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1956 AMENDMENTS TO THE SOCIAL SECURITY ACT

ROBERT J. MYERS

CONTINUING the biennial pattern of amendments to the Social Security Act that has prevailed since 1950, Congress enacted some very significant amendments in 1956. Major changes were made not only in the Old-Age and Survivors Insurance system, but also in the Public Assistance program. Unlike the previous three amendments, however, the amounts of the OASI benefits were not increased, but rather new beneficiary categories were added.

The 1950 Amendments modified the OASI system by a sizable extension of coverage to employments previously not included, by roughly doubling the benefits, by liberalizing the retirement test, and by providing a definite long-range financing basis. The principal effects of the 1952 Amendments were to raise the benefit level slightly and to liberalize further the retirement test. The 1954 Amendments extended coverage even further (to virtually all types of employment), again increased the benefit level, further liberalized the retirement test, introduced the "disability freeze" provision, and increased the ultimate contribution rates. The amendments in 1956 extended coverage on a regular contributory basis to the armed forces and to certain other small groups, enlarged some beneficiary categories (by lowering the minimum eligibility age for women from 65 to 62, and by providing child's benefits beyond age 18 if disabled), added monthly disability benefits beginning at age 50 (so that the program as a whole can now be designated OASDI), and provided an immediate increase in the tax rates (in order to support the disability benefits).

The Public Assistance program was changed by the 1956 Amendments in two major respects. First, the matching ratio for all four programs was revised so that the Federal financial participation is increased. Second, a separate program for matching assistance grants for medical costs under each of the four programs was established. Increased emphasis was also placed on self-support and self-care activities, training of staff, and research projects in these programs.

EXPERIENCE SINCE 1950

Old-Age and Survivors Insurance

Table 1 shows the very considerable growth that has occurred in the OASI program since the 1950 Amendments. The dates have been selected so as to be just before the amendments became effective and just afterward. The number of retired workers has more than tripled in the less than 6 years since August 1950, as a result of the maturing of the system and the liberalized qualifying requirements and extensions of coverage under the 1950 and 1954 Amendments. A similar, but slightly smaller rise occurred for total beneficiaries under the program. The average monthly benefit more than doubled over the period and will continue to rise because current awards are somewhat higher than benefits for those on the roll. As a result of these two trends, the annual rate of benefit disbursements for those on the roll increased 7-fold—from $\$\frac{3}{4}$ billion in August 1950 to $\$5\frac{1}{4}$ billion in June 1956.

TABLE 1

SELECTED DATA ON MONTHLY BENEFITS UNDER OASI SYSTEM

Month	Beneficiaries (Millions)		Annual Rate of Benefits (Millions)	Average Monthly Benefit for Retired Workers
	Retired Workers	Total*		
August 1950	1.41	2.97	$ 740	$26.36
September 1950	1.44	3.03	1,368	46.62
August 1952	2.43	4.68	1,992	42.36
September 1952	2.50	4.79	2,325	48.79
August 1954	3.60	6.59	3,419	51.95
September 1954	3.64	6.66	3,911	58.75
June 1956	4.73	8.37	5,273	62.76

* These figures are somewhat overstated by reason of counting twice those receiving both old-age benefits (as a retired worker) and wife's benefits (and, except for the last figure, those receiving both old-age benefits and widow's or parent's benefits); as of June 1956 this overstatement amounted to about 55,000. On the other hand, some understatement exists by reason of retroactive payments, made some months later in respect to specific past months.

Table 2 shows the actual and estimated operations of the OASI Trust Fund during 1955, the first full calendar year of operations under the 1954 Amendments. Contribution income in 1955 was $5.9 billion, or about $3\frac{1}{2}$ times as high as in 1949. This increase has resulted from the doubled contribution rates, the 40% higher maximum wage base subject to taxes, the increase of roughly 50% in coverage, and the general rise in earnings levels. The contributions in 1955 were about $600 million higher than the benefit payments and this, combined with the excess of the interest earnings over the administrative expenses, resulted in an increase in the Trust Fund during the year of about $950 million—to a level of $21.8 billion at the end of the year. The estimated contributions, as it happened, were almost exactly the same as the actual experience, but the estimate of benefit payments was 10% lower than the actual. The actual interest earnings were about 10% below the estimate, primarily because of a temporary decline in the over-all level of Government interest rates (such trend having since been reversed).

Public Assistance

Beginning in 1950, the OAA roll decreased slowly and steadily even though the aged population increased about 3% per year. The roll declined from a peak of 2.81 million in September 1950 to 2.52 million in June 1956 (including 44,000 in Puerto Rico and the Virgin Islands, not in the program before the 1950 Act). The decrease reached a low of 12,000 for calendar year 1955, but was at the rate of about 55,000 a year in the first half of 1956. The steady rise in the average payment (from $44 a month to

TABLE 2

COMPARISON OF ACTUAL* AND ESTIMATED OPERATIONS OF OASI TRUST FUND IN 1955

Item	Actual* (Millions)	Estimated† (Millions)	Ratio, Estimated to Actual
Contributions	$ 5,913	$ 5,922	100%
Benefit Payments	5,290	4,740	90
Administrative Expenses	123	114	93
Interest on Fund	466	516	111
Balance in Fund	21,826	22,520	103

* Including effect of railroad coverage under financial interchange provisions (partially estimated).

† As shown in Table 7 of "The 1954 Amendments to the Social Security Act" by Robert J. Myers, *TSA* VII, 87.

$54) resulted in the annual rate of payments increasing from $1.48 billion to $1.65 billion currently.

The number of child recipients under aid to dependent children was about 1.7 million at both the beginning and the end of the 6-year period, but fluctuated during the period from about 1.4 to 1.7 million. Total assistance expenditures under this program rose from a rate of about $550 million a year to $660 million. Recipients of aid to the blind were virtually level during the 6-year period at about 100,000, with the annual rate of payments currently at about $75 million. The number of recipients of aid to the permanently and totally disabled (established in 1950) rose gradually and in June 1956 amounted to about 260,000, with payments at an annual rate of about $175 million.

OASI versus OAA

OASI beneficiaries aged 65 and over (including wives and widows) exceeded OAA recipients for the first time in the early part of 1951. In June

1956 there were over 2½ times as many such beneficiaries as recipients, namely, 6.7 million versus 2.5 million.

A growing number of individuals aged 65 and over receive both OASI and OAA benefits. Since OASI over the long range is intended to be the major program for providing basic old-age security, it is important to consider the trend in the number of concurrent recipients, shown for recent years in the accompanying table. Although some have been removed from

Date	Number of Concurrent Recipients (Thousands)	Concurrent Recipients as Percentage of	
		OASI Beneficiaries Aged 65 and Over	OAA Recipients
June 1948	146	10.0%	6.1%
September 1950	276	12.6	9.8
August 1951	376	11.9	13.8
February 1952	406	12.0	15.1
February 1953	426	10.7	16.3
February 1954	463	9.7	18.0
February 1955	489	8.8	19.2
February 1956	516	8.0	20.4

OAA because of eligibility for OASI or because of increased OASI benefits, the concurrent recipients showed an increase because of two factors—those on OAA who became eligible for low OASI benefits and still needed supplementary OAA, and the growth of the OASI roll, with more persons thus "exposed" to the need of supplementary OAA.

Another important comparison is the proportionate relationship between aged OASI beneficiaries, OAA recipients, and total aged population. The accompanying table summarizes these relationships as of June of each year from 1950 to 1956.

Year	Percentage of Aged Population Receiving		
	OASI	OAA	OASI or OAA or Both
1950	16.9%	22.5%	37.3%
1951	23.5	21.5	42.1
1952	26.0	20.3	43.1
1953	31.4	19.4	47.5
1954	35.7	18.6	50.9
1955	41.1	17.9	55.5
1956	44.4	17.1	58.0

Since 1950, the relative proportion of the aged population receiving OASI benefits has increased by about 160%, while the proportion receiving OAA has decreased by about 25%. At the same time, the proportion receiving either or both has increased by about 55%. In addition to the almost 60% currently receiving OAA or OASI, another 15% of the aged population are eligible for, but not receiving, OASI benefits (because of the continued employment of the insured individual).

HISTORY OF LEGISLATION

Old-Age and Survivors Insurance

In June 1955, the House Ways and Means Committee decided to initiate legislation. The Executive Branch of the Government had made no recommendations for legislation other than for extension of coverage of the program to such excluded categories as Federal military and civilian employees. The Ways and Means Committee, without holding public hearings, reported a bill (H.R. 7225), which was passed by the House by the usual overwhelming vote on July 18, 1955. This bill would have made the following major changes in the OASI program:

1. Monthly benefits at or after age 50 to insured workers who are totally and permanently disabled.
2. Reduction of the minimum retirement age for women from 65 to 62 (applicable to women workers, wives of insured workers, and widows and dependent mothers of deceased insured workers).
3. Monthly benefits continued beyond age 18 for children who became totally and permanently disabled before that age and who are receiving child's benefits (either as dependents of retired workers or as survivors of deceased workers), and in such cases benefits also payable to the mother.
4. Extension of coverage to all self-employed professional groups excluded under existing law except for doctors of medicine (namely, extension to lawyers, dentists, doctors of osteopathy, etc.) and to owners of farms operated by another individual if the owner materially participates in the farm production.
5. Increase in the contribution schedule by 1% in the combined employer-employee rate (and by $\frac{3}{4}$% for the self-employed) so that such rate would be 5% until 1960, then rising gradually until the ultimate rate would be 9% in 1975 and thereafter.
6. Creation of an Advisory Council on Social Security Financing to study the financing status of OASI before each scheduled increase in the contribution schedule.

The Senate Committee on Finance did not take any final action on this bill in 1955 because it was received so late in the session. Extensive public hearings were held in 1956 (see appended bibliography for the most important legislative documents). The bill was then reported out with the following significant changes:

1. Elimination of the monthly disability benefits.
2. Elimination of the reduction in the minimum retirement age for women from 65 to 62—except in the case of widows, for whom the reduction was still applicable.
3. Expansion of the provision for monthly benefits for disabled children by eliminating the requirement that such child must have been receiving benefits before age 18.
4. Addition of more restrictive conditions in regard to coverage of farm workers.
5. Addition of restrictions on payment of benefits to aliens living outside of the United States.
6. Elimination of the proposed contribution increases.
7. Revision of the interest-rate basis for trust fund obligations so as to take into account long-term interest rates.

The Senate, by a unanimous record vote, passed a revised bill on July 17, 1956, making the following significant changes in the Finance Committee bill:

1. Restoration of the House-approved provision for monthly disability benefits at or after age 50 (adopted by a very small margin—a change of one vote would have defeated the proposal).
2. Restoration of the remainder of the House-approved provision reducing the minimum retirement age for women from 65 to 62—making it applicable to women workers, wives, and female parents as well as to widows, but with reductions for such early retirement in the case of women workers and wives approximating "actuarial equivalents."
3. Increase in the contribution schedule by $\frac{1}{2}$ percent in the combined employer-employee rate (and by $\frac{3}{8}$ percent for the self-employed) so that such rate would be $4\frac{1}{2}$ percent for 1957–59, then rising gradually until the ultimate rate would be $8\frac{1}{2}$ percent in 1975 and thereafter—this additional contribution to be allocated to a separate Disability Insurance Trust Fund, out of which would be paid the disability benefits and accompanying administrative expenses.

The Joint Conference between the House and Senate agreed on the final provisions of the bill and, after acceptance by both bodies, it was signed by the President on August 1 as Public Law No. 880, 84th Congress. The Senate changes were agreed to by the Conference Committee in all major respects (but with compromised provisions in regard to the coverage of farm workers and the payment of benefits to aliens abroad).

The changes made by the 1956 Amendments have various effective dates. The disability benefits are first payable for July 1957. The benefits payable to women as a result of the reduction in the minimum eligibility age are first payable for November 1956. The disabled child's benefits are first payable for January 1957. The extension of coverage to the self-employed professional groups is first effective, in general, for the calendar year 1956. The extension of coverage to the uniformed services (discussed hereafter) is effective in January 1957. The increase in the contribution rates to provide for financing the disability benefits starts in January 1957.

At the same time that Congress was considering the Social Security Amendments of 1956, important legislation on survivor benefits for the armed forces was also in progress. Included therein were provisions terminating, for the future, the "free" $160 military service wage credits that had been applicable since the beginning of World War II and substituting regular contributory coverage. These wage credits can be used for determining OASDI benefit rights except when the period of military service was used for other Federal retirement benefits (but for those in service after 1956, such wage credits for 1951–56 can be used without such limitation). At the same time, provisions were introduced to reimburse the OASI Trust Fund for the additional benefit cost that had arisen, and will arise in the future, as a result of the "free" military service wage credits. This legislation developed from the recommendations of the Committee on Retirement Policy for Federal Personnel, the so-called "Kaplan Committee," which was established in 1952 and studied the matter for about 1½ years. President Eisenhower supported these recommendations, and after study by a House select committee they were incorporated in legislation (H.R. 7089). After extensive hearings, this bill was passed by the House in July 1955 but was not taken up by the Senate until the next year. The Senate passed the bill in July 1956, with only slight modifications insofar as the OASI provisions were concerned, and it was signed by the President on August 1, as the Servicemen's and Veterans' Survivor Benefits Act (Public Law No. 881, 84th Congress).

Public Assistance

H.R. 7225, as it passed the House, did not contain any public assistance provisions. In 1956, the Administration made a number of recommendations for changes in this program. Some of these provisions were incorporated in the Senate Finance Committee version of the bill, the most important being extension of the 1952 Act matching formulas for Federal grants (see Table 3) to June 1959 and establishment, effective in July 1957, of Federal matching on a 50–50 basis for a separate medical care vendor payment program for each of the public assistance programs (up to an average monthly expenditure of $8 per adult and $4 per child, which was one-third above the Administration recommendation). Not included was a very important recommendation, a reversion to 50–50 matching for OAA where the recipient is an OASI beneficiary (future entrants on the roll only).

A number of amendments were adopted on the floor of the Senate, the most important being an increase in the matching formula for all of the

TABLE 3

MAXIMUM MATCHABLE AMOUNTS AND FEDERAL MATCHING PROPORTIONS FOR PUBLIC ASSISTANCE UNDER VARIOUS LAWS*

Law	Maximum Matchable Individual Payment†	Federal Matching Proportion‡
	Old-Age Assistance, Aid to the Blind, and Aid to the Disabled§	
1935 Act	$30	$\frac{1}{2}$
1939 Act	40	$\frac{1}{2}$
1946 Act	45	$\frac{2}{3}$ of first $15+$\frac{1}{2}$ of remainder
1948 and 1950 Acts	50	$\frac{3}{4}$ of first $20+$\frac{1}{2}$ of remainder
1952 and 1954 Acts	55	$\frac{4}{5}$ of first $25+$\frac{1}{2}$ of remainder
1956 Act	60	$\frac{4}{5}$ of first $30+$\frac{1}{2}$ of remainder
	Aid to Dependent Children	
1935 Act	$18 and $12	$\frac{1}{3}$
1939 Act	18 and 12	$\frac{1}{2}$
1946 Act	24 and 15	$\frac{2}{3}$ of first $ 9+$\frac{1}{2}$ of remainder
1948 and 1950 Acts	27 and 18	$\frac{3}{4}$ of first $12+$\frac{1}{2}$ of remainder
1952 and 1954 Acts	30 and 21	$\frac{4}{5}$ of first $15+$\frac{1}{2}$ of remainder
1956 Act	32 and 23	$\frac{14}{17}$ of first $17+$\frac{1}{2}$ of remainder

* Not applicable to Puerto Rico and the Virgin Islands (included for the first time in 1950 Act) for which 1935 Act provisions apply.

† Per month. For aid to dependent children, first figure is applicable to first child (and beginning with 1950 Act, to one adult in the family), second figure is applicable to all other children.

‡ Dollar figures relate to average matchable payment (averaged over child recipients for 1946 and 1948 Acts, and over child and adult caretaker recipients for later Acts).

§ Aid to the disabled was introduced in the 1950 Act.

public assistance programs except aid to dependent children. The formula was $\frac{5}{6}$ of the first $30 and $\frac{1}{2}$ of the next $35, giving a $5 increase if the amount provided by the State remains the same. The Conference Committee compromised on a lower formula giving a $3 to $4 increase and also increased the Federal matching for aid to dependent children (see Table 3); these changes are effective only for the period October 1956 to June 1959. In addition, the Conference Committee lowered the maximum matchable amounts for the medical care program to $6 for adults and $3 for children.

COVERAGE PROVISIONS OF OASDI SYSTEM

The amendments in 1956 added materially to the coverage of the program by bringing in roughly 3 million members of the uniformed services, 200,000 self-employed professional individuals, 600,000 additional self-employed farmers, and a small number of individuals in other categories. As a result, virtually all gainfully employed persons are covered under the program (or could be covered by election). The major exceptions are self-employed physicians, most policemen and firemen with their own retirement systems, Federal government employees under the Civil Service Retirement system, low-income self-employed persons, and farm and domestic workers with irregular employment. Railroad workers are, in essence, covered under the OASDI program as a result of the provisions for transfer of wage credits for those with less than 10 years of service and as a result of the financial interchange provisions applicable to all railroad employees.

Nonfarm Self-Employed

All nonfarm self-employed persons—both nonprofessional, such as store owners, and professional, such as lawyers and dentists—are covered except doctors of medicine. Earnings are reported annually on the income tax return, with no coverage when such earnings are less than $400 in the year.

Farm Operators

Farmers were first covered in 1955 (by the 1954 Amendments) on the same general basis as other self-employed persons, except for a special simplified reporting option for those with low incomes. The 1956 Amendments broadened the coverage for farmers in two ways. First, income received by the owner of land farmed by another individual which was formerly classified as rentals (and thus not covered) is creditable if the owner materially participated in the farming operation. Second, the simplified reporting basis was extended so that a farmer with gross income of not more than $1,800 a year may, instead of itemizing income and expense, use two-thirds of his gross as earnings for OASDI purposes. Consistent with this, farmers with gross incomes of over $1,800, but net incomes of less than $1,200, may report earnings of $1,200 for OASDI purposes.

Employees of Nonprofit Organizations

The coverage provisions of previous law were retained for employees of nonprofit organizations, so that coverage remains at the option of each employing unit requiring a two-thirds favorable vote of the employees concerned. Once coverage is obtained, however, it is compulsory for new employees.

Ministers

Ministers may, by individual voluntary election, be covered. Their earnings are considered as self-employment income even if they are employees. Such elections must, in general, be made within two years after coverage is first available to the individual as a result of his having at least $400 of income.

Employees of State and Local Governments

Under previous law, employees of state and local governments can be covered at the option of the state and of the employing unit; in addition, where there is an existing retirement system, the employees involved also must vote in favor of coverage (by a majority of those eligible); however, policemen and firemen under an existing retirement system could not be covered under any circumstances. The 1956 Amendments changed this situation so that in a few named states policemen and firemen can be covered in the same fashion as others under retirement systems. In addition, the 1956 Amendments contain a number of special provisions for designated states that facilitate coverage extension to employees under existing retirement systems by making certain subdivisions thereof (with each part being separately considered for coverage).

Employees of Federal Government

The previous law covered virtually all Federal civilian employees not under an existing retirement system. The amendments in 1956 covered members of the uniformed services on a regular contributory basis and also provided for the possibility of OASDI coverage on a coordinated basis for two small existing retirement systems (Tennessee Valley Authority and Federal Home Loan Banks).

Farm Workers

Under previous law, farm employment was covered if cash wages in a year from a particular employer amounted to at least $100. The 1956 Amendments changed this provision by raising the $100 figure to $150 and by adding, as an alternative coverage provision, 20 or more days of employment remunerated on a time basis (rather than a piece-rate basis). Foreign farm workers admitted on a temporary basis are not covered.

Domestic Workers

The 1956 Amendments did not change the coverage provisions for this group, namely cash wages of $50 or more in a quarter from a single employer.

Employment Abroad

The preceding coverage discussion relates to employment in the United States (including Alaska, Hawaii, Puerto Rico, and the Virgin Islands) or on American vessels or airplanes. In addition, United States citizens working for American employers abroad are covered and also, at the option of the employer, United States citizens working for foreign subsidiaries of American companies. The 1956 Amendments made no changes for these categories other than a slightly broader definition of "foreign subsidiaries."

Military Service Wage Credits

The "gratuitous" wage credits of $160 a month for military service after September 15, 1940, are terminated at the end of 1956, since regular contributory coverage begins then. The amendments in 1956 provide for reimbursement of the OASI Trust Fund for the additional benefits paid in the past as a result of these wage credits (reimbursement over a 10-year period in the future), and also such reimbursement to both trust funds for future benefit costs due to such wage credits as these costs arise.

OASDI INSURED STATUS CONDITIONS

There are three kinds of insured status—"fully," "currently," and "disability." The first yields entitlement to all types of benefits (with certain minor exceptions, where the first two kinds must exist); the second gives entitlement to certain survivor benefits; and the third is a partial requirement for the disability freeze and for disability monthly benefits. Insured status is defined in terms of quarters of coverage, either $50 of wages paid in a calendar quarter or $100 of self-employment income credited to that quarter (except as noted hereafter). With certain minor exceptions, covered self-employed individuals are always credited with 4 quarters of coverage each year, as is also the case for persons with wages of $4,200 or more a year. Special rules similar to those for self-employed individuals apply to farm workers, whose coverage depends on an annual, rather than a quarterly, earnings amount.

Fully insured status is achieved if the individual's quarters of coverage number at least half of the quarters elapsing since 1950 (or age 21, if later) and before attainment of the minimum retirement age (65 for men and 62 for women), with minimum and maximum requirements of 6 and 40 quarters of coverage, respectively. An alternative basis for fully insured status was introduced in the 1954 Amendments (primarily for those in the newly covered groups who had attained age 65, or would attain age 65 or die within the next few years). This alternative was modified in the 1956 Amendments to give the same advantages to those newly covered in 1956. Under this provision, an individual is fully insured if he has quarters of coverage *after 1954* at least equal to the number of quarters *elapsing after 1955* up to, but not including, the quarter of attainment of retirement age (or death, if earlier) and has at least 6 such quarters of coverage. This alternative will be operative only for persons reaching retirement age after June 1954 and before October 1960, or dying after March 1956 and before October 1960; those who attained retirement age before July 1954, by obtaining 6 quarters of coverage at any time, meet the "regular" requirements.

Currently insured status is achieved by having 6 quarters of coverage in the 13-quarter period ending with the quarter of death, attainment of minimum retirement age, or actual retirement. Disability insured status is achieved by having 20 quarters of coverage in the 40-quarter period ending with the quarter of disablement. Periods of permanent and total disability for individuals who have both currently insured status and disability insured status do not "count against" the individual in measuring the elapsed period for any of the insured status categories (the "disability freeze" provision).

OASDI BENEFICIARY CATEGORIES

Men are eligible for an old-age insurance benefit at age 65 and women at age 62 if fully insured. The amount of this benefit is 100% of the primary insurance amount (defined later) except in the case of a woman worker first claiming benefit before age 65. The 1956 Amendments, in permitting retirement of women before age 65 (which had been the minimum eligibility age since the system was started two decades ago), provide for a reduction in the benefit of $\frac{5}{9}$% for each month below age 65 at time of retirement. Thus, a woman retiring at exact age 62 receives a 20% lifetime reduction, which closely approximates an "actuarial equivalent" basis. Payments are made only after an individual files a claim (for as much as 12 months retroactively, if then eligible) and is in effect substantially retired (retirement test provisions described hereafter).

If the retired individual has a wife aged 65 or over (or, regardless of her age, if she has a child under age 18 in her care, or a child of any age who has been permanently and totally disabled since before age 18), an additional benefit of 50% is payable, with a similar addition for each eligible child. Further, as a result of the 1956 Amendments, a wife between age 62 and 65 without an eligible child can elect to receive reduced benefits. These are based on a reduction factor of $\frac{25}{36}$% for each month under age 65 at time of claiming benefit, which reduction continues during the joint lifetime of the couple. Thus, a wife claiming benefit at exact age 62 has a 25% reduction—somewhat less than the approximately 30% needed on an "actuarial equivalent" basis (a larger reduction than for the woman worker being required because it applies during the shorter joint lifetime with the spouse, as compared with the single lifetime of the woman worker). Husband's benefits are payable in respect to a retired female worker if he is aged 65 or over and has been chiefly dependent on her and if she was currently insured at time of retirement.

An individual is eligible for disability insurance benefits if (*a*) he is permanently and totally disabled and has been so disabled for at least 6 months, (*b*) he is aged 50–64, and (*c*) he has fully, currently, and disability insured status. By total and permanent disability is meant inability to engage in any substantial gainful activity by reason of a medically determinable impairment that can be expected to be of long continued and indefinite duration. It should be noted that the waiting period of 6 consecutive months of disability is not a presumptive period which, if satisfied, would "prove" the existence of a qualifying permanent disability. The determinations of disability are to be made by state agencies (generally the vocational rehabilitation unit) with review by the Social Security Administration (which may reverse the finding of disability but may not reverse a denial of the existence of disability except on a direct appeal of the individual). The determination of continuance of disability is to be made by the Social Security Administration.

The disability benefit is reduced by the amount of any other Federal disability benefit or by any workmen's compensation payment. Individuals must, in general, undertake vocational rehabilitation training; during the first year thereof benefits will be paid regardless of earnings. With this exception, there is no permitted amount of earnings as there is for retired workers and for dependent and survivor beneficiaries (retirement test). Rather a disability beneficiary might have small earnings and still continue to receive benefits so long as he is considered not able to engage in any substantial gainful activity. The disability benefits terminate at age 65, and the beneficiary goes on the old-age benefit roll. No supplementary benefits for dependents are payable in respect to disability beneficiaries.

Widow's benefits are payable at age 62 if the deceased husband was fully insured (including deaths after retirement). Parallel benefits are also payable with respect to dependent widowers aged 65 or over. The benefit is 75% of the primary insurance amount. When a fully insured worker dies leaving no spouse or eligible child, parent's benefits are payable (upon attainment of age 65 for men and 62 for women) to parents who have been dependent upon such individual; the benefit is 75% of the primary insurance amount for each parent.

When a fully or currently insured individual dies leaving a child under age 18, or regardless of age if permanently and totally disabled since before age 18, benefits are payable to such child and to the widowed mother while an eligible child is present. These child survivor benefits are also payable in respect to the death of an insured female worker where dependency of the child is provable and, in any event, in all cases where such woman was currently insured. The benefits, in effect, are 75% of the primary insurance amount for the widowed mother and 75% for the first child, and an additional 50% for each other child.

In all cases of death of a fully or currently insured individual, a lump-sum death payment of three times the primary insurance amount is payable. This payment, however, may not exceed $255, the maximum amount available under the 1952 Act. The lump sum is payable in full to a surviving spouse but in other cases may not exceed the actual burial costs. This benefit must be claimed, in general, within two years of death.

Certain limitations apply to the above benefit amounts. No individual can receive the full amount of more than one type of monthly benefit. For instance, if a woman has an old-age benefit in her own right and a wife's or widow's benefit from her husband's earnings, then in effect only the larger of the two benefits may be received. In addition, there are certain minimum and maximum benefit provisions (described subsequently). Also, as a result of the 1956 Amendments, certain restrictions on payment of benefits may apply in the case of persons convicted of crimes affecting the security of the nation.

Special problems arise in connection with the availability of actuarially reduced benefits for women workers and wives claiming benefits before age 65. One such problem is in the case of benefits being suspended because of the retirement test before the woman reaches age 65. In that case, if there are at least three such months of suspension, the benefit is recomputed at age 65 with a new reduction factor based on the initial age at claiming benefits, increased by the number of months of suspension.

Another problem arises when a woman is eligible both for old-age benefits based on her own wage record and for a wife's benefits. It is provided that if a woman applies for one of these benefits, she will also be considered to be applying for the other, so that the possibility of taking a reduced benefit to age 65 in such cases and then changing over to a full-rate benefit of the other type is prevented. This, of course, does not apply in the case where a reduced wife's benefit is payable and the woman then becomes widowed, since under such circumstances (and, in fact, always) full-rate widow's benefits are payable.

Next, consider the case when a woman claims a reduced old-age benefit and is not then eligible for a wife's benefit but later becomes so eligible (whether before or after age 65). The reduction in the old-age benefit is charged against the wife's benefit and, in addition, the wife's benefit is reduced by an amount based on the excess of the full-rate wife's benefit over the full-rate old-age benefit and on her age at becoming entitled to the wife's benefit. Conversely, if eligibility for the wife's benefit precedes that for the old-age benefit, the same procedure is followed, so that at least the initial reduction is carried forward.

OASDI BENEFIT AMOUNTS

The primary insurance amount, from which all benefits are determined, is based on the average wage of the insured individual.

Average Monthly Wage

The concept of average monthly wage used in the OASDI program is, in essence, that computed over the entire potential period of coverage, but with certain periods of low earnings being disregarded. In general, the average is computed in most cases from the beginning of 1951 (or age 22, if later) to the date of death, attainment of retirement age, or later retirement, whichever is applicable and produces the more favorable result. In computing this average, however, 5 calendar years may be dropped from both numerator and denominator (whichever years' omission will produce the highest average wage). In addition, under the "disability freeze" provision, periods of disability may be eliminated; such disability must be of at least 6 months' duration, and the disabled worker must have both currently insured status and disability insured status. Also, the average wage may be computed back to the beginning of 1937 on this same basis if a larger benefit will result.

The "drop-out" provision added by the 1954 Act permitted the omission of 5 years of low earnings for those with at least 20 quarters of coverage, and 4 years in other cases. Under the 1956 Amendments, a 5-year drop-out is given to all. This was done so as to eliminate the handicap of years of "zero" earnings that would otherwise exist for groups newly covered, and at the same time to give some advantage to those already covered.

The following table is used when the average wage is computed back to 1937:

Benefit Computed under Method of 1939 Act	Primary Insurance Amount
$10.00	$30.00
15.00	40.00
20.00	47.00
25.00	57.40
30.00	66.30
35.00	73.90
40.00	81.10
45.00*	88.50

* Maximum possible is $45.60 (which produces same primary insurance amount as $45.00).

In certain cases where the new benefit formula combined with the dropout provision produces an increase of less than $5 over the benefit that would have been payable under the 1952 Act, that method of computation is used (but with the $5 increase). In most future benefit determinations, the benefit formula of the 1954 Act will be more advantageous (in the first half of 1955, 65% were so computed).

Benefit Formula

The 1954 Act benefit formula may be used by all individuals with 6 quarters of coverage after June 1953, and in certain other instances. This formula is 55% of the first $110 of average monthly wage, plus 20% of the next $240 thereof (reflecting the $4,200 wage base). The minimum primary insurance amount, before reduction for early retirement of women workers claiming benefits before age 65, is $30 a month.

Minimum and Maximum Family Benefits

The minimum family benefit for survivors (applicable only when there is one such survivor) is $30. The maximum family benefit is the smaller of $200 or 80% of average monthly wage. The 80% maximum, however, may not reduce benefits below $50 or 150% of the primary insurance amount, whichever is larger; thus, because of the latter provisions, full benefits are paid in all cases where there are only two beneficiaries.

Table 4 shows illustrative monthly benefits for various categories, giving consideration to the applicable benefit proportions, the minimum and maximum benefit provisions, and the reductions for women workers and wives claiming benefits before age 65.

OASI RETIREMENT TEST

Benefits both for retired workers and their dependents and for survivors are, in general, not paid when the beneficiary is engaged in substantial employment, nor to dependents of a worker engaged in substantial employment. This provision is termed the "retirement test"—to some extent, a misnomer in regard to young beneficiaries.[1] Benefits are payable

TABLE 4

ILLUSTRATIVE MONTHLY BENEFITS UNDER OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM FOR VARIOUS FAMILY CATEGORIES BASED ON "NEW START" FORMULA

(All figures rounded to nearest dollar)

Average Monthly Wage	Retired Worker Alone		Retired Worker and Wife		Retired Worker, Wife, and 1 Child‡
	Aged 65 or over at Retirement*	Woman Retiring at Age 62	Wife Aged 65 or over at Retirement†	Wife Aged 62 at Retirement	
$ 50	$ 30	$ 24	$ 45	$ 41	$ 50
100	55	44	83	76	83
150	69	55	103	94	120
200	79	63	118	108	157
250	89	71	133	122	177
300	99	79	148	135	197
350	109	87	163	149	200
	Widow Aged 62 or over§	Widow and 1 Child‖	Widow and 2 Children	Widow and 3 or More Children	2 Children Alone
$ 50	$ 30	$ 45	$ 50	$ 50	$ 38
100	41	83	83	83	69
150	51	103	120	120	86
200	59	118	157	160	98
250	66	133	177	200	111
300	74	148	197	200	123
350	81	163	200	200	136

* Also applies to disability beneficiary aged 50–64.

† Also applies to worker and dependent husband aged 65 or over, and to worker and 1 child.

‡ Also applies to worker and 2 children, or to worker, dependent husband aged 65 or over, and 1 child.

§ Also applies to aged dependent parent (65 or over for men and 62 or over for women), or to 1 child alone.

‖ Also applies to 2 aged dependent parents.

for all months in a year if the annual earnings from all types of employment are $1,200 or less. If earnings exceed $1,200, one month's benefit may be withheld for each $80 excess unit (counting a remainder of less

[1] For more complete details as to the history, philosophy, and basis of the retirement test, see "Old-Age and Survivors Insurance: Retirement Test under the 1954 Amendments," Robert J. Myers, *Social Security Bulletin*, December 1954.

than $80 as a full unit). In no event are benefits withheld for a month in which the individual has wages of $80 or less and does not render substantial self-employment services. Moreover, the retirement test is not applicable at all after the individual reaches age 72.

PAYMENT OF OASDI BENEFITS ABROAD

Under previous law, benefits were generally always payable to individuals residing outside of the United States—regardless of citizenship and regardless of whether the individual had ever been in the United States (*e.g.*, a survivor beneficiary who had been supported by an alien working in the United States, but who had never joined him in this country). The only exceptions were in the case of deported persons, whose rights were terminated until they were subsequently lawfully admitted (added by the 1954 Amendments), and persons residing in certain countries where there is no reasonable assurance that checks can be delivered or cashed at full value, in which case the benefits are withheld but are credited to the individual and can subsequently be claimed if conditions change.

The 1956 Amendments place restrictions on the payment of benefits to aliens residing outside the United States. For those in this category coming on the roll in the future, benefits will be payable only if the insured worker had 40 or more quarters of coverage or had resided in the United States for 10 or more years, or if the country of which he is a citizen has a reciprocity treaty with the United States or has a general social insurance or pension system that will continue full benefits to United States citizens while outside of that foreign country. If none of these conditions are met, benefits are, however, continued during the first 6 consecutive months of absence from the United States but are thereafter suspended. As an example of how this operates, benefits will no longer be payable to Canadian citizens, living in Canada after 6 continuous months of absence from the United States, unless they meet the 40-quarters-of-coverage or 10-years-of-residence requirement (since the Canadian old-age pension plan does not pay benefits for an extended duration for those residing abroad, regardless of citizenship). It may be noted, however, that if such a Canadian beneficiary returns to the United States for a short period every 6 months, he will continue to receive benefits without interruption.

ACTUARIAL COST ESTIMATES FOR OASDI SYSTEM[2]

Table 5 presents the estimated benefit costs in selected future years as a percentage of payroll for each of the different benefit categories. The

[2] For more complete details on these estimates, see Item I-5 of the bibliography.

level-premium cost varies from 7.0% to 9.1%, while the range for the ultimate costs is, of course, higher, namely 8.3% to 12.6%.

In preparing the disability cost estimates, the great uncertainty in estimating for this type of benefit was recognized and a considerable range was produced. Such range is not necessarily the lower or upper limits with-

TABLE 5

ESTIMATED RELATIVE COSTS OF OLD-AGE, SURVIVORS, AND DISABILITY BENEFITS IN PERCENTAGE OF TAXABLE PAYROLL*
BY TYPE OF BENEFIT

TYPE OF BENEFIT	CALENDAR YEAR 1960	CALENDAR YEAR 1980	CALENDAR YEAR 2020	LEVEL-PREMIUM†
	Low-Cost Estimate			
Old-Age	2.43	4.30	5.45	4.36
Wife‡	.36	.42	.43	.40
Widow‡	.62	1.38	1.34	1.22
Parent	.01	.01	.01	.01
Mother	.14	.16	.15	.15
Child	.39	.42	.40	.40
Lump-Sum Death	.09	.12	.14	.12
Disability Freeze	.04	.07	.08	.07
Disability (monthly)	.20	.29	.28	.27
Total	4.28	7.17	8.28	7.00
	High-Cost Estimate			
Old-Age	2.85	5.20	8.87	5.88
Wife‡	.40	.47	.62	.50
Widow‡	.65	1.49	1.70	1.38
Parent	.01	.02	.02	.02
Mother	.18	.18	.15	.16
Child	.41	.40	.33	.37
Lump-Sum Death	.09	.13	.17	.13
Disability Freeze	.04	.08	.12	.08
Disability (monthly)	.43	.57	.60	.57
Total	5.06	8.54	12.58	9.09

* Taking into account lower contribution rate for self-employed as compared with employer-employee rate.

† At 2.6 percent interest. Level-premium contribution rate for benefit payments after 1955 and in perpetuity, not taking into account (*a*) existing trust fund and (*b*) administrative expenses. These level-premium rates assume that benefits and payrolls remain level after the year 2050.

‡ Includes husband's and widower's benefits, respectively.

in which actual experience may fall. The assumptions used for the disability cost estimates are as follows:

a) *Low-Cost.*—Disability incidence rates for men are about 45% of Class 3 rates (modified for a 6 months waiting period). Incidence rates for women are 50% higher. Termination rates are German social-insurance experience for 1924–27, which is the best available experience as to relatively low disability termination rates.

b) *High-Cost.*—Disability incidence rates for men are 90% of the 165% modification of Class 3 rates. Incidence rates for women are double those for men. Termination rates are Class 3 rates.

The incidence rates used for both estimates incorporate a 10% reduction factor to allow for the fact that, unlike the general definition in insurance company policies, total disability is not presumed to be permanent after 6 months' duration, but rather must be so proven then.

It will be noted that the low-cost estimate includes low incidence rates (which taken by themselves produce low costs) and also low termination rates (which taken by themselves produce higher costs, but which are felt to be necessary since, with low incidence rates—meaning only severely disabled beneficiaries—there would tend to be low termination rates because there would be few recoveries). On the other hand, the high-cost estimate contains high incidence rates, which are somewhat offset by high termination rates.

The resulting estimated level-premium costs for the disability benefits range from .27% to .57%. It might be noted that if there were no age 50 limitation, these costs would be 50% to 60% higher. Further, it should be noted that the cost estimates assume that there will be tight administration and that economic conditions will be favorable so that there will be general high employment.

Table 6 gives the estimated progress of the OASI trust fund for the low-cost and high-cost estimates, while Table 7 similarly deals with the Disability Insurance Trust Fund. The latter is projected for only the next 20 years since, according to the estimates, the disability benefit load relative to payroll levels off by then. On the other hand, maturity does not come to the OASI program until at least 60 years hence.

According to the low-cost estimate, the OASI Trust Fund will grow rapidly and in the year 2000 will be over $190 billion. On the other hand, under the high-cost estimate, the OASI Trust Fund builds up to a maximum of $45 billion in about 25 years but decreases thereafter until it is exhausted shortly after the year 2000. It is unlikely that either of these two situations could develop, because the Congress would no doubt take appropriate action to prevent it. Thus, if experience followed the low-cost estimate, the tax rates would probably be held below the schedule (or benefits would be liberalized). On the other hand, if experience followed the high-cost estimates, the contribution rates would likely be raised above those now scheduled.

According to the low-cost estimate, the Disability Insurance Trust Fund grows steadily for the next 20 years, reaching $12 billion. On the

TABLE 6

ESTIMATED PROGRESS OF OASI TRUST FUND, LOW-COST AND HIGH-COST ESTIMATES

(In Millions)

Calendar Year	Contributions	Benefit Payments	Administrative Expenses	Interest on Fund*	Balance in Fund
	Low-Cost Estimate				
1960	$ 9,055	$ 7,639	$140	$ 676	$ 27,333
1970	14,389	11,867	157	1,227	49,594
1980	18,614	15,987	186	2,368	94,667
1990	20,278	19,322	215	3,508	138,818
2000	22,519	20,550	232	4,850	192,242
2020	26,455	26,394	287	9,372	369,722
	High-Cost Estimate				
1960	$ 8,976	$ 8,589	$177	$ 619	$ 24,524
1970	14,241	13,418	206	728	29,030
1980	18,138	18,017	248	1,109	43,692
1990	19,027	21,978	285	952	35,942
2000	20,299	23,906	308	134	3,346
2020	21,013	31,489	371	†	†

* Based on a 2.6% interest rate.
† Fund exhausted in 2001.

other hand, under the high-cost estimate, the fund grows for only a few years—to a little over $1 billion—and then declines until it is exhausted in 1975.

Table 8 gives data on the actual progress of the OASI Trust Fund in the past and intermediate-cost estimates for the future for both trust funds. Since, according to this estimate, the system is close to being in balance, the trust funds grow steadily over the periods shown. The OASI Trust Fund reaches a peak of about $120 billion in 60 years and then declines. The Disability Insurance Trust Fund grows steadily to $6 billion by 1975 (and would continue to increase thereafter if the figures had been carried further). This latter fund shows a small favorable actuarial balance because the contribution rate allocated to it is slightly in excess of the estimated benefit cost, according to the intermediate estimate. This actuarial "surplus," however, is no more than a moderate safety factor, considering the variability of disability benefit cost estimates. It will, of course, be a

TABLE 7

ESTIMATED PROGRESS OF DISABILITY INSURANCE TRUST FUND
LOW-COST AND HIGH-COST ESTIMATES
(In Millions)

Calendar Year	Contributions	Benefit Payments	Administrative Expenses	Interest on Fund*	Balance in Fund
	Low-Cost Estimate				
1957	$ 724	$ 73	$14	$ 8	$ 645
1958	902	239	18	25	1,315
1959	910	306	21	42	1,940
1960	918	375	25	57	2,515
1965	972	483	19	133	5,468
1970	1,036	572	23	213	8,633
1975	1,094	644	25	302	12,119
	High-Cost Estimate				
1957	$ 718	$ 160	$30	$ 7	$ 535
1958	894	520	40	18	887
1959	901	657	45	26	1,112
1960	908	796	52	30	1,202
1965	959	989	39	33	1,278
1970	1,023	1,136	46	22	804
1975	1,078	1,255	50	†	†

* Based on a 2.6% interest rate.
† Fund exhausted in 1975.

number of years before we will know what the disability benefit costs really are. There have been those who believe even the high-cost estimates are too low, while there are others who believe that the low-cost estimates are the most valid. The future will certainly cast some light on this very uncertain matter.

OASDI FINANCING PROVISIONS

The contribution or tax schedule for OASI alone was left unchanged in the 1956 Amendments, but an additional ½ percent was added to the combined employer-employee rate (and ⅜ percent to the self-employed rate) in all future years to finance the disability benefits. In fact, there was established a separate Disability Insurance Trust Fund, in which these additional contributions are deposited and from which are distributed the benefit payments and applicable administrative expenses. The concept of two separate trust funds was developed to answer the argument that disability benefit costs might bankrupt the OASI system.

TABLE 8

ACTUAL AND ESTIMATED PROGRESS OF OASI AND DISABILITY INSURANCE TRUST FUNDS INTERMEDIATE-COST ESTIMATE

(In Millions)

Calendar Year	Contributions	Benefit Payments	Administrative Expenses	Interest on Fund*	Balance in Fund
	Actual Data†				
1951	$ 3,520	$ 2,069	$ 85	$ 432	$ 16,034
1952	3,974	2,395	92	379	17,900
1953	4,099	3,245	91	421	19,084
1954	5,336	3,940	96	476	20,860
1955	5,913	5,290	123	466	21,826
	Old-Age and Survivors Insurance Trust Fund				
1956	$ 6,747	$ 6,068	$132	$ 533	$ 22,906
1957	7,259	6,829	149	599	23,786
1960	9,016	8,113	159	648	25,929
1970	14,315	12,642	182	977	39,317
1980	18,376	17,002	217	1,739	69,184
2000	21,409	22,228	270	2,492	97,802
2020	23,734	28,940	330	2,868	110,410
	Disability Insurance Trust Fund				
1957	$ 721	$ 116	$ 21	$ 8	$ 592
1958	898	379	29	22	1,104
1959	905	482	33	34	1,528
1960	913	586	38	43	1,860
1965	966	735	29	83	3,380
1970	1,030	854	34	118	4,729
1975	1,086	949	39	151	5,995

* Based on a 2.6% interest rate.

† Including effect of financial interchange provisions with railroad retirement system. Consequently, actual data for 1954–55 is partially estimated as to this element.

Accordingly, the total contribution rates for the OASDI system are as follows:

Calendar Year	Employee Rate (same for employer)	Self-employed Rate
1957–59	$2\frac{1}{4}$%	$3\frac{3}{8}$%
1960–64	$2\frac{3}{4}$	$4\frac{1}{8}$
1965–69	$3\frac{1}{4}$	$4\frac{7}{8}$
1970–74	$3\frac{3}{4}$	$5\frac{5}{8}$
1975 and after	$4\frac{1}{4}$	$6\frac{3}{8}$

These rates apply to the first $4,200 of earnings in a year.

Congress, in the 1950 Act and later, has consistently enunciated the principle that the program should be self-supporting from the contributions of the covered workers and their employers, according to the intermediate-cost estimates. Of course, it would only be by coincidence that an exact balance would be shown. Generally, there has been a small deficiency as between the level-premium cost of the benefits and the level-premium equivalent of the contribution, as indicated in the accompanying table.

Level-Premium Equivalent	1954 Act		1956 Amendments	
	Original Estimate	Revised Estimate	Old-Age and Survivor Benefits	Disability Benefits
Benefit costs*	7.77%	7.45%	7.43%	0.42%
Contributions	7.29	7.29	7.23	.49
Net difference†	.48%	.16%	.20%	− .07%

* Including adjustments (*a*) to reflect lower contribution rate for self-employed as compared with employer-employee rate, (*b*) for existing trust fund, and (*c*) for administrative expenses.

† A positive figure indicates the extent of lack of actuarial balance. A negative figure indicates more than sufficient financing (according to the estimate).

The deficiency shown in the original estimate for the 1954 Act was substantially reduced in the revised estimate. The only difference in assumptions was taking into account the rise in earnings level since 1951–52.

In the OASI portion of the system, the lack of actuarial balance is .20% of payroll, or somewhat greater than in the latest estimate for the 1954 Act. On the other hand, the Disability Insurance Trust Fund shows a slight surplus, according to this intermediate-cost estimate. Considering the OASDI system as a whole, there is a lack of actuarial balance of only

.13% of payroll, or slightly less than under the 1954 Act. The reason for this is that the increases in cost involved in the amendments to the OASI system are, to a large extent, offset by changes resulting in reduced costs.

Increased costs arise primarily from lowering the minimum eligibility age for widows to 62 (an increased cost of .19% on a level-premium basis), with the remaining cost items being the disabled child's benefits (cost of .01%) and reducing the minimum eligibility age for women workers and wives (cost of .03%). The small cost of the latter item arises for two reasons—the reduction factor for wives is not as large as it would be if it were truly on an "actuarial equivalent" basis, and the use of age 62 as the termination point for determining eligibility and average wage for women workers results, in some cases, in slightly higher benefits.

The elements resulting in decreased costs are the extensions of coverage, primarily to the uniformed services (reduction in cost of .11% of payroll) and the revised interest basis for trust fund investments (reduction of .14%). Under previous law, special issues (which make up the vast bulk of the trust fund) bear an interest rate based on the average for the entire public debt, with such average always being rounded down to the next lower $\frac{1}{8}$%. Under the 1956 Amendments this interest rate is based on the long-term (over 5 years' maturity) marketable public debt, with rounding of such average to the nearest $\frac{1}{8}$%. It is estimated that over the long run this will increase the average interest rate of the trust fund investments by about .2%. Accordingly, the cost estimates for the 1956 Amendments use a 2.6% interest rate, as contrasted with the 2.4% rate used for the 1954 Act.

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DISCUSSION OF PRECEDING PAPER

W. RULON WILLIAMSON:

Mr. Myers' current paper, the most recent in a long series of carefully prepared reports on that many-sided, puzzling institution—Social Security—carries as usual a tremendous amount of information in condensed form, including a skeleton summary of previous amendments.

I have been on a long safari, seeking the traces of the steps in the evolution of our "welfare" thinking. I am now combing the extensive writings on 300 years of British Poor Law administration, 1601–1909, to throw more light on the last 50 years' expansion of what Hilaire Belloc calls Britain's "Servile State" (rather close that to Roscoe Pound's "Service State," in *sound*). That search is in midcourse, and so is the development of the "Servile States," there and here. On neither side of the water do we yet seem to have reversed the growth of a body of doctrine, embracing the following dogmas:

1. The individual's right to an *adequate* level of support from *Government* in his dependency.
2. The individual's right to a sense of dignity in his dependent state.
3. The Government's right to perpetuate, by institutionalizing the improvised reaction to an emergency, the nonuniversality of that emergency and its temporary expediency.
4. The individual's right to "more and more" as the increasing price of the same work.
5. The belief that one only goes *up*.
6. The conviction that Government will always find more sources for the subsidies to meet the incessant demands of the dependents.
7. The Government's wisdom in disguising the camels' heads, as they push under the tent-flap, postponing recognition until the full entrance shall have been effected.

Illustrations of the "more and more" items and disguised "camels' heads" in recent Federal legislation include:

1. Another step in the direction of socialized medicine, in the new category of vendor's payments for medical costs.
2. More of the "upping" of benefits through further elaboration of the *drop-out*.
3. More of the self-employment categories at but 75% of the tax rate imposed on worker's wages.
4. The supplementation of the "upping of benefits" already achieved through the disability freeze by earlier payment of benefits for earlier quitting before

65, both by women and by the disabled, and the precedent thus set for increasing payments for deferment of benefit-taking to beyond age 65.

5. Larger Federal sharing in Public Assistance, in addition to the new category for socialized medicine.
6. Stressing extra benefits in the fringe benefit structure to both civilian and military employees of the Federal Government, where early retirement and the high rates of benefit now set OASDI the example of early retirement, where men of long service are told they can hardly afford to work for the pittance now available to them beyond retirement pay and helped to understand the ease of qualifying also for top OASDI benefits under covered jobs.