December 31, 1940, the WPA sewing projects made millions of garments for the needy.

Wages

The problem of wage payment for work relief has always been a difficult one.¹³ On the one hand, it has been recognized that if morale is to be maintained (and this is one of the major objectives of work relief) wages and working conditions must bear some reasonable relationship to conditions in private industry. In short, if a worker is placed on a leaf-raking job at 10 to 25 cents an hour until he earns just enough to meet his "budgetary deficiency," he is under no illusion that he has been given a job. On the other hand, it is argued that those on work projects must have a definite incentive to return to private industry, and that this incentive may be lost if total wages too closely approximate those paid in private industry for comparable work. The past and present wage schedules of the WPA can best be understood when it is realized that they reflect an attempt to give due weight to both of these points of view.

When the WPA began operations in 1935 it rejected at the outset the major tenet of FERA wage policy, the budgetary deficiency principle. As has been indicated in previous chapters, under this system workers could work only the number of hours necessary to earn wages to cover their budgetary deficiency. Since the total amount which each relief worker was permitted to earn was low, and since the amount of each worker's budgetary deficiency varied, it was impossible for them to work a uniform number of hours. The numerous work shifts thus made necessary interfered seriously with the efficient conduct of work projects. More important still, the budgetary deficiency principle required that the worker be subject to frequent investigation to determine whether he had any income which might be deducted from his budget, whether his work-relief earnings were being budgeted wisely, etc. One of the major advantages of the WPA wage setup is that it is no longer necessary to subject the project worker and his family to frequent and minute investigation.

In general, WPA wages, as compared with those paid under the budgetary deficiency system of the FERA, are higher and more closely adjusted to the type of service rendered. WPA wages have been based on what is known as a monthly "security wage" policy. The monthly wage given WPA workers at the outset of the program varied in terms of major occupational groups, broad geographical regions, and urban-rural areas. The original payment schedule ranged from \$19 per month for unskilled labor in the rural South to \$94 per month for technical and professional people in the urban areas of the North

¹³ See Burns, Arthur Edward and Kerr, Peyton, "Survey of Work-Relief Wage Policies," *American Economic Review*, Vol. XXVII, No. 4, December 1937, pp. 712-724.

and West. In July 1938 the lowest wage for unskilled workers in the South was raised to \$26. Under the schedule put into effect in September 1939 the lowest wage, \$31.20 per month, is given to unskilled labor in rural areas of Southern States and the highest wage is given to professional and technical workers in the North and West, who may receive up to \$94.90 per month.¹⁴ The average monthly wage received by WPA workers in 1940, in the country as a whole, was about \$55.

When the WPA program was first placed in operation all relief workers were required to work a fixed number of hours each month. Maximum hours in this connection were set at 8 per day, 40 per week, and 140 per month. There grew up, however, the custom of paying a prevailing hourly rate and Congress wrote the prevailing wage concept into law in the Emergency Relief Appropriation Act of 1936. For the most part, labor groups had backed this step strongly on the ground that payment of less than the prevailing rates on projects would tend to exert a depressing influence on the private wage-rate structure. Payment of prevailing hourly wages, however, made difficult the operation of projects at maximum efficiency. The payment of prevailing hourly wages meant, of course, that the number of hours worked for each employee per month became a derived figure, obtained by dividing the employee's monthly wage by the hourly rate prevailing for the work at which he was employed. This led to frequent shifts of workers, particularly skilled workers receiving high hourly rates, and caused difficulties in project operation similar to those arising under the budgetary deficiency system of the FERA. Therefore, in the ERA Act of 1939 Congress dropped the prevailing wage concept, section 15 (a) of the act requiring that the hours of work for all project workers, with certain minor exceptions of a permissive nature, be set at 130 hours per month. The ERA Act, fiscal year 1941, however, contains the important provision that projects certified by either the War or Navy Departments as being of direct value to national defense may be exempted from the above requirements on hours and wages. Under this provision hours of labor have been increased considerably

¹⁴ The September 1939 schedule, while still utilizing variations based on skills, regions, and urban-rural areas, was drafted in conformity with section 15 (a) of the ERA Act of 1939 which states that "such monthly earning schedule shall not be varied for workers of the same type in different geographical areas to any greater extent than may be justified by differences in the cost of living." See *Work Relief and Relief for Fiscal Year 1941*, Hearings Before the Subcommittee of the Committee on Appropriations, House of Representatives, 76th Cong., 3d sess., April 4, 1940, p. 431. See also Stecker, Margaret Loomis, *Intercity Differences in Costs of Living in March 1935, 59 Cities*, Research Monograph XII, Division of Social Research, Works Progress Administration, Washington, D. C., 1937.

(with corresponding increases in total wages) for workers on certain defense projects in order to hasten work to early completion.

Employment Policy

As a rule, workers are not given jobs on WPA projects until their need for employment has been certified either by a local public relief agency or by the WPA. A small proportion of nonrelief workers with special skills or training needed for the successful operation of a project may be employed, however, if qualified relief workers are not available. WPA regulations require that at least 95 percent of all project workers must be certified as in need. During the period January 1939–December 1940 the proportion of certified needy workers was nearly 97 percent. Only one member of a family may be given employment on the WPA work program. The worker employed is usually the family head; in cases where the father is unable to work, the mother or a grown son or daughter may be regarded as the economic head of the family.¹⁵

Certain classes of needy employable persons are barred from WPA employment. These exclusions are made in conformity with provisions of the various emergency relief appropriation acts and WPA administrative rulings. The 1940 act specifically states that aliens, Communists, and members of any Nazi Bund organization are not eligible for employment on the work program. Further, section 15 (b) of this act calls for the removal from employment of all relief project workers, with the exception of veterans, who have been continuously employed on such projects for more than 18 months.¹⁶ Workers so removed are not eligible for reemployment on WPA projects until the passage of 30 days and recertification of need. As in previous acts, it is provided in the 1940 act that no relief worker shall be given employment on a WPA project if he has refused to accept work on any other Federal or non-Federal project granting comparable or higher wages for similar work. Further, those persons in need who refuse bona fide offers of positions in private employment which they are capable of performing (under reasonable working conditions and at prevailing wages for such work in the community) are disqualified for WPA employment. All WPA workers are required to register at State employment offices, which attempt to secure jobs for them in private industry. As in previous ERA Acts, it is provided

¹⁵ Employment of the head of the family on a WPA project, however, does not preclude younger members of the family from assistance under the NYA or the CCC.

¹⁶ See *Workers Dropped from WPA in Accordance with the 18-Months Provision in the 1939 Relief Act*, Mimeographed Release, Division of Research, Work Projects Administration, Federal Works Agency, January 1940.

that those WPA workers who take private employment, and subsequently lose this employment through no fault of their own, are to be entitled to immediate resumption of their previous employment status with the WPA.¹⁷

The high rate of turnover of workers on WPA rolls, that is, the continuous movement of workers to and from the WPA program, is a fact often overlooked. (See table 4.) Thousands of people leave WPA projects every week for private employment;¹⁸ and, each week, other needy workers who have lost jobs in private industry apply for WPA jobs. Naturally the movement from the WPA is accentuated during periods of increasing business activity; the movement toward WPA predominates, on the other hand, in periods of business recession. In short, WPA employment totals do not represent a more or less static group of destitute workers who have been employed continuously on the WPA program.

The movement of WPA workers to jobs in private industry has been affected in recent months by the WPA defense vocational training program operating in every State by the fall of 1940. This program, which was initiated by the WPA as an aid to the Nation's defense preparations, has as its object the training of workers for certain manual occupations. The program is designed to help in avoiding possible shortages of skilled and semiskilled labor required by defense industries. Training projects, consisting of refresher and single-skill training courses, are jointly sponsored by the Office of Production Management and the United States Office of Education. The WPA cooperates by referring trainees from eligible persons on its rolls and by providing them with subsistence wages during the period of training. During the fiscal year 1941 about 118,000 WPA workers received training under the program as auto mechanics and machinists, welders, aircraft workers, sheet-metal workers, etc. Of this total, 84,000 completed training during the fiscal year. Forty-eight thousand of these trainees secured jobs in private industry within a short period of time after completing training.

¹⁷ This privilege is subject to the provision that the person seeking reinstatement on a WPA project must first have drawn all unemployment compensation payments that have accrued to him as a result of his term in private employment.

¹⁸ During the period from June through November 1938, for example, 200,000 certified workers on the average left WPA projects each month. See testimony of Col. Harrington, *Additional Appropriation for Work Relief and Relief, Fiscal Year 1939*, Hearings Before the Subcommittee of the Committee on Appropriations, House of Representatives, 76th Cong., 1st sess., January 6, 1939, p. 12. See also Roberts, Veri E., *Survey of Workers Separated from WPA Employment in Mine Areas, 1937*, Division of Social Research, Works Progress Administration, Washington, D. C., 1938; and Bevis, Joseph C. and Payne, Stanley L., *Former Relief Cases in Private Employment*, Division of Research, Works Progress Administration, Washington, D. C., 1939.

Table 4.—Assignments to and Separations From Employment on WPA Projects,¹ Continental United States, by Month, January 1939–December 1940

Year and month	Assignments			Separations					As-signment rate ⁴	Separation rate ⁴	
	Total	Initial assignments	Reas-signments	Total	Volun-tary ²	Discharges and layoffs		Total		Vol-un-tary	
						Total	18-month provision ³				Other
1939											
January	110,301	36,664	73,637	215,876	103,322	112,554		112,554	3.7	7.3	3.6
February	239,784	119,066	120,688	180,183	94,707	85,476		85,476	8.4	6.3	3.9
March	177,477	70,531	106,946	246,314	133,527	112,787		112,787	6.1	8.5	4.6
April	114,338	29,489	85,449	340,427	132,582	216,845		216,845	4.0	11.9	4.3
May	130,592	31,630	98,962	275,424	115,748	159,676		159,676	5.0	10.5	4.4
June	139,574	31,775	107,799	225,904	103,189	122,735		122,735	5.6	9.1	4.2
July	131,979	35,509	106,470	435,825	148,394	337,431	171,074	166,357	5.4	19.8	6.0
August	282,897	85,577	207,320	784,633	104,205	680,428	611,733	68,695	14.6	39.2	5.2
September	404,188	105,901	298,287	230,946	108,069	122,877	86,364	36,513	23.0	13.1	6.1
October	349,154	64,230	284,924	243,821	113,834	129,987	63,820	66,167	20.5	14.3	6.7
November	328,439	61,498	267,941	197,473	79,284	118,189	55,925	62,264	18.2	10.9	4.4
December	303,348	66,265	236,083	185,945	64,400	121,545	50,726	70,819	15.7	9.6	3.3
1940											
January	331,857	85,155	246,702	213,808	79,078	134,730	49,802	85,128	15.5	10.0	3.7
February	259,789	67,937	191,852	204,537	74,999	129,538	48,220	81,619	11.5	9.1	3.3
March	205,803	49,076	156,727	232,734	94,963	137,771	43,817	153,954	8.9	12.7	4.1
April	166,743	29,989	136,804	338,020	104,358	234,262	39,021	195,241	7.6	15.5	4.8
May	185,119	24,667	130,452	304,574	96,878	207,696	17,180	190,516	7.6	14.9	4.7
June	107,027	12,347	94,680	377,928	81,857	296,071	8,601	287,470	5.6	19.8	4.3
July	252,684	29,426	223,258	178,753	74,806	102,148	9,617	92,531	15.9	11.1	4.7
August	194,679	26,987	167,692	207,973	80,061	127,912	25,223	102,689	11.6	12.4	4.8
September	229,588	33,077	196,511	186,780	89,019	97,761	17,671	80,090	13.7	11.2	5.3
October	241,139	38,523	202,616	191,818	105,987	85,831	10,495	75,336	14.0	11.1	6.1
November	204,310	34,599	169,711	166,406	86,087	80,319	11,813	68,506	11.6	9.5	4.9
December	233,204	43,662	189,542	164,501	84,753	79,748	12,236	67,512	13.0	9.1	4.7

¹ Prior to January 1940, data do not include nonrelief employment.

² Includes separations for such reasons as private employment, active military service, new sources of income, illness, death, etc.

³ Separated in accordance with section 16 (b) of the ERA Act of 1939 and section 15 (b) of the ERA Act, fiscal year 1941, requiring separation after 18 months of continuous WPA employment.

⁴ Percent of total employment at beginning of month.

NOTE.—Revised through Mar. 10, 1941.

Source: Division of Statistics, Work Projects Administration, Washington, D. C.

OTHER FEDERAL PROGRAMS FOR EMPLOYABLES

In addition to the work program of the WPA, the Federal Government has instituted several forms of aid for certain classes of able-bodied needy persons, such as youth (both in and out of school) and destitute farmers. To give direct employment to jobless construction workers and to stimulate indirect employment in other related trades, the Federal Government has operated a Federal heavy-construction program and also helped to finance State and local public works. Among the important agencies established to assist these various groups are the National Youth Administration, the Civilian Conservation Corps, the Farm Security Administration, and the Public Works Administration.

National Youth Administration

An early attempt to give some special form of aid to the youth of America was the college student aid program of the FERA.¹⁹ This work was expanded under the National Youth Administration, an agency created as a part of the WPA by Executive order of June 26, 1935. A Presidential order issued under the authority of the Reorganization Act of 1939 placed the NYA under the newly organized Federal Security Agency.

The efforts of the NYA in behalf of youth have been along two main fronts. First, part-time employment is provided for needy students from 16 to 24 years old inclusive. This policy has made it possible for many students to continue their education, and has postponed the entrance of these young people into an already overcrowded labor market.

The program operated by the NYA has extended the previous student aid program of the FERA by making high-school students and graduate students in universities, in addition to college students, eligible for aid. During the academic year 1935-36 part-time work was given to an average of 310,000 students each month. Monthly averages of about 400,000, 300,000, and 365,000 students aided were recorded for the school years of 1936-37, 1937-38, and 1938-39, respectively. During the school year 1939-40, the average number of students aided was 438,000 per month. In December 1940, 448,000 students were receiving assistance under the program.

The aid furnished to students is not given in the form of scholarships or loans. A student desiring NYA work applies to the authorities of the school which he wishes to attend. He is accepted on the basis of scholarship and need;²⁰ payment is in the form of wages for part-time work on projects planned by the school authorities and approved by the NYA. Wages (during the year ending June 1940) ranged from \$3 to \$6 per month for high-school students, from \$10 to \$20 per month for college students, and from \$10 to \$30 for graduate students. The type of work performed covers a wide range of

¹⁹ See ch. V. Students interested in the problem of rural youth will find of interest the following publications: Melvin, Bruce L., *Rural Youth on Relief*, Research Monograph XI, Division of Social Research, Works Progress Administration, Washington, D. C., 1937; Melvin, Bruce L., and Smith, Elna N., *Rural Youth: Their Situation and Prospects*, Research Monograph XV, Division of Social Research, Works Progress Administration, Washington, D. C., 1938; and Melvin, Bruce L., and Smith, Elna N., *Youth in Agricultural Villages*, Research Monograph XXI, Division of Research, Works Progress Administration, Washington, D. C., 1940.

²⁰ Students aided come from families with low annual incomes; the average family income of students given work under the program during the school year 1939-40 was about \$645, with over 70 percent receiving less than \$1,000 a year.



Federal Works Agency (Wilson).

For Youth.

In December 1940 approximately 448,000 students were working their way through school with assistance under the NYA program.



Civilian Conservation Corps.

For the Forests of the Future.

From 1933-1941 the CCC planted several million trees.

activities including research, statistical studies, clerical work, library service, construction of small buildings, and ground and building maintenance.

Second, the NYA operates a widely diversified program of production, construction, and white-collar projects for young persons 18 through 24 years of age who are not in school.²¹ The projects carried on under this program are cosponsored by local public agencies and are designed to meet local needs. Since the summer of 1940 increasing effort has been made to place work projects in operation that will give young people experience in industrial types of work vital to the national defense. The local cosponsors provide most of the materials, supplies, and equipment, and furnish a considerable share of the supervision required for carrying out the work. Hours of work range from a minimum of 40 per month to a maximum of 100 per month. The young people are paid by the NYA in the form of cash wages which vary by regions. NYA out-of-school project workers earned an average of \$15.80 per month during the year ending June 30, 1940.²² The youth on these projects are required to be registered with local offices of the State Employment Service and to accept any bona fide offer of private employment. During December 1940 about 326,000 persons were receiving employment under this phase of the NYA programs.

Civilian Conservation Corps

The chief purpose of the CCC, an agency now functioning under the Federal Security Agency, is to furnish work and training to young men and war veterans who are "unemployed and in need of employment," and to carry out a Nation-wide conservation program for the protection and development of the country's natural resources. The work done by CCC enrollees includes the improvement of the Nation's forests and parks and their protection against fire and the ravages of insects and disease; the control of soil erosion on valuable agricultural and timberland; the development of recreational areas; the prosecution of flood-control operations; and the conservation of wild life.²³

An impressive record of physical accomplishments has been built up by the Corps during the first 8 years of its existence (from April 1933 to April 1941). A partial listing of conservation projects completed by the Corps includes the planting of several million trees,

²¹ It has been estimated, based on the unemployment census of 1937, that this age group constitutes nearly one-third of all unemployed workers.

²² See National Youth Administration, *Annual Report for the Year Ending June 30, 1940*, Washington, D. C., 1940, p. 26.

²³ See annual reports of the Director of the Civilian Conservation Corps, fiscal year ended June 30, 1939, and fiscal year ended June 30, 1940, Washington, D. C.

the construction of 118,400 miles of truck trails and minor roads, the erection of 85,000 miles of telephone lines, the building of 45,000 bridges, and the construction of over 6,800 large impounding and diversion dams.

Since it began functioning in April 1933, the Corps has given useful work to an average of about 300,000 men each year. Through June 1940, 2½ million men had received CCC training. The importance of this training, both for the men involved and with respect to conservation of the Nation's resources, has long been recognized. Only in recent years has the "national defense" value of the training received in the Corps come to be fully recognized. The physical hardihood and morale of the men have been greatly improved. Under the authority of recent legislation, enrollees are being given special instruction in a great many noncombatant subjects essential to the operation of the military and naval establishments. Also, as the annual report of the Director of the Corps for the fiscal year 1940 points out:

Not by design but it is a fact that at least 75 percent of the field jobs in the general run of CCC camps are the same types of work which engineer troops are called on to do, either in peace or war. Construction of roads and trails, bridges, dams, breakwaters, water and waste disposal systems, telephone lines, fences, lookout towers, garages, storehouses, and shelters, felling, skidding, and sawing of timber and logs, running and maintenance of trucks, tractors, jackhammers, road machines, and pile-drivers—these are merely some of the many jobs the CCC youths perform.

The CCC program is administered by a director who controls all CCC operations and coordinates the activities of several government agencies, each of which plays a part in the program. Selection of junior enrollees is carried forward in each State by State selecting agencies, usually the established State public welfare agencies. These State selecting agencies are authorized by the director to delegate responsibility for making individual selections to their local welfare offices.

The Veterans Administration cooperates by choosing veterans for enrollment. The War Department receives the selected youth, gives them a physical examination, enrolls those qualified and is responsible for running the CCC camps. The projects on which Corps members work are planned by the Department of the Interior or the Department of Agriculture in cooperation with State and local conservation agencies.²⁴ Trained conservationists of the various bureaus of the Departments of Agriculture and the Interior have technical supervision of the projects. Technical advice on educational activities in the camps is provided by the United States Office of Education, Federal Security Agency.

²⁴ Since the beginning of the fiscal year 1941, a number of camps have been assigned to national defense work projects on military reservations.

Farm Security Administration

Long before 1933 the problem of destitution in rural areas had been slowly forcing its way to public attention.²⁵ A high point of distress was reached in 1933, however, when more than a million farm families were forced to apply for relief. During 1933 and 1934 various measures designed to meet the problem were instituted by a number of Federal bureaus and agencies. On April 30, 1935, the Resettlement Administration was created to combine and coordinate these efforts. To this agency were transferred the activities of four governmental agencies which had previously been dealing with various aspects of the rural relief problem—the Rural Rehabilitation Division of the FERA,²⁶ the Land Policy Section of the Agricultural Adjustment Administration, the Subsistence Homesteads Division of the Department of the Interior, and the Farm Debt Adjustment Section of the Farm Credit Administration. The Resettlement Administration was transferred to the Department of Agriculture in January 1937 and in September of that year was renamed the Farm Security Administration.

In broad outline, the steps taken to relieve the rural needy have remained much the same during these organizational shifts. The main activities may be classified as rural rehabilitation, rural and suburban resettlement, and land utilization. Summed up briefly, the Farm Security Administration carries on a program of rehabilitation loans to farmers, makes direct relief grants to certain farmers, and carries on certain rural homestead and suburban community projects initiated by the Resettlement Administration.

A major phase of rehabilitation work has been the making of loans to low-income farm families whose land is of fair or good quality. Through the extension of credit for livestock, farm equipment, repairs, feed, and seed, and the furnishing of technical direction, farmers are placed on a self-supporting basis instead of being forced to apply for relief. From the inception of the program in 1935 through June 30, 1940, rehabilitation loans had been made to about 856,000 farm families, of whom about 120,000 had repaid their loans in full.²⁷ As an aid to rehabilitation, the Farm Security Administration also makes loans for the joint purchase, by a number of low-income families, of various kinds of services or heavy machinery. For example, a group

²⁵ See Woolfer, T. J., Jr. and Winston, Ellen, *Seven Lean Years*, Chapel Hill: University of North Carolina Press, 1939. See also Asch, Berta and Mangus, A. R., *Farmers on Relief and Rehabilitation*, Research Monograph VIII, Division of Social Research, Works Progress Administration, Washington, D. C., 1937.

²⁶ See ch. V.

²⁷ See the *Report of the Administrator of the Farm Security Administration, 1940*, U. S. Department of Agriculture, Washington, D. C., 1940, pp. 8, 9.

may combine to secure a loan for a purebred sire or some expensive piece of machinery usable by all.

The first step ordinarily taken by the FSA in connection with rehabilitation is to examine the debts already owed by the farmer and to determine whether or not these can be repaid within a reasonable time. If repayment appears impossible, the FSA attempts to bring farmers and creditors together and, through mutual agreement, to secure the scaling down of the total debt to a point where the farmer can continue operating. Foreclosures can often be averted by time extensions, interest rate reductions, and reductions in the original debt figures. Where such debt adjustments can be effected, the farmer may no longer need a rehabilitation loan.

Generally speaking, it has been the policy of the FSA to stress rehabilitation activities whenever possible, and to minimize the program of direct grants to destitute farm families. Sometimes, however, particularly in areas affected by flood or drought, it has been essential to make direct grants to farm families to avoid starvation. Grants recently have averaged about \$20 per month, with the total number of families aided varying considerably from month to month in accordance with seasonal employment opportunities.²⁸

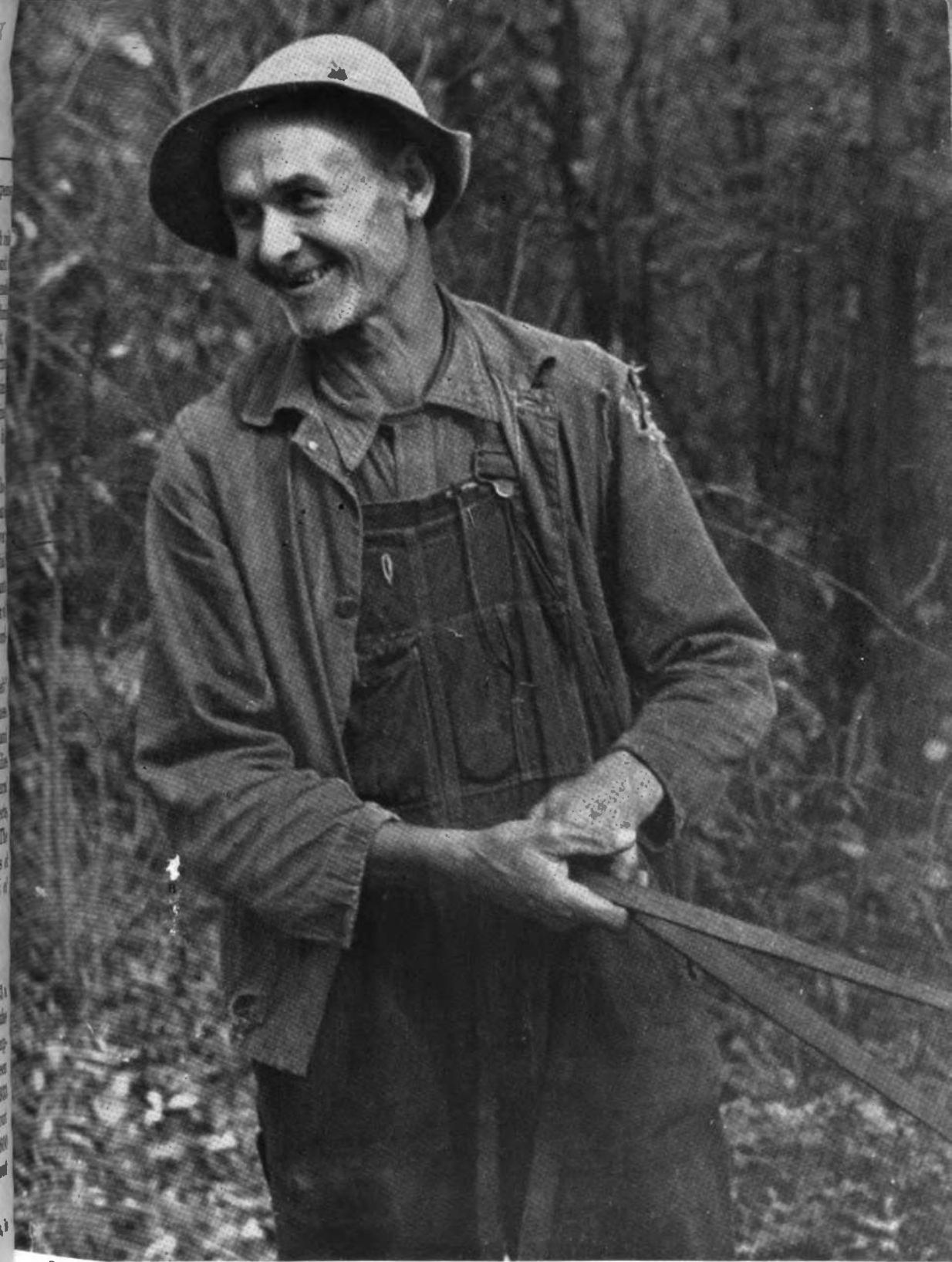
The FSA is now completing the rural homestead and "greenbelt" projects begun under the Resettlement Administration. These projects were instituted to demonstrate, through efficient land and community planning, the feasibility of providing low-income families with low-rental homes in healthful country surroundings. The rural homestead projects are of three main types—scattered-farm projects, farm-community projects, and subsistence-homestead projects. The three greenbelt towns, designed to demonstrate the possibilities of improved community planning, are located in suburban areas of Washington, Cincinnati, and Milwaukee.

Public Works Administration

Under Title II of the National Industrial Recovery Act of 1933 a Federal Emergency Administration of Public Works was created for the dual purpose of giving employment and making possible the resumption of necessary State and local public construction which had been severely cut during the early depression years. Between June 1933 and June 1940, in addition to making grants and loans totaling about \$2,318,000,000 to State and local governments for more than 16,600 public works projects,²⁹ the PWA also allotted a total of about

²⁸ During June 1940 grants were made to 60,000 cases.

²⁹ The total cost of these non-Federal projects, including sponsors funds, is estimated to be about \$4,211,160,000.



Farm Security Administration (June).

Rehabilitated.

Through June 30, 1940, the FSA made 856,000 loans to farm families; 120,000 had repaid their loans in full.

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Federal Works Agency (Highton).

Power for Defense.

Many power-generating, and flood-control dams were built with the aid of PWA funds.

\$1,776,000,000 in grants to various Federal bureaus and agencies for about 17,820 Federal construction undertakings.

The most important part of PWA activities, therefore, has been the "non-Federal" program of financial aid for State and local public works. This program has been conducted on the grant-in-aid principle. Unlike other grant-in-aid agencies, however, the PWA has made its funds available directly to local governments without using State governments as intermediaries.³⁰

Under the act of 1933 the maximum grant supplied by the PWA for any State or local project was 30 percent of the cost of labor and materials. In 1935 the Federal share was raised to 45 percent of the *total cost* of a project. Sponsors of the projects have supplied the remainder of the funds, sometimes through floating 4-percent bond issues which were purchased by the PWA but more often through private borrowing. A large part of the local bonds purchased by the PWA have been sold to the Reconstruction Finance Corporation, often at a premium, and resold by that agency to private buyers.

The method by which the PWA has made its grants and loans can be summed up briefly. A State or local government desirous of sponsoring a public works project made application to the Federal agency. Examining divisions at Washington, D. C., analyzed each project proposal as to its engineering, legal, and financial soundness. The President made the final decision as to whether an allotment should be made.

The sponsors themselves let the bids and awarded the contracts.³¹ To receive the PWA funds, project sponsors had to agree to see to it that contractors abided by certain federally prescribed labor and construction regulations. The PWA disbursed its funds to each project sponsor at intervals during the progress of the project, provided the Federal supervisors approved the construction and were assured of the enforcement of PWA labor standards.

The hours, wages, etc., which applied on PWA projects were designed to make the expenditures accomplish the greatest amount of employment possible and to increase consumer purchasing power. The 130-hour month and "prevailing" hourly wage rates are observed on PWA projects. Except for a short period, the PWA has been regarded primarily as an employment-giving agency rather than a relief agency. Contractors must, however, give preference in hiring to any union members on relief rolls. Of those at work on the PWA program early in 1940, about one-tenth had relief status. As a matter

³⁰ See Williams, J. Kerwin, *Grants-In-Aid Under the Public Works Administration*, New York: Columbia University Press, 1939.

³¹ In contrast to the WPA, which has utilized the force account method, PWA work has in most cases been let out to private contractors.

of fact, the large percentage of specialized and skilled workers needed for the PWA heavy construction work would make it impossible for many persons from relief rolls to qualify.

The relatively large expenditures which must be made for materials on the PWA type of projects has meant that, for the total spent by the agency, direct employment figures are not high.³² More important than the number of jobs at the project site, however, has been the indirect employment afforded by PWA expenditures. This is usually estimated at 2.5 jobs in mining, manufacturing, transportation, and allied industries for every worker employed on a PWA project.

THE FEDERAL WORKS AGENCY

The term "Federal Work Program" gradually ceased to be used after 1936, when Congress began to make separate appropriations for the various agencies described in the preceding pages. In 1939 the passage of the Reorganization Act (Public No. 19, 76th Cong.), giving the President broad powers of combining and coordinating Federal agencies and bureaus dealing with the same or related problems, paved the way for coordination of the public works agencies of the Federal Government.

The change was made as part of Reorganization Plan No. 1, sent to Congress by the President on April 25, 1939. Under this plan, which went into effect on July 1, 1939, the Works Progress Administration (renamed Work Projects Administration) was placed in the newly created Federal Works Agency. Grouped with the WPA, according to Plan No. 1, were "those agencies of the Federal Government dealing with public works not incidental to the normal work of other departments, and which administer Federal grants or loans to State and local governments or other agencies for the purpose of construction." The agencies thus grouped were the Work Projects Administration, the Public Works Administration, the United States Housing Authority, the Bureau of Public Roads, the Public Buildings Branch of the Procurement Division of the Treasury Department, and the Branch of Building Management of the National Park Service (so far as it was concerned with public buildings operated for other departments or agencies).³³ The two last-named agencies were combined into one unit, called the Public Buildings Administration.

³² During the first half of 1939 employment on PWA projects averaged about 200,000 per month. No new appropriations were made to the PWA in 1939 or 1940. As projects financed under the PWA Appropriation Act of 1938 are completed, employment on the program is gradually tapering off, having fallen to about 20,000 by December 1940.

³³ According to another section of Reorganization Plan No. 1 some of the agencies formerly most closely associated with the WPA were placed in the newly created Federal Security Agency. In placing the WPA in the Federal Works Agency, the President chose to emphasize the construction and job aspects, rather than the relief aspects, of the WPA.

Each of the units in the Federal Works Agency is headed by a commissioner serving under the general direction of the FWA Administrator.

The functions of the WPA and the PWA were outlined earlier in this chapter; the work of the other agencies newly associated with them may be briefly outlined here. It should be pointed out that these agencies were not established to meet the problem of unemployment, but were incorporated into the FWA with work agencies (WPA and PWA) designed for this purpose.

The United States Housing Authority, prior to reorganization, was a part of the Department of the Interior. The USHA was established in 1937 to take over and carry forward all the functions of the Public Works Administration concerning housing and slum clearance.²⁴ While the PWA conducted its low-rent housing program by direct Federal construction of "demonstration" housing projects, the USHA has no construction functions. It provides financial and technical assistance to those local governments that wish to supply adequate housing for those in the low-income group. An incidental purpose of the Authority is to give employment in construction and allied trades.

For approved projects sponsored by local housing authorities, the USHA makes 60-year loans in an amount up to 90 percent of the total cost of the undertaking, and also makes a limited contribution to each project. Planning, construction, and management are left in local hands, subject to certain Federal requirements. The chief stipulations are that the locality make an annual contribution (which is usually done through tax exemption) equal to at least one-fifth of the Federal contribution, that prevailing wages be paid in constructing the project, that economy in construction be practiced, and that an equal number of slum dwellings be destroyed unless an acute housing shortage exists in the community.

Another major unit of the Federal Works Agency is the Public Roads Administration. While a part of the Department of Agriculture, this unit was known as the Bureau of Public Roads. The bureau was established under the original and basic Federal Aid Highway Act of 1916 to take charge of administering the regular annual matching grants to the States for the building of a connecting system of highways. This function, as well as the construction of roads in national forests and the administration of certain "emergency" highway appropriations granted to the States in recent years, continues to be handled by the Public Roads Administration. The

²⁴ The USHA is not to be confused with the Home Owners' Loan Corporation, created in 1933 to save homeowners from foreclosure, or with the Federal Housing Administration which encourages private building by insuring mortgages.

agency operates on a highly decentralized basis, with regional officials making the contacts with State highway departments and settling in the field all except major policy questions.

The work of the Public Roads Administration is quite distinct from the road-building projects of the WPA. Except for forest roads, the Public Roads Administration does not itself perform any construction work. Furthermore, its grants are used solely for large connecting national highways. State highway departments submit programs of road projects which are examined by representatives of the Federal agency; upon receiving funds from the Public Roads Administration, the States let contracts for construction of the highways. Since 1933, when providing employment first became an important factor in the highway-building program, the Federal public roads agency has prescribed wage, hour, and labor standards for sponsors of its road projects essentially similar to those of the PWA.

The Public Buildings Administration of the Federal Works Agency is a combination of two former units, and carries on the former functions of those agencies in connection with the construction and care of Federal public buildings. From the Public Buildings Branch of Procurement (Treasury Department), the new Public Buildings Administration has inherited the functions of constructing and making major repairs on regular Federal public buildings, and of performing routine management and custodial duties in connection with Treasury buildings in places other than Washington. The supplementary work of managing and caring for all other executive buildings (except post offices) both in the District of Columbia and in the field is also handled by the Public Buildings Administration. This work had previously been done by the Branch of Building Management of the National Park Service (Department of the Interior).

CONCLUSION

Providing public work to the unemployed has thus come to be the most important method of meeting the unemployment problem. Since 1935 the total number given employment on various public work programs has ranged from a low of 2.3 million to a high of 4.6 million. Large as these figures are, at the peak they represented less than half of the number estimated as unemployed. Indeed, throughout this period these programs have averaged only between one-quarter and one-third of the estimated unemployed, and have not been large enough to provide jobs for all those who in terms of need were eligible for them.

As pointed out in chapter I, the 1930's were characterized by chronic depression, low levels of normal investment, and high levels of unemployment. The work activities of the Federal Government have been an attempt at remedying this situation, although the extent of these

activities has fallen far short of utilizing as fully as possible the idle economic resources at hand. It is important, however, that programs have been set up to employ idle labor in order to create capital assets and useful services; by doing so the decline in normal investment and employment has been counterbalanced in part.

The extensive public work programs of the 1930's, most of which were operated as joint Federal-State-local undertakings, would not have been possible but for the very substantial Federal financial assistance that was granted. The funds used for this purpose were borrowed; consequently, these work activities constituted a net increase in total productive activity and employment.

Chapter VIII

THE SOCIAL SECURITY PROGRAM

AS HAS BEEN indicated,¹ 1935 was notable in the history of relief for two major developments. First, a new Federal work program was placed in operation. This program has been discussed at some length in Chapter VII. Second, a social security program was instituted under which Federal assistance was to be available for certain special categories (the aged, mothers with dependent children, and the blind), and two extremely important insurance programs were set in motion for the short-term unemployed and the aged. The most important parts of the whole Social Security Program are those which concern the unemployed and the aged; and the following discussion is devoted in the main to unemployment compensation, old-age insurance, and old-age assistance.²

UNEMPLOYMENT COMPENSATION

For some years prior to 1935 unemployment compensation had been urged as a means of mitigating the hardships of unemployment. It was not until the passage of the Social Security Act in that year, however, that the Federal Government took steps to encourage the passage of State laws giving this protection to temporarily jobless workers. Before 1935 only one State, Wisconsin, had passed an unemployment compensation law. Several more States passed laws early in 1935 in anticipation of Federal action, and by July 1937 all States had such legislation. Payments to the unemployed began in Wisconsin in 1936, and in the remainder of the States during 1938 and 1939. (See appendix table 9.)

Title III of the Social Security Act authorized the Social Security Board to make grants to States with approved unemployment

¹ See ch. VI.

² The chapter which follows deals with the special old-age retirement and unemployment insurance systems set up for railroad workers.

compensation plans in order to meet the costs of administering these plans. To receive Federal approval, State unemployment compensation laws had to provide for satisfactory administrative methods, the payment of benefits solely through public employment offices or other public agencies approved by the Board, and the transfer of State unemployment compensation tax funds to the Unemployment Trust Fund in the Treasury.

The Federal Unemployment Tax Act (formerly Title IX of the Social Security Act) provided the stimulus to the enactment of State unemployment compensation laws through the following tax device. Most businesses which employ eight persons or more during at least 20 weeks of the year have levied on them a Federal excise tax of 3 percent³ on the first \$3,000 of every employee's yearly wages or salaries. Against this Federal pay-roll tax, however, an employer is entitled to credit, up to 90 percent of the tax, the contributions or tax he pays to the State unemployment compensation program. This means that the employer in a State with an approved system pays only one-tenth of the 3 percent Federal pay-roll tax, or 0.3 percent; the remaining 2.7 percent is offset by the taxes paid to the State agency. In order that employers may credit the maximum amount possible, all States but one have fixed the employer tax rate at 2.7 percent of pay rolls.

All employment is not subject to the Federal pay-roll tax. In addition to businesses hiring less than eight workers, or employing them during less than 20 weeks⁴ in a year, the law exempts such employment as: maritime labor; service in nonprofit religious, charitable, and educational organizations; domestic service in private homes; agricultural labor; service for Federal, State, local, and foreign governments; railroad workers; certain types of family employment; and service by insurance agents. These exclusions are followed in general by the State laws with some modifications.

The tax funds collected by the States are deposited in the Unemployment Trust Fund in the United States Treasury. Separate accounts are maintained for each State. Funds are transferred back to the States for benefit payments as needed.⁵ The remainder is kept in the trust fund and invested in interest-bearing obligations of the United States. This fund aggregated more than 1.8 billion

³ The rate of the tax was 1 percent for 1936, 2 percent for 1937, and 3 percent for 1938 and thereafter.

⁴ One day of work each week for 20 weeks is sufficient to satisfy this provision of the act.

⁵ Under the act these funds can be used only for benefit payments; administrative expenses of the State systems are paid from the grants made to the States under title III.

dollars at the end of December 1940 after benefits of 1.3 billion dollars had been paid.

Provisions of State Laws ⁶

Although the Social Security Act permitted wide latitude, the State unemployment compensation laws are similar in many important respects. Differences between States are found in the types of employment eligible for coverage, in the tax provisions, in the types of fund established, and in the computation, amounts, and duration of benefits paid.

A basic provision in all the State laws relates to the coverage of workers under the systems. Twenty-five States follow the Federal law by not including workers in firms employing fewer than eight persons. Nearly all of these States, however, permit small firms to come under the law voluntarily. In the remaining States unemployment compensation laws specifically cover smaller employers, seven of the States having laws applying specifically to employers of one worker or more. In eight States the size of the pay roll is the determining factor, or, in some cases, an alternative factor. The majority of States specify that the period of employment be at least 20 days, each of the 20 days being in a different week. The major types of employment excluded by the Social Security Act are likewise excluded, with minor variations, in nearly every State. These excluded services, however, may be covered in 47 States if the employer wishes to pay the State tax and comply with the other requirements of the program.

Contributions or taxes paid by employers to the State systems are levied on the basis of wages in covered employment, and unless reduced under an "experience-rating" system, the rates are 2.7 percent under 50 systems and 3 percent in Michigan. Twenty-nine States consider gratuities as a part of wages and, therefore, subject to the tax. In five States employee contributions, usually 1 percent, are required in addition to employer tax payments. Under the other laws the employer is the sole contributor, except in the District of Columbia where a Government contribution of \$100,000 was made in 1936, and \$125,000 in 1937. No subsequent appropriations have been made.

Two major types of funds adopted by States under the broad provisions of the Social Security Act are the State pooled fund and the employer reserve. In some States the pooled fund includes merit-rating or experience-rating provisions. Some States have a combination employer-reserve and pooled fund. The pooled-fund plan endeavors to afford the maximum of security to unemployed

⁶ Information as of October 1, 1940, unless otherwise indicated.

workers by combining all contributions; in this way the risk is widely distributed. The employer-reserve plan is based on the premise that employers can stabilize employment and will do so when they find it financially worth while. Experience-rating plans attempt to combine these two basically different concepts of the purpose of unemployment compensation.

Forty-four States use the pooled fund, from which benefits are paid to jobless workers entitled to them, without reference to the amount of contributions made by the eligible claimants' former employers. Of the States having this type of fund, 32 try to encourage stability of employment by use of merit-rating or experience-rating provisions, varying the rate of contributions made by employers in accordance with the employment experience or benefit payment records.

The employer-reserve system is employed by three States—Wisconsin, Kentucky, and Nebraska. Unlike the pooled fund, the employer-reserve system requires that each individual employer's contributions to the State fund be credited to his separate account and be used only for payment of benefits to his former employees who are jobless. Under such a system in its strictest form, benefits would be paid only to the extent that they could be charged to the account of the claimant's former employer and benefits would no longer be payable if the employer's account were exhausted.

Four other States have employer-reserve systems with supplementary pooled funds into which a proportion, 20 percent, for example, of the contributions is paid in order to provide benefits for a claimant after his former employer's reserve becomes exhausted. This arrangement provides greater assurance of benefit payments. However, unless other provisions are made, it is possible for a claimant to be denied benefits because both his former employer's account and the pooled fund are exhausted. This can occur even though other employers' accounts are sufficient to pay benefits to their former employees.

One effect of experience rating will be to reduce the total funds available for unemployment compensation because employers with stable employment records will be taxed at lower rates. In order that the reduced tax rates will not impair the financial ability of the State systems, Federal law in effect requires 3 years' experience before contribution rate reductions can be put into practice. Rate reductions under experience-rating provisions were in operation in only one State (Wisconsin) during 1938. Three additional experience-rating plans (one employer-reserve and two partial-pool, employer-reserve plans) became effective in 1940. This number is expected to increase sharply in the next year or two.

State unemployment compensation laws show a good deal of variation in the amounts of benefits, the methods of calculation, and the

duration of benefits. Benefits for total unemployment amounting to approximately 50 percent of the normal, full-time weekly wage are payable in nearly every State. Methods of computing the wage for purposes of determining benefits are found to vary considerably among States. Only one jurisdiction, the District of Columbia, provides dependents' allowances in addition to the basic benefit based on the worker's usual earnings. All States set upper limits to the amount of weekly benefits. Maximum benefits are limited to \$15 per week in 41 States, to \$16 in 5 States, and to \$18 in the remaining 5. Minimum benefits are provided for in all but 1 State; in 44 States the law provides a flat minimum ranging from \$1.50 in North Carolina to \$10 in California, with the largest number of States—18 in number—having a \$5 minimum. Six States have a flexible minimum, such as \$5, or three-fourths of the full-time weekly wage, whichever is less.

All States set a maximum for benefits paid to the individual worker in any year; this same limit applies whether the worker is totally or partially unemployed. Nearly every State limits the total benefits payable to a certain multiple of the weekly benefit amount. Generally the maximum amount payable is equivalent to 16 weekly payments; in some States the amount is as low as 12, in others as high as 20 weekly payments. In addition, many States limit total benefits to a certain proportion (frequently one-third) of earnings of the worker in a previous four-quarter period.

Benefits for partial unemployment are payable in all except four States (New York, Pennsylvania, New Jersey, and Montana), but these States cover approximately one-third of the total workers protected under unemployment compensation laws. Nearly all States define partial unemployment as a week of less than full-time work in which the worker's earnings have fallen below a specified amount. In 33 States this amount is the same as the worker's weekly benefit for total unemployment. The majority of States fix the benefit amount so that part-time earnings plus the "partial benefit" will be equal to the total unemployment benefit amount plus a certain additional amount commonly fixed at \$2 or \$3; most of the remaining States pay benefits which are equal to the total unemployment benefit amount plus either one-fifth or one-sixth of the claimant's earnings. Either method of determining the benefit amount offers financial encouragement to the individual to accept part-time employment.

In order to be eligible for benefits, claimants must meet certain requirements designed to limit unemployment compensation to employable workers normally attached to the labor market and who were actually employed before the filing of a claim for benefits. Forty-nine systems require that to qualify for benefits the claimant must have earned at least a certain amount in wages during a specified

period; two systems regard as eligible those who have worked for a certain time in covered employment. A general requisite is that the claimant must be able and ready to work and be registered for work at a public employment agency. After registration he must complete a waiting period during which the employment office attempts to get him placed in a new job. This waiting period serves the dual purpose of eliminating payments in the case of unemployment for brief periods and allowing time in which to handle the claim. Thirty-six States require a single waiting period of 2 or 3 weeks in the benefit year. Seven States stipulate a 2-week period within 13 weeks preceding the week for which benefits are claimed; the other States have varying provisions. The waiting period provisions for partial benefits are the same as those for full benefits in many States.

Nearly every law provides for disqualification of workers for various reasons: voluntary leaving, discharge for misconduct, refusal of suitable work, receipt of other remuneration above a prescribed minimum, and unemployment due to stoppage of work because of a labor dispute (unless neither the individual nor workers of his class are participating in the strike).

Under the State laws, the main features of which have just been summarized, benefit payments for total and partial unemployment through December 1940 were 1.3 billion dollars. Of this amount 2.3 million dollars was paid before 1938 by the Wisconsin program; 396.4 million dollars was paid during 1938 when 31 of the programs were in operation; 429.8 million dollars during 1939 with all programs paying benefits by the end of the year; and over 520 million dollars by the end of 1940. About 4 percent of the total in 1938, and 5 percent in 1939, were for partial unemployment benefits. During the fourth quarter of 1940, 4 percent of the weekly benefits for total unemployment were in amounts less than \$5, 30 percent ranged between \$10 and \$15, and 28 percent were at least \$15 weekly. The numbers receiving benefits vary, of course; in June 1939 some 802,000 jobless workers received weekly benefits, a year later this number approximated 1.3 million, and during December 1940 the number dropped to 667,000. (See appendix tables 8 and 9.)

As mentioned above, the funds used for the payment of these benefits are drawn from the Unemployment Trust Fund in the Federal Treasury, which serves as a depository for the pay-roll tax funds of the States. The size of the Unemployment Trust Fund at any given time depends upon tax collections, plus interest, less disbursements in the form of benefits. The balance available for benefits aggregated 1.8 billion dollars at the close of December 1940. Total tax collections through December 1940 were 3.1 billion dollars. Tax collections, cumulative through 1937, were 658 million dollars; during 1938, 778 million dollars were collected; during 1939, 825 million dollars; and

during 1940, 854 million dollars. Total benefit payments as of December 31, 1940, amounted to 1.3 billion dollars.

The funds available for benefit payments in the 23 States which paid benefits in January 1938, shown in millions of dollars, have been as follows:

December 31, 1937	450
June 30, 1938	481
December 31, 1938	577
June 30, 1939	661
December 31, 1939	802
June 30, 1940	885
December 31, 1940	947

Tax revenues considerably exceeded the amount of benefits paid by this group of States. Tax revenues, however, have not exceeded benefits in all States. During the first 6 months of 1938, for example, benefit payments greatly exceeded contributions in some of this group of 23 benefit-paying States, notably Maine, Rhode Island, Utah, and West Virginia. By the end of the period the available funds of these four States had been reduced to between 65 and 75 percent of the accumulated reserves. In the group of 23 States benefit payments declined in the latter months of this period owing to the exhaustion of wage credits and to reemployment in industry. Meanwhile the reserve of the entire group increased, as the above tabulation shows.

Experience with unemployment compensation programs has not been sufficient to demonstrate the degree to which they can reduce economic instability. This type of program is expected to exert a stabilizing influence by building up reserves in periods when unemployment declines and paying out these reserves when unemployment increases. Unemployment compensation does provide a quick means of paying funds to unemployed workers, but whether or not it is a significant factor in stabilizing income depends upon the size of the total payments and the maintenance of payments during a period of unemployment. During 1938 and 1939 payments to the jobless were restricted by the limited wage credits of many of the recently unemployed workers and the reserves were not reduced. In any event, economic stability is of secondary importance during a period of chronic unemployment, and it probably cannot be attained by unemployment compensation alone.

Similarly, it is still too early to state with precision the role which unemployment compensation programs can play in reducing the need for relief and work programs for the unemployed. In this connection it must be remembered that many millions of workers are not covered under the compensation programs. Furthermore, benefits are paid only for a limited period of weeks; unemployment compensation is specifically designed to help tide workers over *short*

periods of unemployment. The need for relief or work-program employment for destitute workers whose unemployment stretches on for 6 months or longer remains.⁷ Also, the weekly unemployment benefits are often small, requiring supplementation by relief. Thus it may be said that the unemployment compensation programs, as now constituted, reduce the need for unemployment relief somewhat, but they have not been a major factor in the situation.⁸

THE PROVISIONS FOR OLD-AGE SECURITY

The prolonged depression following 1929 seriously affected the security of the aged population. No old-age security system that was adequate to meet a problem of such magnitude as developed in the early 1930's existed in any part of the country. In some States old-age pension plans had been set up for the needy aged. Local poor relief and private charitable organizations cared for a portion of the destitute aged. These measures, however, became wholly inadequate when widespread unemployment intensified the problem of insecurity in old age. Large numbers of older workers lost their jobs, and younger jobless workers were unable to help their aged dependents. In many families long-term unemployment depleted resources that had been accumulated for old age; in other families it prevented the making of such provision for the future.

In 1933 and 1934 large numbers of old persons were supported by emergency relief. It was recognized that even with a return to high levels of prosperity the situation of many of the aged would remain desperate. Accordingly the Committee on Economic Security, created by the President in 1934, recommended the establishment of a dual program of old-age security. One part of this was to provide for the needs of the destitute aged through Federal grants to the States for this purpose, while the other was to provide a measure of old-age security for superannuated workers through a Federal program of contributory social insurance.

Consequently two different programs of old-age security are provided for under Titles I and II of the Social Security Act. These two types of programs, the old-age assistance program and the old-age insurance system, must be carefully distinguished. They differ in many essential respects, particularly with regard to the basis of eligibility for benefits, computation of benefits, methods of financing, coverage, and administration of the activities. The insurance

⁷ Surveys indicate that many WPA workers have been without regular private employment for 2 years or more, and that the average duration of unemployment for the non-WPA unemployed is around 9 months.

⁸ See Creamer, Daniel and Wellman, Arthur C., "Adequacy of Unemployment Benefits in the Detroit Area During the 1938 Recession," *Social Security Bulletin*, Vol. 3, No. 11, November 1940, pp. 3-11.

system will be treated here first because, like the unemployment compensation program just described, it applies the insurance principle to a problem of insecurity.

The Old-Age Insurance System

The old-age insurance system, created in 1935 under Title II of the Social Security Act, was originally designed to begin monthly retirement benefits in 1942. In the amendments to the Social Security Act passed by Congress in 1939, the payment of monthly benefits was advanced to 1940, the types of benefits were expanded to include payments to dependents and survivors, the basis of computing benefits was changed, the financial structure of the 1935 program was altered, and other far-reaching modifications were adopted.

As a result of the 1939 amendments the emphasis given to the original old-age insurance program has shifted. This change in emphasis is pointed out in the *Social Security Bulletin* of September 1939.⁹

. . . The original provisions offered primarily a plan for systematic savings for old age. . . .

The report of the President's Committee on Economic Security in 1935 recognized the need for covering a wide range of risks, including those arising from old-age, invalidity, and death, and recommended provisions for both compulsory and voluntary insurance. The plan proposed by the Committee related benefits to average wages, in an attempt to provide retirement benefits bearing some relation to customary wages in covered employment. These recommendations of the Committee were not, however, enacted into the 1935 Social Security Act. The pressure for a self-sustaining system induced Congress to discard the idea of insurance against a wide range of social risks in favor of a banking or money-back system of retirement annuities. The net result of the change was to hold down benefit payments during the early years and to provide for the accumulation of a large reserve fund. . . .

. . . Since workers were to contribute on the basis of their wages in covered employment and their employers were taxed a like percentage of pay rolls, benefits were related by imputation to contributions or taxes . . . This system was in large part a contributory-savings plan, in that payments were to be made during the working life of employees to provide a means of support during later years . . .

The old-age benefits plan enacted in 1935 failed, however, to give direct protection to the wives and other dependents of insured workers. Moreover, it was so designed that it was slow in getting under way. Since benefits were based on accumulated wages, reasonably large benefits were not possible for most workers until the system had been in operation many years. . . .

In recommending earlier payments, [i. e., payments to begin in 1940 instead of 1942] larger payments in the early years, and larger payments to beneficiaries with dependents or to the survivors of covered workers, the Social Security Advisory Council and the Social Security Board placed more emphasis on the

⁹ Schmitter, Lyle L. and Goldwasser, Betti C., "The Revised Benefit Schedule Under Federal Old-Age Insurance," Vol. 2, No. 9, pp. 3-6.

insurance features of the act and correspondingly less on the savings or "money-back" approach. As a result of the shift, the present emphasis is to establish a system of social security which will partially compensate qualified workers or their families for the continuing loss of income occasioned by death or retirement. As far as possible the attempt has been made to measure this loss by the level of wages for some time before the loss took place. The change in emphasis from savings to insurance has resulted in a shift from *total wages* to *average wages* as a measure of benefits.

With the acceptance of these modifications, the system was broadened in scope and objective. Beginning as an old-age annuity program with many features of a savings program, it has developed into a comprehensive old-age and survivors insurance system.

Coverage and Eligibility Under the System

The old-age and survivors insurance program is a contributory system under which benefits are paid to those covered by the program; the payments are made as a matter of right and not on the basis of need. The program covers most of the forms of employment for which wages and salaries are paid. Under the act the term "employment" is defined as service by an employee for an employer, except certain types of service specifically excluded.¹⁰ While the exclusions are numerous and were extended somewhat by the 1939 amendments, more than 40 million wage and salary workers, comprising most of the persons in the wage and salary worker category, have wage credits. Many workers who are normally engaged in exempted work shift into covered employments for part of the year, and thereby may build up benefit rights. For example, some agricultural workers find seasonal work in industries covered by the act. In this way the number of workers wholly excluded from the system is not as large as might be supposed from the exemption provisions of the act.

Under the 1939 amendments the eligibility requirements outlined in the 1935 act were changed materially. The original plan had been to require that a beneficiary be at least 65 and retired, have total earnings of at least \$2,000 in covered employment, and have worked at least 1 day in each of 5 calendar years after December 31, 1936, and before reaching 65 years of age.

The 1939 amendments advanced the start of monthly benefit payments from 1942 to 1940 and prescribed new eligibility requirements.

¹⁰ The most important exclusions are: agricultural labor; domestic service in homes and college clubs; casual labor; certain cases of family employment; public service; service in a wide variety of cooperative, welfare, and nonprofit organizations and associations. Other categories of service are also excluded. Moreover, the amendments to the act exclude some part-time service that formerly would have been included. Since employment is defined as service performed for an employer, the act excludes all self-employed persons, such as farm operators, nonsalaried businessmen, doctors, lawyers, and other professional persons engaged in independent practice.

To attain the status of a "fully insured individual," a worker must either (1) have received at least \$50 a quarter from covered employment for half the number of calendar quarters elapsing after 1936, or after he attained the age of 21 (if that occurs later) and before he becomes 65 or dies, and he must have had at least 6 quarters of coverage; or (2) have had at least 40 quarters of coverage. A worker who has fulfilled requirements during 40 quarters is entitled to permanent coverage. Those workers who find steady employment will be able to attain this status in 10 years. Persons who attain the status of "fully insured individuals" are eligible to receive primary benefits as soon as they become 65 and retire from covered employment; the wives of such workers are entitled to a supplementary benefit equal to half the primary benefit when they reach age 65.

A "currently insured individual," under the act as amended in 1939, is a person who has received at least \$50 a quarter for 6 of the 12 quarters preceding his death. The widow and dependent children of a currently insured worker receive monthly benefits under specified conditions.

Benefit Payments

In the 1939 amendments provision is made for six different types of monthly benefits, in contrast to one type in the 1935 act. Moreover, the amendments change the method of computing the basic benefit, now termed the "primary insurance benefit."¹¹

In the revised act the monthly benefit (primary insurance benefit) is calculated from average earnings rather than total earnings. This calculation is as follows: 40 percent of the average monthly wage up to \$50 plus 10 percent of the wage in excess of \$50 but not above \$250. If, for example, the average wage is \$150 monthly, the sum of these percentages gives a benefit of \$30 a month. This amount is then increased by 1 percent for each year in which the worker has earned as much as \$200 in covered employment. If the wage earner worked for 40 years with an average monthly wage of \$150, his benefit would be \$42 monthly. This is the primary benefit payable to fully insured individuals once they become eligible, and is the basis from which all other benefits are computed. Both the primary benefit and other benefits based on it, however, are subject to deductions for months in which the primary beneficiary earns as much as \$15 from covered employment. The revised act retains the \$10 monthly minimum found in the 1935 law.

If the wife of a primary annuitant is aged 65 or over, a supplementary amount of one-half the primary benefit is provided. In the example

¹¹ The original act computed monthly benefits as percentages of total earnings. These were as follows: one-half of 1 percent of the first \$3,000, one-twelfth of 1 percent on the next \$42,000, and one twenty-fourth of 1 percent on the remainder.

given above, the primary benefit is \$42 monthly; the "wife's insurance benefit" would be \$21 monthly, and the combined benefit to both \$63 monthly.¹² The widow of an individual who died fully insured is paid monthly three-quarters of her husband's primary benefit if she has attained 65 years of age, has not remarried, and is not entitled in her own right to a primary benefit equal to or greater than three-fourths her husband's benefit. This is the "widow's insurance benefit." If she is entitled to a smaller primary benefit in her own right the amount given her for the combined benefits is not to exceed three-fourths of her late husband's primary benefit.

A second type of benefit is paid to the widow (under 65) of a fully or currently insured individual provided she is caring for a child (entitled to a child's insurance benefit described below) of the deceased and has not remarried. The benefit paid to a widow with children under 18 years of age is equal to three-fourths of the primary benefit of her deceased husband. It is called "widow's current insurance benefit." The "child's insurance benefit," equal to half the amount of the primary benefit of the deceased parent, is paid to a dependent child of a primary annuitant or of a fully or currently insured individual who has died. The benefit is paid to a dependent child under 18 years of age, but it may be withheld from children over 16 who fail to attend school.

The benefits that may be paid to a widow and dependent children may be illustrated as follows: When an insured worker dies, the widow will receive a widow's current insurance benefit equal to three-fourths of the husband's primary benefit and each child will receive one-half this primary benefit. Maximum limits for combined benefits, however, are imposed by the act. They cannot exceed an amount twice the primary benefit, or 80 percent of the average monthly wage of the deceased worker, or \$85 a month, whichever of these three is least. The minimum limit for combined family benefits is \$20.

Benefits equal to one-half the primary benefit of the deceased are provided for parents of individuals who die fully insured and leaving no widow or dependent children. In such circumstances a "parent's insurance benefit" is paid if the parent is 65 or over, wholly dependent upon the individual who died, has not married since the individual's death, and is not entitled to receive a primary benefit which exceeds one-half the amount of the deceased's primary benefit.

The act as amended also provides for a lump-sum death payment when no survivor benefits are payable. The lump-sum provision of

¹² Should the wife be entitled to a primary benefit which is equal to or exceeds one-half the husband's benefit, no supplementary benefit is paid. Should her primary benefit be less than one-half her husband's benefit, her supplementary benefit is reduced so that the combined primary and supplementary benefit provided for the wife is no greater than one-half the husband's benefit.

the original act ¹⁸ was drastically changed in 1939, because it was believed that the survivor benefit payments rendered the original lump-sum payments unnecessary. Moreover, the saving involved in discarding the original lump-sum payments was expected to offset the increased outlays occasioned by the adoption of survivor benefits. The amended act provides for the payment to specified relatives or heirs of a small "lump-sum death payment" equal to six times the primary insurance benefit of a currently or fully insured individual who died leaving no widow, child, or parent entitled to survivor benefits for the month in which death occurred. If none of the specified relatives or heirs is living, the lump-sum is given to the person who paid the burial expenses.

In summary, then, the main features of the present old-age insurance system are these. A primary insurance benefit is paid to the retired worker from the time he has been certified as eligible until his death. A supplementary insurance benefit for his wife is paid from the time she attains 65 until her husband's death. After that she receives a widow's insurance benefit until her death or remarriage. If, however, the annuitant dies before his wife attains 65, and they have no children under 18, the widow obtains a lump-sum payment, and, then, upon reaching age 65 (unless remarried), she gets the widow's insurance benefit until her death. If the annuitant dies leaving a widow under 65 and dependent children, the widow receives the widow's current insurance benefit and each child receives a child's insurance benefit until the age of 18 (or 16 if the child is no longer in school). The widow's current benefit ceases when the child's benefit stops; when the widow reaches the age of 65 and has not remarried, she then becomes entitled to a widow's benefit. The parents of an annuitant who dies leaving no widow or dependent children are entitled to a parents' insurance benefit if they are 65 and dependent. If they are under 65 or are not dependent, they may be entitled to the lump-sum payment.

Under this system, as has been pointed out, monthly benefits range from \$10 to \$85 monthly. The \$10 monthly minimum applies to the primary benefit. If the wife of an annuitant is entitled to a supplementary benefit, the minimum combined benefit is \$15 per month. The minimum monthly benefit paid to a widow with a dependent child is \$20, and the maximum under all circumstances is \$85. The number

¹⁸ In the 1935 act a lump-sum payment equal to 3.5 percent of credited earnings was paid to persons reaching age 65 who did not satisfy the other requirements of eligibility for a monthly benefit. In a sense, this lump-sum payment reflected the savings feature of the system. For the worker who paid contributions but received no monthly benefits, the lump-sum was a repayment to him or to his estate of his contributions; and to the estate of a deceased beneficiary it was a repayment of the excess of contributions over benefits

of beneficiaries and amount of insurance payments for old-age and survivors insurance are shown for calendar years 1937-1940, and by months from January 1939 through December 1940, in appendix table 10.

Claims for benefits, under the 1939 amendments relating to old-age and survivors insurance, first became payable in January 1940, and by December a total of nearly 225,000 claims for monthly benefits had been allowed. More than half, or 52 percent, of the claims were for primary benefits; 14 percent were wife's benefits; 23 percent were child's benefits; and the remainder were for widows and parents of deceased workers. During the same period, more than 75,000 lump-sum death payments became payable.

The number and types of benefit claims allowed and the monthly or lump-sum amounts payable during 1940 were as follows:¹⁴

Type of benefit	Number	Amount
Monthly benefits.....	254,984	\$4,710,281
Primary.....	132,335	3,005,065
Wife's.....	34,555	419,964
Child's.....	56,382	724,648
Widow's.....	4,600	93,674
Widow's current.....	28,290	455,787
Parent's.....	852	11,153
Lump-sum death payments.....	75,096	9,138,025

The net result of the changes in the original old-age benefit program planned in 1935 has been a significant liberalization of the program so far as most of the people covered are concerned. It should also be noted, however, that some persons who undoubtedly would have received benefits under the 1935 act are now excluded. These are the persons who work less than half the quarters in covered employment, or who receive less than \$50 quarterly.¹⁵

¹⁴ Operations relating to claims and benefit payments under the amended provisions during the initial period will not be representative of the program during ensuing months, both because of administrative factors and because persons who reached the age of 65 prior to 1937 did not have sufficient quarters of coverage to qualify for benefits until after April 1940. Amounts shown represent claims allowed without adjustments required by sec. 203 or sec. 907 of the Social Security Act Amendments of 1939.

¹⁵ "Twenty-two percent of all persons who paid old-age insurance taxes had taxable earnings of less than \$200 (\$50 per quarter) in 1937. These are mainly people who were unemployed part of the year, or who were part-time workers, or people who worked in covered employments only part of the year, being employed in uncovered employments for the rest of the year. A considerable number of these people will be able to attain the status of fully insured individuals later on, but offsetting these are many others who will not continue to have sufficient earnings in covered employments to entitle them to benefits when they reach retirement age.

"One of the great merits of the 1935 law was its unheralded broad coverage. Under that law coverage was on individual basis, although only employment in

The number who will fail to qualify for these reasons can only be determined as the program continues. It is true, of course, that those who fail to qualify and are in need may apply for aid under the old-age assistance programs.

Financing the Old-Age Insurance Program

Funds to support this system are obtained from an income tax on employees and an excise tax on pay rolls. The number of employees and amount of reported taxable wages for 1938 are shown by States in appendix table 11. As originally provided, the tax began at 1 percent on both employers and employees, and was scheduled to increase by one-half of 1 percent every 3 years until it reached 3 percent in 1949. The 1939 amendments, however, held the tax at 1 percent for 1940-1942, but affirmed the 2 percent rate for 1943-1945, the 2.5 percent rate for 1946-1948, and the maximum rate of 3 percent beginning in 1949. These taxes are levied on the first \$3,000 of yearly wages and salaries of each person in employment covered by the act.

Under the 1935 plan Congress annually appropriated funds to the Old-Age Reserve Account, while the tax receipts obtained from the 1 percent income and excise taxes were covered into the general fund of the Treasury. Since monthly benefits were not expected to be payable until 1942, and then were to be relatively small for many years thereafter, the appropriations made by Congress were far in excess of the expenditures under the plan (for lump-sum payments). Accordingly a reserve was built up in the Old-Age Reserve Account which approximated 1.4 billion dollars by the end of 1939. The sum was invested in 3-percent Government bonds with the interest adding to the reserve. It was expected that in future years the interest on this reserve would provide a substantial part of the funds for benefit payments, supplementing the receipts derived from future Social Security taxes.¹⁶

covered industries was taxed. Whenever a person secured employment in a covered industry, even for a single day, he developed rights within the old age insurance system. Rights once acquired were never lost and everybody who paid any taxes could look forward to either lump-sum or retirement benefits, even if he or she subsequently dropped out of covered employments." Witte, Edwin E., "Social Security—1940 Model," *The American Labor Legislation Review*, Vol. XXIX, No. 3, September 1939, pp. 105-106.

¹⁶ In principle, the reserve plan was designed to cover all costs—the current, or maturing costs, and the costs which will accrue in the future. Contrasted with this is the so-called "pay-as-you-go" plan of making provision only for the current costs, i. e., raising funds each year just sufficient to cover the costs of each year. As the original old-age benefit system developed, it was expected to approximate the fully financed reserve plan. Undoubtedly it would not have been wholly self-financing, but the creation of a huge reserve would have provided a substantial part of the annual income for benefit-paying purposes in the future. On the problem of financing see Witte, *op. cit.*

The amendments in 1939 changed this financial arrangement. In the first place, the amended act created a trust fund known as the Federal Old-Age and Survivors Insurance Trust Fund to which were transferred the securities and money of the Old-Age Reserve Account. To this fund, in 1941 and succeeding years, is to be added an amount equivalent to the total taxes collected under the Federal Insurance Contributions Act.

Administration of the fund was placed in the hands of a Board of Trustees of the Old-Age and Survivors Insurance Trust Fund, composed of the Secretary of the Treasury, the Secretary of Labor, and the Chairman of the Social Security Board. The duty of the Board of Trustees is to (1) hold the trust fund; (2) report to Congress each year on the status of the fund, its operations during the fiscal year, and its probable status and operations during the succeeding 5 fiscal years; and (3) report to Congress whenever the Board believes that the trust fund in the succeeding 5 years will exceed three times the highest annual expenditure during that period. It is also to report when it believes the trust fund is unduly small. In its report the Board of Trustees is to show the actual assets and disbursements of the fund and estimate future income and outgo in each of the ensuing 5 years. The Board is also to give a statement of the actuarial status of the trust fund. The Secretary of the Treasury, as Managing Trustee, must invest in Government securities or securities guaranteed by the Government that part of the trust fund not needed for immediate payment of benefits. Special securities bearing a rate of interest equal to the average for the public debt may be issued for this purpose.

While the present system is not on a strict pay-as-you-go basis, it differs markedly from the original reserve basis. It is a "contingency reserve" plan with a reserve which is presumably to be limited to a maximum of three times the highest annual outlay during the ensuing 5 years. Although this limited reserve is not mandatory, indications point directly to a small reserve. Partly because payment of benefits has been advanced from 1942 to 1940, and partly because the average size of benefits in the early years has been increased and the number of benefits has also become larger, total outlays will be much larger during the 1940's than had been anticipated under the original plan. Accretions to the fund in the form of tax receipts will be less, owing to the fact that the originally scheduled increase in tax rates from 1 to 1.5 percent will not occur, and the rate of interest on the reserve will be less than that required under the old plan. Thus, although income will be in excess of outgo for some time, the margin has been narrowed and the reserve will grow much less rapidly than under the original plan.

The adoption of these far-reaching financial changes grew out of a determination that the original benefit provisions were inadequate,

in that benefits were scheduled to begin too late, were too small, and failed to cover survivors and dependents. The liberalization and broadening of benefits has had the unavoidable effect of altering the financial structure of the program. A further reason for the changes was the resistance to the scheduled tax increase in 1940; recognition of this led to freezing the initial tax rate. Moreover, the opposition in some quarters to the growth of the old-age reserve, on the ground that it exerted a deflationary influence on business activity¹⁷ had its influence also. It was pointed out that from 1937 through 1939 old-age taxes (drawn largely from consumers' incomes) averaged some 500 million dollars annually. On the other hand, only relatively small amounts were put back into the income stream by lump-sum payments under this program. The difference represented the increase in the old-age reserve. By increasing benefit payments and freezing the tax rate, the reserve is held at low levels and the deflationary influence reduced.¹⁸

It was also brought out in the hearings on the 1939 amendments that the need for a large reserve was lessened because the number of persons covered by the program was greater than had been expected when the 1935 act was drawn up. The Secretary of the Treasury stated that, if necessary, supplemental funds from general tax revenue could be substituted for the earnings of the reserve without substantial inequity. Therefore, it was argued, the large reserve is simply unnecessary as a means of obtaining funds in the future for benefit payment purposes.

The Old-Age Assistance Program

The old-age assistance program is a cooperative Federal-State venture designed to aid needy aged persons, and must thus be distinguished from the old-age and survivors insurance program. During 1940 an average of nearly 2 million needy aged persons received old-age assistance payments which totaled approximately 476 million dollars. (See appendix tables 12 and 13.) This program was established by the Social Security Act of 1935 (title I) for the purpose of giving aid to the large number of needy aged, many of whom had up to that time been receiving emergency relief under the FERA program or old-age pensions under State plans. Upon the recommendation of the Committee on Economic Security, Congress provided in 1935 for a system of Federal grants to States for the purpose of encouraging

¹⁷ See Hansen, Alvin, *Full Recovery or Stagnation?*, New York: W. W. Norton & Company, Inc., 1938, ch. 9.

¹⁸ The deflationary effects of the plan, however, are not necessarily connected with the "reserve" but only with the excess of tax receipts over payments. An old-age reserve, however, need not be created in this way; annual appropriations could accomplish the same purpose without deflation resulting.

additional States to adopt old-age pension plans and of raising the adequacy and effectiveness of those plans.

The main features of the old-age assistance program may be summarized as follows:

1. The program is basically a State program, in contrast to the old-age and survivors insurance plan which is wholly Federal. Old-age assistance programs are created and administered by the States which, subject to general Federal provisions, determine the age, residence, and other requirements for recipients and the amount of aid to be given. To receive Federal grants the States must establish programs conforming to the general requirements of the Social Security Act and approved by the Social Security Board.

2. The program is noncontributory. The recipients of old-age assistance funds are determined by investigation to be in need of public aid and otherwise eligible under the State law. Payments are made only as long as the aged person remains in need of assistance. Recipients are not required, as in the old-age insurance plan, to contribute, or to have contributed, to any special fund for purposes of this plan. Funds for the needy aged are derived from the general revenues of the Federal Treasury and from the general or special revenues of the State treasuries.

3. In making grants to eligible States, the Federal Government matches State funds dollar-for-dollar but in no case is the Federal share permitted to exceed \$20 a month to any recipient. The Federal Government further provides a grant, amounting to 5 percent of the old-age grant, to be used for administering the State old-age assistance program.

According to the Social Security Act, a State plan must meet the following requirements in order to gain Federal approval and thus make the State eligible to receive the Federal grants-in-aid for the needy aged:

1. State plans must be mandatory on all subdivisions within the State. The "county option" provisions found previously in many State laws are thus ruled out.

2. The State governments must participate in the financing of the plan. This provision was adopted because of the unsatisfactory practice of some States before 1935 in contributing no State funds at all but requiring local governments to assume full financial responsibility.

3. There must be either a central State administrative agency for the old-age assistance plan, or State supervision of local administration.

4. The age limit for eligibility must not exceed 65 years.

5. The State cannot require that residence in the State exceed 5 years during the 9 years preceding application for old-age assistance.

In this way the former restrictive residence requirements (in at least one State 35 years' residence was required) were liberalized.

6. State laws must provide means of hearing the appeals of those whose application for old-age assistance has been denied.

Other requirements relate to reports to the Board, personnel standards, safeguards restricting the use of information concerning applicants and recipients, and the income and resources of old-age assistance recipients.

State laws in general fix a maximum amount that a recipient of old-age assistance may obtain each month. In most cases this maximum has been \$30 although several States have a maximum of \$40 or \$45 and in others no limit is set. While the maximum figures establish the upper limit, the actual amount received by an aged person will depend upon the availability of funds, and the amount of his need as determined by investigation. In December 1940 the average payment was \$20.26, ranging from an average of \$7.87 in Arkansas to an average of \$37.87 in California. (See appendix table 14.)

The prevalence of the \$30 maximum limit is explained by the provision in the 1935 Social Security Act granting Federal funds on a one-to-one matching basis up to a maximum of \$15. In 1939 Congress amended the act to permit the Federal share to increase to \$20 a month. This enables the States to provide a \$40 payment without paying more than half the cost out of non-Federal funds. A number of States have already adopted this higher maximum limit.

The percentage of persons 65 years of age and over receiving old-age assistance varies considerably among States. In December 1940 the average for the country was about 26 percent, ranging from 8 percent in the District of Columbia to 63 percent in Oklahoma.

The following tabulation gives summary figures on recipients and total and average benefits since 1936.

Old-Age Assistance in States With Plans Approved by the Social Security Board,
February 1936–December 1940

Year	Number of recipients December of each year	Total payments to recipients for year	Average payment per recipient December of each year
1936 ¹	1, 104, 647	\$135, 969, 424	\$18. 77
1937.....	1, 579, 353	310, 394, 105	19. 46
1938.....	1, 779, 292	390, 402, 054	19. 55
1939.....	1, 911, 663	431, 139, 902	19. 30
1940.....	2, 069, 704	475, 752, 218	20. 26

¹ 11 months only. Program started February 1936.

It is important to distinguish between the two old-age programs and to appraise their respective roles. Although an increasing number

of aged persons will qualify for annuities under the old-age and survivors insurance program as time goes on, the need for old-age assistance seems beyond question. At the present time, of course, it cares for most of the aged in need of assistance. In future years there will undoubtedly continue to be large numbers in need of assistance. In the discussion of the old-age insurance program it was shown that statutory exemptions exclude many workers from the benefits of that program. Moreover, many workers in covered employment will fail to qualify because of low wages or because they were unable to work the requisite number of quarters. Undoubtedly, too, some will need old-age assistance to supplement their monthly insurance benefits. In short, old-age assistance provides an element of flexibility. As the insurance program is now organized, old-age assistance is essential as a complementary program of old-age security.

OTHER PUBLIC-ASSISTANCE PROGRAMS UNDER THE SOCIAL SECURITY ACT

In addition to the grants for the needy aged sketched above, public-assistance activities instituted under the Social Security Act also provide for the making of grants to States for programs of aid to dependent children and the needy blind. These grants, like grants for the aged, are available only after approval by the Social Security Board of State programs for assistance to these categories. Major prerequisites for approval (as with grants for the aged) are that the program be State-wide, that the State participate in the financing, and that there be some provision for administration or supervision of the program by the State itself.

The Federal contribution for the needy blind amounts to one-half of the monthly amount given to each person until the total reaches \$40 per month. In other words, the Federal share cannot be more than \$20 per person. A State, however, may contribute more than this if it so desires. For dependent children, the Federal Government contributes an amount equal to the State contribution, up to a combined total of \$18 per month for one child and \$12 per month for each additional child aided in the same household. Here, too, a State may pay more if it wishes. At the end of 1940, 43 jurisdictions (41 States, the District of Columbia, and Hawaii) were operating approved programs of assistance for the needy blind and 43 jurisdictions (41 States, the District of Columbia, and Hawaii) were giving aid to dependent children under programs approved by the Social Security Board.¹⁹

In addition to the three major public-assistance programs just outlined (aged, dependent children, and blind) the Social Security Act

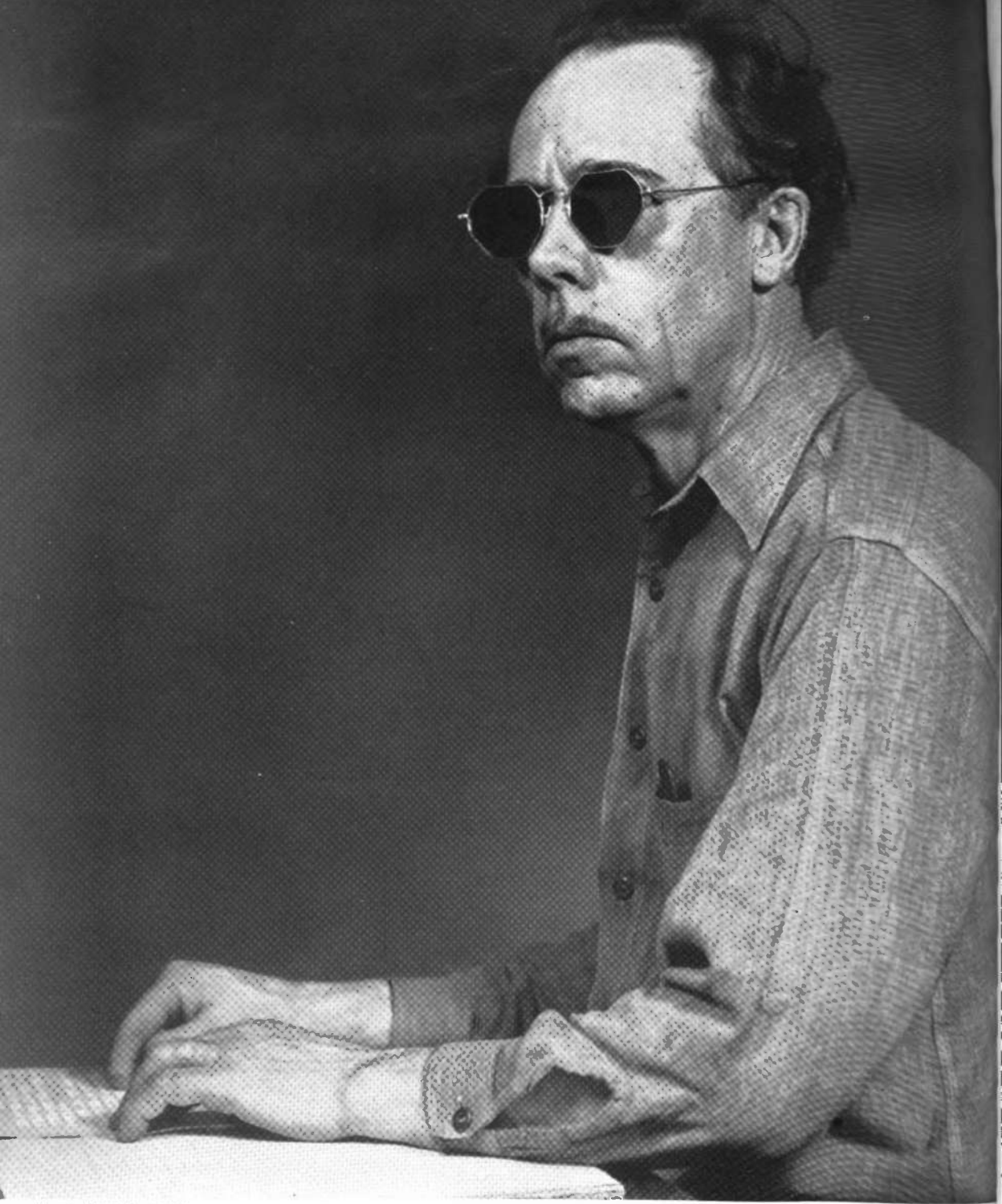
¹⁹ See appendix tables 12 and 13 for figures on the programs to aid dependent children and the blind.



Federal Security Agency.

For the Aged.

In December 1940 old-age assistance was received by 2,069,704 persons under the Federal Security Agency.



Federal Security Agency.

For the Blind.

In December 1940 approximately 49,000 needy blind persons were receiving payments under plans approved by the Social Security Board.

provided for certain other grants of relatively small fiscal significance. Grants were made available under the act for the purpose of extending the services of the United States Public Health Service and Federal vocational rehabilitation services. Federal grants to States for the development of programs providing for maternal and child-health services, services for crippled children, and child-welfare services administered by the Children's Bureau were also made possible under the act.

THE FEDERAL SECURITY AGENCY

As a part of Reorganization Plan No. 1, which went into effect on July 1, 1939,²⁰ the President created the Federal Security Agency, the purpose being to group together "those agencies of the Government, the major purposes of which are to promote social and economic security, educational opportunity, and the health of the citizens of the nation." Placed in the Federal Security Agency along with the Social Security Board were the United States Employment Service, formerly in the Department of Labor and now made a part of the Board; the Office of Education, previously in the Department of the Interior; the Public Health Service, formerly in the Treasury Department; the National Youth Administration, which had been under the WPA; and the Civilian Conservation Corps, hitherto an independent agency. Certain other agencies were transferred to the Federal Security Agency under subsequent reorganization plans.

CONCLUSION

The programs created by the Social Security Act undoubtedly will be modified and perfected as future experience points to the need for amendment. The importance of the act, and what has already been accomplished under the program, can scarcely be overestimated. There can no longer be any question of the basic need for the program; equally clear is the fact that the program is already offering greater security to a large segment of the population than ever before. In the words of the Chairman of the Social Security Board, testifying before a Congressional Committee in 1939:

The purpose of the Social Security Act is to utilize the machinery of government—Federal, State, and local—to provide for the individual citizen a measure of security against the major economic hazards of life which have become so widespread and overwhelming to the individual. . . .

There is no longer any question as to whether this kind of social security will work. It is working. Unemployment compensation, operating through State laws, provides a regular weekly income for insured wage earners when they are temporarily out of work. More than 27,500,000 workers are covered by such laws in all the States. . . . Some 2,500,000 of those now in need—the aged, the

²⁰ The creation of the Federal Works Agency under Plan No. 1 is described in ch. VII.

blind, and dependent children—are receiving regular cash assistance from combined Federal-State funds. Social insurance against future old-age dependency has been established on a Nation-wide basis in our Federal old-age insurance program, and more than 42,500,000 workers have already applied for accounts under this system. Through it these millions of men and women have an opportunity—most of them for the first time in their lives—to build up an income for self-support when their working days are over.²¹

²¹ *Social Security, Hearings Relative to the Social Security Act Amendments of 1939 Before the Committee on Ways and Means, 76th Cong., 1st sess., Vol. I, February 1939, p. 46.*

Chapter IX

SOCIAL INSURANCE FOR RAILROAD WORKERS

A SEPARATE social insurance system administered by the Railroad Retirement Board has been established by Congress to provide retirement annuities and unemployment insurance for employees of the railroad industry. An estimated 2½ million individuals have worked in employment covered by this system at some time during the period from January 1, 1937, through December 1940. Through December 1940, about 370 million dollars were paid out to aged workers or their dependents and nearly 22 million dollars in benefits were paid to those eligible to receive railroad unemployment insurance.

THE RAILROAD RETIREMENT SYSTEM

The broad scope of the railroad retirement program has been summarized by the Chairman of the Railroad Retirement Board as follows:

Under the Railroad Retirement Acts of 1935 and 1937 the Board makes five types of payments to railroad workers or their dependents: (1) employee annuities, both disability and old age, paid to eligible individuals after retirement; (2) survivor annuities, paid under joint and survivor elections to the surviving spouse of a deceased annuitant; (3) death benefit annuities, paid only under the 1935 Act to the surviving spouse or dependent next of kin of a deceased annuitant or employee entitled to an annuity under that Act; (4) lump-sum death benefits payable only under the 1937 Act with respect to the death of any employee who earned compensation under the Act after December 31, 1936, to a designated beneficiary or to the deceased employee's legal representative; and (5) pensions to individuals who were on the pension or gratuity rolls of employers under the Act. . . .¹

Prior to enactment of legislation setting up the railroad retirement system pensions were provided under private pension plans operated

¹ See Latimer, Murray W., "The Security Programs for Railroad Workers," *Social Security in the United States*, New York: American Association for Social Security, Inc., 1939, pp. 51-61.

by the railroads. These plans, some of which had been placed in operation as early as 1900, covered over 80 percent of the railroad and express company employees by 1933.

Private pension plans, however, were not wholly satisfactory. There were no legal safeguards protecting the employees' rights to pensions and no guarantee that pensions would not be reduced during financial crises; coverage was limited by technical difficulties as workers changed employers; separate pension plans varied greatly with respect to eligibility requirements, benefit payments, and liberality in granting pensions; and some important carriers never adopted retirement systems, leaving their workers without the benefits accorded other employees.

The first step taken by the Federal Government to meet the need of railroad workers for a more adequate retirement program was the enactment of the Railroad Retirement Act of 1934. This act established a unified Federal system for the payment of retirement annuities to all railroad and related employees to be financed by contributions from employers and employees. The railroads contested this act and it was declared unconstitutional by the Supreme Court in May 1935.²

New legislation was enacted in 1935 under the spending and taxing powers of Congress. The taxing act was declared unconstitutional by a district court in 1936. Prior to appeal by the Government from this decision the Railway Labor Executives' Association and the Association of American Railroads agreed on a substitute railroad pension system acceptable to both labor and management. The most important features of the agreement were the promise of the railroads to drop their lawsuits, the abatement of taxes owed under the 1935 act, and the assumption by the Government of the pensions being paid by the railroads under the existing private pension plans. The new proposal expanded coverage somewhat and provided for a tax rate to begin at 2¼ percent each on employers and employees and to increase gradually in 12 years to 3¼ percent.

This agreement led to the Railroad Retirement Act of 1937 and to the Carriers Taxing Act of 1937.³ Major provisions of the first act are as follows:

The act covers employees of railroads and sleeping-car and express companies subject to the Interstate Commerce Act, companies owned or controlled by these carriers which are engaged in performing service in connection with railroad transportation, employees of railroad

² *Railroad Retirement Board v. Alton Railroad Co.*, 55 Supreme Court, 758 (295 U. S. 330).

³ Benefits under the first act became payable on the date of enactment, June 24, 1937; taxes under the second act were payable on compensation earned after December 31, 1936.

associations, employees of national railway labor organizations, and employee representatives.

Employees with creditable service under the act are eligible to receive annuities if they are: 65 years of age or over,⁴ or 60 years of age and have completed 30 years of service, or 60 years of age and permanently disabled, or permanently disabled and have completed 30 years of service.

Several classes of benefits are payable under this system.⁵ Employment annuities, both for disability and for old age, are payable to eligible employees after retirement. The amount of the monthly annuity is determined by multiplying years of service by percentages of monthly compensation up to \$300, according to the following schedule:⁶

- 2 percent on the first \$50
- 1½ percent on the next \$100
- 1 percent on the last \$150

The Railroad Retirement Act of 1937 also provides benefits for survivors. These survivor annuities are payable to the surviving spouse of a deceased employee annuitant provided a reduced annuity had been elected by the annuitant during his life. The survivor annuity may be equal to, 75 percent of, or 50 percent of the reduced annuity. A lump-sum death benefit is also payable under the act to a designated beneficiary. This benefit is 4 percent of wages up to \$300 monthly earned since December 31, 1936, less the amount of any annuity paid.

⁴ Service after age 65 is not credited toward an annuity but the compensation earned for such service may be included if it serves to increase the annuity.

⁵ In addition to the benefits shown under the 1937 act, employee annuities continued to be payable under the 1935 act to employees who relinquished their rights to return to service before June 24, 1937, and were otherwise eligible under the 1935 act. Death benefits, equal to one-half the annuity, are payable to dependents of a deceased annuitant or employee entitled to an annuity under the 1935 act, for a period of 1 year.

⁶ The minimum annuity of individuals aged 65 with 20 years of service is \$40 if their average monthly compensation is \$50 or more. If the average monthly compensation is less than \$50, the minimum annuity is 80 percent of this average, but not less than \$20. Compensation on which the annuity is based is the average monthly compensation for months of service under the act, except that for any months of service before January 1, 1937, the average monthly compensation is the average for the 8-year period 1924-31. Annuities based on service prior to January 1, 1937, are limited to a maximum of \$120 a month since no more than 30 years of service may be counted. For annuities based entirely on service after December 31, 1936, there is no limit to the number of years of service that may be counted. If an employee retires at age 60 (instead of 65) after 30 years of service or because of disability the annuity is reduced 1/180 for each month by which the employee's age falls below 65.

The railroad retirement system also pays pensions equal to those formerly received under private pension systems but not exceeding \$120 monthly. The distinction between annuities and pensions under the system has been made in the following terms:

An annuity is the amount paid to any eligible railroad employee in accordance with his years of service and specified wage periods. A pension is the amount paid . . . to railroad employees who were formerly the beneficiaries of a railroad pension system, having, generally speaking, been retired before the Retirement Act was passed.⁷

Over 48,000 pensioners were taken over by the Railroad Retirement Board, not counting some 6,000 other individuals who had been certified as eligible for employee annuities. Many of the pensions had been reduced during the early depression period. The Board re-adjusted these pensions, in accordance with the provisions of the act, raising the monthly average from \$50 to \$55.

Coverage and Benefits

Through December 1940 approximately 2.5 million employees had established credited service upon which benefits will some time be payable under the railroad retirement system.⁸ It is estimated that 97 percent of these workers are employees of railroad carriers, and the remaining coverage represents employees of carrier affiliates, carrier associations, and railway labor organizations. From July 1936 through December 1940 total benefit payments amounting to 368 million dollars were made by the Board. During the latter month there were more than 150,000 annuitants or pensioners. (See appendix table 15.) Of these, 113,000 were employee annuitants, 33,000 were pensioners, and about 4,000 were survivor and death-benefit annuitants or recipients of lump-sum death payments.

Financing the System

Appropriations for benefit payments and for establishing a reserve under the Railroad Retirement Act are made by Congress annually. Separate annual appropriations are made for administrative expenses. Although the Railroad Retirement Act does not specify that appropriations to the railroad retirement account and for administrative expenses should equal in amount the revenue received under the Carriers Taxing Act, that practice has, in fact, been followed.

The Carriers Taxing Act of 1937 levies two taxes, an income tax on employees and an excise tax on pay rolls. The income tax is levied on the first \$300 of monthly compensation of each employee covered

⁷ Latimer, *op. cit.*

⁸ This number includes about 93,000 individuals to whom employee annuities had been certified by June 1940, and about 27,000 individuals with respect to whose death lump-sum death payments had been certified by that date.

under the Railroad Retirement Act of 1937 according to the following schedule:

- 2¼ percent from 1937 to 1939
- 3 percent from 1940 to 1942
- 3¼ percent from 1943 to 1945
- 3½ percent from 1946 to 1948
- 3¾ percent after 1948

The excise tax on employers likewise is on the first \$300 monthly compensation paid to any employee and at the same rates. All these taxes are collected quarterly by the Bureau of Internal Revenue and go into the general fund of the Treasury.

Funds not currently needed for the payment of benefits are invested by the Board in existing or special obligations of the Federal Government which yield 3 percent interest. It was expected that tax collections at the rate set in the Carriers Taxing Act would be sufficiently in excess of current needs during early years of operation of the system to provide a reserve, the interest from which would be drawn upon for benefit payments in later years when current benefit requirements would be in excess of current tax yields. Because the number of retirements have been greater than expected, while tax collections have been less than originally estimated, the reserve has not accumulated at the rate anticipated. As of June 30, 1940, there was a balance of approximately 72 million dollars in the railroad retirement account.⁹

Railroad Retirement Compared With Social Security Old-Age Insurance

The railroad worker now contributes 3 percent of his monthly income, compared with a contribution of 1 percent by the wage earner under the old-age benefit system of the Social Security Act; these rates will increase respectively under present legislation to an eventual 3¾ percent and 3 percent. Accompanying the higher tax rate under the railroad retirement system are certain features not present in the old-age benefit system. For example, a railroad worker having 30 years' service may retire at 60 instead of 65,¹⁰ and he is entitled to a maximum monthly annuity of \$120 instead of \$85.¹¹

⁹ This total does not include either accrued obligations not yet certified for payment, or taxes accrued on the pay rolls of the quarter April-June 1940. On the basis of total accrued taxes and accrued obligations, the balance in the retirement system as of June 30, 1940, was about 93 million dollars.

¹⁰ Retirements before age 65 must be at reduced amounts unless the annuitant is permanently and totally disabled and has had 30 years of service.

¹¹ The maximum monthly annuity of \$120 applies only where service prior to 1937 is included in the years of service. For annuities based solely on service after 1936 there is no limit on the number of years of service which may be included in the computation of the annuity. Thus annuities in excess of \$120 a month will be possible after 1966.

Moreover, maximum railroad annuities of \$120 are payable now but there can be no full benefit under the old-age benefit system for many years to come. In addition, once the railroad worker acquires benefit rights under the act, these benefits are not lost as a result of transfer out of the industry or termination of covered employment. Under the present Social Security Act loss of all benefit rights is possible.

On the other hand, the social security system offers certain features not found in the railroad retirement system. These include supplementary monthly benefits for aged wives and dependent children, survivor annuities without requiring the insured person to accept a reduced annuity, and the right to accumulate wage credits after age 65.

Together these old-age programs provide a comprehensive system of contributory old-age benefits, under which most of the wage and salary workers in this country will derive payments during old age. While many questions remain, including differences in benefits and the effects of the tax provisions, these programs represent highly significant steps in the social policy of government.

THE RAILROAD UNEMPLOYMENT INSURANCE SYSTEM

As early as 1933 the Railway Labor Executives' Association recommended special legislation to stabilize employment and to provide for the payment of benefits to the temporarily unemployed in the railroad industry. In its report to the President in 1935 the Committee on Economic Security proposed "the establishment of a separate nationally administered system of unemployment compensation for railroad employees and maritime workers." Finally, early in 1938 a bill satisfactory to both railroad labor and management was introduced and passed by Congress without a dissenting vote.

The Railroad Unemployment Insurance Act establishes a national pooled-fund system of unemployment insurance for railroad workers under the administration of the Railroad Retirement Board. Before the passage of this act railroad workers were covered by the State unemployment compensation systems. At the present time these workers are covered only by the Railroad Unemployment Insurance Act, which became effective for both contributions and benefits on July 1, 1939.

It should be noted, as indicated in the following quotation, that:

The Railroad Unemployment Insurance Act is the first unemployment insurance system in this country to be set up on a national basis. It differs in this and other respects from the unemployment compensation systems established under the Social Security Act and the state unemployment compensation laws. Even though limited to a single industry, it may be of more general significance in pointing the way toward a simplified system of unemployment insurance. . . .¹³

¹³ Latimer, *op cit.*



Farm Security Administration (Vachon).

Security.

Through December 1940 approximately 2½ million railroad employees had established credited service, upon which benefits will sometime be payable.

The workers covered by this program are substantially the same as those covered by the Railroad Retirement Act and the Carriers Taxing Act. In order to receive benefits, employees must earn at least \$150 from covered employment during the base year.¹³

The minimum period of time for which a benefit claim is submitted is 14 consecutive days, beginning with a day of unemployment. Benefits in the first registration period in a benefit year are paid only for each day of unemployment in excess of 7 and in the succeeding registration periods, for each day of unemployment in excess of 4 in the 14-day period.¹⁴ The difference between 7 and 4 noncompensable days embodies the only waiting-period requirement provided under the act as amended in 1940.¹⁵ This benefit formula differs from those in State unemployment compensation systems, most of which provide benefits for consecutive 7-day periods or calendar weeks of unemployment. In most States there are also partial unemployment benefits, which, combined with the earnings for the week, give the worker an income equal to or slightly larger than his weekly benefit for total unemployment.

The amount of the daily benefit under the Railroad Unemployment Insurance Act varies from \$1.75 to \$4, depending upon the wages received during the base year. As in the State systems, a maximum limit is established. Under the railroad system the maximum total amount of benefits payable during the benefit year is 100 times the employee's daily benefit amount.¹⁶ The benefit rates and maximum benefits applicable to the several base-year wage classes as provided under the 1940 amendments are shown below.¹⁷

Compensation from covered employment during base year	Daily benefit rate	Maximum amount in a 14-day period	Maximum amount during benefit year
\$150 to \$199.99.....	\$1.75	\$17.50	\$175
\$200 to \$474.99.....	2.00	20.00	200
\$475 to \$749.99.....	2.25	22.50	225
\$750 to \$999.99.....	2.50	25.00	250
\$1,000 to \$1,299.99.....	3.00	30.00	300
\$1,300 to \$1,599.99.....	3.50	35.00	350
\$1,600 or more.....	4.00	40.00	400

¹³ The base year is the calendar year preceding the benefit year, which is a 12-month period beginning in July and ending the following June.

¹⁴ Before the October amendment benefits were payable for each day of unemployment in excess of 7 in a period of 15 consecutive days. The change, therefore, increased the number of compensable days from a maximum of 8 in 15 days to a maximum of 10 in 14 days.

¹⁵ In the period from July 1939 through October 1940 before the 1940 amendments became effective, a waiting period was required consisting of 15 consecutive days comprising at least 8 days of unemployment.

¹⁶ This was increased from 80 by the 1940 amendments.

¹⁷ Daily benefit rates above \$2.50 are the increased rates provided in the 1940 amendments.

Employees may be disqualified for benefits under certain conditions, such as the voluntary leaving of suitable employment without good cause or the submission of a fraudulent claim for benefit. A railroad worker is also disqualified under this system for the period during which he receives annuities, pensions, or old-age benefits under the Railroad Retirement Act or any other act of Congress, or unemployment benefits under any other unemployment compensation system. Benefits are not paid if unemployment follows stoppage of work because of an unauthorized strike, or a strike in violation of the Railway Labor Act, unless the employee is not participating or does not belong to a class of workers participating in the dispute. A restriction is imposed on benefits for workers paid on a mileage basis; these workers, operating under collective agreements which limit their maximum employment in a month, often complete their monthly work quota in 10 or 15 days.¹⁸ This disqualification affects only those workers in the higher wage classes.

The Railroad Unemployment Insurance Act was amended in 1940 to shorten the waiting period, to increase the number of compensable days in a registration period and the maximum number of compensable days in a benefit year, and to increase the daily benefit rates for employees with base-year wages of \$1,000 or more. These changes were made in order to provide railroad workers with benefits which would compare favorably with those paid to other workers under the more liberal of the State plans.¹⁹ The increase in benefits, estimated by the Board to amount on the average to 75 percent, went into effect in November 1940.

Through December 1940 the Railroad Retirement Board paid out 21.7 million dollars under the Railroad Unemployment Insurance Act to unemployed railroad workers (appendix table 16). The number and amount of benefit payments certified by State of residence of beneficiary for the last quarter of 1940 are shown in appendix table 17. During a part of that period the individual benefit, which was determined according to the number of days of unemployment in excess of 7 during the 15 consecutive days' period and the rate of benefit, could vary from \$1.75 to \$24. Beginning in November 1940, individual benefits became payable for days of unemployment in excess of 4 during the 14 consecutive days' period, and the rate of benefit may vary from \$1.75 to \$40.

¹⁸ A mileage worker is not eligible for benefits if, during a registration period, he earned 20 times his daily benefit amount, or if the registration period is the second half of a period of 28 days during which he earned 40 times his daily benefit amount.

¹⁹ "Amendments to Railroad Unemployment Insurance Act," *The Monthly Review of the Railroad Retirement Board*, Vol. I, No. 5, September 1940, pp. 3-10.

The system is financed by taxes on employers, at the rate of 3 percent of the compensation payable to the employee, up to \$300 monthly. The act established the Railroad Unemployment Insurance Account, maintained by the Secretary of the Treasury in the Social Security Unemployment Trust Fund. This account is credited with 90 percent of the collections. Sums credited to this account are continuously available to the Railroad Retirement Board for the payment of benefits.²⁰

The Railroad Unemployment Insurance Administration Fund, set up in the Treasury, receives 10 percent of the funds collected under the taxing provisions of this act. This fund was also credited with certain unexpended funds collected by the Treasury under Title IX of the Social Security Act. These sums are available to meet the expenses of administering the act.

The Railroad Retirement Board, in administering the act, collects contributions, prescribes regulations concerning claims for benefits, and may establish its own employment offices as well as secure the assistance of employers, labor organizations, and State unemployment compensation and employment service agencies. The Board may enter into arrangements with State agencies to provide joint benefits for workers employed both by railroad and nonrailroad employers. States were required to exempt railroad employment from their unemployment compensation programs beginning July 1, 1939.

Comparisons With State Unemployment Compensation Systems

A number of points may be mentioned in a comparison of these two systems. First, the railroad unemployment insurance system is limited to one major industrial group, while the State systems cover a wide range of industrial classes. Approximately 2 million workers are covered by the railroad system, while some 28 million are under the State systems. The limitation to one industry and Federal administration of the system lead to more uniformity and simplicity than are found in the 51 State programs covering a larger number of workers in a great variety of industries.

Comparisons of benefits paid under these systems are made difficult by the fact that the railroad benefits are payable for each day of

²⁰ The Railroad Unemployment Insurance Account also received somewhat over 100 million dollars from the State reserves held in the Unemployment Trust Fund. These transfers were made because the State systems taxed railroad employment until June 30, 1939, but had no obligation to pay benefits after that date. Therefore, some reserves were accumulated by the States as a result of the contributions paid by railroad employers. The act directed the Social Security Board, the Railroad Retirement Board, and the respective States to agree upon the amount to be transferred to the Railroad Unemployment Trust Fund.

unemployment in excess of 4 within 14 consecutive days; or approximately 10 days out of 2 weeks' unemployment; while State unemployment compensation benefits are on a weekly basis, and are paid for consecutive weeks of unemployment. Full-time railroad benefits for a 14-day period of joblessness range from \$17.50 to \$40; most of the State unemployment compensation benefits range from \$5 to \$15 weekly. The railroad system follows a simplified method of computing benefits. Instead of the complicated earnings requirements found in many of the State systems, the Railroad Unemployment Insurance Act merely requires that the employee earn \$150 during the preceding year. Daily benefit rates begin at \$1.75, and increase in 25- and 50-cent intervals, based on salaries ranging from \$150 to \$1,600. Instead of a benefit period determined by the length of employment or the amount of wages earned, the duration of benefit payments is a flat period of 100 days. A further basic difference found in the railroad act is the absence of the experience-rating or plant-reserve principles. The railroad insurance system is a national pooled-fund system into which all employers pay the same rate of contribution.

Chapter X

GENERAL RELIEF SINCE 1936

THE PROBLEM OF GENERAL RELIEF SINCE THE DISCONTINUATION OF FERA GRANTS

THE INAUGURATION and development of Federal work activities and of the public-assistance program under the Social Security Act have marked an important advance toward meeting the problem of need arising from unemployment and destitution. With the discontinuation of the FERA program at the close of 1935, the Federal Government withdrew financial support for emergency relief.¹ Those not receiving work or Social Security benefits were left to the care of the States and localities. In this group were needy families with one employable member or more not aided by the WPA,² or other Federal agencies giving emergency employment. Other members of the so-called general relief³ group were needy unemployables who did not qualify for the special types of assistance under provisions of the Social Security Act (old-age assistance, aid to dependent children, and aid to the blind).⁴ The third group in need of general relief consisted of persons with some income from relief or nonrelief sources who required supplementary relief to raise their income sufficiently to meet their basic budgetary needs. Problems of this type have arisen in families suffering from underemployment and inadequate earnings, or in families whose earnings or benefits under work relief, assistance, or security programs have proved inadequate because of the size of family, extraseasonal requirements, or illness.

¹ See chs. V and VI. See also Whiting, T. E., *Final Statistical Report of the Federal Emergency Relief Administration*, Division of Statistics, Work Projects Administration, Federal Works Agency, Washington, D. C., 1941.

² Principally because of budgetary limitations, this program has provided for only a portion of the employable families in need.

³ The term "general relief" as used in this chapter is restricted to outdoor relief (non-institutional) and includes local poor relief.

⁴ Assistance to these categories has been restricted by residence, citizenship, and property qualifications; no provision exists under the Social Security Act for the relief of totally disabled persons in need.

This problem of residual or general relief has been met by the several States in a great variety of ways. In a majority of instances, State grants-in-aid have been made to local units which met the conditions prescribed for State aid.

The division of the cost of general relief between State and local governments in the different States has varied considerably. While a few States have assumed virtually complete financial responsibility for general relief,⁵ a number of State governments have regarded the financing of this type of aid as a purely local problem.⁶ In many instances this responsibility has been delegated to local authorities designated by law to provide "pauper relief."

The cessation of Federal supervision over general relief at the end of 1935 has meant major changes in the administrative organization of State relief agencies. While some emergency relief administrations have continued since 1935 with little change in functions, the administration or supervision of general relief in most States has been transferred to existing or newly created regular departments, most of which have other public welfare functions as well. In States where the entire responsibility for general relief has been relegated to local governments, the existing State emergency relief agencies were usually either liquidated or else limited in their operation to certain services.⁷

Since the discontinuation of the FERA, the differences among States in eligibility requirements and relief standards have greatly increased. In States and localities where applicants have been accepted on the basis of their need, with no other restriction, coverage seems to be good, particularly if State funds have been made available. But where eligibility requirements have been made rigid because of the lack of sufficient funds, a considerable volume of need has been left unmet. The same observation applies to the adequacy of relief allowances. The unmet need appears to be most pronounced in States in which general relief to employable cases has been given sporadically or has been greatly restricted or totally denied.⁸ Relief

⁵ Included are Arizona, Arkansas, Louisiana, and Pennsylvania. These States, since some time in 1936, have financed practically the entire cost of general relief from State funds.

⁶ Since some time in 1936 general relief has been financed exclusively by local funds in Florida, Georgia, Indiana, Kentucky, Mississippi, North Carolina, South Dakota, Texas, and Vermont. In subsequent years the States of Nebraska, New Hampshire, and Tennessee joined the group.

⁷ Such services include the distribution of Federal surplus commodities or commodities produced on work projects; certification of persons eligible for employment on WPA projects or for the CCC, etc.

⁸ Roughly a dozen States fell in this category in the early part of 1940.

policies have been least liberal in States where general relief has reverted to "poor relief." Because of the low relief standards prevalent in these areas, Federal surplus commodities given to State welfare agencies by the Surplus Marketing Administration,⁹ and commodities produced on work projects, have frequently become the major, if not the only, source of public aid to those in need of relief.

From a national point of view, the decentralization of general relief led to a substantial reduction in relief standards.¹⁰ The decline in standards has automatically cut off a considerable number of needy families from the general relief rolls. With the liquidation of the FERA, work relief sharply decreased; in many areas only direct relief was provided.

Although State administrative and fiscal policies have frequently lacked uniformity and stability, certain characteristic trends and tendencies since 1936 can be discerned. Most significant, perhaps, has been the growing recognition that local governments alone do not have the financial resources to cope with the problem of general relief. The result has been a resumption of financial participation by some of the States which earlier withdrew support,¹¹ or the provision of aid by certain States which had not participated before.¹² Also, the existing level of State grants-in-aid has been raised by a number of States. The trend toward more liberal State participation was interrupted by the sharp industrial recession during the fall and winter of 1937-38.¹³ The resources of State relief agencies were greatly strained because most State budgets for 1938 had been prepared in 1937 and did not allow for the rapidly rising relief costs. Prompt corrective action by State legislatures was made difficult by the drastic

⁹ The Surplus Marketing Administration, although designed primarily to deal with the problem of farm surpluses, has played a considerable role in the relief situation—making available large quantities of food to persons in need of public assistance, both through direct distribution and through its stamp plan. During the fiscal year 1940, for example, through direct distribution alone it provided approximately 1,800,000,000 pounds of commodities to State welfare agencies. These products were distributed to a monthly average of 11 million persons. In June 1940, under its relatively new and expanding stamp plan, surplus food stamps exceeding 3 million dollars in value were issued. For a discussion of the background of these programs, see ch. V and *Report on Progress of the WPA Program, June 30, 1940*, Work Projects Administration, Federal Works Agency, Washington, D. C.

¹⁰ General relief standards declined most drastically in the South after 1935. As a rule, smaller cities and towns suffered greater cuts than large urban centers, while rural areas were affected more adversely than urban areas.

¹¹ Missouri, New Jersey, Wisconsin, and Montana.

¹² Kansas, South Carolina, and Virginia.

¹³ This applies with particular force to the industrial Middle West, notably Illinois, Michigan, and Ohio.

decline in State revenues and sometimes by a sharp conflict between rural and urban legislators.¹⁴ The inability on the part of many State agencies to provide quick and adequate assistance to localities was further aggravated by existing statutory and constitutional restrictions on local debt limits and tax rates. Eventually, during 1938, a number of State legislatures did pass deficiency appropriations but wide differences as to the adequacy of these provisions were noted among States.

The rising demands for economy in relief outlays resulted in a definite turn toward retrenchment on the part of some State governments after 1938. State appropriations for general relief were in a number of instances restricted or curtailed. To discourage migration and to reduce the existing number of cases on relief rolls, the length of residence required in order to become eligible for general relief has been greatly lengthened in some States. To render relief "cheaper" and less "attractive," "work for relief" on State and local projects has been made compulsory for the able-bodied needy within a number of State jurisdictions.¹⁵ These tendencies do not necessarily conflict with a growing realization that general relief is a continuing responsibility rather than an emergency activity. There are instances of specific provisions or tacit understandings for the convocation of legislatures in special session to appropriate additional funds should the original appropriation prove inadequate for the fiscal period.

Where State grants-in-aid have been available, the method of allocating State funds to localities has had an important bearing on the adequacy of assistance. Usually, State allocations have been based on one or more of the following considerations: (1) the financial condition of the locality; (2) local expenditures for relief; (3) local relief needs; and (4) the population of the locality. In some States it has been required that a specified minimum local tax rate be levied on real estate if the locality is to be eligible for State aid. During the period under review there has been no pronounced trend discernible in the method of prorating State grants-in-aid to local governments. It appears, however, that the conditional or matching basis in allocating State funds to localities has come to be utilized with greater frequency in the past year or two. While this method of State financing has in some instances stimulated more adequate local participation, it has undoubtedly aggravated relief conditions in localities least able to

¹⁴ The need for general relief has been much more acute in urban areas than in rural sections. In rural areas the problem of food and shelter is often less crucial, and opportunities for self-sustenance and seasonal employment during the warm seasons are greater. There has also been greater recognition of need in urban than in rural areas. As a result of these factors, urban areas, especially large cities, have been marked by a relatively high concentration of families receiving general relief.

¹⁵ See also pp. 113-114.

raise funds for matching purposes. Some State governments have apparently realized this and have provided for flexible matching formulas contingent upon the financial condition of the counties.

One of the most significant developments has been the trend toward integration of relief and welfare activities under unified State welfare departments. In a number of States this has not only enabled them to meet relief needs more adequately, but it has also led to more effective use of available funds through improved administration.¹⁶ In certain instances, however, the pressure of organized groups and the desire to take the fullest advantage of Federal grants-in-aid have resulted in an emphasis on liberalization of special types of assistance, especially for the aged, at the expense of general relief.¹⁷ On the local level, similarly, in many instances, funds are concentrated by preference on the particular programs for which Federal matching funds are available.

In certain States the fact that the WPA has not been able to provide work to all needy employable persons has stimulated the setting up of local work projects for the able-bodied persons on general relief. An article¹⁸ written early in 1940 and describing these local work programs, states:

Today, relief work programs are operating in at least twenty-four States. Nine other States have legislation authorizing them. In some States they operate on a very small scale, while in others they are fairly extensive. In terms of actual workers employed, however, these programs are not yet very large. Complete data are not available, but sixteen of the twenty-four States report approximately 120,000 workers employed. At most, the total in the twenty-four States probably will not exceed 180,000, or about 8 percent of present total WPA employment. In individual States the percentage of total relief families with relief work jobs ranges from less than 2 percent in Virginia to over 25 percent in Kansas.

¹⁶ In January 1940 a State agency exercised some degree of supervision over all or part of the general relief program in all but 10 States (Florida, Georgia, Kentucky, Mississippi, Nebraska, New Hampshire, South Dakota, Tennessee, Texas, and Vermont). Broadly speaking, State supervision was most sustained and extensive in 24 States in which (1) State funds were provided and (2) branch offices of a State agency or county departments of public welfare administered the program in all or most counties (Alabama, Arizona, Arkansas, California, Colorado, Idaho, Iowa, Kansas, Louisiana, Maryland, Michigan, Missouri, Montana, New Mexico, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, Utah, Virginia, Washington, West Virginia, and Wyoming). See Bucklin, Dorothy R. and Teske, Alden J., "The Administration of General Relief in the States During 1940," *Social Security Bulletin*, Vol. 4, No. 3, March 1941, pp. 32-36.

¹⁷ See Burns, Eveline M., "The Impact of the Social Security Act on the Relief Problem," *National Municipal Review*, Vol. XXVII, No. 1, January 1938, pp. 13-20, 23.

¹⁸ See Gill, Corrington, "Local Work for Relief," *Survey* *Midmonthly*, Vol. LXXVI, No. 5, May 1940, pp. 157-159.

The chief purpose of these work-relief programs has been to reduce the cost of local relief to the taxpayer by making unemployed persons in need do some useful work in exchange for relief furnished up to their budgetary deficiency.¹⁹ Most of these State and local work-relief programs appear to have been designed as economy measures rather than as means of providing suitable employment on socially useful projects. Available information indicates that the work projects actually undertaken under these programs are few, and that the great bulk of such projects require the employment of only unskilled labor and reflect the underlying philosophy of "work for relief." As a rule these projects are of a type which would not be acceptable to the WPA.

NUMBER OF CASES RECEIVING GENERAL RELIEF

Trend Since 1935

The estimated number of cases receiving general relief in the continental United States²⁰ during the 5-year period 1936 through 1940 has varied considerably. The peak for the year 1936 was recorded in January, with 2,216,000 cases; in the low month of September there were 1,389,000 cases on general relief rolls. During 1937 a new low of 1,257,000 cases was reached in July; the next high point was 1,996,000 cases in February 1938. A drop of almost half a million cases occurred by October 1938, with another rise culminating in 1,850,000 cases by March 1939. As table 5 indicates, the fluctuations in general relief rolls up to the middle of 1939 had followed a

Table 5.—Number of Cases Receiving General Relief, Continental United States, by Month, January 1936–December 1940¹

[In thousands]

Month	1936	1937	1938	1939	1940 ²
January.....	2,216	1,662	1,893	1,772	1,674
February.....	2,136	1,726	1,996	1,844	1,672
March.....	2,010	1,684	1,994	1,850	1,612
April.....	1,827	1,550	1,815	1,724	1,627
May.....	1,657	1,382	1,696	1,644	1,442
June.....	1,555	1,277	1,648	1,568	1,355
July.....	1,452	1,257	1,610	1,539	1,362
August.....	1,434	1,271	1,581	1,583	1,342
September.....	1,389	1,265	1,526	1,665	1,261
October.....	1,396	1,270	1,497	1,628	1,230
November.....	1,406	1,368	1,518	1,559	1,213
December.....	1,510	1,626	1,631	1,556	1,239

¹ Includes recipients of local poor relief. Data partly estimated.

² Excludes cases securing hospitalization and/or burial only, and, beginning September 1940, cases receiving medical care only.

Source: *Federal Work Programs and Public Assistance*, Division of Statistics, Work Projects Administration, Federal Works Agency, Washington, D. C., March 1940, table 2, and February 1941, table 2.

¹⁹ For a discussion of the budgetary deficiency principle see p. 26.

²⁰ For some States only estimates have been available although the number of such States has greatly declined in recent years.

seasonal pattern. The case load during the second half of 1939 deviated from the usual trend by showing a rise in the late summer and a drop in the fall. The increase in the winter of 1940 was unusually small and was followed by an almost uninterrupted decline through November of that year when a 5-year low of 1,213,000 cases was reached.

Factors Influencing Variations in the General Relief Case Load

Fluctuations in general relief rolls since the discontinuation of Federal grants have been influenced by a great variety of factors.²¹ Those of the greatest importance have been: (1) variations in WPA employment; (2) fluctuations in private employment; (3) the development of the public-assistance program under provisions of the Social Security Act; (4) the operation of unemployment compensation under provisions of the Social Security Act; (5) variation in seasonal needs; and (6) availability of funds. These factors are discussed below in the order indicated.

Ever since the WPA attained its initial employment quota early in 1936, the significance of the program from the standpoint of general relief has been chiefly in (1) its ability to expand or contract in response to changing economic conditions or unforeseen emergencies, and (2) the replacement of project workers absorbed in private employment with persons taken from the general relief rolls or otherwise in need of relief. Thus the WPA not only has helped to stabilize²² the volume of general relief but has also contributed to a more rapid case turnover on the general relief rolls. These observations may be substantiated by tracing the effect of major developments of the WPA program on the trend of general relief since 1936.

During the first 2 months of 1936 WPA employment continued its initial expansion and was partly responsible for the decline in the number of general relief cases in the early part of the year. Although progressive reductions in WPA employment occurred in the subsequent 5 months, these appear to have had little net effect on the general relief rolls: improved economic conditions had made possible the curtailment of both types of aid.

The WPA was instrumental in relieving the distress resulting from the drought in the summer of 1936 and from the floods in the Ohio River Valley in January 1937. By providing employment to the

²¹ It should be understood that the national case pattern of general relief is the sum total of individual State patterns, no two of which are exactly alike. In each State there are special local factors tending to influence the trend of general relief.

²² More recently, certain statutory provisions in the WPA appropriation acts, including both fiscal and administrative restrictions, have reduced the effectiveness of the WPA as a stabilizing factor.

victims of these emergencies, the WPA forestalled in large part the necessity of adding new cases to the general relief rolls in the areas affected. Late in the fall of 1936 the Resettlement Administration (now the Farm Security Administration) took over most of the workers employed on WPA projects under emergency drought quotas.

Lack of funds prevented an upward adjustment of WPA employment levels to compensate for increased seasonal relief needs during the winter of 1936-37. As a result, the problem of providing for such additional requirements was left largely to State and local relief agencies.

The trend of general relief was not visibly affected by the large-scale reductions in the WPA rolls during the spring and summer of 1937. Towards the fall of that year, however, there was a marked increase in the number of cases accepted for general relief representing persons formerly employed by WPA who had obtained and then lost private employment.

The sharp rise in relief needs growing out of the business recession in the late fall of 1937 brought about prompt increases in WPA employment. The rapid expansion of public employment programs was chiefly instrumental in counteracting and finally arresting the rising trend in the number of cases receiving general relief during the winter of 1937-38; it also contributed to reductions in the general relief rolls in the spring, summer, and early fall of 1938. In sections of the country most adversely affected by the business slump, eligibility for WPA employment was extended to applicants who were found to be in need but who at the time were not receiving general relief. This measure greatly relieved the pressure on State and local agencies responsible for providing general relief.

The WPA rolls were curtailed and intake was restricted during the winter of 1938-39. This measure was predicated upon a decided improvement in business conditions, but, coming in the season of growing needs, it undoubtedly accelerated the rise in the general relief rolls. The effect of the progressive reductions in WPA employment quotas during the second quarter of 1939 was partly mitigated by declining seasonal needs. By that time, too, a number of State and local relief agencies had found themselves in serious financial difficulties which made needed increases in relief rolls impossible.

During July and August 1939 the WPA laid off a considerable number of workers in compliance with the statutory provision which made mandatory the removal of project workers who had 18 months or more of continuous WPA employment. The effect of this provision was to increase the need for general relief in the third quarter of 1939; later, the situation was eased considerably as WPA employment quotas were increased and many discharged workers were reinstated on WPA or replaced by persons taken from the general relief rolls.

Largely as a result of these latter policies, general relief cases declined during most of the fourth quarter of 1939, contrary to the usual seasonal pattern.

The extent to which WPA employment has influenced the changes in the volume of general relief has differed from State to State. The chief determinants have been differences in general relief eligibility requirements affecting employable cases, differences among States in economic background, and the extent of local cooperation in WPA project sponsorship. In States where general relief is virtually restricted to unemployable cases, the shifts in WPA employment have naturally had the least effect on the trend of general relief.

The volume of general relief has been sensitive to major fluctuations in private employment. The downward trend of general relief during most of 1936 was brought about in large part by improved employment conditions. There was a reduction in the relief rolls through (1) direct absorption of relief cases by private employment, (2) reduction in the need for relief supplementation, and (3) WPA replacements.

While it can be said that a national upswing in business means a reduction in general relief rolls for the country as a whole, the effects of economic changes on general relief conditions are not felt uniformly in all States. The relationship depends upon (1) the type of industrial activity within the State and (2) the number, age composition, and occupational characteristics of the employables on general relief rolls.

In 1937, as private employment gained momentum in many industrial fields, the number of persons on general relief steadily decreased. The business recession of the second half of 1937 began to affect the trend of general relief in November and its influence was increasingly felt in the early winter of 1938. Relief needs rose most in centers of durable goods industries, especially in one-industry towns. Despite the sharp expansion of WPA employment, the need for general relief continued to rise in industrial areas during the spring and summer of 1938. This was largely attributable to the steady influx of families whose resources had become exhausted as a result of protracted unemployment.

In the early part of 1939 changes in employment conditions were not sufficiently pronounced to influence the trend of general relief in the country generally; the resumption of the rising trend in production and employment beginning with the second half of 1939 has been responsible in part for the declining relief rolls through most of the last quarter of 1939 and the calendar year 1940.

The development of the public-assistance program since February 1936 under the provisions of the Social Security Act has resulted in the removal from the general relief rolls of persons qualifying for old-age assistance, aid to dependent children, and aid to the blind. The need for general relief would have been further reduced if a number of

States had not delayed in becoming eligible for grants from the Social Security Board.²³ It must also be borne in mind that an undetermined number of persons qualifying for special types of assistance had not previously received general relief, and that many persons on the general relief rolls did not qualify for categorical assistance because of residence and citizenship restrictions. In individual States the effect of the public-assistance program on the decline in the volume of general relief depended on (1) the existence of provisions for categorical aid prior to the initiation of the public-assistance program under the Social Security Act, (2) a tendency in certain States to subordinate the needs for general relief to the financial requirements of the public-assistance program,²⁴ and (3) the nature of State and local policies with respect to supplementation of special types of assistance.

The effect of unemployment compensation on the trend of general relief since the inauguration of benefit payments under the Social Security Act has varied considerably from State to State. These variations may have been due to differences in the date of initiation of payments²⁵ or to differences in policies affecting eligibility for general relief of persons qualifying for or actually receiving unemployment benefits.²⁶

The influence of the unemployment compensation program on general relief needs has been most pronounced during the early stages of its operation. General relief cases were closed if unemployment benefits met the minimum budgetary needs of recipients and general relief allowances were usually reduced for cases whose unemployment benefits covered a portion of their budgetary needs. The indirect effect of unemployment compensation has been to delay relief applications until benefit rights are exhausted. In many States a point frequently has been reached when more persons have been added to general relief rolls upon the termination of benefits than have been dropped because of the receipt of such benefits.

²³ The old-age assistance program under the Social Security Act was in operation in every State by the fall of 1938. A number of States, however, had failed to pass legislation for aid to dependent children and aid to the blind.

²⁴ This resulted in an arbitrary curtailment of the general relief rolls, or general relief standards, or both.

²⁵ The unemployment compensation program became fully operative in 23 States in January 1938 and by the end of the year this number grew to 29. In January 1939, 18 additional States inaugurated the payment of unemployment benefits. In the remaining two States unemployment compensation became fully effective in July 1939.

²⁶ The liberality of these policies frequently depended on the availability of funds. A majority of States for which information is available usually allowed general relief to needy workers waiting for unemployment compensation and granted supplementary relief to meet the budgetary deficiency of workers receiving unemployment benefits.

Although the unemployment compensation program influenced markedly the general relief situation in certain industrial areas, it has been of relatively small importance in the national case turnover. One reason is that unemployment compensation does not affect the considerable portion of general relief persons who are definitely out of the labor market. Further, unemployment benefits are limited to those workers who meet specific requirements as to the amount of earnings in covered industries. Finally, a substantial proportion of recipients of unemployment insurance are not former relief clients and are not likely to seek relief upon termination of benefit rights. On the other hand, the case turnover has been stimulated by the requirement of waiting periods before unemployment benefits will be paid, by the short duration of benefits, and by the frequent necessity for supplementation of the small payments by general relief.

Despite its obvious limitations, the unemployment compensation program undoubtedly has made some contribution to the reduction in relief needs, especially during the winter months of 1938 and 1939.

Although sometimes obscured by other factors, there is a distinctly seasonal pattern in the general relief case movement in the country at large. Especially in rural areas, the late fall and winter months usually bring to general relief rolls a heavy influx of "borderline" families whose resources are exhausted or whose earnings in private industry or on WPA projects are insufficient to meet the extra needs for fuel, clothing, and medical care. This seasonal rise begins in September, partly as a result of the needs of school children for clothing and supplies. With the advent of spring, seasonal needs decline and outdoor employment increases. The volume of general relief can then be reduced, particularly in the rural districts with their greater opportunities for seasonal employment and self-maintenance during the warm months.

The extent to which general relief rolls fluctuate with the seasons depends upon the geographic position and climatic conditions of the State, the relative importance of agriculture in the State economy, the existence of other major seasonal industries, and the availability of funds for general relief.

In the final analysis, the adequacy and changing volume of general relief have been determined in large part by the availability of funds in relation to the changing relief needs. The provision of funds, in turn, is often a reflection of the attitude of the State on what constitutes proper standards of adequacy for general relief.

For purposes of this analysis, the States may be classified roughly into three groups. The first group is made up of States in which financial provision has been chronically inadequate.²⁷ State participation

²⁷ This group consists roughly of a dozen States, most of which are located in the South.

in such States has usually been either greatly restricted or non-existent, while the local administrative policy has followed the old poor-relief methods. A relatively stationary group of totally destitute families, mostly unemployable, has made up the general relief rolls in these areas.

The second group comprises States which have suffered from recurrent financial crises necessitating frequent revision of eligibility requirements and relief standards.²⁸ Lack of cooperation between State legislatures and relief authorities and urban-rural antagonism have been the chief difficulties here. Although, as a rule, these States have managed to meet the most urgent relief needs in periods of rising production and employment, they have found it very hard to cope with a sudden increase in the pressure of need. Pending the appropriation of additional funds, they have forestalled a complete breakdown of relief by such means as curtailing relief allowances or restricting relief rolls to the most needy cases. These measures have also led to restricted admission of new applicants for general relief. Temporary withdrawal of State assistance from families with employable members and from single-person cases has been another device used by a number of State administrations in periods of financial stringency. Not infrequently State and local relief authorities have resorted to an arbitrary curtailment of both relief rolls and relief standards; when available funds have become exhausted as in Chicago and Cleveland during the spring of 1938 and in Cleveland during the fall of 1939 the inevitable result has been the virtual suspension of relief operations.

Finally, there is a small third group of States which has consistently exhibited a liberal policy with regard to general relief. This group, including most of the large industrial States,²⁹ has followed a fiscal policy of providing not only for current needs but also for possible contingencies. The trend of general relief has been more truly a measure of relief needs in these areas than in the remainder of the country.

AMOUNT OF GENERAL RELIEF EXTENDED TO CASES

Obligations incurred for general relief extended to cases from January 1936 through December 1940 totaled \$2,205,495,000, or an average of about \$36,758,000 per month (table 6). The monthly totals spent for general relief cases followed a pattern similar to that of the case movement although fluctuations were often much more

²⁸ This is the largest group, comprising nearly one-half of the total number of States. They are scattered all over the country with a preponderance in the Rocky Mountain area and sections of the Middle West and the Middle Atlantic area.

²⁹ Such as New York and Pennsylvania.

pronounced. In most States the monthly relief bill varied with the volume of need while in other States availability of funds was practically the only determining factor.³⁰

Table 6.—Amount of General Relief Extended to Cases, Continental United States, by Month, January 1936–December 1940¹

[In thousands]

Month	1936	1937	1938	1939	1940 ¹
January.....	\$47,921	\$37,889	\$46,404	\$43,699	\$41,534
February.....	46,858	39,260	47,207	45,025	40,422
March.....	44,555	39,786	47,471	46,584	39,065
April.....	40,070	35,745	41,113	41,274	36,680
May.....	34,977	30,615	37,337	39,233	34,273
June.....	33,184	28,226	36,747	37,048	31,376
July.....	30,831	29,015	35,999	36,267	32,155
August.....	29,679	29,955	36,244	38,227	31,659
September.....	30,057	30,274	35,406	38,656	28,505
October.....	30,722	30,729	34,934	38,715	29,226
November.....	31,934	33,981	36,476	38,289	28,911
December.....	36,347	41,243	40,865	38,731	29,866

¹ Includes local poor relief. Data partly estimated.

² Excludes cost of hospitalization and burial and, beginning September 1940, cost of medical care.

Source: *Federal Work Programs and Public Assistance*, Division of Statistics, Work Projects Administration, Federal Works Agency, Washington, D. C., March 1940, table 4, and February 1941, table 4.

Of the total amount of general relief extended to cases during the period January 1936 through June 1940, approximately 57 percent came from State funds and about 43 percent from local funds.³¹ Throughout the period State governments contributed a major portion of the cost of general relief. State participation was lowest (53 percent) during the fourth quarter of 1937; the high mark of 61 percent was reached during the second quarter of 1939.

GENERAL RELIEF STANDARDS: THE AVERAGE AMOUNT OF GENERAL RELIEF PER CASE

Though no two States are quite alike in basic policies determining general relief benefits,³² three broad groupings can be made: (1) States where allowances to cases are determined by fixed relief standards; (2) States where such standards are only partly in effect; and (3) States where relief benefits depend entirely on the availability of funds. The application of the budgetary deficiency principle in determining the amount to be given to each case is characteristic of the first group. Relief standards usually reflect the prevailing opinion as to the proper maintenance level for a family on relief. In the first

³⁰ See p. 110.

³¹ Comparable data for the second half of 1940 are not available. Less than 1 percent of the total was extended from available balances of Federal (FERA) funds; most of these balances were spent during the early months of 1936.

³² See Baird, Enid and Brinton, Hugh P., *Average General Relief Benefits, 1933–1938*, Divisions of Research and Statistics, Works Progress Administration, Washington, D. C., 1940.

group of States, therefore, allowances to cases are greatly influenced by seasonal changes in need. In States belonging to the second group, only a few vital items of the family budget are provided for, or a flat percentage of the budgetary deficiency is allowed to those in need. The latter method of determining relief grants has been resorted to in periods of financial stress by States which normally meet all the basic needs of relief clients. Finally, there are States (comprising the third group) where relief standards are practically nonexistent and benefits are arbitrarily determined by the availability of funds. In such States relief allowances are as a rule considerably below minimum subsistence standards and are not influenced by seasonal variations in need to any marked degree.

Regular statistical reports do not contain information concerning relief standards, but merely indicate an "average" obtained by dividing the total amount of relief extended to cases during the month by the total number of cases receiving relief at any time during the month. Since many cases receive relief for only a part of the month or receive a partial allowance in supplementation of other income, the computed averages understate the amounts received by cases wholly dependent upon relief throughout the entire month. The extent of this understatement depends largely on the rate of case turnover and the volume of relief supplementation. Since the amount of relief extended to a case varies with the size of the household, the national average per case is also influenced by the proportion of family cases on the rolls and the average size of relief families.

Fluctuations in the average amounts of general relief per case nevertheless afford the nearest possible approximation to variations in standards. As indicated in table 7, the average followed a distinctly seasonal pattern from early 1936 through 1940, reflecting the

Table 7.—Average Monthly General Relief Benefit per Case, Continental United States, by Month, January 1936–December 1940¹

Month	1936	1937	1938	1939	1940
January.....	\$21.62	\$22.80	\$24.51	\$24.66	\$24.81
February.....	21.94	22.75	23.65	24.42	24.15
March.....	22.17	23.63	23.81	25.13	24.25
April.....	21.94	23.06	22.65	23.94	24.02
May.....	21.11	22.14	22.02	23.86	23.77
June.....	21.34	22.10	22.30	23.63	23.16
July.....	21.23	23.08	22.36	23.57	23.61
August.....	20.70	23.57	22.92	24.15	23.59
September.....	21.63	23.94	23.21	23.22	22.61
October.....	22.06	24.19	23.34	23.78	23.76
November.....	22.72	24.84	24.02	24.56	23.83
December.....	24.07	25.36	25.06	24.86	24.10

¹ Averages for September 1940 and subsequent months exclude cases receiving medical care only and payments for medical care.

Source: Figures for January 1936 through March 1937 were partially estimated by the Works Progress Administration, and those for subsequent months were partially estimated by the Social Security Board. Data are corrected to Mar. 25, 1941. See Baird, Enid and Brinton, Hugh P., *Average General Relief Benefits, 1855-1938*, Divisions of Research and Statistics, Works Progress Administration, Washington, D. C., 1940, table 3, p. 12.

extra needs for fuel, clothing, and medical care during the fall and winter months and the corresponding reductions in these items in the spring and summer. The average per case declined drastically with the discontinuation of Federal grants-in-aid in 1935, but has gradually risen since then.

CHANGES IN THE COMPOSITION OF THE GENERAL RELIEF CASE LOAD

The development of the WPA program and related public work and construction programs during the latter part of 1935 brought about important changes in the composition of the case load receiving emergency (general) relief. For one thing, many employables received WPA work. Also, a comparison between June 1935 and the corresponding month for following years shows that family cases declined much faster than single-person cases during that transitional period.

Percent of the total case load represented by—	Average for June			
	1935	1936	1937	1938
Family cases.....	84.3	68.6	65.6	70.9
Single-person cases.....	15.7	31.4	34.4	29.1

Many State and local relief agencies gave preference to family cases in certifying persons for WPA employment. As a result, the expansion of WPA employment benefited family cases to a greater extent than it benefited single-person cases. The group of single-person cases on general relief rolls is marked by a relatively large number of unemployable persons not qualifying for categorical assistance under the provisions of the Social Security Act.

Chapter XI

RELIEF PROBLEM OF THE FUTURE

AS WAS INDICATED in chapter I, the relief, work, and security programs that emerged in the 1930's can best be understood in the light of the changes which had been occurring in our economic system. What can be said of the relief problem of the future? Will the Federal work and security programs, as now constituted, or in modified form, continue to be necessary? Obviously, no categorical answer can be given. The future need for these programs will depend upon progress toward the elimination of the basic causes of destitution.

In recent years it has been erroneously assumed in some quarters that economic recovery would somehow of itself eliminate the relief problem or reduce it to extremely small proportions. This assumption ignores the basic fact that the present need of a very large proportion of those now receiving relief or work relief would not be affected even if a very considerable rise should occur in the number of jobs available.

For example, about 50 percent of the 5 million households receiving public aid in June 1940 fall into a class which cannot hope to benefit greatly by future increases in employment. In this large group are the unemployables (the aged, the blind, dependent children, etc.) receiving aid under the public-assistance provisions of the Social Security Act and other unemployables receiving aid under the general relief program of the States and localities.¹ Some form of aid will continue to be the major, if not the only, source of income for most of these families; the need for a permanent program for this segment of the relief population appears obvious.

The present problem of destitution among employable persons has come about in the main because of the failure of the economic system

¹ Also included among those whose need for relief is not due to lack of employment opportunities are a number of full-time employable persons who require some relief to supplement earnings which are insufficient for the full support of their families.

to achieve full employment. About one-half of the households receiving public aid in June 1940 had an employable member. The possibility of eliminating—or rather of reducing to small proportions—the problem of employables depends in large measure upon the success of efforts designed to expand the industrial system, to achieve new high levels in production and employment.

The many difficulties standing in the way of full employment need not be emphasized here. Suffice it to say that in addition to such well-known factors as seasonal, frictional, and cyclical unemployment there have become prominent in the 1930's such influences as the loss of foreign markets, the decline in the rate of population growth, the changing nature of technological advances, and the retarding influences of an economy which has reached a high degree of industrial maturity. For these and other reasons our economic system during the 1930's did not expand enough to make full use of its labor and other resources.

The outlook for an increase in employment is now, of course, affected by the national defense program. There is great interest in the possible effect of this program in the immediate and more distant future. As the rearmament program gets well under way in 1941, the volume of investments and the level of income will increase substantially. Government expenditures for defense purposes may be viewed as a form of public investment; these, in turn, will be accompanied by a considerable volume of induced investment on the part of industries producing for defense purposes. Should these combined investments become sufficiently large in the next year or so relatively full employment will result.

Large increases in work opportunities would naturally alter our unemployment problem to a great degree. It is easy to exaggerate, however, the amount of reemployment that can reasonably be expected and the effect such new work would have on the need for programs of work for the destitute unemployed. It should be noted that, in addition to the 2 million workers employed on WPA projects in December 1940, there were perhaps 6 million other unemployed persons looking for work. WPA workers must compete for jobs with these nonrelief unemployed, who are on the average younger and have had more recent contacts with private industry. The fact that most WPA workers are in areas only slightly affected by defense contracts must also be taken into consideration.

Another significant fact is that a comparatively early stage of defense preparations is apt to be the period of maximum employment. During this period many jobs open up as new plants are constructed and new equipment is prepared. Later, as emphasis shifts from new construction to maintenance, the need for labor is likely to decline.

In such a period of readjustment the need for government programs of work for the unemployed will increase. It is extremely desirable that plans be made for work projects for this contingency in order to avoid the errors inevitably arising from hasty improvisation.

Since the need for the various relief, work, and security programs is not temporary, efforts should be directed toward perfecting these programs. Experience gained in recent years points to the need for improvements along a number of lines. Some corrective action now appears essential if maximum results are to be achieved under the provisions of the Social Security Act for public assistance to dependent children, the aged, and the blind. For example, numbers of needy persons otherwise eligible for benefits do not receive them because of technical residence requirements imposed by State laws. A still more serious failing is that the benefits paid to eligible persons are clearly inadequate in many areas. It has been suggested that perhaps the only way to remedy this situation would be to discard present provisions for matching State funds with Federal moneys, and, instead, to distribute Federal funds more in accordance with the need of the various States.

The problem of maintaining an adequate system of general relief also requires attention. As has been indicated, many destitute families fall outside the scope of aid given under the specialized programs that were developed during the 1930's. This residual group of families is dependent upon whatever aid can be secured under the various State programs of general relief. In only a limited number of States, however, is an adequate program of general relief in operation. Some States help in the financing of their general relief program; others do not. The result is reflected in the extremely low general relief benefits paid in many areas. Some students of the problem feel that standards of general relief should be raised through Federal grants to the States, which would be required to observe Federal conditions in order to receive the funds. There is much to be said, however, for the view that general relief is traditionally and properly the concern of State and local governments, and that the motive power for improvements in benefits and administration should come from these governmental units themselves.

Continued expansion and improvement of the present social insurance measures seem necessary. At the present time a great many workers are not covered at all under the two programs. Workers in agriculture, in domestic service, and employees of nonprofit institutions are among those excluded. Also, the benefits received by many covered individuals are too low for minimum support. In nearly all States the amount of the weekly unemployment compensation benefit and the duration for which it is to be paid are related to past earnings of the recipient. Many workers therefore receive only meager benefits

(often below \$5 per week in Southern States) lasting for merely a few weeks. While unemployment compensation is not designed to tide workers over long periods of unemployment, benefits and duration should be made sufficient to carry jobless workers for short periods without the need for relief. Another important step in the direction of greater economic security would be the adoption of some system of social insurance to afford workers needed protection against loss of income arising from sickness and disability. At present, limited aid in this field is given through State programs of workmen's compensation and the aid afforded to railroad workers through railroad retirement legislation.

Maintenance of adequate work programs for the destitute unemployed seems essential. As pointed out above, joblessness of a few weeks' duration may be handled by an augmented and more generous unemployment compensation program. Long-term joblessness, however, requires different treatment. The desirability of utilizing Government work programs rather than direct relief in meeting this problem seems increasingly apparent. Much useful work is needed in virtually all the localities. Moreover, the work programs can and will be geared to take an even more important part in defense activities than they have taken in the past.

In short, destitution can no longer be regarded as a temporary problem to be treated on an emergency basis. Rather, it must be viewed as a continuing problem necessitating a permanent and varied program of economic security. This problem cannot be met by adopting a policy of drift and waiting for the need for the various programs of relief, work, and security to disappear; instead, every effort should be made to strengthen and integrate these programs.

Appendixes

Appendix A

SUPPLEMENTARY TABLES

Table 1.—Amount of Obligations Incurred for Emergency Relief, by State and by Source of Funds, 1933–1935¹

State	Total	Federal funds		State funds		Local funds	
		Amount	Per- cent	Amount	Per- cent	Amount	Per- cent
Total.....	\$4, 119, 004, 631	\$2, 917, 787, 365	71	\$520, 359, 481	13	\$690, 857, 785	16
Alabama.....	47, 318, 378	44, 762, 571	95	312, 212	•	2, 243, 593	5
Arizona.....	20, 010, 396	15, 990, 624	80	2, 790, 097	14	1, 229, 675	6
Arkansas.....	41, 506, 210	40, 037, 586	97	305, 135	•	1, 163, 489	3
California.....	235, 096, 613	161, 041, 750	69	38, 209, 477	16	35, 845, 386	15
Colorado.....	46, 509, 879	39, 260, 476	84	2, 108, 900	5	5, 140, 503	11
Connecticut.....	53, 526, 605	23, 514, 358	44	5, 300, 393	10	24, 711, 854	46
Delaware.....	5, 208, 955	2, 138, 308	41	2, 063, 342	40	1, 007, 305	19
District of Columbia.....	19, 903, 421	14, 614, 779	73	—	—	5, 288, 642	27
Florida.....	43, 656, 006	40, 073, 341	92	319, 535	•	3, 263, 130	8
Georgia.....	47, 640, 556	44, 877, 497	94	—	—	2, 763, 059	6
Idaho.....	15, 883, 654	13, 359, 320	84	965, 262	6	1, 559, 072	10
Illinois.....	308, 556, 400	232, 667, 569	75	62, 127, 509	20	13, 761, 322	5
Indiana.....	80, 303, 843	51, 782, 792	65	164, 636	•	28, 356, 415	35
Iowa.....	41, 764, 128	24, 126, 481	58	4, 169, 753	10	13, 467, 894	32
Kansas.....	55, 725, 455	39, 945, 289	72	1, 233, 066	2	14, 547, 080	26
Kentucky.....	45, 101, 116	38, 825, 024	86	2, 573, 921	6	3, 702, 171	8
Louisiana.....	63, 182, 136	51, 550, 969	97	1, 097	•	1, 629, 470	3
Maine.....	23, 276, 067	11, 737, 508	50	2, 102, 142	9	9, 436, 417	41
Maryland.....	45, 916, 565	33, 349, 867	73	11, 412, 909	25	1, 154, 089	2
Massachusetts.....	219, 291, 172	114, 806, 480	52	557, 556	•	103, 926, 836	48
Michigan.....	172, 999, 526	127, 116, 647	74	26, 466, 305	15	19, 416, 574	11
Minnesota.....	91, 134, 471	67, 619, 854	74	5, 545, 818	6	17, 968, 799	20
Mississippi.....	32, 834, 618	31, 044, 624	95	208, 335	•	1, 581, 659	5
Missouri.....	82, 978, 891	64, 079, 914	77	9, 008, 185	11	9, 890, 792	12
Montana.....	24, 992, 768	22, 027, 341	88	521, 404	2	2, 444, 021	10
Nebraska.....	28, 199, 840	21, 679, 251	77	2, 748	•	6, 517, 841	23
Nevada.....	5, 757, 904	4, 945, 186	86	115, 527	2	697, 191	12
New Hampshire.....	12, 140, 974	6, 849, 474	56	2, 437, 211	20	2, 854, 289	24
New Jersey.....	138, 424, 786	87, 393, 325	63	41, 320, 889	30	9, 706, 572	7
New Mexico.....	16, 656, 751	14, 736, 354	94	469, 175	3	451, 222	3
New York.....	728, 300, 000	403, 602, 621	55	109, 094, 744	15	215, 602, 635	30
North Carolina.....	40, 824, 165	38, 254, 238	94	—	—	2, 569, 927	6
North Dakota.....	28, 803, 384	24, 858, 299	86	41, 938	•	3, 903, 147	14
Ohio.....	294, 444, 868	173, 832, 844	78	34, 687, 535	15	15, 924, 489	7
Oklahoma.....	51, 520, 236	44, 515, 840	86	364, 784	•	6, 639, 612	13

See footnotes at end of table.

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Table 1.—Amount of Obligations Incurred for Emergency Relief, by State and by Source of Funds, 1933-1935 —Continued

State	Total	Federal funds		State funds		Local funds	
		Amount	Per-cent	Amount	Per-cent	Amount	Per-cent
Oregon.....	\$27,668,480	\$21,749,087	79	\$2,582,754	9	\$3,326,639	12
Pennsylvania.....	446,355,328	313,624,354	70	107,758,155	24	24,972,819	6
Rhode Island.....	20,190,295	7,656,965	38	5,429,577	27	7,103,753	35
South Carolina.....	36,271,977	35,524,819	98	1,324	*	745,834	2
South Dakota.....	35,869,838	32,147,187	90	—	—	3,722,651	10
Tennessee.....	38,397,111	34,741,075	91	875,000	2	2,781,036	7
Texas.....	105,451,287	78,583,126	74	17,796,008	17	9,072,153	9
Utah.....	23,579,821	18,321,103	78	3,335,936	14	1,922,782	8
Vermont.....	6,020,346	3,412,499	57	39,845	*	2,568,002	43
Virginia.....	26,355,155	23,773,012	90	34,452	*	2,547,691	10
Washington.....	48,886,097	39,980,852	82	5,919,720	12	3,005,525	6
West Virginia.....	57,270,419	50,693,547	88	5,016,988	9	1,559,884	3
Wisconsin.....	109,896,026	79,663,328	72	4,234,316	4	25,996,382	24
Wyoming.....	8,415,718	6,918,010	82	333,246	4	1,164,462	14

* Less than 1 percent.

¹ Includes relief extended to cases under the general relief program, cost of administration and special programs; beginning April 1934 these figures also include purchases of materials, supplies, and equipment, rental of equipment (such as team and truck hire), earnings of nonrelief persons, and other costs of the Emergency Work Relief Program.

Source: Division of Statistics, Work Projects Administration, Washington, D. C.

Table 2.—Number of Resident Cases Receiving Emergency Relief Under the General Relief and Special Programs, Continental United States, January 1933–December 1935¹

Year and month	Grand total	General relief program			Special programs			
		Total	Direct relief only	Work relief	Total	Emergency education ²	College student aid ³	Rural rehabilitation ⁴
1933								
January	4,132,562	4,132,562	2,692,548	1,440,014				
February	4,399,697	4,399,697	2,750,052	1,649,645				
March	4,977,742	4,977,742	3,010,884	1,966,858				
April	5,070,866	5,070,866	3,025,662	2,045,204				
May	4,735,427	4,735,427	2,755,815	1,979,612				
June	4,213,551	4,213,551	2,496,035	1,717,516				
July	3,926,785	3,926,785	2,247,594	1,679,191				
August	3,788,483	3,788,483	2,070,566	1,717,917				
September	3,428,074	3,428,074	1,991,788	1,436,286				
October	3,476,110	3,475,928	2,016,755	1,459,173	182	182		
November	3,872,388	3,870,229	2,317,662	1,552,567	2,159	2,159		
December	3,104,170	3,093,248	2,902,534	190,714	10,922	10,792	130	
1934								
January	2,991,539	2,962,332	2,868,850	93,482	29,207	28,098	1,114	
February	3,178,468	3,113,174	3,017,935	95,239	65,294	34,109	31,185	
March	3,687,089	3,593,100	3,432,121	160,979	93,989	33,034	60,955	
April	4,455,071	4,363,051	3,270,898	1,092,153	92,020	26,163	65,532	325
May	4,459,244	4,360,602	3,000,016	1,360,586	114,069	17,486	64,210	32,393
June	4,324,672	4,265,763	2,761,792	1,503,971	84,705	9,209	33,923	41,573
July	4,392,138	4,355,636	2,630,666	1,724,870	51,034	9,166	—	41,868
August	4,617,446	4,575,387	2,652,048	1,923,339	49,569	9,663	—	39,906
September	4,736,846	4,618,844	2,667,994	1,950,850	123,286	14,177	68,943	40,166
October	4,812,393	4,648,599	2,648,490	2,000,109	166,978	24,472	96,375	46,131
November	5,002,545	4,820,669	2,655,813	2,164,856	183,481	31,281	96,734	52,466
December	5,279,975	5,077,845	2,774,415	2,308,430	203,351	34,631	100,095	68,625
1935								
January	5,490,325	5,276,016	2,829,799	2,446,217	214,382	39,848	102,296	72,238
February	5,473,021	5,240,103	2,805,581	2,434,522	232,953	42,424	103,254	87,275
March	5,491,755	5,171,690	2,802,085	2,369,605	321,720	44,118	104,740	172,862
April	5,367,395	5,013,266	2,737,082	2,276,184	357,863	43,588	104,445	209,830
May	5,184,393	4,841,900	2,645,356	2,196,544	346,219	40,876	100,013	205,330
June	4,814,762	4,533,573	2,512,483	2,021,090	288,000	32,239	52,191	208,570
July	4,392,108	4,363,823	2,435,051	1,928,772	28,285	28,285	—	—
August	4,251,116	4,219,537	2,808,075	1,411,462	31,579	31,579	—	—
September	3,935,004	3,909,745	3,020,518	889,227	25,259	25,259	—	—
October	3,742,132	3,722,735	3,077,726	645,009	19,397	19,397	—	—
November	3,480,025	3,463,430	3,117,293	346,137	16,595	16,595	—	—
December	2,617,372	2,609,505	2,550,095	59,410	7,867	7,867	—	—

¹ Data for January–June 1933 are partly estimated; duplication between figures reported for general relief and rural rehabilitation programs are eliminated from grand total.

² Program started in October 1933 and was gradually curtailed in the latter part of 1935, when similar activities were undertaken by WPA.

³ Program started during December 1933 in Minnesota and during February 1934 in other States and was discontinued at the end of the school year 1934–35. Since that time a student aid program has been conducted by the NYA.

⁴ Program started during April 1934 and was transferred to the Resettlement Administration (now Farm Security Administration) as of June 30, 1935.

Source: Division of Statistics, Work Projects Administration, Washington, D. O.

Table 3.—Amount of Obligations Incurred for the General Relief and Special

Year and month	Grand total	General relief program			
		Total	Direct relief	Work relief	
				Total	Earnings
					Total
Total 1933-1935	\$4, 119, 004, 631	\$3, 459, 697, 968	\$1, 962, 107, 955	\$1, 477, 590, 013	\$1, 830, 372, 143
1933	794, 535, 689	742, 372, 584	485, 075, 128	257, 297, 456	257, 297, 485
January	61, 860, 848	58, 566, 224	39, 846, 042	18, 720, 382	18, 720, 182
February	66, 906, 021	63, 407, 199	41, 961, 814	21, 445, 385	21, 445, 385
March	50, 596, 838	78, 431, 272	50, 862, 118	25, 559, 154	25, 559, 154
April	72, 952, 720	69, 210, 664	44, 226, 738	24, 983, 926	24, 983, 926
May	70, 738, 909	66, 908, 719	41, 196, 249	25, 712, 370	25, 712, 370
June	66, 291, 938	62, 217, 171	39, 056, 740	23, 160, 431	23, 160, 431
July	60, 100, 820	56, 400, 968	34, 039, 617	21, 602, 260	21, 602, 260
August	61, 986, 206	57, 850, 750	33, 026, 309	25, 811, 133	25, 811, 133
September	59, 594, 516	54, 994, 128	35, 796, 711	21, 967, 819	21, 967, 819
October	65, 390, 654	60, 827, 096	46, 033, 581	24, 828, 385	24, 828, 385
November	71, 645, 479	66, 071, 512	44, 223, 383	21, 848, 128	21, 848, 128
December	56, 767, 746	49, 686, 863	46, 033, 581	3, 648, 282	3, 648, 282
1934	1, 489, 861, 759	1, 244, 369, 845	662, 145, 216	582, 224, 429	514, 507, 906
January	65, 084, 536	45, 541, 367	44, 980, 098	1, 561, 269	1, 561, 269
February	67, 771, 322	48, 390, 410	46, 683, 430	1, 706, 980	1, 706, 980
March	70, 656, 108	59, 103, 996	55, 697, 761	3, 406, 235	3, 406, 235
April	113, 622, 274	99, 679, 428	56, 219, 393	43, 460, 033	39, 846, 721
May	129, 248, 774	108, 337, 836	55, 035, 989	53, 301, 847	48, 774, 147
June	126, 399, 373	106, 347, 307	51, 151, 003	55, 196, 304	48, 643, 189
July	132, 165, 948	110, 952, 119	60, 258, 268	60, 663, 851	53, 291, 723
August	150, 621, 191	125, 850, 546	64, 640, 661	71, 209, 895	61, 905, 257
September	142, 612, 287	117, 540, 402	53, 009, 147	64, 331, 255	55, 994, 658
October	157, 458, 139	128, 675, 536	59, 643, 160	69, 032, 378	60, 235, 399
November	173, 785, 308	143, 313, 455	63, 259, 439	80, 054, 018	70, 427, 299
December	180, 435, 119	149, 637, 245	71, 566, 867	78, 070, 378	68, 915, 029
1935	1, 834, 607, 183	1, 472, 955, 739	834, 887, 611	638, 068, 128	567, 566, 781
January	197, 929, 424	163, 068, 635	77, 600, 156	86, 368, 479	78, 036, 314
February	181, 972, 977	148, 636, 960	72, 860, 945	73, 776, 035	68, 834, 312
March	189, 441, 075	150, 080, 144	75, 527, 359	74, 552, 785	67, 063, 280
April	189, 328, 281	145, 959, 002	72, 021, 381	73, 937, 621	67, 576, 383
May	188, 406, 878	145, 111, 071	67, 107, 094	78, 903, 977	69, 630, 210
June	170, 969, 912	130, 551, 962	62, 735, 584	67, 816, 378	66, 576, 854
July	190, 974, 388	132, 363, 398	65, 719, 001	66, 674, 397	68, 880, 179
August	147, 830, 692	120, 994, 878	71, 425, 445	49, 569, 433	43, 478, 068
September	121, 282, 215	99, 739, 941	71, 221, 083	28, 018, 758	23, 793, 933
October	121, 068, 850	100, 517, 505	67, 242, 488	23, 276, 017	19, 921, 635
November	95, 284, 031	78, 683, 072	67, 612, 621	11, 070, 451	9, 347, 567
December	99, 990, 459	56, 319, 251	53, 314, 454	3, 004, 797	2, 048, 046

¹ Program started in October 1933 and was gradually curtailed in the latter part of 1935, when similar activities were undertaken by WPA.

² Program started during December 1933 in Minnesota and during February 1934 in other States and was discontinued at the end of the school year 1934-35. Since that time a student-aid program has been conducted by the N.Y.A.

³ Program started during April 1934 and was transferred to the Resettlement Administration (now Farm Security Administration) as of June 30, 1935.

Table 4.—Average Monthly General Relief Benefit per Case, Continental United States, by Month, January 1933-December 1935¹

Month	1933	1934	1935	Month	1933	1934	1935
January	\$14. 17	\$15. 71	\$28. 13	July	\$14. 36	\$22. 40	\$27. 23
February	14. 41	15. 54	25. 89	August	15. 27	23. 94	26. 16
March	15. 35	16. 45	26. 55	September	16. 04	22. 39	23. 75
April	13. 65	20. 61	26. 59	October	17. 44	24. 45	25. 52
May	14. 13	22. 40	26. 97	November	17. 07	26. 20	21. 91
June	14. 77	21. 93	25. 82	December	16. 06	26. 31	21. 04

¹ Averages for January through June 1933 are based on data which are partially estimated.

Source: Division of Statistics, Work Projects Administration, Washington, D. C.

Programs, Continental United States, by Month, January 1933–December 1935

General relief program—Continued			Special programs					All other ⁴
Work relief—Continued			Total	Emergency education ¹	College student aid ¹	Rural rehabilitation ²	Transients ³	
Earnings—Continued		Purchase of materials, supplies, and equipment						
Relief persons	Nonrelief persons							
\$1,229,699,107	\$100,673,086	\$138,217,870	\$209,192,485	\$34,642,388	\$14,915,200	\$58,212,669	\$101,422,228	\$450,114,178
257,997,456			6,011,791	444,084	2,533		5,565,174	46,151,314
19,720,182			324,302				326,302	2,968,320
21,444,385			327,712				327,712	3,174,110
2K,589,154			420,048				420,048	3,745,516
24,983,926			334,668				334,668	3,407,458
2K,712,370			335,306				335,306	3,494,594
22,160,431			322,391				322,391	3,782,374
21,602,260			338,811				338,811	3,301,023
23,811,123			316,043				316,043	3,819,413
21,967,819			328,605				328,605	3,971,783
24,828,385			459,021	3,751			455,270	4,304,837
21,848,129			788,945	84,614			724,331	4,785,022
3,648,282			1,714,039	373,719			1,335,787	5,366,644
457,055,624	57,452,282	67,716,523	73,703,746	13,538,924	7,775,797	9,234,730	43,054,295	171,788,308
1,561,266			3,195,523	1,172,583	19,059		2,006,679	5,344,646
1,704,980			3,917,059	1,525,459	810,767		2,080,833	5,463,923
3,408,235			5,218,761	1,682,189	337,406		2,698,166	6,333,351
33,694,674	6,152,147	3,613,312	1,714,039	5,155,008	1,350,378		2,550,453	8,787,240
42,661,704	6,112,443	4,527,700	5,769,161	906,832	943,296		3,294,474	15,142,777
42,592,899	6,050,280	6,763,115	5,124,552	421,298	287,443		3,179,704	14,927,514
47,310,920	5,980,803	7,402,128	4,781,389	404,622	—	4,557	833,847	16,432,440
54,875,037	7,030,220	9,304,628	5,615,188	609,285	—	914,788	4,091,115	19,155,457
50,403,695	5,590,963	8,536,597	6,352,685	621,972	547,098	1,149,972	4,033,643	18,719,310
53,997,136	6,238,263	8,796,977	8,629,760	1,234,635	1,267,692	1,304,241	4,523,292	20,152,843
63,023,119	7,404,180	9,626,717	9,648,303	1,741,034	1,340,194	1,556,738	5,010,537	20,823,050
62,022,056	6,582,973	9,155,349	10,292,357	1,867,235	1,267,732	1,715,011	5,442,379	20,505,817
615,346,027	52,230,754	70,501,347	129,476,948	20,658,380	7,186,870	48,877,939	52,802,759	232,174,496
70,530,997	7,205,317	8,332,165	11,473,550	2,421,297	1,845,667	2,017,760	5,688,926	22,487,239
62,798,669	6,035,643	6,941,723	12,378,953	2,334,649	1,346,673	3,776,967	4,920,784	20,967,044
61,802,660	5,280,620	7,459,505	17,315,626	2,530,833	1,378,264	8,091,399	5,315,130	22,045,305
61,280,483	5,295,900	7,361,238	21,285,783	2,456,304	1,384,995	12,403,214	5,038,270	22,063,496
63,492,199	6,138,011	8,373,767	20,922,443	2,415,258	1,297,419	12,108,360	5,101,406	23,373,364
54,829,184	5,627,700	7,859,524	17,266,666	1,702,965	884,062	10,480,239	4,699,410	22,251,284
53,694,437	5,785,742	7,794,218	6,418,415	1,507,377			4,911,038	22,162,675
38,954,588	4,523,500	6,091,365	6,905,577	1,338,919			4,966,658	20,030,238
21,145,083	2,645,845	4,224,825	5,403,246	1,213,145			4,190,101	16,139,128
17,774,881	2,146,754	3,353,382	4,614,330	969,890			3,624,750	15,955,015
8,255,800	1,091,767	1,722,894	3,473,499	849,410			2,624,089	13,137,400
1,584,091	463,955	966,781	2,118,860	396,643			1,722,217	11,552,348

⁴ Data are partly estimated.

¹ Includes miscellaneous expenses of the Emergency Work Relief Program, such as rental of equipment and team and truck hire; purchases of office supplies and equipment; administrative costs of general relief; expenses of miscellaneous emergency activities; and other services and charges.

Source: Division of Statistics, Work Projects Administration, Washington, D. C.

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Table 5.—Funds Used for Civil Works Program, by State and by Source of Funds, November 16, 1933–July 14, 1934

State	Total	Federal funds	State contributions	Local contributions
Total.....	\$951,647,845.71	\$860,402,689.84	\$6,007,851.61	\$84,637,304.26
Continental United States.....	926,779,678.64	835,941,258.89	6,432,704.80	84,405,714.95
Alabama.....	18,168,557.54	16,156,314.37	66,399.87	1,945,843.30
Arizona.....	5,116,973.07	4,847,424.73	15,178.00	254,370.34
Arkansas.....	13,067,948.92	12,378,325.55	81,106.76	608,516.61
California.....	45,278,694.06	41,254,194.63	237,335.29	3,787,164.16
Colorado.....	8,628,466.96	7,443,190.50	60,245.98	1,125,030.48
Connecticut.....	11,499,521.26	9,889,306.35	15,691.14	1,594,523.77
Delaware.....	768,812.66	655,117.24	18,360.44	96,315.18
District of Columbia.....	5,697,996.98	5,628,110.94	—	69,886.04
Florida.....	18,153,855.50	16,916,397.01	29,563.90	1,207,874.59
Georgia.....	15,421,163.44	14,107,060.04	57.00	1,314,025.80
Idaho.....	5,876,140.70	5,445,444.73	35.00	430,660.97
Illinois.....	63,112,537.70	57,809,869.12	375,033.20	4,927,635.38
Indiana.....	27,007,864.01	23,071,498.02	148,528.36	3,787,837.63
Iowa.....	17,862,824.13	14,715,140.88	298,122.43	2,849,560.82
Kansas.....	14,796,473.72	12,235,141.70	159,249.30	2,402,082.72
Kentucky.....	11,339,134.48	10,096,529.61	79,558.28	1,163,046.59
Louisiana.....	14,695,092.08	13,203,409.22	190,635.41	1,301,047.45
Maine.....	5,037,082.28	4,656,581.84	1,149.80	379,350.64
Maryland.....	9,646,511.58	9,125,162.59	28,277.07	493,071.92
Massachusetts.....	23,552,922.88	20,768,196.06	337,152.77	3,447,574.05
Michigan.....	46,961,005.59	44,423,719.74	28,580.56	2,508,705.29
Minnesota.....	21,675,607.93	19,608,103.06	210,935.77	1,856,569.08
Mississippi.....	10,558,208.27	9,805,786.33	44,660.63	707,761.11
Missouri.....	22,383,050.40	20,002,505.09	720.25	2,379,825.06
Montana.....	6,984,889.63	6,311,511.26	103,162.51	570,215.86
Nebraska.....	7,888,919.96	6,186,827.82	245,336.68	1,456,755.46
Nevada.....	1,464,945.42	1,310,614.36	923.22	153,407.82
New Hampshire.....	3,386,139.85	3,040,791.16	74,297.90	271,046.70
New Jersey.....	30,222,450.31	27,924,011.20	190,756.78	2,107,682.33
New Mexico.....	2,610,913.02	2,356,221.21	92,211.15	162,480.66
New York.....	100,119,567.17	88,411,635.82	637,557.64	10,870,373.71
North Carolina.....	14,125,648.13	12,957,961.28	29,302.19	1,136,364.66
North Dakota.....	5,608,683.17	5,102,397.32	25,678.37	480,607.48
Ohio.....	63,562,826.06	58,484,713.82	15,519.80	5,062,592.44
Oklahoma.....	19,160,568.87	17,907,663.86	50,462.70	1,202,412.01
Oregon.....	7,366,771.69	6,508,671.22	25,598.65	832,501.82
Pennsylvania.....	51,459,416.66	45,024,577.29	239,716.17	6,195,123.20
Rhode Island.....	4,596,169.47	3,830,548.00	259,212.54	306,408.27
South Carolina.....	11,079,076.53	10,394,694.51	34,318.55	690,063.47
South Dakota.....	8,772,937.89	6,855,062.50	75,660.41	1,842,184.98
Tennessee.....	14,071,479.29	13,254,968.45	—	816,510.84
Texas.....	88,473,169.44	34,671,024.44	667,870.00	3,134,275.00
Utah.....	5,260,631.45	4,526,780.39	55,383.75	678,467.31
Vermont.....	2,147,425.05	1,776,361.51	111,131.53	259,932.01
Virginia.....	12,969,819.13	12,216,529.31	1,094.00	752,195.82
Washington.....	16,284,642.95	13,593,589.39	485,217.73	2,205,835.83
West Virginia.....	13,531,490.10	13,023,766.37	266,611.87	241,111.86
Wisconsin.....	36,498,758.63	34,557,348.63	59,110.62	1,872,299.38
Wyoming.....	3,017,902.71	2,480,357.72	59,951.94	477,593.05
Territories.....	4,007,780.24	3,601,044.12	175,146.81	231,589.31
Alaska.....	580,610.12	517,696.00	—	62,914.12
Hawaii.....	1,200,891.00	857,069.00	175,146.81	168,675.19
Puerto Rico.....	1,977,949.00	1,977,949.00	—	—
Virgin Islands.....	248,330.12	248,330.12	—	—
Central office.....	20,860,386.83	20,860,386.83	—	—
Federal projects.....	8,393,471.40	8,393,471.40	—	—
Administrative expenses.....	666,915.43	666,915.43	—	—
Employees' compensation fund.....	11,800,000.00	11,800,000.00	—	—

Source: Brown, Pamela, *Analysis of Civil Works Program Statistics*, Works Progress Administration, Washington, D. C., June 1939, table 17, p. 30.

Table 6.—Amount of WPA and Sponsors' Funds Expended for Projects Operated by the Work Projects Administration,¹ July 1935–December 1936 and by Month, January 1937–December 1940

[Amounts in thousands]

Year and month	Total	WPA funds	Sponsors' funds	
			Amount	Percent
July 1935–December 1936.....	\$2, 420, 240	\$2, 138, 570	\$281, 670	11. 6
1937				
January.....	167, 292	136, 368	30, 924	18. 5
February.....	148, 698	123, 426	25, 272	17. 0
March.....	178, 613	152, 208	26, 405	14. 8
April.....	154, 884	132, 133	22, 751	14. 7
May.....	149, 203	126, 847	22, 356	15. 0
June.....	159, 417	135, 302	24, 115	15. 1
July.....	138, 079	107, 234	30, 845	22. 3
August.....	118, 079	93, 641	24, 438	20. 7
September.....	119, 751	91, 922	27, 829	23. 2
October.....	119, 708	91, 996	27, 712	23. 1
November.....	123, 152	90, 022	33, 130	26. 9
December.....	136, 509	101, 896	34, 613	25. 4
1938				
January.....	126, 239	97, 575	28, 664	22. 7
February.....	125, 366	100, 337	25, 029	20. 0
March.....	174, 379	140, 727	33, 652	19. 3
April.....	170, 295	136, 774	33, 521	19. 7
May.....	181, 837	147, 425	34, 412	18. 9
June.....	201, 780	164, 017	37, 763	18. 7
July.....	195, 290	160, 719	34, 571	17. 7
August.....	218, 656	182, 697	35, 959	16. 4
September.....	224, 741	184, 056	40, 685	18. 1
October.....	235, 674	191, 463	44, 211	18. 8
November.....	221, 308	179, 473	41, 835	18. 9
December.....	244, 794	197, 923	46, 871	19. 1
1939				
January.....	215, 529	169, 864	45, 665	21. 2
February.....	186, 491	147, 385	39, 106	21. 0
March.....	232, 922	190, 020	42, 902	18. 4
April.....	195, 597	157, 111	38, 486	19. 7
May.....	193, 352	152, 352	41, 000	21. 2
June.....	197, 557	154, 909	42, 648	21. 6
July.....	168, 969	131, 910	37, 059	21. 9
August.....	171, 025	127, 679	43, 346	25. 3
September.....	139, 037	97, 741	41, 296	29. 7
October.....	150, 339	106, 752	43, 587	29. 0
November.....	154, 377	109, 404	44, 973	29. 1
December.....	162, 327	124, 015	38, 312	23. 6
1940				
January.....	153, 320	111, 646	41, 674	27. 2
February.....	143, 125	111, 730	31, 395	21. 9
March.....	172, 155	133, 307	38, 848	22. 6
April.....	164, 542	124, 618	39, 924	24. 3
May.....	166, 688	120, 746	45, 942	27. 6
June.....	157, 025	109, 024	48, 001	30. 6
July.....	145, 987	103, 126	42, 861	29. 4
August.....	156, 035	110, 169	45, 866	29. 4
September.....	144, 072	96, 385	47, 687	33. 1
October.....	163, 799	108, 228	55, 571	33. 9
November.....	150, 631	101, 379	49, 252	32. 7
December.....	152, 280	107, 114	45, 166	29. 7

¹ WPA expenditures are based on checks issued by the U. S. Treasury Department. Sponsors' expenditures are based on WPA reports of sponsors' certifications. Does not include projects operated by other Federal agencies and financed by allocation of WPA funds under the provisions of section 3 of the ERA Act of 1938, section 11 of the ERA Act of 1939, and section 10 of the ERA Act, fiscal year 1941.

Source: Division of Statistics, Work Projects Administration, Washington, D. C.

Table 7.—Amount of WPA and Sponsors' Funds Expended for Projects Operated by the Work Projects Administration,¹ by Type of Project and Object of Expenditure, United States and Territories, July 1935–December 1940

[Amounts in thousands]

Type of projects	Total		WPA funds			Sponsors' funds				Labor expenditures as percent of total funds
	Amount	Percent	Total	Labor		Total		Nonlabor		
				Amount	Percent of total WPA funds	Amount	Percent of total funds	Amount	Percent of total sponsors' funds	
All projects.....	\$10,491,165	100.0	\$8,411,364	\$7,485,317	89.0	\$2,079,801	19.8	\$1,731,184	83.2	74.7
Division of Operations.....	8,235,661	78.5	6,465,918	5,649,669	87.4	1,769,743	21.5	1,496,839	84.6	71.9
Highways, roads, and streets.....	4,113,333	39.2	3,178,523	2,759,237	86.8	934,810	22.7	798,246	85.4	70.4
Public buildings.....	1,089,692	10.4	826,885	731,556	88.5	262,807	24.1	221,498	84.3	70.9
Recreational facilities (except buildings).....	904,969	8.6	777,314	678,200	87.2	127,655	14.1	103,001	80.7	77.7
Publicly owned or operated utilities.....	1,058,596	10.1	820,568	726,504	88.5	238,028	22.5	197,855	83.1	72.4
Airports and airways.....	225,462	2.2	169,056	126,860	75.0	56,406	25.0	51,724	91.7	58.3
Conservation.....	401,030	3.8	340,546	298,668	87.7	60,484	15.1	48,253	79.8	77.5
Sanitation.....	212,726	2.0	168,296	159,544	94.8	44,430	20.9	41,577	93.6	76.3
Engineering surveys.....	40,790	0.4	34,552	33,253	96.2	6,238	15.3	3,528	56.6	88.2
Other.....	189,063	1.8	150,178	135,847	90.5	38,885	20.6	31,157	80.1	75.9
Division of Community Service Programs.....	2,231,793	21.3	1,942,334	1,824,737	93.9	269,459	13.0	214,960	74.3	85.1
Public activities programs.....	665,604	6.3	565,918	546,042	96.5	99,686	15.0	76,300	76.5	85.6
Education.....	210,282	2.0	179,243	170,595	95.2	31,039	14.8	25,437	82.0	83.8
Recreation.....	206,729	2.0	164,047	159,801	97.4	42,662	20.6	31,921	74.8	82.5
Library.....	103,947	1.0	87,719	85,829	97.8	16,228	15.6	11,542	71.1	87.1
Museum.....	25,870	0.2	22,341	21,627	96.8	3,529	13.6	2,089	59.2	86.2
Art.....	29,463	0.3	27,789	26,172	94.2	1,674	5.7	1,496	89.3	86.4
Music.....	67,610	0.6	63,748	61,983	97.2	3,862	5.7	3,317	85.9	92.5
Writing.....	21,703	0.2	21,031	20,035	95.3	672	3.1	498	74.2	93.1
Research and records programs.....	393,463	3.8	337,097	328,095	97.3	56,366	14.3	27,722	49.2	90.7
Research and surveys.....	213,039	2.0	180,515	173,977	96.4	32,524	15.3	14,150	43.5	90.3
Public records.....	155,746	1.5	133,193	131,667	98.9	22,553	14.5	12,596	55.9	90.9
Historical records surveys.....	24,678	0.3	23,389	22,451	96.0	1,289	5.2	967	75.0	92.3

Welfare programs.....	1,042,320	9.9	919,787	887,773	91.1	122,533	11.8	104,406	85.2	82.1
Public health and hospital work.....	66,188	0.6	53,853	52,962	96.3	12,335	18.6	5,819	47.2	89.9
Sewing.....	893,351	8.6	628,482	556,263	88.5	64,869	8.0	52,914	96.4	81.7
Production projects (except sewing).....	66,352	0.6	58,677	56,259	95.9	7,675	11.6	6,744	87.9	86.2
Housekeeping aides.....	73,627	0.7	70,287	69,554	99.0	3,390	4.6	2,446	72.2	95.7
Household workers' training.....	3,379	*	3,060	2,812	91.9	319	9.4	277	87.0	84.6
School lunches.....	66,869	0.6	45,776	43,842	95.8	21,093	31.5	19,738	93.6	67.6
Distribution of surplus commodities.....	82,584	0.8	59,702	56,081	93.9	22,852	27.7	16,468	72.1	75.7
Other.....	130,406	1.3	119,532	112,827	94.4	10,874	8.3	6,532	60.1	89.8
Division of Employment:										
National defense vocational training.....	8,770	0.1	7,055	6,984	99.0	1,715	19.6	501	29.2	93.5
Miscellaneous ¹	14,941	0.1	-3,943	3,927	—	18,884	126.4	18,884	100.0	26.3

*Less than 0.05 percent.

¹ Does not include projects operated by other Federal agencies and financed by allocation of WPA funds under the provisions of section 3 of the ERA Act of 1938, section 11 of the ERA Act of 1939, and section 10 of the ERA Act, fiscal year 1941.

² Includes WPA expenditures for supply fund; sponsors' expenditures for land and leases, easements, and rights-of-way, for which the distribution by type of project is not available; and adjustments of WPA reports of total expenditures to reports of the U. S. Treasury Department. Credit figure results from an excess of these adjustments over actual expenditures for miscellaneous purposes.

NOTE.—Revised through May 1941.

Source: Division of Statistics, Work Projects Administration, Washington, D. C.

Table 8.—Average Number of Claimants Receiving Unemployment Compensation Benefits, by Region and State, December 1940

Region and State	Average number of claimants ¹	Region and State	Average number of claimants ¹
Total.....	666, 636	Region VII—Con.	
Region I:		South Carolina.....	4, 499
Connecticut.....	5, 633	Tennessee.....	10, 264
Maine.....	9, 049	Region VIII:	
Massachusetts.....	42, 097	Iowa.....	5, 745
New Hampshire.....	4, 925	Minnesota.....	17, 477
Rhode Island.....	5, 744	Nebraska.....	2, 237
Vermont.....	1, 486	North Dakota.....	1, 080
Region II:		South Dakota.....	800
New York.....	115, 034	Region IX:	
Region III:		Arkansas.....	5, 192
Delaware.....	1, 455	Kansas.....	2, 784
New Jersey.....	21, 224	Missouri.....	17, 152
Pennsylvania.....	44, 977	Oklahoma.....	5, 818
Region IV:		Region X:	
District of Columbia.....	4, 010	Louisiana.....	12, 076
Maryland.....	8, 362	New Mexico.....	2, 324
North Carolina.....	11, 006	Texas.....	16, 881
Virginia.....	7, 759	Region XI:	
West Virginia.....	5, 653	Arizona.....	1, 864
Region V:		Colorado.....	5, 309
Kentucky.....	10, 034	Idaho.....	2, 607
Michigan.....	16, 576	Montana.....	4, 745
Ohio.....	29, 976	Utah.....	3, 080
Region VI:		Wyoming.....	1, 228
Illinois.....	51, 222	Region XII:	
Indiana.....	10, 599	California.....	79, 157
Wisconsin.....	5, 660	Nevada.....	1, 698
Region VII:		Oregon.....	4, 144
Alabama.....	10, 906	Washington.....	12, 609
Florida.....	6, 805	Territories:	
Georgia.....	8, 549	Alaska.....	392
Mississippi.....	4, 121	Hawaii.....	402

¹ Represents average number of weeks of unemployment compensated during weeks ended within month.

² Excludes miners receiving benefits resulting from a labor dispute in 1939.

Source: *Social Security Bulletin*, February 1941, Vol. 4, No. 2, p. 44.

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Table 9.—Number of States Paying Unemployment Compensation Benefits, Number of Recipients, and Amount of Benefit Payments, Calendar Years 1936–1940 and by Month, January 1938–December 1940

Year and month	Number of States paying benefits	Number of recipients ¹	Amount of benefit payments
Total, 1936-1940.....			\$1,348,501,352
1936.....	1		131,073
1937.....	1		2,131,578
1938.....			396,400,428
January.....	23	(²)	1,291,188
February.....	23	(²)	19,434,834
March.....	23	(²)	43,860,440
April.....	25	(²)	36,610,104
May.....	25	(²)	38,605,956
June.....	25	(²)	39,819,836
July.....	28	(²)	38,519,697
August.....	28	(²)	47,481,727
September.....	29	(²)	41,583,509
October.....	29	(²)	35,271,239
November.....	29	(²)	27,901,671
December.....	31	(²)	26,020,227
1939.....			³ 429,820,056
January.....	49	657,208	29,203,395
February.....	49	769,770	34,744,426
March.....	49	833,159	48,873,425
April.....	49	685,073	33,457,526
May.....	49	776,006	39,929,931
June.....	49	802,209	43,161,144
July.....	51	764,885	35,596,230
August.....	51	797,235	44,491,421
September.....	51	729,929	33,655,902
October.....	51	501,714	26,689,676
November.....	51	637,029	28,368,903
December.....	51	658,265	30,471,094
1940.....			⁴ 520,108,217
January.....	51	877,367	40,995,731
February.....	51	985,468	44,328,375
March.....	51	1,095,155	47,130,475
April.....	51	960,735	42,286,163
May.....	51	1,201,004	54,879,227
June.....	51	1,268,556	53,617,656
July.....	51	1,219,629	55,740,735
August.....	51	1,125,251	51,695,427
September.....	51	875,419	36,594,227
October.....	51	698,148	32,230,658
November.....	51	675,997	29,560,940
December.....	51	666,636	30,886,400

¹ Data for 1939 represent the number of individuals receiving benefits during week ended nearest middle of month; 1940 data represent average number of weeks of unemployment compensated during weeks ended within the month.

² Not available.

³ Includes \$1,176,963 resulting from recalculation of weekly benefits in Ohio not allocated by months.

⁴ Includes \$162,303 resulting from recalculation of weekly benefit amounts of miners' claims, due to labor dispute in 1939 in Ohio, not allocated by months.

Source: Bureau of Employment Security, *Summary of Employment Security Activities*, Social Security Board, Federal Security Agency, Washington, D. C., January 1941, p. 13.

Table 10.—Number of Old-Age and Survivors Insurance Beneficiaries and Amount of Insurance Payments, Calendar Years 1937–1940 and by Month, January 1939–December 1940

[In thousands]

Year and month	Monthly benefits—primary, supplementary, and survivors		Lump-sum death payments under 1939 amendments		Lump-sum payments under 1935 act ¹	
	Beneficiaries	Payments	Beneficiaries	Payments ¹	Beneficiaries ²	Payments ³
Total 1937–1940		\$28, 858		\$8, 906		\$28, 480
1937						1, 278
1938						10, 478
1939						13, 886
January					18. 7	1, 265
February					17. 5	1, 169
March					21. 7	1, 541
April					19. 4	1, 466
May					19. 3	1, 525
June					18. 2	1, 518
July					15. 7	1, 323
August					10. 9	953
September					8. 6	798
October					8. 6	806
November					9. 4	891
December					6. 8	655
1940		28, 858		8, 906		2, 839
January	3. 7	76	(⁴)	3	8. 9	913
February	8. 4	251	1. 0	159	6. 2	584
March	32. 6	915	4. 3	659	5. 2	412
April	52. 7	1, 288	5. 3	795	3. 3	238
May	72. 5	1, 625	5. 0	735	3. 8	256
June	96. 7	2, 266	6. 1	886	2. 1	125
July	120. 8	2, 712	6. 3	904	1. 3	69
August	143. 4	3, 138	5. 6	804	1. 1	53
September	164. 9	3, 633	7. 3	1, 039	1. 3	61
October	190. 0	4, 109	7. 5	1, 064	1. 1	54
November	207. 4	4, 262	6. 4	900	0. 8	39
December	225. 7	4, 583	6. 7	957	0. 6	25

¹ Payable with respect to deaths of fully or currently insured workers after Dec. 31, 1939, in cases where no survivor was entitled to monthly benefits for month in which worker died.

² Figures for September 1939 and subsequent months are for lump-sum death payments with respect to deaths of covered workers prior to Jan. 1, 1940.

³ Figures for January–August 1939 include 59,380 individuals who received payments at age 65.

⁴ Figures through August 1939 include payments at age 65 totaling 9.9 million dollars.

⁵ Less than 50.

Source: *Social Security Bulletin*, February 1941, Vol. 4, No. 2, pp. 95–96.

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Table 11.—Workers With Taxable Wages for Old-Age and Survivors Insurance in 1938 and Amount of Such Wages, by State ¹

State ²	Workers	Taxable wages (In thousands)	Average taxable wage
Total.....	31,000,389	\$26,173,920	\$844
Alabama.....	394,304	225,392	572
Arizona.....	94,563	68,641	726
Arkansas.....	194,543	95,747	482
California.....	1,944,038	1,808,427	930
Colorado.....	283,818	173,588	742
Connecticut.....	560,273	526,311	938
Delaware.....	74,306	61,627	829
District of Columbia.....	208,944	179,823	862
Florida.....	435,398	223,665	514
Georgia.....	542,162	282,698	521
Idaho.....	92,915	57,657	621
Illinois.....	2,822,026	2,267,954	977
Indiana.....	798,324	662,630	830
Iowa.....	408,074	287,861	705
Kansas.....	279,438	193,724	693
Kentucky.....	391,820	251,995	643
Louisiana.....	415,326	268,653	647
Maine.....	226,553	142,622	630
Maryland.....	473,175	373,115	789
Massachusetts.....	1,338,583	1,196,876	894
Michigan.....	1,492,740	1,355,717	908
Minnesota.....	506,514	422,960	835
Mississippi.....	210,638	88,664	421
Missouri.....	805,028	660,349	820
Montana.....	96,827	75,907	784
Nebraska.....	198,033	132,350	668
Nevada.....	29,551	25,309	856
New Hampshire.....	144,916	100,033	690
New Jersey.....	1,196,239	1,166,960	976
New Mexico.....	67,206	43,477	647
New York.....	4,283,899	4,404,708	1,028
North Carolina.....	655,764	361,750	552
North Dakota.....	60,810	38,429	632
Ohio.....	1,843,178	1,703,178	924
Oklahoma.....	324,664	240,116	740
Oregon.....	267,029	217,534	815
Pennsylvania.....	2,667,594	2,426,975	900
Rhode Island.....	248,267	199,993	806
South Carolina.....	317,974	153,589	483
South Dakota.....	68,268	43,632	639
Tennessee.....	483,437	282,479	584
Texas.....	1,216,697	814,479	669
Utah.....	108,369	80,459	742
Vermont.....	76,126	51,918	682
Virginia.....	498,024	320,306	643
Washington.....	430,202	369,136	858
West Virginia.....	396,533	327,411	826
Wisconsin.....	670,864	667,487	891
Wyoming.....	51,288	39,563	772
Alaska.....	19,072	17,761	931
Hawaii.....	111,060	63,251	570

¹ Excludes 142,433 workers holding railroad retirement account numbers and their taxable wages of \$38,951,968 and 52,297 workers whose sex and/or race was unknown and their taxable wages of \$24,967,250. The totals of this table plus the above exclusions represent an approximate 100 percent of all workers with taxable wages in 1938 and such wages.

² State of employment in the basic tabulation was indicated only for workers for whom taxable wages were reported for the fourth quarter of 1938, and their wages for the entire year were allocated to that State. For the remaining 6,900,296 workers and their taxable wages of \$2,999,107,424, State of registration was used in estimating distribution by State of employment.

³ Represents sum of unrounded figures, hence may differ slightly from sum of rounded amounts.

Source: *Fifth Annual Report of the Social Security Board, 1940*, Federal Security Agency, Washington, D. C., 1941, Table B-2, pp. 170-171.

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Table 12.—Recipients of Special Types of Public Assistance in States With Plans Approved by the Social Security Board,¹ February 1936–December 1940

Year and month	Old-age assistance	Aid to dependent children ²		Aid to the blind
		Families	Children	
1936				
February.....	247,421	26,670	68,915	12,064
March.....	294,075	27,445	70,300	13,099
April.....	471,100	56,952	141,552	16,376
May.....	563,240	61,500	152,062	16,641
June.....	603,710	66,664	175,144	17,571
July.....	785,067	89,372	223,001	26,500
August.....	804,481	83,999	215,024	26,901
September.....	896,862	91,738	253,795	27,478
October.....	971,162	105,812	267,016	27,981
November.....	1,033,470	109,166	277,198	28,456
December.....	1,104,647	111,914	284,601	29,909
1937				
January.....	1,147,993	117,761	299,757	30,417
February.....	1,197,810	122,456	310,498	30,117
March.....	1,254,307	128,690	325,060	30,993
April.....	1,294,366	134,907	341,083	31,594
May.....	1,325,481	146,498	406,698	33,734
June.....	1,290,673	171,410	421,837	35,042
July.....	1,392,985	175,022	431,625	37,248
August.....	1,433,806	182,850	452,568	38,618
September.....	1,468,878	193,696	480,561	40,136
October.....	1,504,910	199,334	496,452	41,185
November.....	1,543,897	204,464	508,419	42,560
December.....	1,679,858	211,721	526,609	43,718
1938				
January.....	1,602,025	218,009	541,224	43,595
February.....	1,625,539	224,737	557,613	45,149
March.....	1,648,306	231,001	572,582	46,393
April.....	1,664,541	236,241	583,197	47,218
May.....	1,680,051	240,079	594,024	48,131
June.....	1,659,295	243,422	603,335	48,783
July.....	1,709,812	244,712	606,164	49,596
August.....	1,719,124	251,743	620,181	49,195
September.....	1,733,999	254,839	628,765	41,002
October.....	1,638,457	267,415	633,703	41,449
November.....	1,764,569	261,115	641,681	42,256
December.....	1,779,292	266,222	654,292	42,938
1939				
January.....	1,790,055	273,687	670,040	43,355
February.....	1,802,296	282,108	686,532	43,740
March.....	1,815,913	284,262	689,946	43,968
April.....	1,832,586	282,009	683,888	44,240
May.....	1,835,246	285,092	691,663	44,161
June.....	1,845,040	297,344	717,989	44,579
July.....	1,860,550	298,627	720,134	44,897
August.....	1,874,090	298,915	720,460	45,255
September.....	1,887,459	299,707	722,209	45,308
October.....	1,896,535	300,026	722,040	45,437
November.....	1,905,968	299,995	722,967	45,608
December.....	1,911,663	301,823	730,195	45,861
1940				
January.....	1,924,666	311,775	753,699	46,061
February.....	1,929,490	315,758	763,076	46,271
March.....	1,935,232	320,654	774,566	46,503
April.....	1,944,950	325,345	784,877	46,833
May.....	1,958,614	329,192	793,303	47,160
June.....	1,970,507	333,017	801,760	47,558
July.....	1,989,167	336,288	811,170	47,812
August.....	2,003,926	339,645	820,556	48,106
September.....	2,019,619	343,362	829,044	48,302
October.....	2,037,385	346,545	836,280	48,548
November.....	2,054,396	352,136	848,429	48,836
December.....	2,069,704	358,384	856,128	49,015

¹ Data relate to programs administered under State plans approved by the Social Security Board and programs administered under State laws without Federal participation concurrently with similar programs under approved plans.

² Includes estimates for Hawaii for June 1937–May 1938.

Source: February 1936–December 1937, *Social Security Bulletin*, July 1939, Vol. 2, No. 7, p. 62; January 1938–December 1939, *Social Security Bulletin*, February 1941, Vol. 4, No. 2, p. 74; January–December 1940, *Social Security Bulletin*, March 1941, Vol. 4, No. 3, p. 43.

Table 13.—Obligations Incurred for Payments to Recipients of Special Types of Public Assistance in States With Plans Approved by the Social Security Board,¹ February 1936–December 1940

Year and month	Total	Old-age assist- ance	Aid to depend- ent children ²	Aid to the blind
Total 1936-1940.....	\$2, 214, 685, 746	\$1, 743, 657, 703	\$417, 265, 600	\$53, 762, 443
1936	163, 510, 045	135, 969, 424	21, 871, 381	5, 969, 240
February.....	4, 644, 154	3, 752, 455	604, 962	286, 737
March.....	5, 292, 303	4, 335, 522	641, 168	315, 613
April.....	8, 807, 061	7, 067, 664	1, 334, 345	385, 052
May.....	10, 782, 622	8, 977, 539	1, 405, 943	399, 140
June.....	11, 710, 049	9, 651, 969	1, 634, 648	423, 432
July.....	15, 783, 748	13, 030, 934	2, 106, 224	646, 590
August.....	17, 896, 014	14, 890, 365	2, 332, 124	663, 525
September.....	19, 539, 565	16, 238, 430	2, 617, 830	683, 305
October.....	21, 435, 174	17, 953, 719	2, 776, 640	704, 815
November.....	22, 992, 494	19, 312, 868	2, 956, 849	722, 777
December.....	24, 636, 861	20, 737, 959	3, 160, 648	738, 254
1937	382, 791, 215	310, 394, 105	61, 408, 035	10, 989, 075
January.....	25, 677, 890	21, 594, 369	3, 333, 145	750, 376
February.....	26, 756, 822	22, 486, 548	3, 603, 164	767, 110
March.....	28, 087, 666	23, 553, 047	3, 746, 879	787, 740
April.....	29, 004, 268	24, 312, 544	3, 896, 532	795, 192
May.....	30, 655, 490	24, 705, 131	5, 103, 776	846, 583
June.....	30, 527, 241	24, 412, 863	5, 239, 847	874, 531
July.....	32, 149, 009	25, 819, 773	5, 406, 314	922, 922
August.....	33, 193, 505	26, 608, 569	5, 637, 514	947, 422
September.....	34, 856, 835	27, 865, 117	5, 957, 652	1, 034, 066
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¹ Data relate to programs administered under State plans approved by the Social Security Board and programs under State laws without Federal participation administered concurrently with similar programs under approved plans. Data exclude cost of administration, hospitalization, and burials.

² Includes estimates for Hawaii for June 1937–May 1938.

Source: February 1936–December 1937, *Social Security Bulletin*, July 1939, Vol. 2, No. 7, p. 52; January 1938–December 1939, *Social Security Bulletin*, February 1941, Vol. 4, No. 2, p. 74; January–December 1940, *Social Security Bulletin*, March 1941, Vol. 4, No. 3, p. 43.

Table 14.—Number of Recipients of Old-Age Assistance and Amount of Payments to Recipients in States With Plans Approved by the Social Security Board, by Region and State, December 1940

Region and State	Number of recipients	Amount of payments to recipients ¹	Average amount per recipient
Total.....	2,069,704	\$41,921,989	\$20.26
Region I:			
Connecticut.....	17,534	490,214	27.96
Maine.....	18,220	275,258	20.82
Massachusetts.....	86,821	2,540,474	29.26
New Hampshire.....	6,609	140,611	21.28
Rhode Island.....	6,980	138,944	19.96
Vermont.....	5,240	86,498	16.51
Region II:			
New York.....	120,744	3,008,568	24.92
Region III:			
Delaware.....	2,580	28,889	11.42
New Jersey.....	31,410	680,001	21.01
Pennsylvania.....	90,994	2,195,322	21.95
Region IV:			
District of Columbia.....	3,419	87,067	25.47
Maryland.....	18,282	324,177	17.76
North Carolina.....	36,983	374,175	10.12
Virginia.....	19,646	195,484	9.95
West Virginia.....	18,617	260,428	13.99
Region V:			
Kentucky.....	54,374	484,645	8.91
Michigan.....	77,808	1,303,543	16.75
Ohio.....	134,021	3,080,821	22.99
Region VI:			
Illinois.....	142,020	3,131,894	22.05
Indiana.....	67,231	1,217,727	18.11
Wisconsin.....	53,310	1,200,864	22.53
Region VII:			
Alabama.....	20,195	187,330	9.28
Florida.....	37,687	471,224	12.50
Georgia.....	38,746	317,648	8.20
Mississippi.....	25,154	216,264	8.60
South Carolina.....	17,415	137,716	7.91
Tennessee.....	40,276	407,013	10.11
Region VIII:			
Iowa.....	56,435	1,169,562	20.72
Minnesota.....	63,056	1,334,394	21.16
Nebraska.....	26,579	551,634	19.30
North Dakota.....	8,923	148,741	16.78
South Dakota.....	14,945	288,425	19.30
Region IX:			
Arkansas.....	25,124	197,755	7.87
Kansas.....	28,085	562,070	20.03
Missouri.....	108,349	1,619,994	14.95
Oklahoma.....	76,016	1,339,231	17.86
Region X:			
Louisiana.....	34,296	438,002	12.63
New Mexico.....	4,911	84,272	17.16
Texas.....	120,483	1,658,891	13.77
Region XI:			
Arizona.....	8,500	238,102	28.01
Colorado.....	41,851	1,325,209	31.66
Idaho.....	9,116	204,033	22.38
Montana.....	12,217	232,754	19.05
Utah.....	18,669	308,676	22.59
Wyoming.....	3,464	82,825	23.91
Region XII:			
California.....	180,942	5,716,383	37.87
Nevada.....	2,316	61,493	26.55
Oregon.....	19,626	416,862	21.40
Washington.....	40,254	918,744	22.70
Territories:			
Alaska.....	1,544	43,568	28.22
Hawaii.....	1,909	23,430	12.96

Represents obligations incurred from Federal, State, and local funds; excludes cost of administration.

Source: *Social Security Bulletin*, February 1941, Vol. 4, No. 2, p. 75 and Social Security Board for revisions as of Feb. 16, 1941.

Table 15.—Number of Railroad Retirement Beneficiaries and Amount of Insurance Payments, Calendar Years 1936–1940 and by Month, January–December 1940¹

[In thousands]

Year and month	Employee annuities and pensions		Survivor and death-benefit annuities		Lump-sum death payments	
	Beneficiaries	Payments	Beneficiaries ¹	Payments	Beneficiaries	Payments
Total 1936–1940		\$358,883		\$4,743		\$4,712
1936.....		683		2		
1937.....		40,001		444		
1938.....		96,749		1,401		290
1939.....		107,282		1,450		1,926
1940.....		114,168		1,446		2,496
1940 January.....	136.6	9,141	2.8	113	1.0	164
February.....	137.6	9,299	2.8	114	1.2	198
March.....	138.4	9,310	2.8	114	1.0	178
April.....	139.3	9,483	3.0	123	1.4	258
May.....	140.2	9,386	3.0	123	1.3	222
June.....	141.2	9,520	3.1	120	1.2	230
July.....	142.1	9,508	3.1	120	1.0	190
August.....	143.0	9,639	3.1	118	1.0	183
September.....	143.9	9,696	3.2	121	1.3	253
October.....	144.9	9,753	3.2	132	1.1	236
November.....	145.6	9,738	3.2	124	0.9	178
December.....	146.0	9,695	3.3	124	1.0	206

¹ Beneficiaries of employee and survivor and death-benefit annuities include number of individuals on rolls at end of month specified, based on month in which annuity or pension was certified or terminated upon notice of death rather than on month in which annuity or pension began to accrue or beneficiary died.

² Widows receiving both survivor and death-benefit annuities are counted twice, but 2 individuals or more sharing 1 death-benefit annuity are counted as 1.

Source: *Social Security Bulletin*, February 1941, Vol. 4, No. 2, pp. 95-96.

Table 16.—Number of Beneficiaries of Railroad Unemployment Insurance and Amount of Benefit Payments, July 1939–December 1940

[In thousands]

Year and month	Beneficiaries ¹	Payments
Total July 1939–December 1940		\$21,656
1939.....		5,767
July.....	18.3	277
August.....	30.5	1,022
September.....	50.2	1,330
October.....	30.5	977
November.....	26.3	952
December.....	37.3	1,209
1940.....		15,889
January.....	57.0	1,820
February.....	52.8	1,797
March.....	57.4	1,814
April.....	50.9	1,590
May.....	35.0	1,174
June.....	31.4	858
July.....	22.3	703
August.....	31.1	989
September.....	37.8	1,026
October.....	26.9	950
November.....	20.3	772
December.....	73.7	2,406

¹ Number of individuals receiving benefits during second and third weeks of month for days of unemployment in registration periods of 15 consecutive days through November 1940; 14 days thereafter.

Source: *Social Security Bulletin*, February 1941, Vol. 4, No. 2, pp. 95-96.

Table 17.—Number and Amount of Railroad Unemployment Insurance Benefit Payments Certified, by State of Residence of Beneficiary, September 28, 1940–January 3, 1941¹

State	Certified under original act		Certified under amended act	
	Number	Amount	Number	Amount
Total	110,610	\$1,680,060	156,358	\$2,896,244
Alabama.....	1,966	27,414	1,634	31,400
Arizona.....	800	13,052	456	9,106
Arkansas.....	2,147	30,721	2,802	51,826
California.....	4,062	77,224	7,219	149,583
Colorado.....	1,443	21,094	4,402	82,971
Connecticut.....	267	3,962	371	6,374
Delaware.....	493	8,757	501	11,215
District of Columbia.....	302	4,733	276	5,196
Florida.....	4,169	63,407	1,790	30,090
Georgia.....	3,022	44,853	2,361	43,430
Idaho.....	347	5,196	1,118	20,497
Illinois.....	11,728	183,881	15,766	311,779
Indiana.....	3,213	44,898	4,592	85,653
Iowa.....	2,615	37,496	5,956	108,965
Kansas.....	2,459	36,399	5,065	101,941
Kentucky.....	3,143	43,447	2,933	52,619
Louisiana.....	2,997	37,902	1,950	31,723
Maine.....	1,091	15,696	1,965	33,314
Maryland.....	991	13,162	872	15,090
Massachusetts.....	1,614	24,519	1,569	28,517
Michigan.....	1,800	26,636	3,158	57,096
Minnesota.....	2,796	41,328	6,322	112,859
Mississippi.....	2,032	30,453	2,301	47,091
Missouri.....	5,476	83,027	7,966	149,175
Montana.....	483	7,362	1,384	24,806
Nebraska.....	1,634	22,552	4,893	84,290
Nevada.....	211	3,381	491	10,481
New Hampshire.....	80	1,206	281	5,304
New Jersey.....	2,001	28,591	2,196	43,789
New Mexico.....	1,443	22,354	1,389	25,328
New York.....	8,912	138,329	11,032	221,945
North Carolina.....	1,478	23,330	1,168	22,321
North Dakota.....	523	7,241	1,755	30,170
Ohio.....	4,229	60,953	7,289	127,912
Oklahoma.....	2,007	30,488	2,421	47,755
Oregon.....	347	5,797	1,369	26,016
Pennsylvania.....	7,243	90,310	9,996	172,627
Rhode Island.....	211	3,000	281	5,278
South Carolina.....	1,076	15,637	937	17,515
South Dakota.....	392	5,461	1,206	21,353
Tennessee.....	2,107	28,773	2,451	46,261
Texas.....	6,834	98,706	6,297	112,699
Utah.....	744	11,002	2,146	41,438
Vermont.....	267	4,078	421	7,959
Virginia.....	1,308	19,467	993	18,959
Washington.....	1,182	17,692	2,943	55,337
West Virginia.....	1,323	19,606	1,795	32,678
Wisconsin.....	2,560	39,270	5,068	92,898
Wyoming.....	176	2,883	1,083	17,812
Outside continental United States.....	256	3,626	296	4,721

¹ Based on 20-percent sample of benefit certifications.Source: *Social Security Bulletin*, March 1941, Vol. 4, No. 3, p. 75.

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