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The effects of the Social Security Act upon the status of the Negro

Frank G. Davis
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THE EFFECTS OF THE SOCIAL SECURITY ACT
UPON THE STATUS OF THE NEGRO

by

Frank G. Davis

Dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, in the Department of Economics, in the Graduate College of the State University of Iowa.

June, 1939

"Our greatest failure is inability to earn a decent living...As a people we are on the narrow ridge of economic survival and we know it. We are the surplus laborer without security of job or certainty of relief." --DuBois.--Conference on the Economic Status of Negroes, 1933.

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While the study has been under the sponsorship of Dr. Walter L. Daykin, Assistant Professor of Labor Economics, State University of Iowa, the statements and conclusions of the author are entirely his own and do not necessarily reflect the opinions or attitudes of the sponsor or the University.

F. G. D.

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Preface

Various economic and sociological factors have long operated in this country against the assimilation of the Negro into those movements designed to promote the general welfare. Easy acquisition of land made possible by the Homestead laws was not effective for the Negro. Thus, it has always been difficult for the Negro to acquire wealth, or to pass from the status of laborer or tenant to that of independent farmer or business man. The increasing industrialization and urbanization of the country has tended to favor the formation of an industrial or labor reserve composed of unskilled Negro laborers and farmers. Hence, from the point of view of the Negroes themselves there has always been a problem of occupational mobility and limited economic opportunities. In spite of this the Negro's philosophy as expressed by his leaders has been essentially individualistic.

This study is concerned with the enactment of a social security program, and especially with the effectiveness of this program for the Negro as an important element in the national economy and an important group in the general population. Such a study is needed as a basis for any intelligent guidance or assistance in furtherance of a program of progressive social legislation. However, it

must be recognized that broad generalizations concerning the Negro and the Social Security Program, are not applicable in all situations, as a result of the great diversification among the States in the matter of industrial development, types of occupations and industries, and the legal and civil liberties accorded the Negro. Whereas, Federal laws apply alike to all the States, there is variation in the forces of tradition as to individual States with reference to the Negro. Thus, it is not at all likely that any economic generalization concerning the Negro will approach even approximately one hundred percent accuracy.

This study deals with the Negro in terms of the income security afforded by the Social Security Act, and the main thesis to be defended is that the Negro, by virtue of his peculiar industrial position, is chiefly amenable to the welfare provisions of the Act rather than the insurance provisions. This point of view is held in sharp contrast to the commonly accepted view of Negro leadership, namely, that the Social Security Act is inadequate because it exempts "an estimated 2,000,000 colored persons in agriculture and 1,500,000 in domestic service." It is claimed that these Negroes would be benefitted by an extension in the Social Security system to cover these two classes of

workers.¹ The writer takes the position that the presence of four-fifths of the Negroes in Agriculture, as tenants with an annual family income of \$105, and the continuance of the relatively low financial returns in agriculture, together with its tendency toward mechanization, there is no adequate economic basis for an insurance scheme in this field. To be effective, the present requirements that benefit payments are to be tied to past earnings would have to be changed. This same situation applies to Negro domestic workers who work for \$3 or \$4 per week.

This work defends the general position that the present industrial status of the Negro is not amenable to the insurance provisions of the Social Security Act. Without substantial liberalization of the insurance features, the Negro worker stands to be chiefly accountable to the welfare provisions, for any substantial security.

1. This argument was advanced by Charles H. Houston when representing the National Association For the Advancement of Colored People, before the House Ways and Means Committee during the hearings on the Social Security Act in the 74th Congress. During the present session of Congress, this same argument was advanced by John P. Davis, Secretary of the National Negro Congress. However, the House Ways and Means Committee has decided unanimously not to widen the Social Security Act so as to include agricultural and domestic workers. For details see: Hearings before the Committee on Ways and Means of the 74th and recent Congress.

PART I
THE BACKGROUND

CHAPTER I

OBJECTIVES AND METHODS

To the average Negro who is now employed in a covered industry and gets his meager living in the form of a pay envelope, the phrase "Social Security" has probably meant registration, the receipt of an account number, a tax on his pay envelope, and undoubtedly a feeling of bewilderment as to how much security he will have when confronted with the hazard of unemployment and old age. This simple view, however, is not shared by the large number of unemployed Negroes who are now on relief and experiencing no end of difficulty in their search for employment. Besides constituting a larger proportion of the unemployed and relief recipients, the unemployed Negro is confronted with additional barriers of race and occupational immobility when it comes to re-employment. It is this situation which raises the question of the effect of the Social Security Act on the status of the Negro.

When one passes from the complicated but still relatively less urgent problem of the individual unskilled Negro who, even at low wages, is now employed at least for the time-being, and come to consider the broader and more urgent problem of the unemployed and underemployed Negro workers as a whole, the need for an investigation of the effect of a so-called security program is clearly apparent.

It is only in the light of such investigation that an honest attempt can be made to deal with the question of economic insecurity which remains unsolved until definite provision has been made for all elements within our population.

It is increasingly important, not only that the status of workers in general be improved, but ^{also that} ~~the~~ utmost care ~~must~~ be exercised to ascertain if all workers are equally amenable to our methods and programs. The improvement of the economic status of all workers must be approached in terms of the peculiar customs, habits and institutions, surrounding their economic life.

Therefore, the purpose of this study is not merely to present important information as to the Negro and his relationship with the Social Security program, but to analyze the economic and institutional factors which determine or influence the Negro's status in relation to the act. The period covered is from 1935 to 1938, with emphasis upon income security.

Perhaps the purpose of this investigation may best be indicated by some of the specific questions to be considered:

1. The extent to which the occupational distribution of Negroes as a function of institutional and economic forces forestall sufficient employment and industrial mobility to adequately fulfill

the conditions of insurance under a social insurance scheme.

2. The extent and nature of the greatest sources of security payments to Negroes and how these payments affect their status.
3. The relationship between the basic philosophy of the Act and the administrative policies and conditions discovered in connection with Negro workers.
4. The situation with respect to federal, state, and local responsibility in social security administration under the Act.
5. The need for readjustment and modification of federal and state relationship, and administrative policy required for the improvement of the economic status of Negroes under the Act.

The scope of this study is not limited to Negro workers who are employed in covered industries only, but includes all Negro labor, regardless of type of industry in which he is engaged. However, since the bulk of the Negroes are in the South, it is only natural that the setting of the study must likewise be ^{largely} in the South. However, the conclusions reached will be amply valid for the Negro in the country as a whole.

Methods

An endeavor has been made to follow inductive methods of study wherever practicable. The aim of the writer is not to discredit nor praise the Social Security Act and its relation to the Negro. Rather, the aim is to elucidate the way in which the various phases of the Act affect in actual practice the industrial position of the Negro worker. Data ^{are} presented to show the reason for success or failure of the objectives of the Act so far as the Negro worker is concerned and to present on the basis of factual data a sound understanding of the factors involved.

The study consists of three parts. Part one, Chapter II and III, is an analysis of the problem of the economic status of Negroes. This part is based upon statistical sources, such as the Bureau of the Census; Federal Emergency Relief Administration, Works Progress Administration; Division of Economic Research, U. S. Department of Commerce; Bureau of Agricultural Economics, Department of Agriculture; Bureau of Labor Statistics, U. S. Department of Labor.

From the census data, the writer obtained material on the occupational distribution and changes of Negro labor; from the Federal Emergency Relief Administration and Works Progress Administration, data was obtained on relief and unemployment; from the Division of Economic research, U. S.

Department of Commerce, data were obtained on the changes, distribution, and allocation of income by types of industries and classes of individuals; from the Bureau of Labor Statistics and the Bureau of Agriculture, data were obtained on individual and family income, and technological and production changes within agriculture and other industries.

In Chapter IV, Part I, an attempt is made to set forth the basic philosophy underlying the social security program; the objectives aimed at in the various phases of the program; and the actual methods and procedures through which these ends are sought. This was deemed necessary as a preliminary to an evaluation of the reasons for success or failure where the Negro is concerned in so far as available techniques of economic analysis permit.

Part II consists of an analysis of the effect of the Act on the Status of the Negro. In Chapter V the problem of Negro coverage is discussed. The nominal coverage is analyzed so as to reveal the actual number of Negro workers who are eligible for Old-Age insurance benefits on the basis of their contributions. A comparative analysis is made of the status of the Negro in covered and exempted employments with a view to determining the need and possibility of the Negro's shifting between insured and uninsured pursuits.

In Chapters VI, VII, and VIII an analysis of the effect of each phase of the Act is made in terms of

factors which seem to have direct bearing upon the problem, namely, (1) the nature and duration of Negro employment and unemployment; (2) the wage structure of the Negro gainfully employed; (3) the extent of benefits; (4) the age structure of the Negro workers; (5) Negro work-life expectancy and old age benefits; (6) the extent and availability of old age assistance and other welfare aids, (7) the relation of the administrative organization to the problem of the Negro, and (8) the advantage to the Negro of having a greater degree of coordination of the various types of insurance.

Finally, Part III consists of conclusions and recommendations as to the various provisions of the Act. Consideration is given to the relation of the Negro to the administrative organization and the advantages to the Negro of greater Federalization.

The meagerness of the Negro in a program of social security as well as the program itself, made it necessary to use a variety of sources of data. However, aside from personal investigation and statistics, the main sources of data were surveys of State agencies in the administration of social security, annual and published reports of the Social Security Board, State laws for unemployment insurance and public assistance, and personal interviews and correspondence.

CHAPTER II

THE PROBLEM OF THE ECONOMIC STATUS OF THE NEGRO

The Shift of the Negro From Slave to Free Labor

The years since 1619, when a Dutch privateer landed twenty Negroes at Jamestown, have been for the American Negro years of sharp contrasts. Within them have fallen a period of slavery and a bare subsistence for some 3,953,760 slaves, and within them, too, have fallen a period of freedom accompanied by a spectacular progress hitherto unknown in the history of a race. Since the close of the Civil War, the Negro has passed through some very critical years and have found himself in the midst of exceedingly difficult situations, particularly in the period immediately after the war. This was a period of impecuniosity, marked by sharp economic maladjustments, widespread social unrest, and an economically prostrate South whose prosperity was bound up with the institution of slavery. Indeed, nearly nine-tenths of the cotton was raised by slave labor. In view of such a situation it is not strange that the Negro faced serious opposition in the South to his free competitive status and neither is it strange that the economic helplessness of the Negro made him an easy mark for continued profit under a share-cropper system which soon developed.

The problems of Negro economic adjustment incident to emancipation are perhaps only exceeded by later problems

which represented a heritage from the slave era. The experience of slavery exerted certain psychological as well as economic influences upon the Negro in America. Psychologically, wherever slaves were numerous, manual labor was rendered dishonorable. Economically, slavery tended to breed a luxurious and expensive style of living. These psychological and economic influences are certainly part of the traditional policy of restricting Negroes to menial tasks and humilipid work in industry. Thus, the habits and customs which were induced by the conditions of life during Negro Slavery have run a somewhat unbroken course since the close of the Civil War. Although there have been substantial modifications in the policy of economic discrimination against the Negro, it has consistently, perhaps rather subtly, remained a definite part of American tradition; and its disappearance does not seem probable within the immediate future. However, the appearance of the social menace of economic insecurity in the form of dependent old age and prolonged unemployment raises a question as to the social cost and expediency of fostering a tradition which condemns a substantial element in the population to economic insecurity while at the same time an attempt is being made to insure against insecurity. It is quite likely that such a policy will not only increase the social cost of caring for the Negro aged and unemployed but it may be the undoing of an effective social security program.

Machine Development and the Occupational Distribution of Negroes

A mere statement of the problems encountered by the Negro in the shift to free labor fails, however, to explain a considerable part of the problem that has marked the status of the Negro within recent years. The fact that the Negro occupies the least desirable jobs in industry, does not explain the nature of the industry or the scope of his occupational distribution and the effect that this may have upon his economic status. The fact that some industries have a greater or lesser resistance to seasonal, cyclical, or technological changes is quite significant in determining the degree and persistence of the acute distress being suffered by the Negro.

Down to 1880, agriculture was the principal source of wealth in the United States, but the two succeeding census reports showed larger values of manufactured articles than of agricultural products. In 1900 the net value of products of the farm was \$4,764,177,706 and the pure manufactures \$5,981,454,234. The proportion of the population engaged in agriculture also steadily declined from 44.3 percent in 1880 to 35.7 percent in 1900. The Negro population did not follow this trend toward industrialization. The census report of 1890 shows that over 59.6 percent of Negroes were engaged in agriculture. This number decreased to only 53.7 in 1900. It is clear

therefore, that the population of the Negro was dominantly rural up to the period of the World War. The persistence of the Negro in agriculture may be explained in part by his virtual imprisonment on the farm and also by the presence of European immigration which supplied the industrial states of the North and East with unskilled labor for factories and mines. However, during the World War when our industries were faced with a labor shortage created by the decline in European immigration, there was a concerted movement on the part of northern industrialists to tap the black labor supply of the agrarian South. Thus, the mass migration of Negroes into the North in the space of seven years was an entirely unprecedented occurrence and created profound changes in the industrial status of the Negro. Wartime and post-war industrial expansion caused a tremendous shift in the industrial importance of the Negro. Table I shows that the percent of Negroes in agriculture declined from 55.7 percent in 1910 to 45.2 percent in 1920, a decline of 10.5 percent. On the other hand, the Negroes in the manufacturing and mechanical industries increased during this same period from 13.2 percent in 1910 to 18.4 percent in 1920, an increase of 6.2 percent. In other words, after 1920, the status of the Negro became materially bound up with the industrial situation of the country.

Not only was the Negro faced with the opposition

Table I

Occupational Distribution of Negroes, 1900-1930, with
Percent Distribution for 1890

Occupation	Per- cent 1890	1900		Per- cent Total	1910		Per- cent Total
		Number	Per- cent		Number	Per- cent	
Agriculture	59.6	2,143,154	53.7	20.6			
Agriculture Forestry and Animal Hus- bandry					2,893,375	55.7	22.9
Forestry and Fishing							
Extraction of Minerals					61,139	1.2	6.3
Manufacturing and Mechanical Industries	6.3	375,116	6.9	3.9	631,380	12.2	5.9
Transportation & Communication	-	-	-	-	-	-	-
Transportation					255,945	4.9	9.7
Trade	*4.4	*208,989	*5.2	*4.4	119,491	2.3	3.3
Public Service					22,382	0.4	4.9
Professional Service	7.0	47,219	1.2	3.7	67,335	1.3	4.0
Domestic and Personal Ser- vice	28.7	1,317,859	33.0	23.6	1,122,262	21.6	29.7
Clerical Occupations					19,336	0.4	1.1
Total	100.0	3,992,337	100.0		5,192,535	100.0	

*Includes trade and Transportation

Source: United States Census of Occupations: 1900, p. 104; 1920, Vol. IV, p. 341; 1930, Vol. IV, p. 24.

Table I
(Continued)

Occupation	Number	1920		Per- cent Total	Number	1930	
		Per- cent				Per- cent	Per- cent Total
Agriculture					1,987,839	36.1	19.0
Agriculture Forestry and Animal Hus- bandry	2,178,888	45.2	19.9				
Forestry and Fishing					31,732	0.6	12.7
Extraction of Minerals	73,229	1.5	6.7		74,972	1.4	7.6
Manufacturing and Mechanical Industries	886,810	18.4	6.9		1,024,656	18.6	7.3
Transportation & Communication					397,645	7.2	10.3
Transportation	312,421	6.5	10.2				
Trade	140,467	2.9	3.3		183,809	3.3	3.0
Public Service	50,552	1.0	6.6		50,203	0.9	5.9
Professional Service	80,183	1.7	3.7		135,925	2.5	7.2
Domestic and Personal Ser- vice	1,064,590	22.1	31.3		1,576,205	28.6	31.8
Clerical Occupations	37,011	0.8	1.2		40,549	0.7	1.0
Total	4,824,151	100.0			5,503,535	100.0	

of organized labor and the general proscription of race, but as a new-comer in industry at the bottom of the industrial "ladder" he was faced with the fate of all marginal workers, namely, "the first to be fired and the last to be hired". This fact is reflected in the relief and emergency work rolls of the unemployed as illustrated in Table II.

The effect of the depression on the Negro in 1933 is clearly apparent in the higher percentage on relief as compared with that of white persons. For the country as a whole 17.8 percent of Negroes as compared with only 9.5 percent of white persons were found on relief. The fact that the Negro was hit first is indicated by the higher rate in 1933 and the lower rate in 1935 as compared with white people. However, in 1935 the data indicated that 23.5 percent of the total Negro population were on relief as compared with only 15.5 percent of the white population. As stated before, the problem of the marginality of the Negro is more acute in some industries than in others; and a determination of his status is largely dependent upon the degree to which he is occupied in industries which offer greater or lesser resistance to the forces of industrial changes.

Table II

Racial Distribution of Urban and Rural Relief Population,
1933-1935

Section	1933			
	Negro Number	Percent of Negro Population	White Number	Percent of White Population
Urban	1,387,313	26.7	6,196,852	9.7
Rural	730,331	10.9	4,371,168	9.3
United States	2,117,644	17.8	10,568,020	9.5

<u>1935</u>				
Urban	2,050,000	39.5	9,320,000	14.6
Rural	980,000	14.6	7,820,000	16.6
United States	3,030,000	25.5	17,140,000	15.5

<u>1933-1935</u>		
Percentage-Increase		
	Negro	White
Urban	47.7	50.3
Rural	31.1	78.8
United States	43.1	62.1

* Percent of Negro urban and rural population, respectively.

Source: Federal Emergency Relief Administration, Survey of Occupational Characteristics of Persons On Relief, Washington, D. C., April, 1935.

The Industrial Position of the Negro

At the beginning of the depression in 1929, not far from two-thirds (64.8 percent) of the 5,503,535 Negroes engaged in gainful occupations were in agricultural and domestic and personal service pursuits.¹ Manufacturing and mechanical pursuits were next in importance with 18.6 percent of the Negro workers. The remaining Negro workers were distributed among other main classes of occupations: trade 3.3 percent; professional service 2.5 percent; forestry and fishing 0.6 percent; extraction of minerals 1.4 percent.

Table III shows that the Negro percentage of the total number of gainful workers. In agriculture 21.6 percent of all workers were Negroes, and 32.9 percent of all domestic workers were Negroes. Thus, in these two occupations alone, there are not only two-thirds of all Negro gainful workers but these workers constitute more than half the combined total of all workers in agriculture and domestic service. As indicated in table III, Negroes constitute a significant proportion of several other industries; namely transportation (9.4 percent); construction (9.1 percent); trades (8.8 percent); extraction of minerals (8.4 percent); and manufactures (7.7 percent). It is particularly significant therefore, that the industries which supply the bulk of the jobs for Negroes, namely, agriculture, domestic service, transportation,

¹Table 1.

Table III

Percentage Distribution of Gainful Workers by Industry, Race,
and Sex in the United States -1930

Industries	Native White			Foreign Born White			Colored		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
All Industries	72.0	56.3	15.7	15.2	12.8	2.4	12.8	8.8	4.0
Agriculture	71.7	68.2	3.5	6.7	6.5	21.6	21.6	16.8	4.8
Extraction of Minerals	70.2	69.6	.6	21.4	21.4	-	8.4	8.4	-
Manufactures	70.2	54.2	16.0	22.8	19.9	2.9	7.7	6.2	.9
Independent									
Hand Trades	64.4	23.8	40.6	26.8	18.0	8.8	8.8	2.4	6.4
Construction	69.2	68.3	.9	21.8	21.7	.1	9.1	9.1	-
Transportation	78.5	68.7	9.8	12.1	11.6	.5	9.4	9.3	.1
Trade	81.0	60.7	20.3	15.0	13.0	2.0	3.9	3.5	.4
Public Service	83.2	72.4	10.8	10.1	9.7	.4	6.6	6.3	.3
Professional									
Service	84.1	38.3	45.8	10.3	6.7	3.6	5.6	3.4	2.2
Domestic									
Service	48.5	17.0	31.5	18.7	9.1	9.6	32.9	8.5	24.4
Not Specified	72.2	57.0	15.2	13.3	11.7	1.6	14.4	13.6	.8

Distribution of Workers of Each Race and Sex By Industry

All Industries	100.0	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	21.9	26.7	4.9	9.7	11.1	2.3	37.1	41.8	26.7
Extraction of Minerals	2.3	2.9	.1	3.3	3.9	-	1.5	2.2	-
Manufactures	21.7	21.4	22.7	33.3	34.5	26.9	12.3	15.6	4.8
Independent									
Hand Trades	.7	.3	1.9	1.3	1.0	2.7	.5	.2	1.2
Construction	6.0	7.5	.3	8.9	10.5	.1	4.4	6.4	-
Transportation	10.1	11.3	5.8	7.4	8.4	1.8	6.8	9.8	.2
Trade	17.4	16.6	20.0	15.3	15.6	13.2	4.7	6.1	1.5
Public Service	2.5	2.8	1.5	1.4	1.6	.4	1.1	1.5	.2
Professional									
Service	8.1	4.7	20.4	4.8	3.7	10.7	3.0	2.6	3.9
Domestic									
Service	6.6	3.0	19.8	12.1	7.0	40.0	25.3	9.5	60.8
Not Specified	2.7	2.8	2.7	2.4	2.5	1.8	3.1	4.2	.6

Source: Woytinsky, W. S. Labor in the United States, Social
Science Research Council, Washington, 1938, P. 38.

construction, trades, extraction of minerals, and manufactures are peculiarly sensitive to seasonal, cyclical, and technological changes. Agriculture, construction, and extraction of minerals are especially seasonal. However, the problem of seasonality is not the most fundamental factor involved. In coal mining the problem seems to be one of over-expansion and competition. The peak of coal production was reached in 1918. Despite the decreased demand for coal after 1918 the productive capacity continued to increase until 1923 at which time there was begun a gradual decline in output which reached in 1930 its lowest level since 1904. This supply maladjustment may be explained in part by the absence of any effective regulation, state or federal, and in part by the increased competition of coal substitutes, such as oil, natural gas, and water power.¹ On the basis of the present demand for coal and the present output per man, over 200,000 miners need to be withdrawn from the industry if those remaining are to extricate themselves from the intolerably low wage standards which now prevail.²

Perhaps a better picture of the industry as a whole may be obtained by observing the trend of income produced and incomes paid out from 1929 to 1934.

The marked impact of the depression upon the

¹Conference on the Economic Status of Negroes, held in Washington, D. C., May 11-13, 1933, P. 9.

²Ibid., P. 9.

mining industry is evidenced by the 75^{per-cent} ~~percent~~ decline in income produced and the 60 percent decline in income paid out from 1929 to 1932. Table IV clearly reveals the fact that the mining industry has been declining since 1929. In 1933 income paid out was 35.8 percent greater than income produced and was only 39.1 percent of income paid out in 1929. Thus, the degree of Negro job security in the mining industry is especially precarious. This is particularly true in the south where the percentage of Negroes found in the industry is rather high. For instance, in the Alabama coal fields approximately half of the miners are Negroes. In Kentucky and West Virginia Negroes constitute 13.6 and 3.1 percent, respectively, of all miners.³

The largest concentration of Negroes under manufacturing and mechanical industries is to be found in building construction which has suffered most violently from seasonal and cyclical depressions, and from technological developments. During the depression, wages recorded rather sharp declines in the construction industry. From 1929 to 1933 wages declined approximately 80 percent.⁴ During this same time the number of employees engaged in the industry declined 59 percent.⁵

3

Ibid., P. 120. For the time being the Guffey Act or similar legislation together with increase unionization may prevent further declines in the industry.

⁴National Incomes in the United States, 1929-35, P. 121.

⁵Ibid., P. 120.

Table IV

Income Paid Out and Produced, Mining and Quarrying Industry

(thousands of dollars)

Item	1929	1930	1931	1932	1933	1934
Income						
Produced	1,894,270	1,306,551	701,369	473,806	521,609	841,723
Corporate Savings	-196,632	- 336,868	-380,527	-287,582	-239,445	-168,829
Business Savings of Individuals	11,126	-88,051	-131,038	- 64,251	- 52,685	- 31,304
Income Paid Out	2,079,776	1,731,470	1,212,934	824,516	813,835	1,041,743
Percentages of 1929						
Income Produced	100.0	69.0	37.0	25.0	27.5	44.4
Corporate Savings	-	-	-	-	-	-
Business Savings of Individuals	-	-	-	-	-	-
Income Paid Out	100.0	83.3	58.3	39.7	39.1	50.1

Source: United States Department of Commerce, National Income
In the United States 1929-35, Government Printing
Office, Washington 1936.

In the field of domestic and personal service, the widespread and sustained depression has forced a considerable dispensing with servants. The demand for servants is a derived demand. Any change in the loss of earnings of employers is immediately reflected in the demand for servants. The employee therefore stands to face either outright discharge or sharp cuts in wages and perquisites. This fact is reflected in the following table which shows the decline in the number of persons engaged and the decline in per capita income.

Table V shows that the number of persons engaged in domestic service declined to 68.2 percent of the 1929 level while the per capita income for this service dropped to 59.2 percent. The decline in personal service was not quite as sharp. However, the effect of the depression on both domestic and personal service employment was clearly acute when one considers the fact that income paid out in domestic and personal services declined to 46.3 and 54.1 percent respectively of the 1929 level. The effect of this decline on the Negro is perhaps best expressed by the fact that 44.7 percent of all Negroes on relief were domestic and personal servants. A more detailed review of the Negro on relief will be discussed later.

As already indicated, the Negro constitutes 8.8 percent of all persons engaged in trade. This industry for the

Table V

Number of Employees Engaged and Per capita Income in
Domestic and Personal Services, 1929-1934

YEAR	Number of Persons Engaged				Per Capita Income of Employees Domestic	
	Domestic Number	Percent of 1929	Personal Number	Percent of 1929	Amount	Percent of 1929
1929	2,256,791	100.0	1,678,263	100.00	\$898	100.0
1930	2,107,827	93.4	1,632,544	98.5	818	91.1
1931	1,888,176	83.7	1,497,593	92.8	704	78.4
1932	1,621,040	71.8	1,318,818	85.0	579	64.5
1933	1,539,726	62.2	1,285,054	85.3	538	59.2
1934	1,740,079	77.1	1,433,209	93.3	566	63.0

Per Capita Income of Employees (Cont'd)

Personal

YEAR	Amount	Percent of 1929
1929	\$1,220	100.0
1930	1,177	96.5
1931	1,098	90.0
1932	958	78.5
1933	858	70.3
1934	928	76.1

most part is concerned with the distribution of consumer's goods. Therefore, activity is not subject to the wide fluctuations found in capital goods industries because the demand for capital may be postponed for longer periods of time. However, to the extent that consumer demand is dependent upon business spending, any slowing up in capital expansion affect price changes and thereby exercise important influences on the amounts of income produced and paid out by the trade industry. According to the Department of Commerce figures,⁶ from 1929 to 1932, income produced in the trade industry declined 52 percent, while income paid out fell 35 percent. In the years 1930 to 1932, inclusive, there were substantial negative business savings ranging from 13 to 26 percent of income paid out. Thus, the effect of the depression in the trade industry was of sufficient importance to do serious harm to the job security of the Negro marginal 8.8 percent. This is revealed in the relative loss in importance of Negro laborers, porters, delivery men, helpers in stores and messengers. In transportation, the fate of the Negro is tied up materially with the railway situation. Although the Negro in 1930 constituted 9.4 percent of the number of employees in the transportation industry as a whole, the Negro is of declining importance in this industry, particularly in the field of railway transportation. The increased competition of motor trucks, common carrier busses, and inland water transport, has

6. U.S. Dept. of Commerce, National Income in the U.S. 1929-35, P. 159.

brought about in the railway field serious declines in gross operating revenues which was in 1933 less than half of what it was in 1929. The intense struggle of workers to hold on in the industry has resulted in a gradual disappearance of Negro locomotive firemen and porters.

Agriculture

The problem of the Negro in Agriculture requires special treatment. About one-third of the Negroes working are in this basic field. The presence of such a large proportion of Negroes in agriculture is one of the chief criticisms held by Negro leaders against the Social Security Act which exempts agricultural workers. However, a careful analysis of the agricultural situation as it affects Negroes raises a question as to the probable effect on the security of the Negro in agriculture if agriculture were included under the act. An attempt will be made to answer this question later. Suffice it to say here that the mere fact of extending the act to include agriculture is not the sine qua non of Negro security.

The problem of the Negro in agriculture centers mainly around the relatively low financial returns of agriculture. Some indication of this may be had from the following table:

Table VI

Per Capita Income of Employees (Full Time Equivalent)
By Industrial Divisions

ITEM	1929		1930		1931	
	In- come	% of 1929	In- come	% of 1929	In- come	% of 1929
Agriculture	\$ 649	100.00	\$ 587	90.4	\$ 456	70.3
Mining	1,521	100.00	1, 440	94.7	1,228	80.7
Electric Light Power & Gas	1,564	100.00	1,543	98.7	1,498	95.8
Manufactur- ing	1,507	100.00	1,454	96.5	1,331	88.3
Construction	1,895	100.00	1,854	97.8	1,680	88.7
Transporta- tion	1,659	100.00	1,631	98.3	1,574	94.9
Communica- tion	1,327	100.00	1,377	103.8	1,427	107.5
Trade	1,534	100.0	1,533	99.9	1,489	97.1
Finance	2,351	100.0	2,234	95.0	2,080	88.5
Government	1,516	100.0	1,522	100.1	1,517	100.1
Service	1,154	100.0	1,108	96.0	1,028	89.1

Source : United States Department of Commerce, National
Income In The United States, 1929-35. p. 44.

Table VI
(Continued)

ITEM	1932		1933		1934		1935	
	Income	% of 1929	In- come	% of 1929	In- come	% of 1929	In- come	% of 1929
Agriculture	\$ 344	53.0	\$ 311	47.9	\$ 352	54.2	\$ 376	57.9
Mining	1,041	68.4	1,047	68.8	1, 170	76.9	1,225	80.5
Electric Light Power & Gas	1,379	88.2	1,273	81.4	1,308	83.6	1,351	86.4
Manufactur- ing	1,108	73.5	1,041	69.1	3,115	74.0	1,187	78.8
Construction	1,306	68.9	1,234	65.1	1,303	68.8	1,535	81.0
Transporta- tion	1,400	84.4	1,374	82.8	1,426	86.0	1,519	91.6
Communica- tion	1,327	100.0	1,265	95.3	1,307	98.5	1,394	105.0
Trade	1,315	85.1	1,179	86.9	1,205	78.6	1,231	80.2
Finance	1,935	82.3	1,810	77.0	1,833	78.0	1,939	62.5
Government	1,477	97.4	1,377	90.8	1,327	91.5	1,414	93.3
Service	909	78.8	843	73.1	867	75.1	910	78.9

The above table VI shows clearly that of all the industries agriculture was decidedly the worst off in terms of per capita income. Not only was the per capita income of agriculture the lowest of all in 1929, but what was for some of the others an orderly decline, soon assumed for agriculture the spectacle of a disastrous collapse. In 1933 the per capita income of agriculture had declined to 47.9 percent of what it was in 1929. This decline was especially acute because the per capita income of agriculture in 1929 was only \$649. Although the government's farm relief program raised the per capita income of agricultural employees to 54.2 percent and 57.9 percent, respectively of the 1929 level, the per capita income in agriculture was still the lowest of all industries.

Perhaps a more significant indication of the relatively low financial returns of agriculture can best be observed by comparing the income paid out with the number of persons engaged by industrial division. This is illustrated in Table VII. *Table*

Table VII shows that agriculture paid out only about 6 or 7 percent of the total industrial income in the years 1929 to 1935. However, table VIII shows that during those years, 17 to 21 percent of persons gainfully employed were in agriculture.

Table VII

Percentage Distribution of Income Paid Out By Industrial Divisions

Item	1929	1930	1931	1932	1933	1934	1935
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	7.8	7.5	6.9	6.6	6.6	6.5	6.9
Mining	2.6	2.4	2.0	1.7	1.8	2.1	2.0
Power and Gas Electric Light and	1.7	2.0	2.3	2.6	2.4	2.2	2.1
Manufacturing	22.9	21.9	20.0	17.7	19.0	20.4	21.3
Construction	4.1	4.0	3.2	2.0	1.6	1.7	2.1
Transportation	8.7	8.7	8.7	8.8	8.7	8.4	8.3
Communication	1.2	1.3	1.5	1.7	1.6	1.5	1.5
Trade	13.8	14.1	14.6	14.6	13.6	13.3	12.8
Finance	10.6	10.2	10.4	10.6	9.5	8.9	8.7
Government	8.7	9.7	11.7	14.8	16.4	16.7	16.1
Service	11.8	12.0	12.4	12.5	12.2	12.3	12.3
Miscellaneous	6.1	6.2	6.3	6.4	6.4	6.0	5.9

Source: U. S. Department of Commerce, National Income in the U. S., p. 38.

TABLE VIII

Percentage Distribution of Persons Engaged, by Industrial Divisions

Item	1929	1930	1931	1932	1933	1934	1935
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	17.3	17.9	19.4	21.1	21.4	20.0	19.7
Mining	2.4	2.3	2.1	1.8	1.8	2.0	1.9
Electric Light & Power and gas	.8	.8	.8	.8	.7	.7	.8
Manufacturing	22.6	21.1	19.6	18.3	19.6	20.9	21.4
Construction	3.6	3.5	2.8	2.1	1.9	1.9	2.0
Transportation	7.6	7.3	7.0	6.8	6.4	6.4	6.3
Communication	1.2	1.2	1.2	1.1	1.1	1.0	1.0
Trade	14.9	15.1	15.0	14.8	14.6	14.6	14.3
Finance	2.5	2.6	2.7	2.7	2.6	2.6	2.5
Government	7.7	7.7	8.5	9.3	9.1	8.9	9.2
Service	14.7	15.1	15.4	15.5	15.2	15.5	15.5
Miscellaneous	5.4	5.4	5.5	5.7	5.6	5.5	5.4

Source: U. S. Department of Commerce, National Income in the United States, p. 35.

The lack of adequate financial return to agriculture has been destructive to both labor and capital. It has resulted in unpaid debts, unpaid and underpaid labor, inadequate credit, and general instability of farm prices. The farm mortgage debt¹ of the United States in 1929 was 9½ billion dollars, which was 21 percent of the value of all farm real estate and amounted to an average of about \$1,500 per farm. In 1933 the farm debt was 8½ billion dollars, or an average of \$1300 per farm.

The unhappy predicament of the Negro in agriculture is fundamentally the consequence of a depressed industry. The fact that the economic helplessness of the Negro has rendered him a special victim of the economic collapse of the agrarian South is of grave social significance. It has meant the eking of a bare subsistence for a third of the Negro working population. Every kind of economic abuse is permitted because of his necessitous economic condition and because of his race, color, and previous condition of servitude. This is made possible through the tenancy system as it is traditionally practiced in the South. The system is too well known to be repeated here. However, a statement of the earnings of the Negro cotton tenant is particularly significant since the bulk of Negro gainful workers in the South are engaged

¹Dummeier, E. F. and Heflebower, R. B., Economics with Applications to Agriculture, McGraw-Hill Co., New York City, 1934. P.1.

in raising cotton which involved some 698,839 Negro tenant families or slightly over three million Negroes.¹ Furthermore, the typical² Negro farmer is a tenant rather than a farm owner. Only about one-fifth of the Negro farmers are owners or part owners of the land they cultivate; approximately four-fifths are tenants. Therefore, the earnings of Negro farm tenants in the South well approximate the earnings of the Negro in agriculture. A study of 2,000 tenant families³ reveals that for the small number of these families who received a cash income in 1933, the average was \$105.43 annually. The actual earnings per family, when distributed among five persons, would give a monthly income per person of \$1.75. And these incomes, theoretically at least, were benefitting from the federal program of aid to farmers as administered in 1933. The report reveals that one cropper complained dismally: "For 18 years we ain't cleared a thing or made any real money." Another had received his cash in a manner which made it difficult to remember the amounts: "I couldn't possibly go to task and tell you. I got it in dribbles and couldn't keep a record of it, but it wasn't over \$75.00". Some of the tenants had not cleared anything since 1921 and many had

¹Johnson, Charles S., Embree, E. R., Alexander, W. W., The Collapse of Cotton Tenancy, University of North Carolina Press, Chapel Hill, P. 4.

²Reuter, E. B., The American Race Problem, Thomas Y. Crowell Co., N.Y.C. 1938, P. 238.

³See: Johnson, C. S. Embree, E. R. and Alexander, W.W., The Collapse of Cotton Tenancy, pp. 11-13.

cleared nothing since the war. Incidentally, these tenants do not supplement their low incomes by raising food for the family because the production of a cash crop rules out the raising of general produce.

From the preceding discussion it is rather clear that the status of the Negro in agriculture is seriously intertwined with a parasitic system of tenancy which feeds upon a financially defunct industry. And it does not seem that his status will be materially changed neither in the immediate future nor for sometime to come. In the first place, the loss of exports of our agricultural products will continue as long as European countries impose high tariffs and trade restrictions on imports. Extreme trade barriers have been an important factor in contributing to our surplus. The total volume of agricultural exports, including cotton, in 1932 was nearly 50 percent lower than three years earlier.¹ Cotton exports have risen to pre-war level only once since 1913-1914.² Another contributory factor to our loss of world markets is the increase in cotton production abroad. In Russia, for example, cotton production increased from a bare 43,000 bales in 1931 to 1,800,000 bales in 1932-33.³ In order to meet this problem of agricultural

¹Department of Rural Economics, Ohio State University, Facts About The Present Economic Situation. Series No. 16, P. 13.

²Dummier and Heflebower-Economics with application to Agriculture, P. 459.

³The Collapse of Cotton Tenancy, P. 37.

surpluses, the government has launched a crop restriction program which has definitely tended to deprive the Negro of even a bare subsistence by permitting the landlord to reduce him to the status of day laborer; deprive him of his benefit payments, or order him to move off the land. To illustrate, let us turn to the recent share-cropper uprising and protest in Sikeston, Missouri.¹ Negroes were told that they might stay as share croppers, on condition, that they sign over to the landlord the share cropper's portion of the AAA benefit checks. Otherwise, the Negro was either reduced to a day laborer or told to vacate the land. The AAA regulation calls for half of the crop benefit check to go to the share cropper. The plan is for the other half to be divided one-fourth each between the landowner and the tenant. Many of the planters believe the sharecropper's portion is too large. Thus, there is a tendency for the planters to shift from share cropping to day labor so they may keep a larger share of AAA benefit checks.

The tendency to reduce the Negro in agriculture to the status of day laborer is being facilitated not only by the government's crop control program but it is part and parcel of the increasing mechanization of cotton farming in which

¹ For a detailed account of the suffering and misery of these share-croppers see: Des Moines Register, Sunday, January 15, 1939.

tractors and large scale units are causing heavy displacement of tenant farmers. There is likewise a displacement of sharecropper families that are replaced by day laborers who are used to operate a single large-scale industrialized unit.

For reasons of topography and the higher productivity¹ of the Southwest, the center of cotton production is constantly moving westward and it is in this area that the mechanization process is taking place. Perhaps a brief review of this mechanization process and its effects will be in order because it is a highly significant factor in the determination of the amenability of the Negro to our program of social insurance. Where will the displaced Negro tenants in the Southwest find jobs? If cotton production in the Southeast can not compete with cotton production in the Southwest, where will the Negro tenants in the Southeast find jobs? Before an individual can receive unemployment insurance, he must first of all be employed.

It will be shown in subsequent pages that since federal old age benefits are based on total earnings, this group of landless ex-tenants will be unable to accumulate their earnings because there is no place for them in industry. By virtue of this fact the Negro in America stands

¹See: Cotton Production in the United States - The World Cotton Situation, Part II (U. S. Department of Agriculture. Bureau of Agri. Econ. mimeo. report, Feb. 1935), PP.23-26.

to become a child of institutionalized relief. At this point, let us review the effect of power farming on labor displacement in the cotton belt.¹

The incipient pattern in the cotton belt is large-scale mechanized farming, with labor paid by the day or hour; labor swept off the land and into the towns from which it is drawn back only during seasonal peaks. This profound change is being caused mainly by the tractor and is particularly evident in sections of the Texas Panhandle and the Mississippi and Arkansas deltas. In these areas the effects of the tractor may be observed through the operation of the landscape - abandoned houses and rural depopulation, tenant farmers reduced to the status of wage laborers, thrown on relief, and scattered to other districts. Landlords clash with their tenants over the crop-adjustment checks. The landlord forces tenants off the place, then use the increased cash income resulting from the agricultural adjustment program and funds received for the sale of their own livestock as payments on tractors. These expelled families gather their household possessions and children in the car, and flee across the country. These are not just "croppers", but yeoman farmers - tenants on thirds and fourths; not only Negroes, but white Texans as well.

¹Based on: Power Farming and Labor Displacement in the Cotton Belt, 1937. Bureau of Labor Statistics, U. S. Department of labor, March 1938.

A typical illustration of the march of mechanization may be observed in table IX below which shows the change in the number of farms and farm operators in Hall and Childress Counties for the years 1930 to 1935.

Table IX

Farms and Farm Operators in Hall and Childress
Counties, Texas, 1930 and 1935

Item	Hall County			Childress County		
	1930	1935	Percent of change	1930	1935	Percent of change
Number of farms	1,835	1,521	-17.1	1,348	1,334	-1.0
Farm Operators						
Full Owners	410	424	3.4	385	376	-2.3
Part Owners	47	68	44.7	53	84	58.5
Managers	10	15	50.0	15	10	-33.3
Tenants	1,368	1,014	-25.9	895	864	-3.5
Average size of Farm	211	308.7	46.0	292.1	299.1	2.4
All land in Farms	387,963	469,481	21.0	393,692	399,048	1.4

Source: U. S. Bureau of Labor Statistics, Power Farming
and Labor Displacement in the Cotton Belt, 1937. P. 4.

The farms of the above counties are operated typically by tenant farmers on thirds and fourths, who own teams and tools, and possess managerial capacity. Thus, the percentage decline in the number of tenants and the corresponding increase in the average size of farms and owners and part owners, constitute a fair index of the mechanization process.

The report on power farming and labor displacement list the following causes of the displacement of tenants as clearly evident and recognized by all classes in Hall and Childress Counties:

1. Landlords, during the past 2 years, are increasingly taking over the operation of their own farms as a last measure of defense against loss of ownership. They have been impelled to do this by successive years of low prices and of crop shortage caused by drought, which have increased the difficulty of meeting taxes and interest on mortgages, which customarily carry a lien on the landlord's quarter of the cotton crop. Individual landlords and even loan corporations which have foreclosed on the mortgagors are taking over farm operation in this manner. Each time this occurs, at least one tenant is displaced.

The large landlords appear to have taken the lead, causing most of the displacement. On February 5, 1937, the Memphis (Tex.) Democrat stated that "The tractor

is fast taking the place of the mule on the larger farms of Hall County." Smaller landlords, and even tenants who can finance it, are joining the move to mechanize farms and increase their size, with the result that more families are forced off the land.

2. The use of tractors greatly increases the area which one capable farmer can operate. Their introduction in the interest of economical operation, therefore, is rightly regarded as the major cause of displacement at the present time. Commonly, the landlord who purchases a tractor throws two 160 acre cotton farms operated by tenants into an operating unit, and lets both tenants go. Sometimes the rate of displacement is greater, rising to 8, 10, and even 15 families of tenants. The landlords either operate their own farms with their own labor or replace the tenants with a reduced number of wage laborers.

When tenants purchase tractors, they generally double the size of their farm, thus displacing another tenant. But most of the tractors are purchased by landlords, with somewhat higher average displacement resulting. One implement dealer reported from his records that out of 40 sales of new tractors, 32 had been made to landlords, and only 8, or 20 percent, had been made to tenants. This was regarded as representative of new machines, although purchase of used machines by tenants would raise somewhat

their share of total tractor purchases.

3. The use of low-paid wage labor instead of tenants to drive tractors is the rule. This is a further measure of economy to landlords. The tenant who is unable to get another farm either becomes unemployed or he accepts employment in the reduced status of wage worker, driving a tractor. In Hall and Childress Counties, laborers usually receive only \$1.25 a day when they work, and a house. Since the superior efficiency of tractor operation reduces the need of workers on the land, a large part of the displaced tenants can not even obtain regular farm work as tractor drivers.

It is interesting to note that the old plantation system in the deep South has not resisted the inroads of the tractor and the resultant displacement and depopulation of farm tenants. This fact is illustrated in Table X.

Table X shows that the average size of farms increased 25.1 percent in the Mississippi Delta between 1930 and 1935. Farm population decreased 13.4 percent. The Negro operators were effected particularly more so than the white operators. While the number of white operators declined only 3.2 percent, the Negro operators declined 15.2 percent in Mississippi Delta, the richest Southern part of the cotton belt. Tractors increased by 175.1 percent. Although the depopulation of the Negro was not quite as great as that of the white, it was nevertheless significant

Table X
Rural Changes in Mississippi Delta and
in Washington County, Miss. 1930-35

ITEM	Mississippi Delta			Washington Count, Miss.		
	1930	1935	% of Change	1930	1935	% of Change
Number of Farm Tractors				285	784	175.1
Number of Farms	101,160	87,765	-13.2	8,965	7,716	- 13.9
White Farm Operators	17,258	16,707	- 3.2	1,312	1,097	- 16.4
Colored Farm Operators	83,882	71,148	-15.2	7,653	6,619	- 13.5
Average Size of Farm	34.6	43.4	25.1	32.6	40.8	25.1
Farm Population	382,346	330,997	-13.4	32,686	29,353	-10.2
White	75,183	63,506	-15.6	5,805	4,421	-23.8
Negro	307,183	267,491	-12.9	26,881	24,931	- 7.3

Source: United States Bureau of Labor Statistics,
Power Farming and Labor Displacement In the
Cotton Belt, P. 22.

more so than the white operators. While the number of white operators declined only 3.3 percent, the Negro operators declined 15.2 percent in Mississippi Delta, the richest Southern part of the cotton belt. Tractors increased by 175.1 percent. Although the depopulation of the Negro was not quite as great as that of the white, it was nevertheless significant when one thinks of the limited opportunities the Negro has in finding employment elsewhere.

Summary and Conclusions

In this chapter an attempt has been made to determine the nature of the problem of the economic status of Negroes by developing briefly the rise of the Negro from slave to free labor and the problems incident to his entrance and present position in a machine technology. In conclusion the problem of the Negro is not only bound up with his marginality, racial identity, and the disadvantage of being a new-comer in industry, but is materially intertwined with the greater or lesser resistance of his industrial employment to cyclical, seasonal, and technological forces. It has been shown that the operation of these forces are fundamentally undermining

even the marginal status of the Negro and unhappily aggravating the racial situation with respect to employment opportunities. This was shown by the effect of technological, seasonal, and cyclical changes on employment opportunities of Negroes in those industries which customarily employ a considerable number of Negroes, such as, coal mining, building construction, transportation, trade, and agriculture. It was also shown that the status of the Negro has been fundamentally lowered because of changes within these industries. It seems that unless a drastic change of industrial reorganization takes place, the Negro bids fair to become a permanent child of relief. This is particularly true in agriculture which employs a third of the Negroes who constitute about one-fifth of all the workers in the industry. The relatively low financial returns to agriculture; the tendency toward mechanization; and the shift of the center of cotton westward, with its resultant tenant displacement and depopulation, offers very definite evidence that the industrial reserve of unskilled Negro laborers will show rapid and substantial increases. Therefore, from a point of view of social insurance, the problem of the Negro centers around the possibility of insuring a large group of unskilled marginal workers who are frequently unemployed and

and whose periods of unemployment are of long duration and whose period of employment is seasonal and sporadic. A more detail illustration of this is the province of the next chapter in which is discussed the Negro situation on the eve of the Social Security Act.

CHAPTER III

THE NEGRO SITUATION ON THE EVE OF THE SOCIAL SECURITY ACT

In the preceding chapter the nature of the problem of the economic status of the Negro was discussed. Particular attention was given to the relation of the Negro to fundamental problems of machine technology. In this Chapter, an attempt will be made to examine in a more detailed fashion the economic situation of the Negro on the eve of the Social Security Act as a second step to the major problem of evaluating the accomplishments under the Social Security Act.

The Unemployment Situation

The Negro faced an exceedingly difficult situation during the period immediately prior to the Social Security Act, a period of acute distress, marked by sharp unemployment which offered serious obstacles to a return to even his normal sub-standard level of existence.

In May 1933, a conference on the economic status of the Negro was held in Washington, under the auspices of the Julius Rosenwald Fund. In this conference, it was generally agreed that in the industries in which the Negro has gained a foothold he has not during this depression suffered disproportionately from unemployment. He has suffered, just as the white worker has, but he has not lost ground relatively,

and his unemployment has been due to economic rather than racial factors.¹ The conference accounted for the larger amount of unemployment among Negroes on the basis that the race is still largely found in two of the great occupational groups which have suffered severely, agriculture and personal and domestic service.² This conclusion is correct in so far as it goes, but it fails to differentiate between cause and effect. Where is the dividing line between economic and racial causation. It is not likely that racial causation ended when two-thirds of the Negroes were relegated to agricultural and domestic pursuits. Nor did racial causation end with the appearance of 66.9 percent of all Negro workers as unskilled laborers. To be sure, the characteristic occupational distribution and marginality of Negro workers, makes them more sensitive to economic disturbances; but this in no wise explains the cause of his being occupationally distributed as he is or why he does not gain a greater foothold in industries than he has. The conclusion of the conference is analogous to saying that John's failure is due to his ignorance, but in the meantime John is barred from becoming intelligent. The position is taken that the racial factor is fundamental in the sense that the Negro worker is faced with racial obstacles in his attempt to shift from his

¹See: U. S. Bureau of Labor Statistics, Negro In Industry bulletin No. 616.

²Ibid.

characteristic employments which renders him particularly sensitive to economic disturbances. And it is this lack of occupational mobility which explains to a great extent the severity and incidence of Negro unemployment, and the status of the Negro unemployed.

When the Social Security Act was signed by the President on August 18, 1935, the incidence of unemployment rested upon the Negro - a group least able to bear it. This situation was typical of the Negro for the United States - as a whole, as well as for sections - rural or urban; geographic areas - North or South; class of work - white collar, skilled or unskilled. Perhaps no fact more clearly illustrates ^{this} than the Negro relief situation in 1935.

Table XI shows that for the United States as a whole, 25.5 percent of Negroes as compared with only 15.5 percent of white persons were on relief. For the urban population, 39.5 of Negroes were on relief as compared with only 14.6 percent of white persons. It was only in the rural community that there was a slightly higher proportion (2 percent higher) of white than Negro persons on relief. This difference may be accounted for in terms of the difficulty which the rural Negro in the South faces when it comes to obtaining relief from the local authorities.

The severity of the Negro unemployment situation is particularly acute among the different geographic areas.

Table XI

Urban and Rural Relief Population in the United States,
By Color and Section, 1933 and 1935

Section and Color	Relief Population		Increase in Relief Population 1933-35		Percent of U.S. Popu- lation	
	1933	1935	Number	Percent	1933	1935
Urban:						
Negro	1,387,313	2,050,000	662,687	47.7	26.7	39.5
White	6,196,852	9,320,000	3,123,148	50.3	9.7	14.6
Rural:						
Negro	730,331	980,000	249,669	31.1	10.9	14.6
White	4,371,168	7,820,000	3,448,832	78.8	9.3	16.6
United States:						
Negro	2,117,664	3,030,000	912,356	43.1	17.8	25.5
White	10,568,020	17,140,000	6,571,980	62.1	9.5	15.5

Source: Federal Survey of Occupational Characteristics
of Persons on Relief, Emergency Relief Administra-
tion, Washington, D. C., April 1935.

This is reflected in the relief situation in table XII, and the unemployment situation in Table XIII.

Table XII shows that in typical cities in the North, South, East, and Middle West, the Negro constituted the bulk of the employables on relief. For instance, in Atlanta and Birmingham the Negro constituted approximately two-thirds of the employables on relief. In Norfolk, Va., the Negro formed 61.3 percent of employables on relief. In most of the cities the percent which the Negro formed of the employables on relief was several times the percent which the Negro formed of the total population.

Table XIII shows that the Negro in Philadelphia invariably suffered a much higher percentage of unemployment than other groups during the years 1931-1936. In 1935, 54.3 percent of Negro men as compared with 27.9 and 30.5 of foreign-born and native-born white, respectively, were unemployed. Approximately the same relationship obtained for Negro, foreign-born and native-born white women. It seems that by and large, unemployment among Negroes is approximately twice as great than that of other groups.

Not only does the incident of unemployment bear most heavily upon the Negro from the point of view of sections or geographic area, but also from a point of view of occupational distribution. Within the race, the incidence of unemployment rests upon domestic and personal servants

Table XII
Percent of Negroes in Total Population 1930
and of Employables on Relief for Selected Urban
Areas, 1935

City	Percent Negro in Total Population, 1930	Percent Negro Among Employables On Relief, 1935
Atlanta, Georgia	33.4	65.7
Birmingham, Ala.	38.2	63.3
Charlotte, N. C.	30.4	75.2
Cincinnati, Ohio	10.6	43.5
Kansas City, Mo.	9.6	37.2
New York, N. Y.	4.7	11.2
Norfolk, Virginia	33.9	81.3
St. Louis, Missouri	11.4	41.5
Wilmington, Delaware	11.5	43.9

Source: Federal Emergency Relief Administration,
Washington, D. C., April, 1935. Survey of
Occupational Characteristics of Persons on Relief.

Table XIII

Employment Status of Employable Persons By Race, Nativity,
and Sex, Philadelphia Unemployment Sample, 1931-1936^a

	Employable persons			
	Total			
	Men		Women	
	Number	Percent	Number	Percent
1931				
Total reporting	46,359	100.0	15,880	100.0
Native-born white	29,513	100.00	10,818	100.0
Foreign-born white	10,629	100.00	1,507	100.00
Negro and all other	6,117	100.0	3,555	100.00
1932				
Total reporting	47,089	100.0	17,213	100.0
Native-born white	30,778	100.0	12,084	100.0
Foreign-born white	10,092	100.0	1,493	100.0
Negro and all other	6,219	100.0	3,636	100.0
1933				
Total reporting	47,416	100.0	17,482	100.0
Native-born white	32,065	100.0	12,575	100.0
Foreign-born white	9,510	100.0	1,465	100.0
Negro and all other	5,841	100.0	3,444	100.0
1935				
Total reporting	55,889	100.0	22,893	100.0
Native-born white	37,129	100.0	16,461	100.0
Foreign-born white	11,568	100.00	1,941	100.0
Negro and all other	7,192	100.0	4,491	100.0
1936				
Total reporting	55,406	100.0	25,407	100.0
Foreign-born white	35,393	100.0	17,467	100.0
Negro and all other	6,818	100.00	4,894	100.0

a Data for 1934 not available. For city as a whole in February 1934, the ratio of unemployed to employable men is 30.0 for native-born, 29.0 for foreign-born, and 49.5 for Negroes and others; the ratio of unemployed to employable women is 32.0 for native-born, 25.4 for foreign-born, and 45.7 for Negroes and other. State Emergency Relief Administration, Census of Employable Workers in Urban and Rural Non-Farm Areas of Pennsylvania- 1934 (Harrisburg, Pa.: Pa. State Emergency Relief Administration, Division of Research and Statistics, (1936), tables 2, 3, 4.

Table XIII
(Continued)

Employable persons				
Employed				
	Men		Women	
	Number	Percent	Number	Percent
1931				
Total reporting	34,036	73.6	12,059	75.9
Native-born white	22,339	75.7	8,362	77.3
Foreign-born white	7,829	73.7	1,273	84.5
Negro and all other	3,868	63.2	2,424	68.2
1932				
Total reporting	26,964	57.3	10,189	59.2
Native-born white	18,688	60.7	7,401	61.2
Foreign-born white	5,738	56.9	995	66.6
Negro and all other	2,538	40.8	1,793	49.3
1933				
Total reporting	25,292	53.3	9,268	55.8
Native-born white	17,834	55.6	7,208	57.3
Foreign born white	5,184	54.5	1,012	69.1
Negro and all other	2,274	38.9	1,533	44.5
1935				
Total reporting	37,443	67.0	15,171	66.3
Native-born white	25,813	69.5	11,423	69.4
Foreign-born white	8,346	72.1	1,577	81.2
Negro and all other	3,284	45.7	2,171	48.3
1936				
Total reporting	38,066	70.15	16,668	65.6
Native-born white	25,669	72.5	11,817	67.7
Foreign-born white	10,019	75.9	2,325	76.3
Negro and all other	3,378	49.5	2,526	51.6

Table XIII
(Continued)

Employable persons				
Unemployed				
	Men		Women	
	Number	Percent	Number	Percent
1931				
Total reporting	12,223	26.4	3,821	24.1
Native-born white	7,774	24.3	2,456	22.7
Foreign-born white	2,800	26.3	234	15.5
Negro and all other	2,249	36.8	1,131	31.8
1932				
Total reporting	20,125	42.7	7,024	40.8
Native-born white	12,090	39.3	4,683	38.8
Foreign-born white	4,354	43.1	498	33.4
Negro and all other	3,681	59.2	1,843	50.7
1933				
Total reporting	22,124	46.7	7,729	44.2
Native-born white	14,231	44.4	5,365	42.7
Foreign-born white	4,326	45.5	453	30.9
Negro and all other	3,567	61.1	1,911	55.5
1935				
Total reporting	18,446	33.0	7,722	33.7
Native-born white	11,316	30.5	5,038	30.6
Foreign-born white	3,222	27.9	364	18.8
Negro and all other	3,908	54.3	2,320	51.7
1936				
Total reporting	16,340	29.5	8,739	34.4
Native-born white	9,724	27.5	5,650	32.3
Foreign-born white	3,170	24.1	721	23.7
Negro and all other	3,440	50.5	2,368	48.4

Source: Weintraub, David, Recent Trends in Employment and Unemployment in Philadelphia, National Research Project on Reemployment Opportunities and Recent Changes in Industrial Techniques, PP. 48-49.

and upon unskilled Negroes. This is illustrated in table XIV which shows that domestic and personal servants represented 44.7 percent of Negroes on relief in March 1935. Table XV shows that the Negro constituted 36.1 percent of service workers. Thus, the ratio of the number of Negroes on relief to the total in domestic and personal service was greater than the ratio of the number of gainfully occupied Negroes to the total in the domestic and personal service. Table XXI shows that the Negro in 1935 constituted 14.7 percent of all workers on relief, whereas table XV shows that he formed 12.8 percent of all classes of gainful workers. In other words, the Negro workers represented a higher ratio to the total workers on relief than their ratio to the total workers gainfully employed. Expressed in another way, approximately 15 out of every 100 workers on relief were Negroes while only 13 out of every 100 workers gainfully employed were Negroes.

In the above section of this Chapter it was shown that on the eve of the Social Security Act the incidence and severity of unemployment rested upon the Negro. This was demonstrated for the United States as a whole, sections, geographic areas, and occupations. The relief situation has been taken as an index of unemployment on the theory that the importance of unemployment within a group may be determined by the extent to which that group is forced to seek

Table XIV

Workers On Relief by Usual Occupation (Broad Occupational Groups), Color and Sex for the United States—
March 1935

USUAL OCCUPATION (Broad Occupational Group)	Total	White	Negro	Per- cent of Total
Total	6,152,359	5,046,897	906,356	14.7
Professional and technical	82,100	72,865	7,921	9.6
Proprietors, managers and officials (except agri- culture)	79,803	75,149	3,688	4.6
Office workers	215,500	206,760	6,315	2.9
Salesmen and kindred workers	181,026	173,739	4,513	2.4
Skilled workers and foremen in building and construction	492,349	458,936	25,910	5.3
Skilled workers and foremen in manufacturing and other industries	244,831	228,856	12,630	5.1
Semi-skilled workers in building and construction	310,052	268,578	35,351	11.4
Semi-skilled workers in manu- facturing and other industries	869,885	764,574	88,199	10.1
Unskilled laborers (except agriculture)	899,685	665,957	196,138	21.8
Domestic and personal service	618,883	327,737	276,265	44.7
Farm operators and laborers	927,766	636,264	115,941	11.5
Inexperienced persons	965,012	826,931	107,240	11.1
Unknown occupation	210,747	140,551	26,254	12.4

Source: Workers on Relief in the U. S., March, 1935. A
Census of usual occupations. WPA, Washington, D.C.

Table XV

Percentage Distribution of Gainful Workers by
Class of Work and Race in the United States, 1930.

Classes of Workers	Native White	Foreign Born White	Negro
	Total Percent	Total Percent	Total Percent
Employers and self employed	74.9	14.1	11.0
Unpaid Family Workers	62.7	.9	36.4
Professional Persons	86.0	9.7	4.3
Salaried Employees	89.8	8.9	1.3
Skilled Workers	74.4	22.2	3.3
Semi-Skilled Workers	72.5	20.1	7.4
Unskilled Workers	59.5	15.9	24.5
Service Workers	44.8	19.1	36.1
All Classes	72.0	15.2	12.8

Source: Woytinsky, W. S., Labor in the United States, P. 39.

public support for the bare essentials of life. Thus, we have shown that for the United States as a whole 35.5 percent of Negroes as compared with only 18.5 percent of white persons were on relief. For the urban population 38.5 percent of Negroes were on relief as compared with only 14.6 percent of white persons. Also, it has been shown that in selected cities with concentrated Negro populations the Negro ran the gamut from 11.2 to 81.3 percent of employables on relief. In Philadelphia in 1935 over half of the employable Negroes were unemployed. Finally it has been shown that the Negro represented a higher ratio to the total workers on relief than their ratio to the total workers gainfully employed. In other words, 15 out of every 100 workers on relief were Negroes, while only 13 out of every 100 workers gainfully employed were Negroes.

From a point of view of social insurance, if the Negro's relative employment status is not changed (and there is no indication of a substantial change within the predictable future) our tentative conclusion is that Negro unemployment is not an insurable risk. Of course, this question of insurability may be raised for unemployment generally because of the extreme irregularity of unemployment fluctuations; the existence of catastrophic hazards in the recurrent deep depressions, and the insufficiency of available data to permit scientific calculations of rates.

However, the insurability of Negro unemployment is a special problem because of the wide deviation of Negro unemployment from the normal. The Negro workers as a group fail to satisfy one of the basic conditions of an insurance scheme, namely, that the contingency must be one which when it occurs may not happen simultaneously to all the insured or to a relatively large group thereof, but only, in any given occurrence, to one or to a limited number of individuals. The present industrial position of the Negro is of such nature, that when unemployment strikes, it does not strike all Negroes simultaneously, but it strikes a relatively large proportion of them; it strikes them first, and it strikes them far out of proportion to the ratio which they form of the total working population. Thus, the incidence of the risk of unemployment is unequally heaped upon Negro workers. Since the Negro shows a higher proportion of total workers on relief than the proportion of total gainful workers, it stands to reason that the contingency of unemployment among Negro workers is greater than the probability of employment. Thus, from an insurance point of view, the problem of Negro job security is not so much the problem of predicting the probability of the occurrence of unemployment, neither is it verification of the occurrence of unemployment, nor the calculation of rates, but it is rather the problem of protecting a group whose unemployment falls outside the

normal limits of the contingency in terms of its incidence and severity.

If the above conclusions are correct, the Negro's expectations of benefit from the Social Security Act in so far as the insurance features are concerned may as well be discarded without regard as to whether the Act cover agricultural and domestic workers. Therefore, it seems that the only possible alternatives which the Negro may look for any substantial benefits under the Act will be its welfare features. A final answer will come later in this analysis.

The Wages and Income Situation

The incidence and severity of unemployment among Negroes are important considerations in an analysis of the Negro unemployment situation and its relation to some basic aspects of an unemployment insurance scheme, but the income situation of the Negro workers is equally as significant because it is indicative of the extent to which the Negro worker can bear the cost of unemployment in the absence of his amenability to the protection of unemployment insurance.

The income situation of the Negro on the eve of the Social Security Act was characteristically precarious. Difference in occupational opportunities, resulting primarily from racial barriers or factors connected therewith, together

with an economic depression had just about jolted the Negro from the position of the lower strata to that which parallels the sub-strata of the economic life of the country. The fact that approximately 80 percent of the Negro population live in the South and nearly 40 percent derive their living from agriculture, constitute by virtue of the poor economic conditions of the South and the insecurity in southern agriculture,¹ a powerful catalytic force in precipitating a virtual collapse of the income structure of the Negro. It means a continuous flow of unskilled Negroes into urban areas with a consequent lowering of the urban Negro wage rates. It also results in an increasing number of Negro transients who shift each year from farm to city and back again in the hopeless search for a livelihood. An illustration of the income situation of the Negro in a typically poor economic situation as found in Southern Agriculture may be observed in Table XVI.

Table XVI shows the low income situation which is typical of the so-called Black Belt. Here it is clearly apparent that the incident of low incomes falls as usual upon the Negro. In Greene County, Negro wage hands received only \$87.00 per family per annum and this amount

¹ See Report on Economic Conditions of the South, Prepared for the President by the National Emergency Council.

Table XVI

Gross Income Per White and Colored Family in Greene
and Macon Counties, Georgia, 1934

TENURE	Greene County			Macon County		
	Negroes	White	Ratio of Negro to White Income	White	Negro	Ratio of Negro to White Income
*All families	\$151	301	.502	\$300	\$ 872	.344
Owners	237	396	.598	795	943	.843
Renters	172	293	.587	381	870	.438
Croppers	136	197	.690	339	714	.475
Wage hands, etc.	87	147	.592	151	581	.260
Total Income Including Home Grown Provisions Consumed						
All families	321	543	.614	435	1,136	.383
Owners	502	648	.775	1,135	1,199	.945
Renters	417	551	.757	644	1,150	.560
Croppers	282	385	.732	520	1,007	.516
Wage hands	112	217	.516	184	760	.242

Source: Raper, Arthur F., Preface to Peasantry, P. 55.

was only 59.2 percent of the white wage hands. Of course, this was cash income. However, if total income including home grown provisions consumed is considered, the situation is not materially changed since it raises from \$87.00 to only \$112.00. This situation is especially significant from the standpoint of the Social Security Act because it is indicative of the negligible effect which the insurance features of the act could have on Negro wage earners in agriculture in the event the Act is extended to cover employees in this field. If \$112.00 is the annual income per family, this would yield an annual income of about \$22.40 per individual who could not expect much from unemployment or old age insurance. This fact is particularly significant in view of the increasing mechanization of agriculture and the resultant shift of cotton production to the Southwest. Such movements signify the widespread displacement of renters and croppers, the concentration of farm ownership, and the accumulation of a redundant supply of Negro farm laborers to be drawn upon only during harvest time. Thus, it is not likely that agricultural wage rates in the South will show any increases with a system of mechanized farming in the offing. If anything, they are likely to be reduced as a result of a large labor reserve which is a powerful force in generating substandard wages. It may be concluded, therefore, that the wage structure of

the Negro in agriculture is not adequate to meet the insurance features of the Social Security Act and that present trends in Southern agriculture do not offer much in the way of an adequate wage structure for a system of insurance. Therefore, an evaluation of the effect of the Act on the status of the Negro cannot be founded upon its exclusion of agricultural workers in so far as Negroes are concerned. In the field of agriculture the wage structure of the Negro is only amenable to the welfare provisions of the Act such as old age assistance, aid to dependent children, etc.

In non-agricultural pursuits, the wage structure of the Negro is a resultant of indirect discrimination which shows up in the limitation of Negro job opportunities. The existence of so-called Negro jobs is proof of this. If white workers are forced by economic necessity to compete for Negro jobs, the wage rates in the majority of cases are the same for the same work.¹ However in the majority of cases where such competition exists, the Negro is put to a competitive disadvantage in that preference is given to white workers, assuming no difference in qualifications.² Thus, not only is the Negro restricted to "Negro jobs" which are less skilled and lower paid, but he is not even

¹ Frazier, Edward K., "Earnings of Negroes in the Iron and Steel Industry", Monthly Labor Review, December 1937, p.1498.

² Leven, Maurice, The Income Structure of the U. S., The Brookings Institution, Washington, D.C.1938, p.63.

given equal consideration when white workers compete for these jobs. The result is that Negroes are displaced through unfair competition in firms paying low wages and is denied a foothold in the same occupational designations in firms paying higher wages.¹ Thus, when all plants are combined the average income of Negro workers is much less than that of white workers, although within plants there may be no difference in pay.² An indication of this income differential in terms of color and the income structure of the urban Negro may be obtained from an examination of data on incomes in typical cities. The following table is a comparison from 1935-36 of occupational groups of white and Negro families in Atlanta, Georgia.

Table XVII shows that a larger proportion of Negro families were on relief and that 56.8 percent of the Negro families were wage earners, i. e. common laborers whose median annual income was \$736.00, an amount which was less than half the median annual income of \$1,475 which was received by white families in the wage earner class.

The Atlanta study shows that 50 percent of the Negro families had incomes under \$550.00. The range of

¹Ibid., P. 64.

²Frazier, Edward K., Earnings of Negroes In Iron and Steel. Monthly Labor Review, March 1937.

Table XVII

Percentage of Total Families and Median Annual Income,
By Race and Occupational Groups, Atlanta, Georgia,
1935-36.

Occupational Groups	*Percentage of Total Families		Median Annual Income	
	White	Negro	White	Negro
All Families	100.00	100.00	\$1,691	\$ 549
Relief	13.4	33.4	665	460
Non-Relief	86.6	67.0	1,879	759
Salaries Professional	4.5	1.8	2,489	
Salaried Business	10.1	0.4	3,011	
Independent Professional	2.0	0.3	3,170	
Independent Business	8.7	4.6	1,706	
Clerical	37.7	26.0	2,033	1,598
Wage Earner	32.0	56.8	1,475	736
Others	1.6	0.5	925	500

*Native families having both husband and wife.

Source: U. S. Bureau of Labor Statistics, Family Income, Rent, and Family Size in Atlanta, Georgia, "Urban Study of Consumer Purchases (Mimeographed release, October 24, 1937.)

of incomes for the lower 50 percent of the white families extended up to nearly \$1,700. On the average colored families had only about one-third the income of white families. In Columbia, South Carolina, the median incomes of white and colored families covered in the same survey were \$1,859 and \$548 respectively; in Mobile, Alabama, \$1,402 and \$445; and in Albany, Georgia, \$1,653 and \$392. Thus it seems that for the South as a whole the average annual income of the Negro urban family in 1935 was around \$500 which was about a half to a third of that of white families. From a standpoint of social insurance, theoretically, Negro urban families in the South, assuming equal lengths of continuous employment and life-span and equal rates of unemployment, stands to receive at most only about a third to a half of the unemployment and Federal old age benefits according to the average white family. This is true to the extent that Federal old age benefits are based upon total earnings and unemployment benefits are one-half of weekly earnings. However, it has been pointed out in the preceding discussion that the severity and incidence of unemployment rest upon the Negro. Thus, there will be unequal lengths of continuous employment as between Negro and white workers; the Negro counts a higher proportion of unemployed within his group; and therefore stands to receive over a period of time proportionately less unemployment benefits which are based

upon a given amount of employment within any given year. For the same reason the Negro stands to receive proportionately less federal old age benefits which are based upon accumulated earnings over a period of years. The only variable factor unaccounted for is the comparative life-span of Negro and white workers. This shall be taken up in a later chapter.

Perhaps a closer insight into the Negro wage structure may be gained by observing the weekly and hourly earnings of employed Negro workers who had to supplement their meager wages with relief. Table XVIII shows that median hourly earnings of the male Negro was about one-third less than that of white male workers. The median weekly earnings of the Negro male was only slightly greater than half of the weekly earnings of the white male.

Since two-thirds of the Negro workers are unskilled, it is interesting to observe table XIX which shows the weekly and hourly earnings of employed workers on relief by socio-economic class. The median hourly earnings may be taken as the prevailing or going rate because it is assumed that employers will not pay higher rates unless all of these workers are fully employed. The pay for unskilled Negroes was \$0.18 per hour. The average pay for the Negro domestic servants was \$0.16 per hour. It may also be observed that not only was the hourly rate for

Table XVIII

Median Weekly and Hourly Earnings and Hours Worked Per Week by Employed Workers on Relief by Race and Sex - Urban Relief May 1934.

Race and Sex	Median Earnings		Median Hours Worked per Week
	Weekly	Hourly	
<hr/>			
Total Workers Reporting:			
Number	31,923	31,406	35,457
Median	\$ 7.50	\$0.29	35.3
Male	10.40	0.36	39.1
Female	5.10	0.22	29.3
<hr/>			
White			
Male	11.20	0.37	39.6
Female	7.00	0.26	36.1
<hr/>			
Negro			
Male	6.30	0.25	34.9
Female	2.80	0.17	17.1

Source: Urban Workers on Relief, P. 81.

Table XIX

Median Weekly and Hourly Earnings and Hours Worked Per Week
by Employed Workers on Relief, by Socio-Economic Class of
Present Occupation and Race, Urban Relied Sample May 1934.

Socio Economic Class	Median Earnings				Median Hours Worked Per Week	
	Weekly		Hourly			
	White	Negro	White	Negro		
<hr/>						
Total Workers Reporting:						
Number	23,952	7,971	23,531	7,875	26,700	8,697
Median	\$9.20	\$3.60	\$0.32	\$0.18	38.5	22.2
White Collar	12.80	6.40	0.35	0.32	41.7	30.3
Professional	11.10	6.60	0.54	0.40	24.4	17.9
Proprietary	7.70	2.60	0.26	0.12	45.4	40.8
Clerical	13.10	8.90	0.35	0.30	41.8	32.5
Sales	7.50	3.80	0.26	0.14	40.0	38.4
Skilled	15.10	9.70	0.50	0.34	38.2	36.3
Semi-Skilled	9.70	5.50	0.34	0.21	36.8	34.6
Unskilled	7.03	3.13	0.26	0.18	36.9	18.8
Servant	5.40	2.70	0.19	0.16	35.9	17.2
Laborer	11.40	6.30	0.39	0.29	37.7	29.2

Source: Urban Workers on Relief, P. 83.

Negroes materially less than that for white workers, but if 30 hours per week is taken as full time, none of the unskilled Negro workers were employed full time; whereas all of the unskilled white workers were employed full time.

The Negro servant class shows a greater amount of "part-timeness" and a much lower rate of pay per hour than the Negro laborer. Even if one assumes a full 40 hour week for the Negro servant and laborer, their weekly earnings at the prevailing hourly rate would have been only \$6.40 and \$11.60 respectively. It is significant to note that Negro servants and unskilled laborers constitute two-thirds of Negro gainful workers. Yet, it is the Negro servant and laborer that form the bulk of the Negro unemployed. The Negro servants suffer also from chronic part-time employment. Thus, from a standpoint of social insurance, the full time earnings of two thirds of Negro gainful workers is not adequate to yield much in the way of insurance benefits. These workers need relief before they become unemployed. After they become unemployed, one half of their weekly earnings could not mean much without additional relief. And if a worker needs relief when he becomes unemployed there is no economic basis for insurance. Certainly, insurance and relief do not mean the same thing.

Summary and Conclusions

In this chapter the writer has attempted to analyze the unemployment and income situation of the Negro to the end that a more careful set of expectations of the act might be formulated to serve as a basis of evaluating the effect of the act on the status of the Negro. One of the main conclusions is that an evaluation of the act cannot be founded upon its exclusion of agricultural and domestic workers in so far as Negroes are concerned because the wage structure of the Negro in agriculture and domestic service is not adequate to meet the act and that present trends do not offer much in the way of an adequate wage structure for a system of insurance. Thus, in agriculture and domestic service the wage structure of the Negro is only amenable to the welfare provisions of the act which do not exclude workers on the basis of their occupations.

We also conclude that wage structure of the urban Negro unskilled laborer for an insurance point of view is inadequate to meet the heavy incidence and severity of Negro unemployment. Therefore, from the standpoint of the Negro, expectations of the act must center mainly about its welfare provisions.

The following pages shall set forth the objectives

and methods of the Act as a final preliminary to the main problem of checking expectations with actuality.

CHAPTER IV

THE BASIC PHILOSOPHY OF THE SOCIAL SECURITY PROGRAM

Objectives

It was to stem the tide of socialism that the "Iron Chancellor" Bismarck instituted social insurance in Germany as early as 1883. However, there were specific circumstances in Germany which offered favorable grounds for the development of a socialist movement sufficiently articulate to command the attention of the "Iron Chancellor". During the second half of the nineteenth century, Germany had become one of the most highly industrialized countries on the continent. And the problem of insecurity was inherent in this industrial development. But perhaps it was more significant that the German philosophy of the State as expressed by one of its philosophers such as Fichte, offered no obstacles to a program of social control. Also, economists such as Wagner and Schaffle did not fall under the influence of philosophic individualism as theorized by the English classical economists. In America the economic philosophy was quite different. The early colonists represented the quintessence of economic individualism. Indeed the pioneering life of the colonists offered prolific opportunities for the expression of their traditional heritage. It is not strange, therefore, that it required the impact of an economic catastrophe such as the

recent depression to enforce a recognition of social responsibility for individual security. Private charity was no longer regarded as equal to the task. It was recognized that the individual has a right to economic security. And social insurance was regarded as the most expedient machinery to meet a large number of contingencies. Through social insurance, the elemental principle of the distribution of the risk is given its widest scope. By spreading the risk to the entire working population of a state or nation, the insurance principle is carried to its logical limit.

In an attempt to apply the insurance principle to emergencies resulting from the temporary or permanent loss of a job through unemployment, invalidity or old age, and other emergencies which were deemed politically expedient to be included in the Act, the problem faced by Congress was two-fold. In the first place, it was essential to provide for the prevention of the occurrence of the contingency of unemployment and old age insecurity as well as the provision of relief for those who are already old. In line with these two major objectives, Congress passed during the week of August 5th, the present Social Security Act.

Lines of Attack

As recommended by the committee on Economic

¹ Security the Social Security Act does not itself set up a system of unemployment insurance but makes it easier for the States to set up such systems for themselves.² The Act lays a Federal tax of 3 percent on the pay-roll of certain employers in every State, regardless of whether or not such a State has an unemployment insurance law.³ It provides that if such employers are required to pay a State tax for unemployment insurance they may credit such payments against the Federal tax up to 90 percent of its total.

Old-age insurance, unlike unemployment insurance, is entirely Federal and directly administered by the Social Security Board. The worker and his employer make equal contributions, beginning with 1 percent each in 1937 and rising to 3 percent each by 1949. This is illustrated in Table XX.

Unlike old-age insurance, the worker does not make any contributions in the field of unemployment insurance. But under old-age insurance, the taxes apply to all businesses, except those which are specifically excluded.

¹ See: Report of the Committee on Economic Security, Hearings before the Committee on Ways and Means, Seventy-fourth Congress. P. 20.

² For details, see: Social Security Act, Public - No. 371; H. R. 7260.

³ At this writing, every State has passed an Unemployment Compensation Act.

Contribution of Workers and Employers, 1937-38

Two-Year Periods	Percentage payments on wages and salaries under \$3,000 a year	
	Employer	Employee
1937-1939	1.0	1.0
1940-1942	1.5	1.5
1943-1945	2.0	2.0
1946-1948	2.5	2.5
1949 and subsequent years	3.0	3.0

Source: Title VIII Social Security Act.

Whereas under unemployment insurance in the National law the tax is levied only upon employers which employ eight or more workers. However, many state laws reduced this unit to less than eight. Also, taxes for unemployment insurance started in 1936, rather than in 1937.

For those who are already old and in want, and who, because they are no longer wage earners, and cannot come within the scope of insurance provisions of the Act, a program of old age assistance is provided. In this program the states are directly responsible. The federal government will grant sums to match state appropriations up to a maximum of \$30 per month per person. This means that the maximum monthly amount which the federal government will contribute for any one person will be \$15. However, each state determines how much old-age assistance people shall get, and who shall get it. Provided, of course, that each state measures up to certain minimum standards,¹ such as, age of eligibility, citizenship and residence requirements, administrative organization and procedure, opportunity for appeal, and the like.

¹ See: Title I, Social Security Act.

The fundamental difference between old-age assistance and old age insurance is that the former is based upon some kind of "means" test to evaluate the needs of the applicant. Whereas old age annuities are paid as a matter of right without regard to the financial resources of the annuitant or his relative. However, no annuities will be paid until 1942.

In addition to old-age assistance, title IV, V and VI provide for many other federal grants-in-aid, namely, (1) assistance to dependent children or so-called "mother's pensions"; (2) maternal and child health; (3) the care of crippled children; (4) the care of neglected children in primarily rural areas; (5) vocational rehabilitation; (6) pensions for the blind; (7) public health. A detail analysis of the nature and effect of particular welfare provisions will come under consideration in subsequent chapters.

In keeping with the objectives and lines of attack of the Social Security Act, an attempt will be made to examine the effect of the Act on the Status of the Negro from the point of view of five fundamental provisions of the Act, namely, unemployment compensation, Federal old age benefits, old age assistance, aid to dependent children, and aid to the blind. They are quoted as follows:

(1) Unemployment Compensation

For the purpose of assisting the States in the

administration of their unemployment compensation laws, there is hereby authorized to be appropriated, for the fiscal year ending June 30, 1936, the sum of \$4,000,000, and for each fiscal year thereafter the sum of \$49,000,000, to be used as hereinafter provided.

The Board shall from time to time certify to the Secretary of the Treasury for payment to each State which has an unemployment compensation law approved by the Board under Title IX, such amounts as the Board determines to be necessary for the proper administration of such law during the fiscal year in which such payment is to be made. The Board's determination shall be based on (1) the population of the State; (2) an estimate of the number of persons covered by the State law and of the cost of proper administration of such law; and (3) such other factors as the Board finds relevant. (Social Security Act, Sections 301, 302(a)).

On and after January 1, 1936, every employer shall pay for each calendar year an excise tax, with respect to having individuals in his employ, equal to the following percentages of total wages payable by him (regardless of the time of payment) with respect to employment during such calendar year; (1) With respect to employment during the calendar year 1936 the rate shall be 1 per centum; (2) With respect to employment during the calendar year 1937 the

rate shall be 2 per centum; (3) With respect to employment after December 31, 1937, the rate shall be 3 per centum.

The taxpayer may credit against the tax imposed by section 901 the amount of contributions, with respect to employment during the taxable year, paid by him (before the date of filing his return for the taxable year) into an unemployment fund under a State law. The total credit allowed to a taxpayer under this section for all contributions paid into unemployment funds shall not exceed 90 per centum of the tax against which it is credited, and credit shall be allowed only for contributions made under the laws of States certified for the taxable year as provided in section 903. (Social Security Act, Title IX, Sections 901; 902).

Unemployment compensation shall not be denied in such State to any otherwise eligible individual for refusing to accept new work under any of the following conditions: (A) If the position offered is vacant due directly to a strike, lockout, or other labor dispute; (B) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality; (C) if as a condition of being employed the individual would be required to join a company union or to resign

from or refrain from joining any bona fide labor organization. (Social Security Act, Title IX, Sec. 903, a).

Title IX concerning unemployment compensation (Sec. 907, c) provides: "The term employment means any service, of whatever nature, performed within the United States by an employee for his employer, except - (1) Agricultural labor; (2) Domestic service in a private home; (3) Service performed as an officer or member of the crew of a vessel on the navigable waters of the United States; (4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother; (5) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States, or political subdivisions; (6) Service performed in the employ of the United States Government or of an instrumentality of the United States; (7) Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Federal Old Age Benefits

Every qualified individual shall be entitled

to receive, with respect to the period beginning on the date he attains the age of sixty-five, on January 1, 1942, whichever is the later, and ending on the date of his death, an old-age benefit (payable as nearly as practicable in equal monthly installments) as follows:

- (1) If the total wages (as defined in Section 210) determined by the Board to have been paid to him, with respect to employment after December 31, 1936, and before he attained the age of sixty-five, were not fit shall be at a monthly rate of one-half of 1 per centum of such total wages; (2) If such total wages were more than \$3,000, the old-age benefit shall be at a monthly rate equal to the sum of the following: (A) One-half of 1 per centum of \$3,000; plus (B) one-twelfth of 1 per centum of the amount by which such total wages exceeded \$3,000 and did not exceed \$45,000; plus (C) one-twenty-fourth of 1 per centum of the amount by which such wages exceeded \$45,00. In ^{no} ~~one~~ case shall the monthly rate computed under subsection (a) exceed \$85.00. (Social Security Act, Title II, Sec. 202 (a)).
- (2) Wherever the Board finds that any qualified individual has received wages with respect to regular employment after he attained the age of sixty-five, the old

age benefit payable to such individual shall be reduced, for each calendar month in any part of which such regular employment occurred, by an amount equal to one month's benefit. Such reduction shall be made, under regulations prescribed by the Board, by deductions from one or more payments of old-age benefit to such individual. (Social Security Act, Title II, Sec. 202(d)).

(3) Title II concerning old-age insurance (Sec. 210,b) provides: "The term employment means any service of whatever nature, performed within the United States by an employee for his employer, except -

- (1) Agricultural labor;
- (2) Domestic Service in private home;
- (3) Casual labor not in the course of the employer's trade or business.
- (4) Service performed as an officer or member of the crew of a vessel documented under the laws of the United States or of any foreign country;
- (5) Service performed in the employ of the United States Government or of an instrumentality of the United States;
- (6) Service performed in the employ of a State, a political subdivision thereof, or an instrumentality of one or more States or political subdivisions;

(7) Service performed in the employ of a corporation, community chest fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Title VIII (old-age insurance) exempts from taxes wages paid for: "Service performed by an individual who has attained the age of sixty-five."

Special Types of Public Assistance

(3) Old Age Assistance

For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to aged needy individuals, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$49,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum of sufficient amount to carry out the provisions (Social Security Act, Title I, Section 1.)

From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved

plan for old-age assistance, for each quarter, beginning with the quarter commencing July 1, 1935,¹ an amount, which shall be used exclusively as old age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan with respect to each individual who at the time such expenditure is sixty-five years of age or older and is not an inmate of a public institution, not counting so much of such expenditure with respect to any individual for any month as exceeds \$30, and, (2) 5 per centum of such amount, which shall be used for paying the cost of administering the State plan or for old age assistance, or both, and for no other purpose..... (Social Security Act, Title I, Sec. 3(a)).

(4) Aid to Dependent Children

For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy dependent children, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$24,750,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. (Social Security Act, Title IV, Sec. 401).

From the sums appropriated therefore, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependant children, for each quarter, beginning with the quarter commencing July 1, 1935, an amount, which shall be used exclusively for carrying out the State plan, equal to one-third of the total of the sums expended during such quarter under such plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$18, or if there is more than one dependent child in the same home, as exceeds \$18 for any month with respect to one such dependent child and \$12 for such month with respect to each of the other dependent children. (Social Security Act, Title IV, Sec. 403(a)).

The term "dependent child" means a child under the age of sixteen who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt, in a place of residence maintained by one or more of such relatives as his or their own home.

The term "aid to dependent children" means money payments with respect to a dependent child or

or dependent children. (Social Security Act, Title IV, Sec. 406 (a) and (b)).

(5) Aid To The Blind

For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals who are blind, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1936, the sum of \$3,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted and had approved by the Social Security Board, State plans for aid to the blind. (Social Security Act, Title X, Sec. 1001).

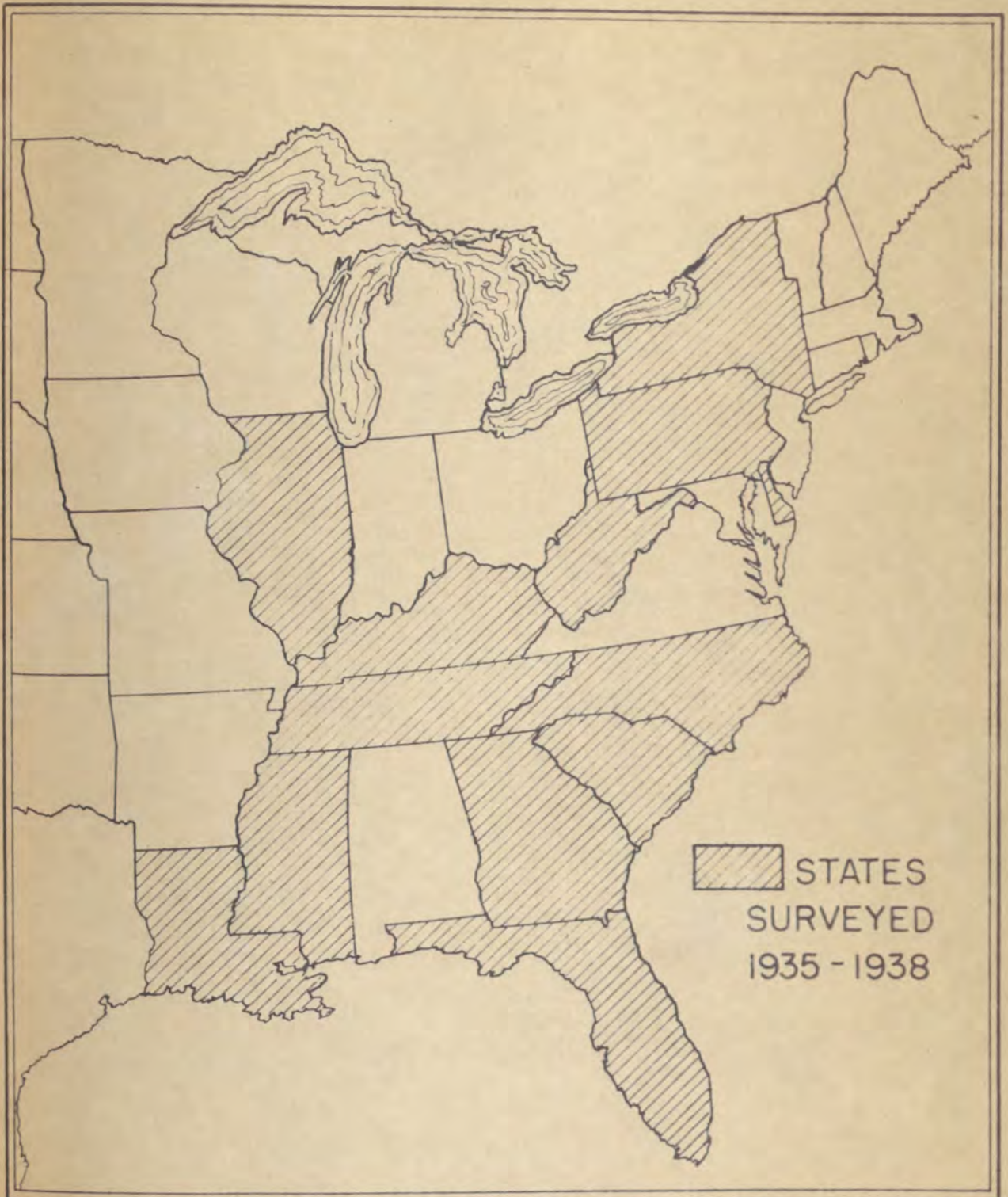
From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing July 1, 1935 (1) an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan with respect to each individual who is blind and is not an inmate of a public institution, not counting so much of such

expenditure with respect to any individual for any month as exceeds \$30, and (2) 5 per centum of such amount, which shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose. (Social Security Act, Title X, Sec. 1003(a)).

PART II

THE EFFECTS OF THE ACT ON THE STATUS OF
THE NEGRO

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CHAPTER V

NEGRO COVERAGE

The Negro In Covered Industries

In the determination of the extent to which the Negro is covered in insured industries, an analysis must be made for purposes of improved accuracy. In 1930, 5,503,535 Negroes; 3,662,893 males and 1,840,642 females; 10 years of age and over were engaged in gainful occupations. Included in this figure of the total Negro gainful workers are agricultural workers and domestic and personal servants. These two occupational groups constituted two-thirds (64.8 percent) of the 5,503,535 Negroes engaged in gainful occupations; 38.1 per cent in agricultural pursuits, and 28.6 per cent in domestic and personal service pursuits. Since agricultural and domestic and personal servants are exempt under the Act, it is necessary to deduct these groups. Thus, we proceed to find first, the probable volume of non-agricultural employment by subtracting 1,987,839 from 5,503,535. The remainder, 3,515,696 constitute non-agricultural workers. From this group should be excluded:

(1) Total number of unemployed... 1,251,770¹

The result of the subtraction of item (1) from the total

¹Proprietors, managers and officials are not deducted for old-age insurance.

number of non-agricultural workers will give the actual number of employed Negro salary and wage earners. Therefore, the actual number of employed non-agricultural Negro workers covered under the Act may be isolated as follows:

Actually employed salary and wage earners 2,263,926

Deduct:

Domestic Servants	1,576,205
Proprietors, managers and officials	55,000
Public employees	50,203
	<hr/> 582,518

While the above distribution is based upon the 1930 Census, it is believed that whatever changes that have occurred since that time have substantially counter-balanced each other. In view of the widespread unemployment since 1930, it is reasonable to assume that occupational shifts have resulted only in changes in job competition rather than a net change in the ratio of the number employed in insured and uninsured pursuits.

Perhaps further deductions should be made for partial unemployment among Negro workers. Since unemployment insurance as well as old-age insurance is based upon earnings, it is obvious that a large group of partially unemployed workers can not expect much in the way of security from unemployment benefits. Thus to obtain the

actual full-time employed Negro workers in private industry, the following reduction is made:

Negroes Employed in private industry	582,518
Subtract:	
Estimated partially unemployed	<u>58.00</u>
Total full-time employed Negroes	524,518

Title IX of the Social Security Act imposes a tax on employers of eight or more in order to provide for unemployment compensation. Of course this title of the Act does not prohibit State laws from including the smaller firms. Some States have amended their laws to include a greater number of small size firms. The situation as of June 30, 1938¹ was as follows: 27 States and Alaska include employers of eight or more during a stipulated period. One State (Connecticut) includes employers of five or more;² 10 include employers of four or more; 2³ employers of three or more, and 8 States, the District of Columbia and Hawaii make no size of firm,⁴ exclusion.

¹See: Third Annual Report of the Social Security Board, 1938. P. 48.

²Kentucky, New Hampshire, New Mexico, Oregon, Rhode Island, Utah, Maryland, California, Massachusetts.

³Arizona and Ohio.

⁴Arkansas, Delaware, District of Columbia, Idaho, Minnesota, Montana, Nevada, Pennsylvania, and Wyoming.

At the beginning of the fiscal year Wisconsin extended its coverage from employers of ten or more to employers of eight or more during the remainder of 1937, seven or more during 1938, and six or more thereafter. The laws of California, Maryland, and Massachusetts have been recently amended to include employers of four or more. Michigan was the only State to amend its law during the year to make it apply only to establishments of larger size; the law is now applicable to employers of eight or more; it was previously applicable to employers of one or more when their annual pay rolls exceeded \$6,000.

These various exemption limits are significant in determining the total number of full-time employed Negroes actually covered by the Act. It is especially significant when one observes that the states with lower exemption limits are not states with a large Negro labor supply. Speaking more specifically, the southern states, with the possible exception of Kentucky, have not adopted lower exemption limits than those of the federal law. Since 80 per cent of the Negroes are in the South, it is reasonable to expect — other things being equal — a higher ratio of Negro than white workers are excluded because of the higher exemption limits in the various states that comprise the bulk of the Negro labor supply.

It has been estimated that 2,428,000 employees

are employed in 2,114,000 establishments that are exempted by State laws.¹ Census reports do not show a distribution by color and size of establishments in the United States. However, it is reasonable to assume that out of a sample of 2,428,000 employees, the Negro percent would normally approximate the percent which he forms of the total gainfully employed. In 1930 the Negro formed 12.8 percent of the total gainfully employed. Thus, the total number of Negroes exempted under State laws would be 12.8 percent of 2,428,000 or 310,784 plus an additional allowance for the greater number exempted in the South, conservatively estimated to be 97,000. Therefore, it is estimated that 407,784 Negroes are exempted from the insurance provisions because of the exclusion of the smaller firms. In setting up this deduction we have:

Total full-time employed Negroes	524,518
Deduct:	
Number excluded in smaller firms	97,000
	<hr/>
Total full-time Negroes covered	427,518

The above estimate is subject to certain limitations imposed by the underlying assumptions, namely,

¹Woytinsky, W. S., Labor In the United States, Report Prepared for Committee on Social Security, Washington 1938, P. 228.

that the small concerns are more or less evenly distributed over all States, and that the errors resulting from the inadequacy of data are mutually compensating. In addition to these methodological considerations, it is highly probable that some Negro workers who are employed in marginal establishments may be discharged in cases where there are eight or more employees, in the meaning of Section 907, in order that the employers in these establishments may escape the pay-roll tax. This eventuality stands to become more significant as the excise tax reaches 3 percent of the payroll. An employer who is now just over the limit may be forced by a 3 per cent pay-roll tax to reduce personnel so as to avoid the tax. Likewise, employers who are now just under the limit may find it more economical not to employ extra workers because the additional product created by these extra workers will be more than offset by the amount of their wages plus an additional 3 percent to his payroll.

The behavior of these smaller firms as indicated above, is more than likely to have special effect upon Negro workers who are traditionally the "first to be fired and the last to be hired."

Furthermore, the provision of the Social Security Act and the State laws that employers are exempt from the excise tax unless they employ the specified number of workers

on each of some 20 days in the taxable year, each day being, in a different calendar week, effects adversely the coverage of Negroes employed in seasonal employments, particularly canning and preserving in which the season usually lasts only from the latter part of June to the end of October — a period too brief to bring these employers under the provisions of the law.

To summarize the effective coverage of the Negro under the unemployment insurance provision of the Social Security Act, the following statement below is presented:

Statement of Effective¹ Negro Coverage
Under Title III of Social Security Act

Total Negro Gainful workers	5,503,535	
Less Agricultural workers	<u>1,987,839</u>	
Non-Agricultural Workers		3,515,696
Ineligible Workers:		
Unemployed workers	1,351,770	
Total Ineligible		<u>1,351,770</u>
Actually Employed Salary and Wage Earners		2,263,926
Deduct:		

¹Effective Negro Coverage Means Negroes who are now actually working and earning credit for benefits.

Actually Employed Salary and Wage Earners	97 - 2,263,928
Domestic Servants	1,576,205
Public Employees	50,203
² Proprietors, managers and officials	55,000
Workers in Small Firms	<u>97,000</u>
Total Deductions	<u>1,778,404</u>
Effective Coverage of Negro Employees In Private Industry	485,518
Deduct:	
Estimated Partially unemployed	<u>58,000</u>
Total full time employed Negroes effectively covered	427,518

On the basis of the preceding analysis of the effective Negro Coverage, there are only 485,518 Negro workers or 8.8 percent of the total gainfully employed Negro workers who are now actually accumulating taxable earnings and satisfying the conditions of eligibility for old age and unemployment insurance. In other words, more than 91 percent of Negro workers are failing for one reason or another to satisfy the conditions of eligibility for benefit payments and therefore have no basis of expectations for future analysis of the Negro Coverage under the provisions

²

Only employers excluded from old-age insurance.

of old-age insurance is necessary, since age and total accumulated earnings are significant determinants of eligibility. Table XXI shows that 53.5 and 86.6 percent of Negro male and female, respectively, are excluded from old-age benefits. The total excluded male and female combined constituted 3,558,329 workers, or 64.6 percent of the total Negro gainful workers. Thus, there are only about 1,945,206 Negro workers of ages 10 to 75 and over who are covered under the old-age provisions of the Social Security Act. In a determination of their age distribution, the following excluded groups are subtracted from the total number of gainfully occupied Negroes in each age class, as shown in Table XXII.

Excluded groups:

- (a) Employers and self-employed Negroes;
- (b) Professional persons in independent pursuits;
- (c) Unpaid family workers;
- (d) Salary and wage earners in uninsured industries;
- (e) Salary and wage earners 65 years of age or more in insured industries.

Tables XXIII and XXIV shows the age and sex distribution of Negro workers enumerated under (a); (b); (c); and (d). In Table XXIV is shown the percentage distribution by sex and age classes of Negro workers

Table XXI

Number of Negro Non-Salary and Salary and Wage Earners
Excluded Under Old Age Insurance in Social Security Act
and the Percent of the Total Negro Gainful Workers

Total Negro Gainful Workers		Excluded Under the Social Security Act			
		Non-Salary Workers (a)		Salary and Wage Earners	
Male	Female	Male	Female	Male	Female
3,662,893	1,840,642	1,150,213	438,452	812,432	1,157,131

Total Excluded

Number		Percent of Total Negro Workers	
Male	Female	Male	Female
1,962,646	1,595,683	53.56	86.69

(a) Non-Salary Workers includes proprietors, independent professional Workers and unpaid family workers.

Source: PP. 102 infra.

Table XXII

Distribution of the Negro Population, 10 Years Old and Over,
By Sex and Age Classes, In the United States, 1930

Age Classes	Total Number	Male	
		Gainfully Occupied Number	Percent
All Ages	4,564,690	3,662,893	80.2
10 to 17 years	985,174	299,903	30.4
18 and 19 years	233,700	190,823	81.7
20 to 24 years	553,622	517,707	93.5
25 to 29 years	500,520	483,423	96.6
30 to 34 years	416,869	403,804	96.9
35 to 39 years	430,472	418,037	97.1
40 to 44 years	339,329	329,762	97.2
45 to 49 years	323,162	314,200	97.2
50 to 54 years	277,532	268,330	96.7
55 to 59 years	174,367	166,770	95.6
60 to 64 years	133,349	123,515	92.6
65 to 69 years	82,843	72,646	87.7
70 to 74 years	50,896	38,786	76.2
75 years and over	55,791	30,228	54.2
Unknown	7,064	4,959	70.2

Source: Abstract of the Fifteenth Census of the United
States, 1930, Occupations P. 338.

Table XXII
(Continued)

Age Classes	Total Number	Female	
		Gainfully Occupied Number	Percent
All Ages	4,727,866	1,840,642	38.9
10 to 17 years	1,009,515	171,726	17.0
18 and 19 years	273,681	113,542	41.5
20 to 24 years	649,569	299,103	46.0
25 to 29 years	571,267	267,688	46.9
30 to 34 years	447,645	210,157	46.9
35 to 39 years	460,428	219,586	47.7
40 to 44 years	348,094	106,355	47.8
45 to 49 years	306,903	144,011	46.9
50 to 54 years	227,058	103,328	45.5
54 to 59 years	135,030	57,173	42.3
60 to 64 years	108,820	41,711	38.3
65 to 69 years	72,334	23,513	32.5
70 to 74 years	48,200	11,328	23.5
75 years and over	62,655	8,278	13.2
Unknown	6,867	3,143	47.1

Table XXIII

Age Distribution of Negro Gainful Workers In the United States in 1930 Excluded By the Definition of "Employment" In the Social Security Act

Excluded Groups	All Age Classes	Age Classes				
		10-17	18-19	20-24	25-29	30-34
A. Gainful Workers Other Than Salary and Wage Earners						
All Groups:						
Male	1,150,213	178,346	48,320	125,208	102,359	87,186
Female	438,452	102,754	23,995	60,099	45,804	33,627
Employers:						
Male	802,839	-	1,251	80,844	87,062	76,533
Female	76,708	-	2	3,160	4,720	6,263
Professional Persons:						
Male	72,898	2,654	2,161	6,935	7,993	7,922
Female	63,027	595	2,993	8,057	13,178	8,102
Unpaid Family Workers:						
Male	274,476	175,692	44,908	37,429	7,304	2,731
Female	298,727	102,159	31,828	48,882	27,906	19,262
B.* Industrial Exclusions (Sec.210(b) of the Social Security Act						
All Groups:						
Male	812,432	65,531	49,473	142,831	108,550	83,787
Female	1,157,131	60,947	64,744	187,822	180,565	142,594
Farm Laborers:						
Male	419,193	51,932	41,684	84,535	48,644	32,589
Female	120,114	116,080	10,410	21,840	14,700	10,725
Servants						
Male	343,966	12,025	16,628	52,169	44,577	43,667
Female	1,036,087	44,851	54,318	165,765	131,869	136,816
Public Service						
Male	49,273	674	1,160	5,335	6,621	6,807
Female	930	16	26	100	135	144

Table XXIII
(Continued)

Excluded Groups	Age Classes					
	35-39	40-44	45-49	50-54	55-59	60-64
All Groups:						
Male	101,665	88,549	101,144	104,878	71,304	57,812
Female	37,086	15,418	28,646	25,011	12,885	9,869
Employers:						
Male	91,212	79,344	91,897	96,759	16,096	53,747
Female	10,262	10,723	11,496	10,637	6,548	5,874
Professional Persons:						
Male	8,900	8,268	8,566	7,514	4,752	3,406
Female	7,187	4,695	3,699	2,257	1,175	572
Unpaid Family Workers:						
Male	1,553	937	681	605	455	599
Female	19,637	14,631	13,451	9,167	5,162	3,423
All Groups:						
Male	81,254	64,983	60,140	57,257	33,155	25,848
Female	148,280	112,547	96,202	68,692	37,242	27,264
Farm Laborers:						
Male	30,880	24,853	25,140	25,131	16,899	14,916
Female	11,320	9,436	8,313	6,722	3,661	3,246
Servants:						
Male	43,667	34,540	28,960	22,775	13,416	8,947
Female	136,516	102,996	87,769	61,879	23,528	23,293
Public Service						
Male	6,807	5,590	5,040	4,351	2,840	1,985
Female	144	115	120	91	51	25

Source: U. S. Department of Commerce, ~~N~~egroes In the United States, PP.310-327.

(a) Includes Members of/^{crews}Casual laborers, and employees, public education not counted.

Table XXIII
(Continued)

Excluded Groups	Age Classes			
	65-69	70-74	75 years and over	Unknown
All Groups:				
Male	34,884	19,549	15,919	664
Female	5,543	2,837	585	178
Employers:				
Male:	32,450	18,029	14,700	489
Female	3,449	1,952	2	54
Professional Persons:				
Male	1,970	1,034	634	129
Female	256	83	50	28
Unpaid Family Workers:				
Male	464	486	585	46
Female	1,838	802	533	96
All Groups:				
Male	15,841	9,421	7,131	1,131
Female	15,329	7,227	5,174	2,349
Farm Laborers:				
Male	9,442	6,317	5,322	399
Female	1,904	947	702	98
Servants:				
Male	5,265	2,541	1,958	637
Female	13,411	6,274	4,468	2,248
Public Service				
Male	1,134	653	341	95
Female	14	6	4	3

Table XXIV

Percentage Distribution By Sex and Age Classes of Negro
Gainful Worker Included In and Excluded From Old-Age
Insurance in the United States 1930

Groups of Negro Workers	All Ages	10-17 years	18-19 years	20-24 years	25-34 years	35-44 years
All Gainful Workers	100.00	100.0	100.0	100.0	100.0	100.0
Male	66.6	63.6	63.0	63.4	65.0	66.0
Female	33.4	36.4	37.0	36.6	35.0	34.0
Excluded From Old- Age Insurance: Proprietors, professional persons and unpaid family Workers	100.0	100.0	100.0	100.0	100.0	100.0
Male	73.0	63.4	58.7	67.6	70.6	78.4
Female	27.0	36.6	41.3	32.4	29.4	21.6
Occupational exemptions (Social Security Act, Sec.210b)	100.0	100.0	100.0	100.0	100.0	100.0
Male	41.2	51.8	47.8	61.9	37.3	38.4
Female	58.8	48.2	52.2	38.1	62.4	61.6
Included In Old-Age Insurance	100.00	100.0	100.0	100.0	100.0	100.0
Male	84.7	87.5	84.9	49.2	87.0	84.9
Female	15.3	12.5	15.1	50.8	12.9	15.1

Table XXIV
(Continued)

Groups of Negro Workers	45-54	55-64	65 years and over
All Gainful Workers	100.00	100.00	100.0
Male	71.0	75.0	77.0
Female	29.0	25.0	23.3
Excluded From Old Age Insurance:			
Proprietors, professional persons and unpaid family workers	100.00	100.0	100.0
Male	80.2	89.3	88.7
Female	19.8	10.7	11.3
Occupational exemptions (Social Security Act, Sec. 210b)	100.0	100.0	100.0
Male	41.5	47.7	54.2
Female	58.5	52.3	45.8
Included In Old-Age Insurance	100.0	100.0	100.0
Male	89.1	89.8	None
Female	10.9	10.2	None

included in and excluded from old-age insurance on the basis of the 1930 Census. There is a great deal of variation between male and female exclusion and inclusion in the different age classes. For example, between the ages of 20 to 24 years, the female workers constitute the largest ratio of excluded workers. Between the ages of 25 to 34, the situation is reversed. In this age class the male constitute by far the largest ratio of excluded workers. This may be explained in part by the larger proportion of unpaid family workers among the Negro male during the early ages. Also, the Negro female worker leaves the rural community at an earlier age than the male.

The remaining number of workers resulting from the enumerations in table XXIII are shown below in table XXV which indicates the total Negro Coverage under Old-Age Insurance by sex and age classes.

Table XXVI shows in percentage form the distribution of Negro male and female workers insured and uninsured by age classes. The highest percentage of Negro male and female workers covered by old-age insurance is between the age of 25 and 34. However, by the time these workers reach the age of 54, only about half the number covered at 24, is covered. The fact of the precipitous decline in the percentage of Negro workers covered in the middle and upper age classes, when approximately two-thirds of

Table XXV

Age and Sex Distribution of Negroes Included Under Old-Age Insurance on the Basis of the Census of 1930.

Age Classes	Total	Male	Female	Percent	
				Male	Female
All Ages	1,731,902	1,466,615	265,287	100.0	100.0
10-17	64,051	56,026	8,025	3.1	3.0
18-19	97,834	83,031	14,803	5.6	5.5
20-24	100,850	49,668	51,182	3.3	19.2
25-34	580,590	505,365	75,255	34.4	28.3
35-44	483,858	411,248	72,610	28.0	27.3
45-54	290,899	259,111	31,788	17.6	11.9
55-64	113,790	102,166	11,624	6.9	4.3

Table XXVI

Percentage Distribution of Negro Gainful Workers In Insured
and Uninsured Occupation In the United States on the
Basis of the 1930 Census

Age Classes	In- sured	Male		In- sured	Female	
		Uninsured Salary and wage Earners	Inde- pendent and Family Workers		Uninsured Salary and Wage Earners	Inde- pendent and Family Workers
10-17	3.6	8.0	15.5	3.2	5.2	2.3
18-19	5.6	7.3	4.2	5.5	5.5	7.7
20-24	5.8	17.5	10.8	19.2	16.2	13.7
25-34	33.5	23.6	16.4	28.3	29.9	18.1
35-44	27.9	18.0	16.4	27.3	23.5	11.9
45-54	16.7	14.4	17.9	11.9	14.2	11.5
55-64	6.5	7.2	11.2	4.3	5.5	5.1

the workers are excluded by occupational exemptions and about 60 percent are on relief, constitute clear evidence that the term Old-Age insurance is a misnomer when applied to the Negro situation.

The Mobility of the Negro Between Insured and Uninsured Pursuits

Aside from such personal factors as skill, biological inheritance, training, attitudes, ambitions, and views concerning the possibilities of success in a given occupation, there are the external cultural and socio-economic factors which set limits to the relative status which a given individual will occupy in the economic structure of a country. All of the above factors have become interdependent in the economic life of the Negro. However, the socio-economic factors have been especially significant in determining the occupational structure of the Negro group - that is, its industrial affiliation and class of work. The ordinary assumption of easy industrial and occupational mobility in the United States does not apply to the already large and increasing unskilled Negro labor reserve in the United States. As pointed out in preceding chapters two-thirds of the Negro gainful workers are unskilled. This situation is a resultant of social stratification consisting largely of racial differences.

In the United States the unskilled Negro labor class tends to remain relatively static⁵ from generation to generation. This is observed in Table XVII below:

Table XXVII

Unskilled Negro Workers In the United States
1910 to 1930

	Number		Percent Distribution *			
	1930	1920	1910	1930	1920	1910
Farm Laborers	1,112,510	1,198,140	1,949,848	20.2	24.8	37.6
Factory and Building Contractor Laborers	674,187	601,295	438,327	12.3	12.5	8.4
Other Laborers	516,414	446,154	389,956	9.4	9.2	7.5
Servant Classes	1,380,083	944,907	1,014,096	25.1	19.6	19.3
Total	3,686,164	3,190,496	3,792,227	66.9	66.1	73.0

* Percent of Total Negro gainful Workers

Source: Bureau of the Census - Social-Economic Grouping
of Gainful Workers

⁵The Mechanization of Agriculture will cause a substantial increase of unskilled Negroes within the near future.
See Chapter I, P.

Table XXVII indicates the lack of vertical shifts, that is, shifts in the class of work done by Negro workers. As a matter of fact, this table shows a slight increase of 8 percent in the number of unskilled Negro laborers from 1920 to 1930. To the extent that wage differences are maintained for skilled and unskilled work, Negro labor shows a persistent inability to rise to the higher wage levels. From a point of view of Social insurance this indicates that the total earnings and insurance benefits based upon earning, will be proportionately less than for white workers for whom vertical shifts remain less static. It seems therefore that whatever shifts may occur among Negro workers will be of the horizontal variety, that is, changes in industrial affiliation. However, horizontal shifting without vertical shifting merely accentuates the unemployment problem within a given industry because the appearance of additional competitors merely adds to the employers' waiting list when workers cannot move up the industrial ladder. Nevertheless, it is interesting to note the trend of horizontal shifts among Negro workers in agricultural and non-agricultural pursuits. Perhaps this may be best indicated by contrasting the age distribution of Negro agricultural and non-agricultural workers as evidence of economic shifts between these two industrial classifications. If no

economic shifts occur, large differences should appear in the lowest and highest layer of the age pyramid. If there are shifts, differences should appear in the industrial composition of the different age classes as a result of Negroes shifting to and from agricultural and non-agricultural employments with successive years.

These trends are shown in Table XXVIII and diagram I.

On the basis of diagram I the following conclusions would appear reasonable:

(1) The small proportion of non-agricultural Negro workers under 17 years indicates that few of these young persons begin their gainful activity with work in industry.

(2) The extremely large proportion of agricultural workers in the ages over 74 and 85, indicates strong evidence that Negroes in agricultural pursuits work to more advanced ages than those in non-agricultural pursuits.

(3) Within the years from 19 to 34, the age classes of the greatest demand for unskilled Negro labor, the proportion of Negroes in non-agricultural pursuits increases, while the proportion in agriculture decreases. The decline of male and female agricultural workers from 52.0 and 37.1 percent, respectively, at the age of 19, to 27.5 and 17.2 percent, respectively, at the age of 34,

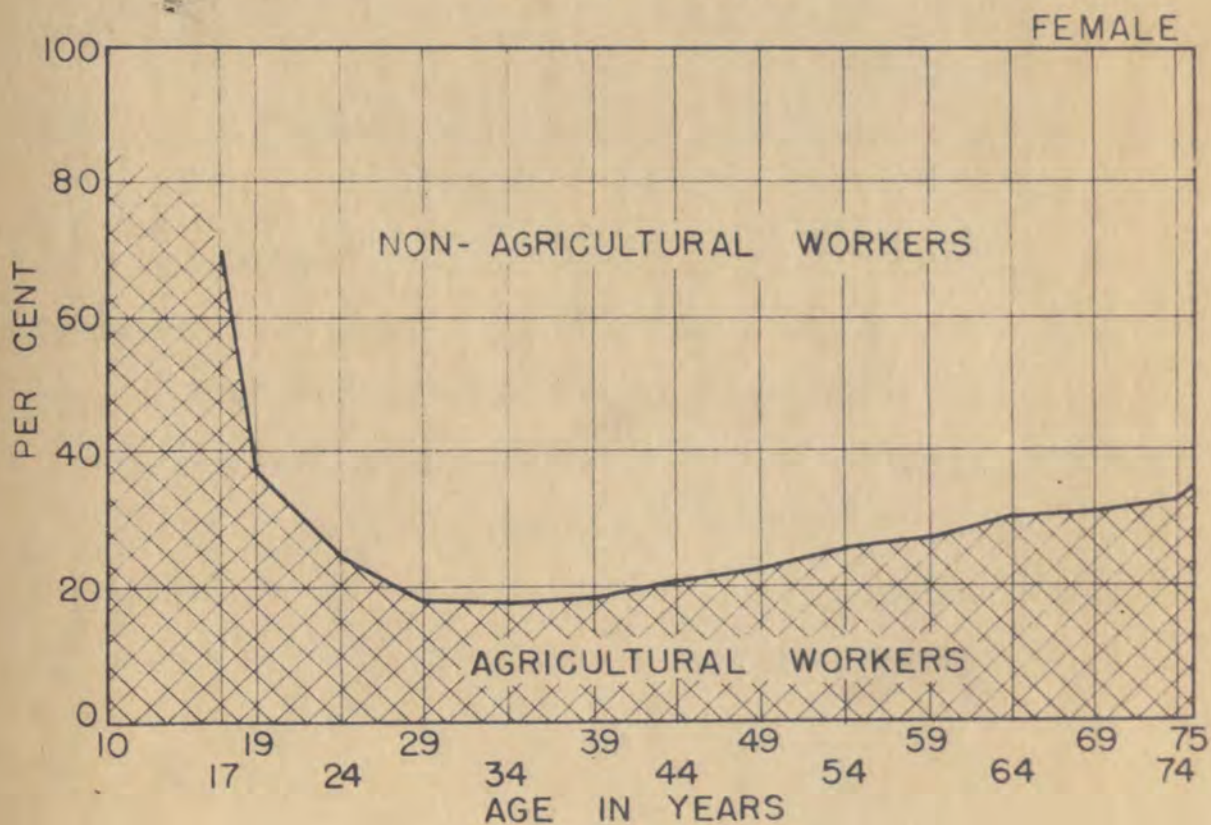
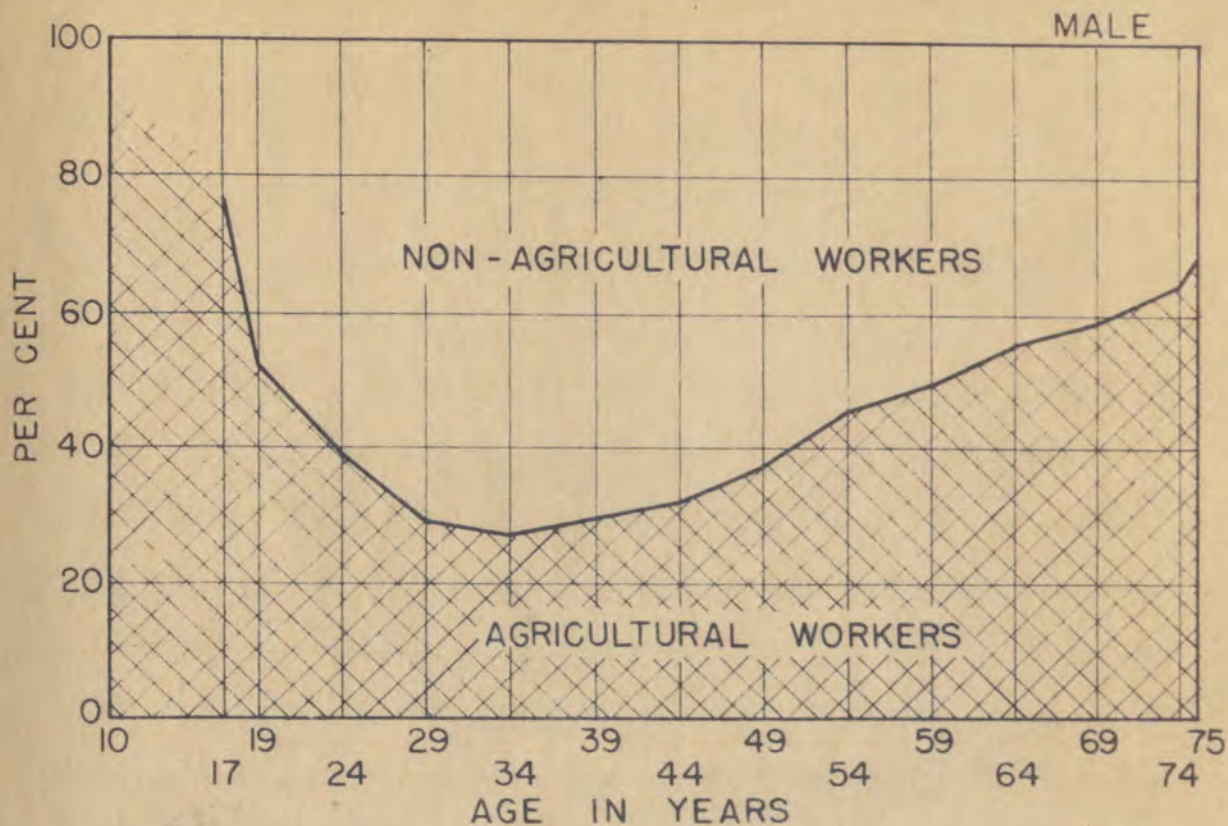
Table XXVIII

Distribution of Negro Agricultural and Non-Agricultural
Workers By Age and Sex in the United
States, 1930 (in hundreds)

Age Classes	Agri- culture	Non- agricultural Pursuits	Per- cent in Agri- culture	Agri- culture	Non- Agri- cultural Pursuits	Per- cent in Agri- culture
All Ages						
10-17	227,624	72,279	75.8	118,239	62,487	68.8
18-19	99,311	91,512	52.0	42,228	71,314	37.1
20-24	202,630	315,077	39.1	73,872	225,231	24.6
25-29	142,566	340,857	29.0	47,320	220,368	17.3
30-34	111,384	298,687	27.5	36,220	173,937	17.2
35-39	122,950	295,087	29.7	41,159	178,427	18.7
40-44	104,419	225,343	31.6	34,746	131,609	20.8
45-49	116,981	197,219	37.2	33,208	110,803	23.0
50-54	121,894	146,436	45.4	26,451	76,877	25.5
55-59	83,089	83,681	49.8	15,359	41,814	26.8
60-64	68,994	54,521	55.8	12,534	29,177	30.0
65-69	42,803	29,843	59.0	7,185	16,328	30.5
70-74	24,770	14,016	63.8	2,694	7,634	32.6
75 years and over	20,558	9,670	68.0	2,801	5,477	34.0

Source: U. S. Dept. of Commerce, Socio-Economic Groupings
of Gainful Workers In the United States, PP. 40-41.

The Varying Distribution of Negroes Between
Agricultural and Non-Agricultural Pursuits
(Occupational Shifts With Increasing Age)



indicates that about half of the male and female Negro workers who were in agriculture at the age of 19, had moved into non-agricultural pursuits at the age of 34, provided, of course, they had not died in the meantime.

(4) The growth of Negro non-agricultural workers in comparison with agricultural workers definitely reverses itself after 34 years of age. This indicates that Negro workers begin to shift back into agriculture during comparatively early years of active life. From a standpoint of social security, this means that a number of Negroes engaged in agriculture during the greater part of their working lives will be insured, provided they get a job, a comparatively short period of time - not more than 15 years - because of changes in their agricultural and non-agricultural affiliations.

The extent of the horizontal shifting of the Negro as between agricultural and non-agricultural pursuits was indicated in Diagram I. In Table XXIX and Diagram II, the vertical shifting of the Negro Worker is illustrated. Instead of two economic groups, seven classes of work are shown. The increase in the proportions of certain classes of work and the decrease of other classes as age advances, is regarded as indications of economic shifts. The diagram is indicative of the probability of shifts from dependent to independent pursuits, from unskilled to semi-skilled and skilled trades.

Table XXIX

Percentage Distribution of Negro Male Gainful Workers
of Each by Class, in Non-Agricultural Pursuits By
Classes of Work, In the United States,
1930

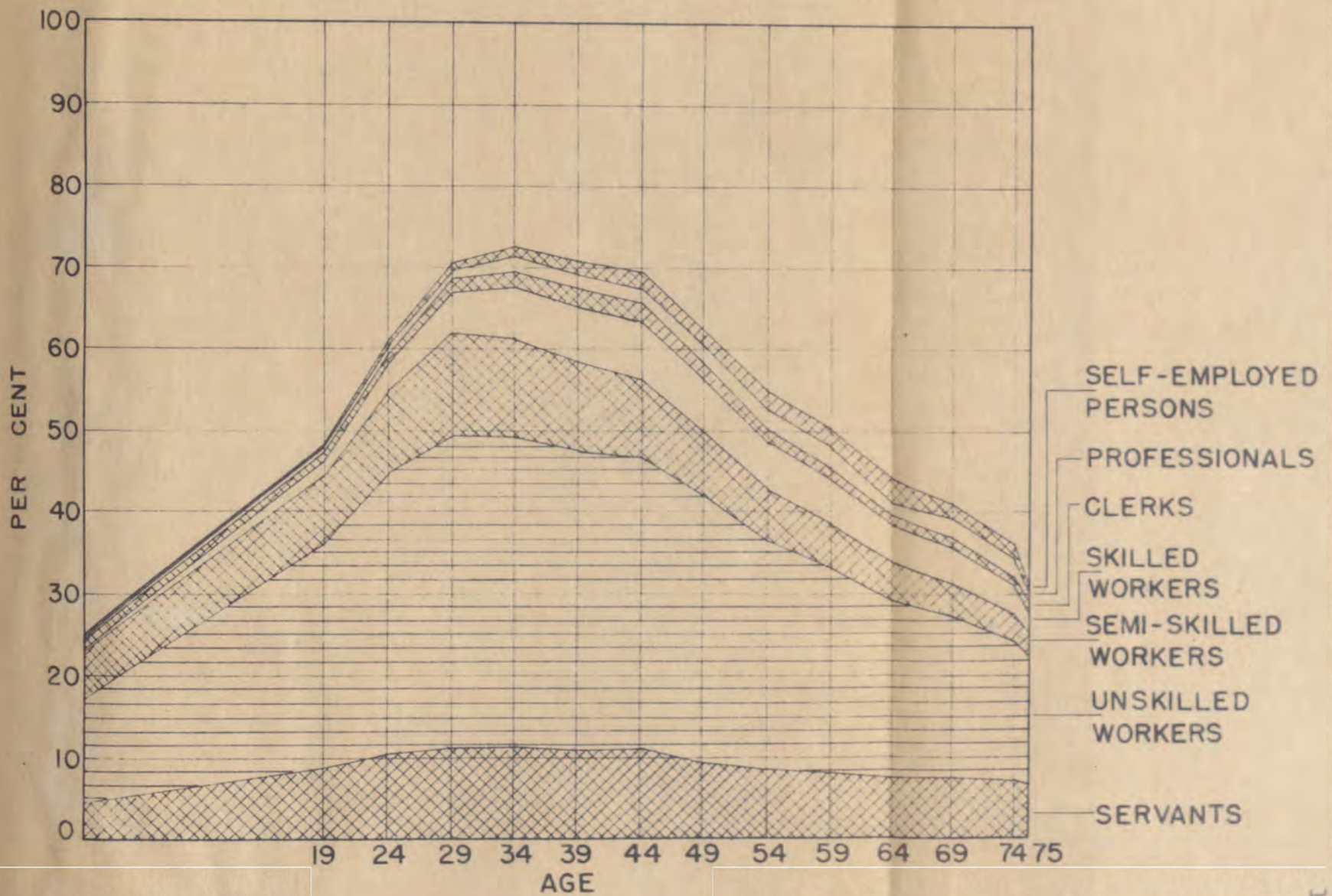
Classes of Work	All Ages	10-17 Years	18-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40-44 Years
Professional Persons	1.5	0.1	0.3	0.8	1.2	1.5	1.7	2.0
Employers and Self- Employed Persons	1.3	0.1	0.3	0.4	0.8	1.3	1.7	2.0
Clerks and kindred Workers	1.7	1.2	1.5	1.4	1.7	2.2	2.1	2.0
Semi-skilled Workers	9.0	5.7	8.3	10.1	12.1	12.1	10.9	9.4
Skilled Workers	4.8	0.2	1.7	3.2	5.0	6.1	6.7	6.9
Unskilled Workers	31.7	12.9	27.3	34.7	38.7	38.2	37.2	36.5
Servant Classes	9.4	4.3	8.7	10.2	11.0	11.0	11.0	10.4

Table XXIX
(Continued)

Classes and Work	45-49 years	50-54 years	55-59 years	60-64 years	65-69 years	70-74 years	75 years and over
Professional Persons	2.3	2.4	2.5	2.5	2.4	2.4	1.9
Employers and Self- employed Persons	2.1	2.2	2.2	1.9	1.8	1.7	0.3
Clerks and kindred Workers	1.8	1.7	1.5	1.3	1.1	0.9	0.7
Semi-skilled Workers	7.8	6.1	5.3	4.4	3.8	3.2	2.9
Skilled Workers	6.5	5.7	5.3	4.7	4.4	3.5	2.8
Unskilled Workers	32.7	28.1	25.4	22.1	20.3	17.8	15.8
Servant Classes	9.5	8.5	8.0	7.2	7.2	6.6	6.5

Source: U. S. Dept. of Commerce, Social-Economic
Grouping of Gainful Workers In the United
States, P. 42.

DIAGRAM II
 Percentage Distribution of Male Workers of Different Ages
 In Non-Agricultural Pursuits, By Classes of Work In the
 United States, 1930.



If all Negro male workers, including servants, are grouped together, the borderline which on Diagram II separates them from white collar employees, professional workers and employers, shows a slight decline from age 34 to 44 and another decline from age 49 to 59. This indicates that the net shifts from manual labor to independent and clerical occupations were barely sufficiently numerous enough to effect noticeably the age distribution of gainful Negro workers in non-agricultural pursuits.

The proportions of servants, unskilled workers, semi-skilled and skilled Negro workers remained relatively constant and declined with age. However, this decline begins at age 34, which is a rather early age to retire from non-agricultural employment in view of the retirement age of 65 as a condition of eligibility for the receipt of federal old age benefits. It seems quite evident that in all too many cases, beginning at the early age of 34, the accumulation of credits toward future benefits will be discontinued long before the Negro worker reaches the age of 65. The lapse of time between the last contribution and the application for benefits will often extend to 15 or 30 years. This is particularly significant since the bulk of the Negro workers are usually found in the lower paid unskilled jobs with limited opportunities for shifting up the industrial ladder. As already indicated, even the shifting between agricultural and non-agricultural pursuits is for a brief

period of 15 or 20 years. And in view of the present trends toward mechanization in industry and in agriculture, and the concomitant labor displacement with diminishing job opportunities, the horizontal shifts of Negro labor is simply a matter of shifting to and from a rural and urban labor reserve. Thus from a point of view of insurance in the field of economic security, the vertical and horizontal shifts of Negro labor fail to serve as an economic outlet for increased earnings to be credited to his account as a basis for benefit payments under old-age insurance.

In conclusion, the preceding analysis reveals that the problem of Negro Coverage under the Social Security Act is not simply a matter of paper specifications, but it is rather a problem of the peculiar nature of the industrial status of the Negro in a machine technology. Insurance coverage is of little avail to an individual or a group when socio-economic proscription prohibits normal access to the basic conditions of insurance. In the event of such a situation, either the basic disturbances must be remedied, or the theory of insurance must give way to the reality of relief. An illustration of this fundamental thesis is the province of subsequent chapters in which is revealed the result of an analysis of a survey on the effect of the Social Security Act on the status of the Negro.

CHAPTER VI

THE EFFECTS OF UNEMPLOYMENT INSURANCE UPON THE STATUS
OF THE NEGRO

The provisions of unemployment insurance described in Chapter IV was designed to pay the fairly regular worker who has lost his job about half of his normal wages and thus to help him get by until he finds other employment.¹ The degree of success attained in accomplishing this objective relative to any particular group is dependent upon several variables, namely, the duration of employment; the regularity of employment; the amount of the average wages; the occupational distribution; the variation of state laws², and the period of time in which benefits have been payable.

The Duration of Negro Unemployment

The duration of unemployment is significant from a point of view of qualifying for benefits³ and also

¹The Community's Stake In Social Security, by George E. Bigge, Member of the Social Security Board. Address delivered before the Council of Jewish Federations and Welfare Funds, Inc. Baltimore, Jan. 23, 1939 Part I.

²The states are left free to adopt any scale of benefits they wish and to fix at their pleasure the waiting period and the maximum period of benefit.

³Beginning about the middle of December, 1936, there was a movement away from the "time" to the "wage" method of computing the amount, duration and qualifications for benefits. At present, the quarter plan has become the accounting unit, and the amount of the weekly benefit is fixed within a given minimum and maximum at one-twenty-sixth of the total amounts, actually earned during that quarter, out of the first eight during the preceding nine quarters in which the earnings of the worker was the highest.

from the point of view of the relation between the duration of the benefit period and the period of unemployment. As indicated in preceding chapters, the volume of Negro unemployment is extremely large, approximating in April 1937 some 1,251,770⁴ workers. Since 80 percent of the Negroes are in the South, it is safe to assume that at least three-fourths of the Negro unemployed were in the South during April 1937. Approximately all the Southern States⁵ had passed an unemployment compensation law by the end of the spring of 1937. Thus the volume of Negro unemployment in the South in the spring of 1937 constitute a significant point of departure in determining the effect of compulsory unemployment insurance upon bulk of ^{the} Negro labor. As already indicated in a preceding chapter, the effective⁶ Negro coverage for unemployment compensation does not exceed more than a half million Negroes. However, the degree to which additional Negroes will qualify for benefits and the time

⁴ This estimate is based upon the active file inventory of the United States Employment Service. See Monthly Labor Review (April 1938) of the Bureau of Labor Statistics. The assumption is that the Employment Service Register included 60 to 70 percent of all job-seekers. For a basis of this assumption, see: Woytinsky, W. S., Labor in the United States, 1938, P. 108.

⁵ Florida did pass an unemployment compensation law until June 9, 1937.

⁶ The term effective is used to indicate those who are actually now employed in covered industries.

period between the cessation of benefits and reemployment for the few who are now effectively covered is indicated in the following table:

Table XXX

Percentage Distribution of New Applicants, July 1936 to March 1937, by Length of Unemployment and By Color and Sex

Length of Unemployment	Males		Females	
	White	Negro	White	Negro
Total	100.0	100.0	100.0	100.0
None Working when Registered	17.9	10.0	7.8	6.8
Less than 1 month	20.8	25.9	14.4	16.6
1 but less than 2 months	13.8	14.8	9.2	10.4
2 but less than 6 months	18.8	20.5	14.3	17.2
6 but less than 12 months	7.0	7.4	7.0	8.6
12 but less than 24 months	4.7	5.4	5.6	7.4
24 but less than 36 months	2.5	3.0	3.2	4.6
36 but less than 48 months	1.7	2.1	2.0	3.0
4 years and over	4.8	5.8	12.4	11.3
Recent Students	5.7	3.3	13.0	6.4
Not ordinarily employed	1.2	1.1	8.9	5.7
Unspecified	1.1	.7	2.2	2.0

Source: Placement of Colored Workers By U. S. Employment Service, Monthly Labor Review, Bureau of Labor, Statistics, Serial No. R. 741, April 1938, P. 4.

An interpretation of table XXX reveals that 44.3 percent of Negro males as compared with 39.5 percent of the white males were unemployed from two months to four years or more. In each of the longer periods of unemployment the proportion of Negro male applicants were larger. Also, only 10 percent of the Negro males were at work when they registered, as compared to 18 percent of the white males. The fact that a higher percentage of the Negro male than white male had been jobless for less than a month, and the absence of the higher proportion of white males in the groups of longer periods of unemployment, probably indicates that the Negro is being pushed out of employment at a higher rate. Therefore, the Negro would show a higher percent among the recently unemployed as well as among the groups with longer periods of unemployment.

In applying the ratios of the duration of Negro unemployment as a constant,⁷ it seems that it is quite reasonable to expect that at least 44 percent of the half million Negroes now effectively covered will experience a period of unemployment ranging from 2 months to four years and that 25.4 percent will be unemployed from six months to four years and over. This fact is especially significant

⁷In view of the increasing mechanization of agriculture and industry, and the preponderance of unskilled Negro labor, it is highly probable that in the future the ratios of the duration of Negro unemployment will be even higher in the longer periods of unemployment.

for Negro workers in view of the relatively smaller absolute number of Negroes who are effectively covered. From a point of view of the theory of insurance the conclusion may well be drawn that approximately one-fourth of Negro workers now employed in covered industries will experience an exhaustion of benefit payments from six months to four years. Also, the beginning of unemployment insurance in a period of wide-spread unemployment has impaired the eligibility of the Negro for benefits. Applying the same ratios of unemployment duration in 1938 as in 1937, we find that in 1938 about 18.0 percent were probably unemployed for 12 or more months and therefore did not earn credits in 1937 for benefits in 1938. Therefore, it is reasonable to expect that the number of Negroes helped by unemployment benefits in 1938 would be small relative to the total number who were unemployed. This is illustrated in three typical⁸ Southern States, namely, South Carolina, Louisiana, and Mississippi.

The Extent of Benefit Payments to the Negro

As shown in Table XXXI, by the close of the fiscal year 1937-1938, unemployment benefits were being paid to

⁸ Typical in the sense that there is a large Negro population occupationally distributed in accordance more or less with the traditional pattern of Negro Occupations.

Unemployment compensation: months and years in which unemployment benefits first payable, by States, as of June 30, 1938

State	Month and Year in which benefits first payable
Alabama	January, 1938
Alaska	January, 1939
Arizona	January, 1938
Arkansas	January, 1939
California	January, 1938
Colorado	January, 1938
Connecticut	January, 1938
Delaware	January, 1938
District of Columbia	January, 1938
Florida	January, 1939
Georgia	Do
Hawaii	Do
Idaho	September, 1938
Illinois	July, 1939
Indiana	April, 1938
Iowa	July 1938
Kansas	January, 1939
Kentucky	Do
Louisiana	January, 1938
Maine	Do
Maryland	Do
Massachusetts	Do
Michigan	July 1938
Minnesota	January, 1938
Mississippi	April, 1938
Missouri	January 1939
Montana	July 1939
Nebraska	January 1939
Nevada	Do
New Hampshire	January, 1938
New Jersey	January, 1939
New Mexico	December, 1938
New York	January, 1938
North Carolina	Do
North Dakota	January, 1939
Ohio	Do
Oklahoma	December 1938
Oregon	January 1938
Pennsylvania	Do
Rhode Island	Do
South Carolina	July, 1938
South Dakota	January, 1939
Tennessee	January, 1938
Texas	Do
Utah	Do
Vermont	Do

TABLE XIII
(Continued)

State	Month and Year in which benefits first payable
Virginia	Do
Washington	January, 1939
West Virginia	January 1938
Wisconsin	July 1936
Wyoming	January 1939

Source: Social Security Board, Third Annual Report, 1938,
P. 175.

eligible unemployed workers in 24 states and in the District of Columbia. Eight of these states were Southern states. In South Carolina benefits became payable in July, 1938. For the six months ending December 31, 1938 South Carolina reports that 3,087 Negroes were helped. The average total amount of the benefit was \$25.60. In Louisiana benefits became payable in January 1938. During the course of the year 29,250 Negroes were helped. The average weekly benefit rate was \$6.80 with an average of 7.3 checks per Negro benefit recipient. In Mississippi, benefits first became payable in April 1938. During the first six months of taking claims (April-September, 1938), the Commission received claims from 18,157 Negro males and 841 Negro females.⁹ The Commission does not have a statistical break-down of benefit payments by race. However, it is safe to estimate that the coverage per Negro recipient was near the general average which was \$5.90 per check.

A comparison of the benefit payments in the several jurisdictions given above must take into consideration the provisions of the state law and the previous wages of the claimant since eligibility for benefits is determined in part on the basis of past earnings or employment,

9

The Mississippi Unemployment Commission reports that few Negro women are in employment covered by the Mississippi Unemployment Compensation Law.

and duration of benefits is similarly based upon the amount of the wage credits available during a specified base period.

The States, South Carolina, Louisiana and Mississippi have a coverage identical with the federal Act. However, Louisiana requires contributions from the workers with 1 percent as a maximum. In Mississippi and South Carolina the waiting period is but two weeks. In Louisiana it is three. The maximum number of ordinary benefits which can be paid in any one year is 12 weeks in Mississippi and South Carolina, and thirteen weeks in Louisiana. Thus, aside from a little longer waiting and benefit period in Louisiana, the States of Louisiana, South Carolina and Mississippi are sufficiently uniform in their unemployment compensation laws to justify some comparisons of benefits between them. Also, the fact that practically all of the Southern states have a coverage which conforms with the National Act and that the economic structure of the South is more or less uniform, constitute adequate justification for taking three typical Southern States as indicative of the effect of Compulsory Unemployment Insurance upon the status of the four-fifths of the Negro population which inhabits the South.

Table XXXII shows the increase in average Negro family's status and the status of the Negro unemployed under the provisions of compulsory unemployment insurance in South Carolina, Louisiana and Mississippi. On the basis of

Table XXXII

Increase In Average Negro Family's Status Under the Provisions
of Compulsory Unemployment Insurance In Three Typical Southern
States, 1938

	Before Unemployment Benefits Became Payable			
	1930 Popula- tion ^a	Unemployed b Number	Per- cent	Average ^d Family Income
South Carolina	463,428	64,478	13.9	\$548.00
Louisiana	505,297	90,458 ^c	17.8	400.00
Mississippi	637,334	72,679 ^c	11.3	392.00
Total	1,605,959	227,614	14.2	\$448.66

(a) Population: Age 15-74 (including Unknown)

(b) Persons who registered in the Unemployment Census in 1937.

(c) Includes partly unemployed.

(d) Estimates based on: Consumer Income In the United States, National Resources Committee. U. S. Government Printing Office, 1938, P. 38.

Table XXXII
(Continued)

States	At the End of 1938		Addi- tions to In- come	Increase in Average Family Income	Per- cent in- crease
	Recipients of Benefits Number	Percent of Unemployed			
South Carolina	3,087 ^e	4.7	\$78,718.50	\$.84	.18
Louisiana	28,850	32.3	1,409,265	13.94	3.5
Mississippi	18,998 ^f	26.2	569,940	4.47	1.1
Total	41,335	18.1	2,057,923.50	6.40	1.4

e. Benefits in South Carolina did not become payable until July, 1938.

f. The figure for Mississippi represent the Negro claims for the first six months, April-September.

The data presented the Negro recipients of the unemployment benefits ranged from 4.7 percent of the Negro unemployed in South Carolina to 32.3 percent in Louisiana. This is illustrated in diagram III. The higher number of unemployment benefit recipients in Louisiana is due in part to the fact that Louisiana first began paying benefits in January of 1938, and in part to the fact that Louisiana's population is less rural¹⁰ than either South Carolina or Mississippi. Thus in Louisiana there would be relatively fewer uncovered agricultural workers. The difference between South Carolina and Mississippi is also due in part to the fact there is relatively a little larger proportion of Negroes in cities from 10,000 to 100,000 in Mississippi¹¹ than in South Carolina. However, as shown in Diagram IV, the relative improvement in the income status was rather negligible when computed on the basis of average family income. In terms of the individual Negro recipients, the

10 According to the 1930 Census report, the number of Negroes, age 15-74, living in cities under 10,000 and rural areas was 356,968 in Louisiana; 567,106 in Mississippi, and 401,053 in South Carolina.

11 The number of Negroes, age 15 to 74, living in cities of 10,000 to 100,000 in Mississippi was 70,128; in South Carolina, 62,375 see 1930 Census report.

DIAGRAM III
Comparison of Negro Unemployed With The Number of Un-
employment Benefit Recipients In Three Typical
Southern States, 1938.

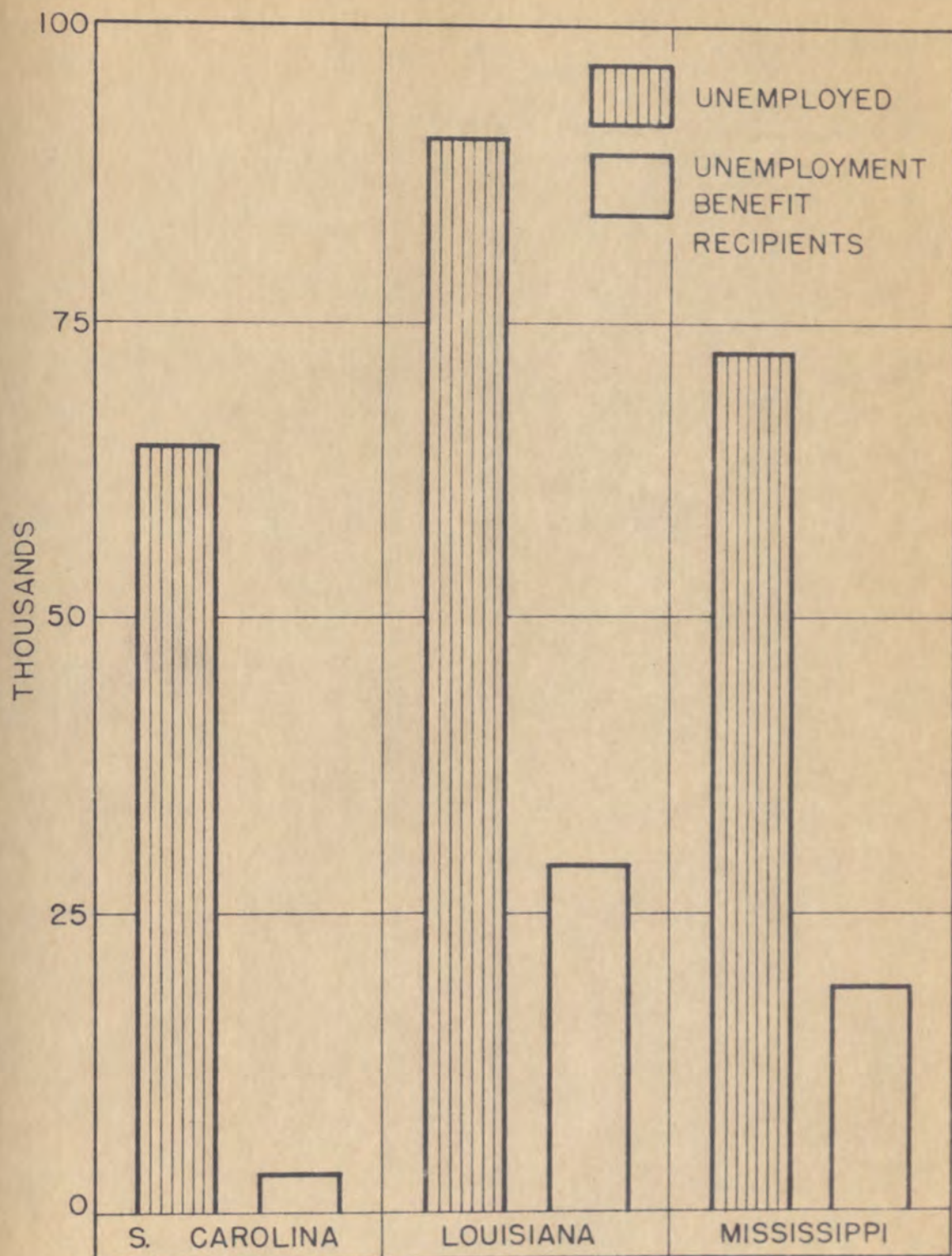
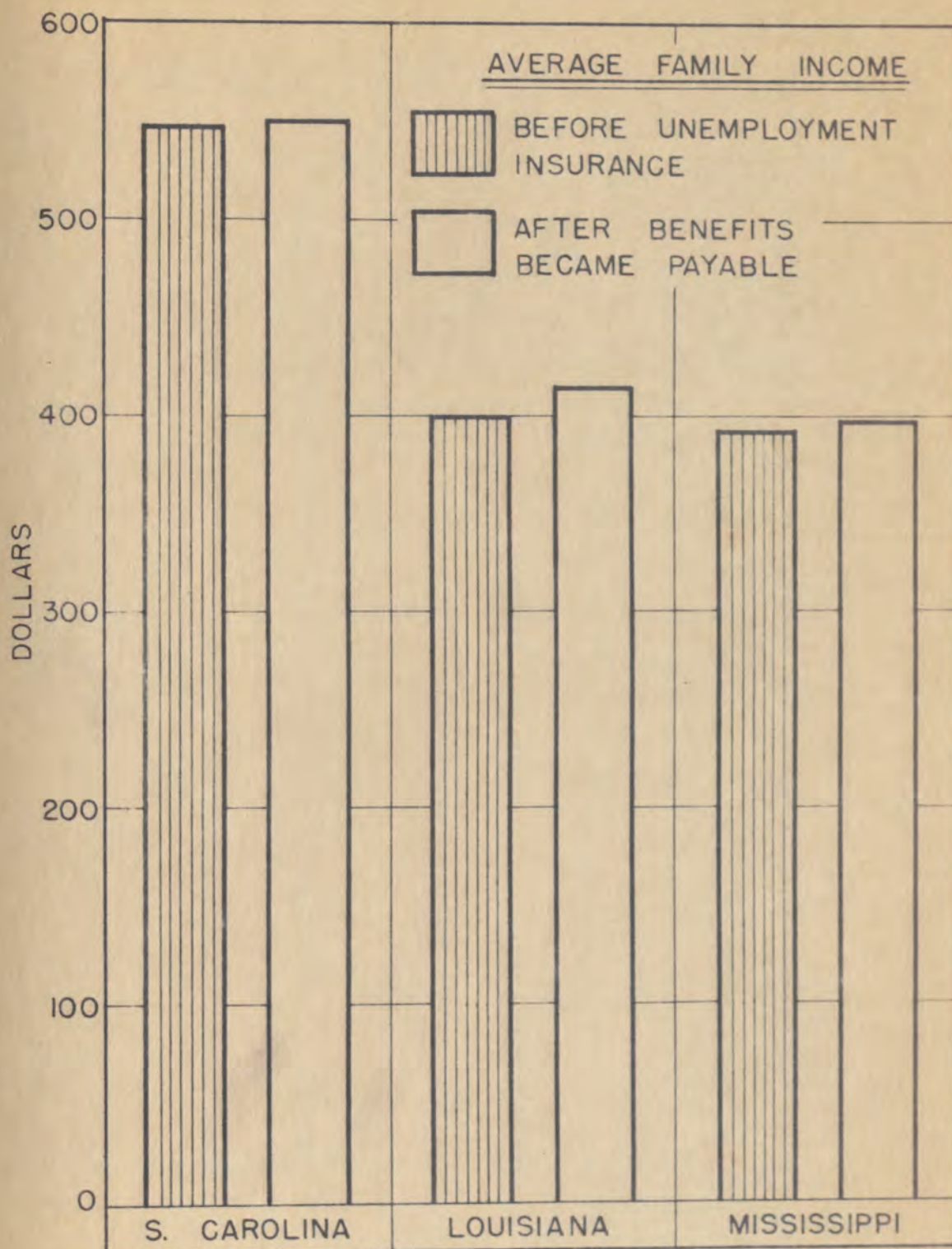


DIAGRAM IV
Comparison of Negro Average Family Income Status Before
and After Unemployment Insurance Benefits Became Payable
In Three Typical Southern States



average unemployment benefit was only about \$6.00 per week. This is only a little over 50 percent of the average¹² unemployment weekly benefit for all workers.

In conclusion when consideration is given to the volume and incidence of Negro unemployment, the duration of unemployment, the low Negro wage level, and the general industrial status of the Negro, it is plainly evident that Negro labor can not hope for even nominal security under the unemployment insurance provisions.

CHAPTER VII

THE EFFECTS OF COMPULSORY OLD AGE INSURANCE
ON THE STATUS OF THE NEGROThe Age Structure of Gainfully Occupied Negroes
and Negro Work Period Expectancy

In Chapter V the age structure of the gainfully occupied Negro was analyzed from a point of view of coverage among the several age groupings and the probable economic shifts as evidenced by the age composition of the different population groups. In this chapter an analysis of the Negro age structure is made from the point of view of determining the probable extent of old age benefit payments to the Negro in so far as worker contributions and the receipts of benefits are based upon the relationship between the expected period of work, and of life after the age of retirement. The expected period of work of covered Negro male and female workers at the age of 19 is based upon an interpretation of the ogive (Diagram V) derived from table XXXIII. The vertical line BC in diagram V marks 19 years, and is cut by the ogives at N. The lower section BN shows the percentage of persons under 19 years (age N), and the upper section NC shows the proportion of persons over age 19 at the time of the last census. The number of insured Negro workers who will reach the varying ages up to

DIAGRAM V
Cumulative Curves of Percentage Distribution
By Age of Negro Workers Covered by
Old-Age Insurance On
The Basis of the 1930
Census.

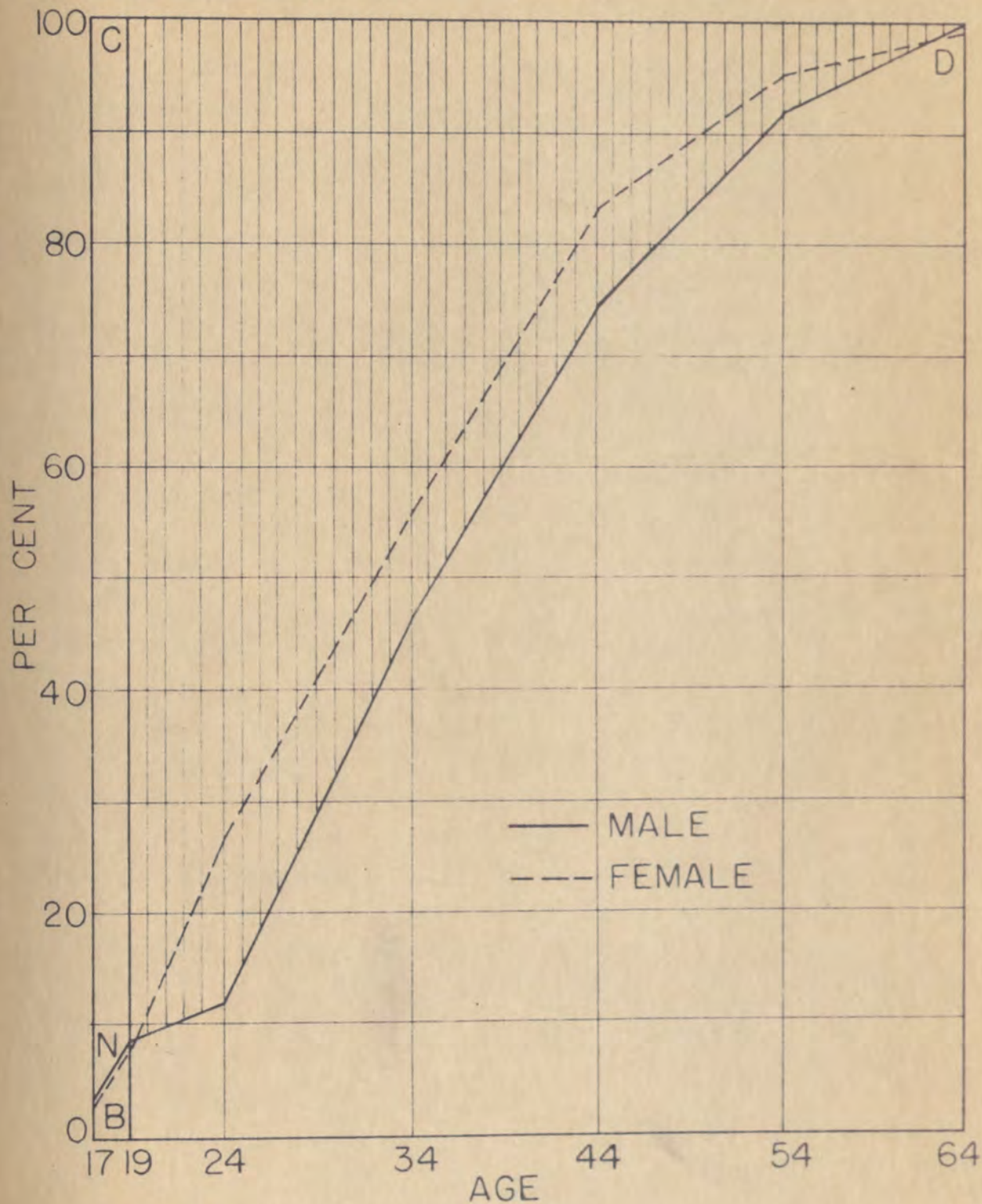


Table XXXIII

Cumulative Percentage Distribution By Age of Negro Workers
Covered by Old Age Insurance On the Basis of the 1930
Census

Age	Male	Female
10-17	3.1	3.0
10-19	8.7	8.5
10-24	12.0	27.7
10-34	46.4	56.0
10-44	74.4	83.3
10-54	92.0	95.2
10-64	99.9	99.5

N_{45} is represented by the vertical lines in the area NCD. The total value of these vertical ordinates equals the number of years of expected work for all persons who have attained the age of 19.¹ Thus the ratio derived from the graphic surface $\frac{NCD}{D}$ measures the value of the average period of work for Negro workers 19 years of age which is 25.3 and 13.4 for the Negro male and female, respectively. These values are based upon the assumption that the age distribution of the Negro will remain fairly constant in the future. Furthermore, the above values do not account for the duration of actual employment

¹ If P_{19}, P_{20}, P_{21} , etc. represent the percentage of gainful workers who die or retire from work during the year after reaching the age of 19, 20, 21, etc. then the total number of Negroes still working at the age of 19 will be

$$P_{19} + P_{19} + P_{20} + P_{21} + \dots + P_{64}$$

P_{19} will die or retire during the next year, P_{21} will remain in gainful work more than one or two years, P_{22} more than two or three years, etc. Thus, the expected period of work is $P_{19} + P_{20} + \dots + P_{64}$

$$P_{19}$$

For this formula the writer is indebted to W. S. Woytinsky, Labor in the United States.

which is a function of such variables as cyclical fluctuations, sickness, accidents, and the employer's hiring policy relative to age. Taking into consideration the above reservations, the probable work period expectancy of Negro workers will be rather limited. Even under the most ideal conditions the Negro worker stands to accumulate a limited amount of credits to his account because of the limited duration of his work period and by virtue of this limited work period the Negro male worker will experience a lapse of about 20 years between the time he leaves industry and the age of eligibility for old age benefits. This situation is particularly significant when considered in connection with section 202(d)² of the Social Security Act which requires workers to give up gainful employment as a condition of receiving old-age benefit payments. Thus, not only will the Negro worker receive a small annuity because of low wages and a short duration of employment, but it will be faced with the necessity of restraining from any gainful employment in order to receive his annuity.

²For an analysis of the economic effects of Section 202(d) of the Social Security Act, see the writer's article: Federal Old Age Benefits and Low Income Groups, American Federationist, July, 1937, P. 744.

Negro Registration Under the Old-Age Insurance System

The following data below and diagram VI, derived by multiplying the percentage of insured Negro workers by the percentage of Negro gainful workers in such age class, shows the proportion of the insured Negro workers in the entire Negro population. Thus the percentage of Negro workers covered in each age class up to 64 are shown:

	10-17 years	18-19 years	20-24 years	25-34 years	35-44 years	45-54 years	55-64 years
Male	25.4	29.1	46.5	82.0	56.0	10.3	5.6
Female	27.9	34.1	31.1	73.2	56.0	15.9	2.3

The following table XXXIV below, derived by an interpolation of the above figures on the basis of the Curves in diagram VI, shows in series the proportions of total Negro male and female population employed (on the basis of the 1930 Census reports) in insured industries at each age from 17 to 64:

DIAGRAM VI
Per Cent of Negroes of Different Ages Covered
By Old Age Insurance On the Basis of the
1930 Census

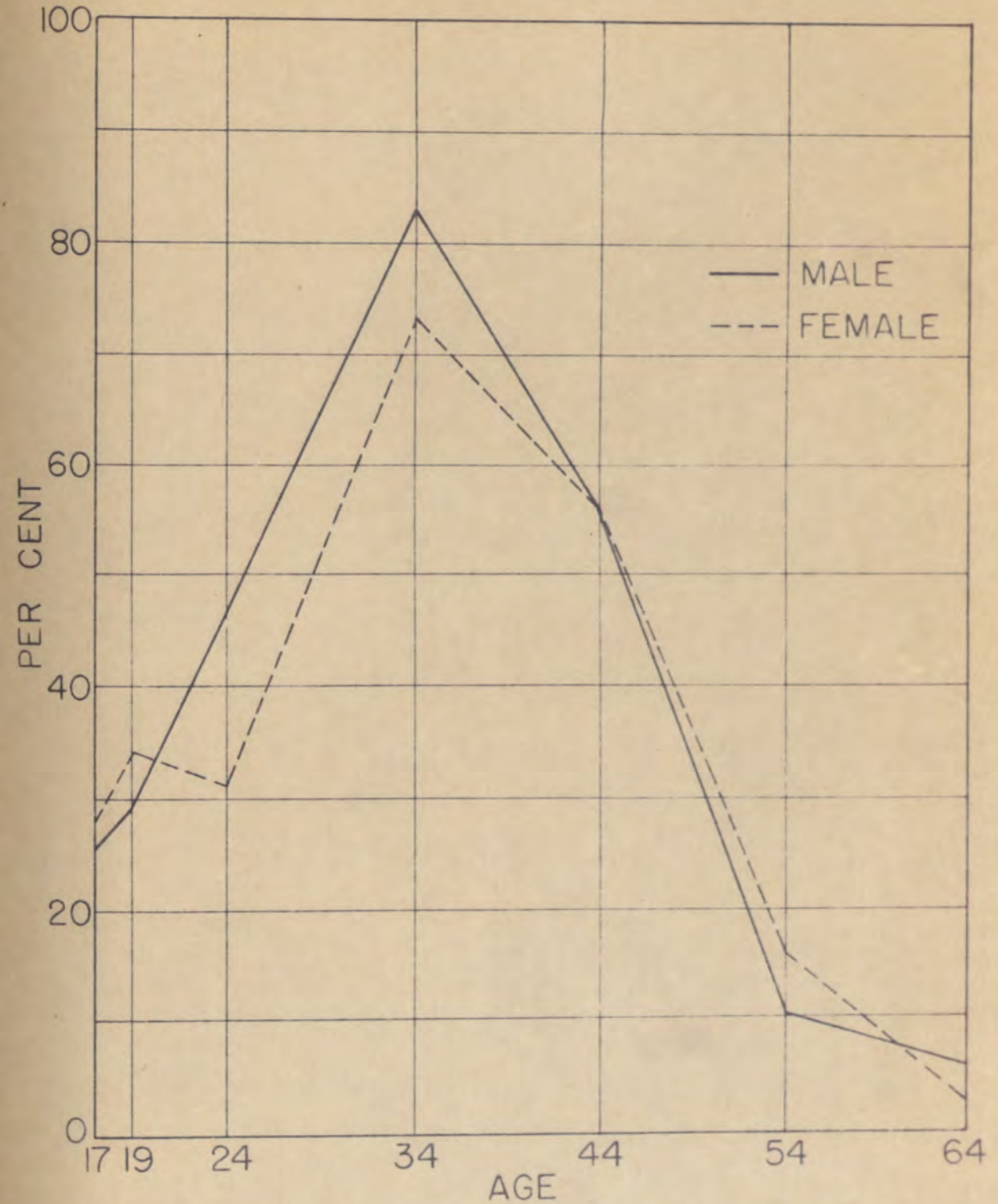


Table XXXIV

Percentage Series of Negro Male and Female Population
Employed In Insured Industries At Each Age
From 17 to 64 years.

Percentage of Persons Insured			Percentage of Persons Insured		
Age	Male	Female	Age	Male	Female
17 years	25.4	27.9	41 years	69.0	60.0
18 years	27.0	30.0	42 years	65.0	59.0
19 years	30.0	34.1	43 years	62.0	58.0
20 years	33.0	33.0	44 years	56.0	56.0
21 years	34.0	32.5	45 years	52.0	53.0
22 years	35.0	32.0	46 years	47.0	50.0
23 years	40.0	31.5	47 years	43.0	47.0
24 years	46.5	31.0	48 years	38.0	43.0
25 years	50.0	32.0	49 years	35.0	42.0
26 years	55.0	57.0	50 years	30.0	33.0
27 years	58.0	40.0	51 years	26.0	30.0
28 years	62.0	44.0	52 years	20.0	25.0
29 years	67.0	47.0	53 years	15.0	20.0
30 years	72.0	52.0	54 years	10.3	15.0
31 years	75.0	57.0	55 years	10.0	13.0
32 years	78.0	63.0	56 years	9.0	11.0
33 years	81.0	68.0	57 years	9.0	9.0
34 years	83.0	73.2	58 years	8.0	8.0
35 years	82.0	72.0	59 years	8.0	6.0
36 years	80.0	70.0	60 years	7.0	5.0
37 years	79.0	69.0	61 years	7.0	4.0
38 years	77.0	66.0	62 years	6.0	3.0
39 years	75.0	65.0	63 years	6.0	3.0
40 years	72.0	64.0	64 years	5.0	2.3

The above interpolated figures show that the percentage of insured Negro workers increases up to the age of 34 for men and women. Thus, up to the age of 34, part of the Negro workers who were not formerly insured will gradually receive account numbers.³ After the age of 34 the percentages declined sharply for both men and women

³ The assumption is made that the Negro age and occupational distribution at the date of first registration for old age insurance has not materially changed since the 1930 census.

but more sharply in the case of Negro men, reflecting for both men and women changes in their status as "employees" in the sense of the Social Security Act. Evidence of the validity of this analysis is found in the location of the peak of a frequency curve derived from a 10 percent sample of the distribution of applicants for account numbers by age, sex, and color, issued in the United States prior to January 1, 1938. This percentage distribution is shown in table XXXVI. The frequency curve derived on the basis of a ten-year interval is shown in diagram VII which indicates age 34 as the point of decline in the proportion of registered Negro Workers. However, diagram VII reveals that up to age 45 a higher proportion of Negro female than male has taken out old-age accounts. This is probably due in part to the effects of the depression which forces into the labor market a larger proportion of Negro women who compete for certain types of jobs at lower wages than the male can afford to accept. Also, the responsibility of family support has to some extent caused the unskilled Negro male to abandon the depression wages for relief and WPA employment. Thus the Negro males have accepted these lower wages because of the supplementary character of the housewife's earnings. In the meantime the Negro male as chief bread-winner is failing to accumulate earnings for future benefits while employed on relief.

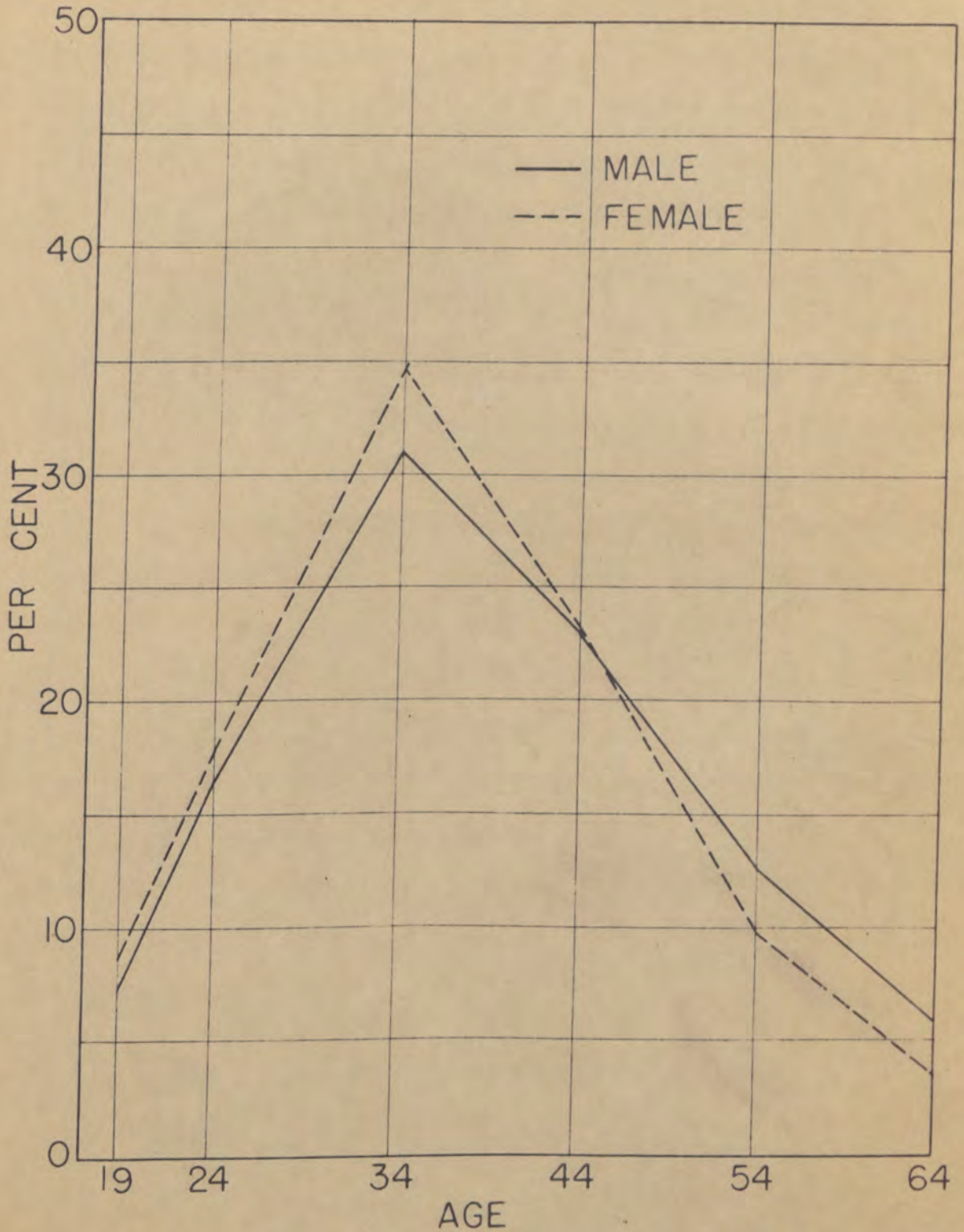
Table XXXVI

Percentage Distribution of Applicants for Account Numbers by Age, Sex and Color, from a 10 percent Random Sample of Employee Account Numbers issued in the United States Prior to January 1, 1938

Age Group (Years)	Male					Female				
	Total	Total	White	Negro	Other	Total	White	Negro	Other	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 15	.2	.2	.2	.3	.2	.1	.1	.2	.3	
15-19	9.3	7.7	7.8	7.1	4.2	13.4	13.8	8.4	9.1	
20-24	18.2	15.9	16.0	16.5	7.2	24.3	24.8	17.8	10.4	
25-29	15.8	15.0	14.9	16.6	9.1	17.8	17.9	19.2	5.4	
30-34	12.9	13.1	13.1	14.2	7.5	12.5	12.4	15.5	4.1	
35-39	10.9	11.3	11.2	13.2	6.1	9.7	9.5	14.1	4.5	
40-44	9.2	9.9	10.0	9.8	3.8	7.4	7.4	9.0	3.1	
45-49	7.8	8.6	8.9	7.4	3.1	5.6	5.6	6.1	2.2	
50-54	5.9	6.8	7.1	5.2	2.3	3.6	3.6	3.7	1.2	
55-59	4.2	4.9	5.1	3.7	1.6	2.3	2.3	2.3	.7	
60-64	2.6	3.2	3.3	2.1	.9	1.3	1.3	1.3	.1	
65 and over	1.1	1.4	1.4	1.1	.3	.4	.4	.8	.1	
Unknown	1.9	2.0	1.0	2.8	53.7	1.6	.9	1.6	58.7	

Source: Third Annual Reports of the Social Security Board,
P. 168.

Per Cent of Negro Applicants For Account Numbers
By Age From a 10 Per Cent Random Sample of
Employee Account Numbers Issued In the United
States Prior to January 1, 1938.



Lump-Sum Claims

Under the Social Security Act, no annuities will be paid out during the first five years, or from 1937 to 1941 inclusive. During this period the workers who reach sixty-five and whose total earnings are less than \$3000 will be paid a lump-sum amounting to $3\frac{1}{2}$ percent of their insured earnings. Data on the characteristics of recipients of single cash payments in settlement of lump-sum claims under the old-age insurance program have not been tabulated so as to determine the number of Negroes who have received such claims. However, a fairly reliable estimate can be made.

On the basis of the 1930 Census reports, there were 123,515 male and 41,711 female in the age interval 60-64.⁴ On the average 6 percent of the male and 3.2 percent of the female are insured in this age class.⁵ Thus, only about 7,410 male and 1,334 female will be eligible for lump-sum claims during the first five years before the annuities proper begin in 1943. The above estimate is based upon the assumption that the age structure and occupational distribution of the Negro have not undergone substantial changes since 1930.

⁴Table IXII, P.100.

⁵See interpolation of the percentage of persons insured, P.

CHAPTER VIII
THE EFFECTS OF SPECIAL TYPES OF PUBLIC ASSISTANCE
UNDER THE SOCIAL SECURITY ACT

Old-Age Assistance

As shown in preceding pages, the economic position of the Negro in industry and in agriculture is too marginal to fulfill the provisions of a social insurance scheme in a manner sufficient to provide economic security in the most extended sense of the term. This fact points to the significant role which the welfare provisions will come to play in the economic life of the Negro worker. The fact of the limited duration of Negro work period expectancy makes it necessary to support a large number of Negro workers on relief during the period from 35 to 65 years of age. However, this extended relief period is ipso facto the condition of ineligibility for adequate old-age annuities at the age of 65. Thus, the old-age annuities will not decrease in the future the number of Negro pensioners to any appreciable extent. Therefore, the problem of ^{the} Negro in a program of public assistance is increasingly significant.

In order to evaluate the effects of State Old-Age assistance upon the status of the Negro, it is necessary to determine the extent to which the Negro aged received assistance, and the extent to which a reasonable relation-

ship between assistance granted and the needs of the individual is maintained.

Table XXXV shows the occupational distribution of Negro workers 65 years of age and over in 1930. In each age interval beyond 65, the largest proportion of these workers are in agriculture.. It was shown in an earlier chapter that the Negro workers begin their movement back into agriculture after age 35. Thus it seems that by far the larger proportion of Negro recipients are located in rural rather than urban communities. This fact is especially significant from a point of view of Negro living standards in rural and urban communities. Since old-age assistance is based upon a means test, an evaluation of the needs of the individual will usually conform to the living standards which prevail in the immediate locality. Thus the amount allowable to the Negro aged will not exceed in the rural community the subsistence level of the Negro share-croppers and cotton tenants. Likewise, the Negro aged in the urban community will receive assistance on a somewhat higher scale. This will be illustrated in subsequent pages.

At the present time there are at least 400,000¹

¹This estimate is derived by adding to the total number of Negroes who were age 56 at the time of the 1930 Census, the number in the subsequent age classes. Persons who were 56 in 1930 are 65 today. From the value obtained 97,346 persons were deducted in making allowances for deaths during the 9 year period.

Table XXXV

Occupational Distribution of Negro Workers 65 Years
of Age and Over, 1930

Occupational Grouping	65-69	70-74	75 and over	Total
Agriculture	50,100	28,500	23,400	102,000
Forestry & Fish.	500	300	200	1,000
Extraction of Minerals	700	300	100	1,100
Mfg. & Mech.	13,000	6,100	4,100	23,200
Transportation	3,500	1,400	900	5,800
Trade	2,600	1,200	800	4,600
Public Service	1,100	600	300	2,000
Professional Service	2,200	1,100	700	4,000
Domestic & Personal	22,100	10,700	7,900	40,700
Clerical	400	100	100	600
Total	96,200	50,300	38,500	185,000

Source: Negroes in U. S. 1920-1932
Chapter XIV, U. S. Bureau of Census, Washington,
1935.

Negro workers 65 years of age and over in the United States. Table XXXVI shows the race, sex and age of recipients of old age assistance accepted during a selected period of the fiscal year 1936-1937. This table shows that there were 53,227 Negroes or 12.8 percent of the Negro aged, accepted for old-age assistance during the selected period in the fiscal year 1936-1937. A further examination of Table XXXVI reveals that in the percentage distribution, the proportion of white persons in the earlier age classes is only slightly higher than the proportion of Negroes in the same age classes. However, the difference is more significant than it appears when one considers that the average family income of the Negro worker is from one-third to one-half less than the average family income of white persons. Thus in terms of relative need the Negro should show higher proportions in the earlier age classes.

A closer understanding of the extent and availability of old age assistance to the Negro is revealed in an analysis of the questionnaire returns used in this study. Table XXXVII shows the number of Negro recipients and the average amount of monthly pensions received from the time of the passage of the Social Security Act which authorized to be appropriated for the fiscal year ending

Table XXXVI

Race, Sex, and Age of Recipients of Old-Age Assistance
Accepted during a Selected Period of the Fiscal Year
1936-1937

Recipients of Specified Race and Sex Accepted for Old-Age Assistance						
Age on June 30, 1937	All Races Total	Male	Female	White Total	Male	Female
Total	474,783	247,521	226,962	417,001	219,327	197,674
60-64	6	1	5	3	1	2
65-69	173,863	91,494	82,369	152,845	81,063	71,782
70-74	153,864	80,815	73,049	135,396	71,481	63,915
75-79	88,072	45,519	42,553	78,650	40,913	37,737
80-84	40,079	26,786	19,293	35,211	18,451	16,760
85-89	14,065	7,097	6,968	11,697	6,033	5,664
90-94	2,810	1,211	1,599	2,001	855	1,146
95-99	608	249	359	326	132	194
100 years and over	474	217	257	250	117	133
60 years and over, age unknown	942	432	510	622	281	341

Percent Distribution

Total	100.0	100.0	100.0	100.0	100.0	100.0
60-64 years*						
65-69 years	36.6	36.9	36.3	36.6	37.0	36.3
70-74 years	32.4	32.6	32.2	32.5	32.6	32.3
75-79 years	18.5	18.3	19.7	18.9	18.6	19.1
80-84 years	8.5	8.4	8.5	8.4	8.4	8.5
85-89 years	3.0	2.9	3.1	2.6	2.7	2.8
90-94 years	.6	.5	.7	.5	.4	.6
95-99 years	.1	.1	.2	.1	.1	.1
100 years and over	.1	.1	.1	.1	.1	.1
60 years and over	.2	.2	.2	.1	.1	.2

*Less than 1/10 of 1 percent.

Table XXXVI
(Continued)

Age on June 30, 1937	Recipients of Specified Race and Sex Accepted for Old Age Assistance					
	Total	Negro Male	Female	Other Races Total	Male	Female
Total	53,227	26,119	27,108	4,555	2,375	2,180
60-64	3	--	3	--	--	--
65-69	19,074	9,385	9,689	1,944	1,046	898
70-74	17,266	8,692	8,573	1,203	641	561
75-79	8,747	4,287	4,460	675	319	356
80-84	4,530	2,166	2,364	338	169	169
85-89	2,165	959	1,206	203	105	98
90-94	755	332	422	54	23	31
95-99	257	103	154	25	14	11
100-years and over	209	92	117	15	8	7
60 years and over, Age unknown	221	101	120	99	50	49

Percent Distribution

Total	100.0	100.0	100.0	100.0	100.0	100.0
60-64 years						
65-69 years	35.8	35.9	35.7	43.7	44.1	41.2
70-74 years	32.5	33.3	31.6	26.4	27.0	25.7
75-79 years	16.4	16.4	16.4	14.7	13.4	16.3
80-84 years	8.5	8.3	8.8	7.4	7.1	7.8
85-89 years	4.1	3.7	4.5	4.5	4.4	4.5
90-94 years	1.4	1.3	1.6	1.2	1.0	1.4
95-99 years	.5	.4	.6	.5	.6	.5
100 years and over	.4	.3	.4	.3	.3	.3
60 years and over	.4	.4	.4	2.2	2.1	2.3

Source: Second Annual Report of the Social Security Board, P.149.

Table XXXVII

Number of Negro Recipients of Old-Age Assistance and Average Monthly Pension Per Recipient For the Fiscal Year Ending June 30, 1936 to December 31, 1938 in States Reporting Data

States Included in the Survey	Average Number of Recipients				Monthly Average per Recipient			
	1935	1936	1937	1938	1935	1936	1937	1938
Delaware	5,351	7,589	9,345	8,446	\$9.50	\$9.00	\$9.72	\$10.00
Florida	-	2,287	6,937	10,341	-	8.40	11.80	14.00
Georgia	-	-	7,296	11,298	-	-	8.55	7.50
Illinois	-	5,800	9,200	9,400	-	17.87	18.33	20.10
Kentucky	-	3,279	4,061	4,761	-	9.62	9.70	10.00
Louisiana	-	-	8,876	11,055	-	-	8.70	7.80
Mississippi	-	-	-	-	-	-	4.25	4.60
New York	-	-	1,045				20.00	20.00
North Carolina			11,162				8.00	8.00
Pennsylvania	1,600	2,000	3,900	4,100	21.40	21.95	21.77	21.46
South Carolina			4,958	12,976			5.73	6.50
Tennessee			4,732	5,000			12.00	11.50
West Virginia		1,079	268	202		10.50	12.39	11.50
Total	6,951	21,234	71,780	77,579				

June 30, 1936, the sum of \$49,750,000, and a sufficient sum thereafter for the purpose of enabling each state to furnish financial assistance as far as practicable under the conditions in such state. As shown in table XXXVIII only two states, Delaware and Pennsylvania, expended any of the above sum before June 30, 1936 because it was necessary that the States match 50 percent of the total² in order to utilize the Federal appropriations. However, for the succeeding years, there were successive increases both in the total expenditures for Negro recipients and the total number³ of such recipients. The total expenditures is shown in table XXXVIII.

Table XXXIX shows a comparison of the relative changes in the annual amount of expenditures and the number of Old Age recipients when 1936 is taken as the base year, and the total expenditures and the number of recipients in each year are expressed as percentages of the base year. Thus it is shown that the number of recipients increased 365 per cent while the amount of obligations incurred increased 466 percent. This relationship is illustrated graphically in diagram VIII. The marked difference in payments and recipients is due to an increase in the monthly average pension recipient in

² Except 5 per cent for administration.

³ Table XXXVII, P.154.

Table XXXVIII

Total Amount of Annual Obligations Incurred For Old Age Assistance to Negro Recipients In States Included in the Survey, 1935-1938.

States Included in the Survey	Amount of Obligations Incurred*			
	1935	1936	1937	1938
Total	\$1,021,000.00	2,235,255.36	9,647,354.72	10,417,502.00
Delaware	610,014.00	859,612.00	1,090,000.80	1,013,520.00
Florida	-	230,529.60	982,279.20	1,737,288.00
Georgia	-	-	748,569.60	1,017,986.00
Illinois	-	103,646.00	2,023,632.00	2,257,128.00
Kentucky	-	378,527.76	472,700.40	571,320.00
Louisiana	-	-	926,654.40	1,034,748.00
New York	-	-	250,800.00	-
North Carolina	-	-	1,071,552.00	-
Pennsylvania	-411,000.00	527,000.00	1,019,000.00	1,056,000.00
South Carolina	-	-	340,912.08	1,012,128.00
Tennessee	-	1,124,320.00	681,408.00	690,720.00
West Virginia	-	135,940.00	39,846.24	26,664.00

*Computed on the basis of the average monthly pension per recipient and the total number of recipients. The results obtained represent the total yearly expenditures.

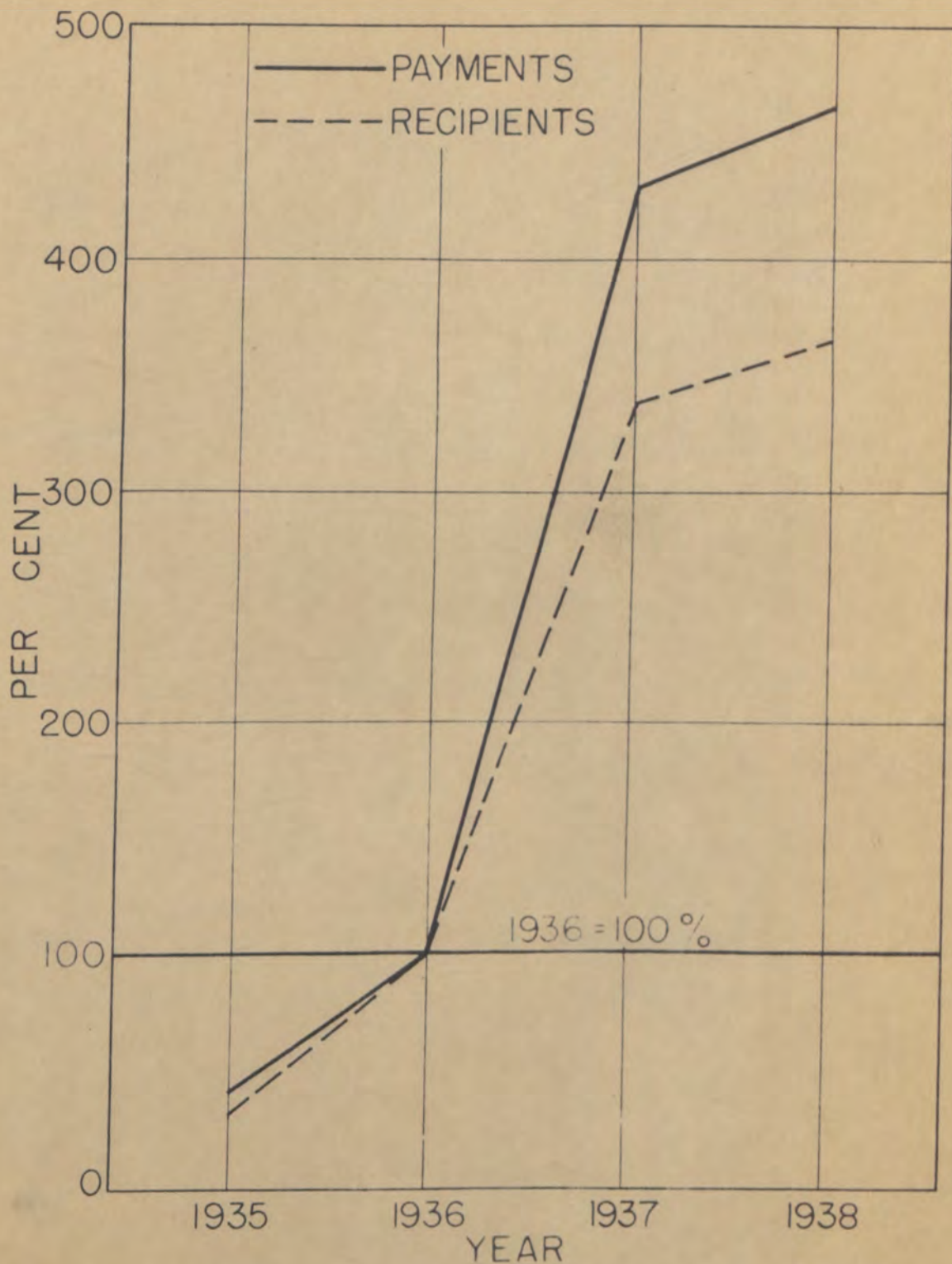
Table XXXIX

Index of Relative Changes in the Total Number of Negro
Old Age Recipients and Annual Obligations Incurred
in 12 States, 1935-1938. 1936=100%

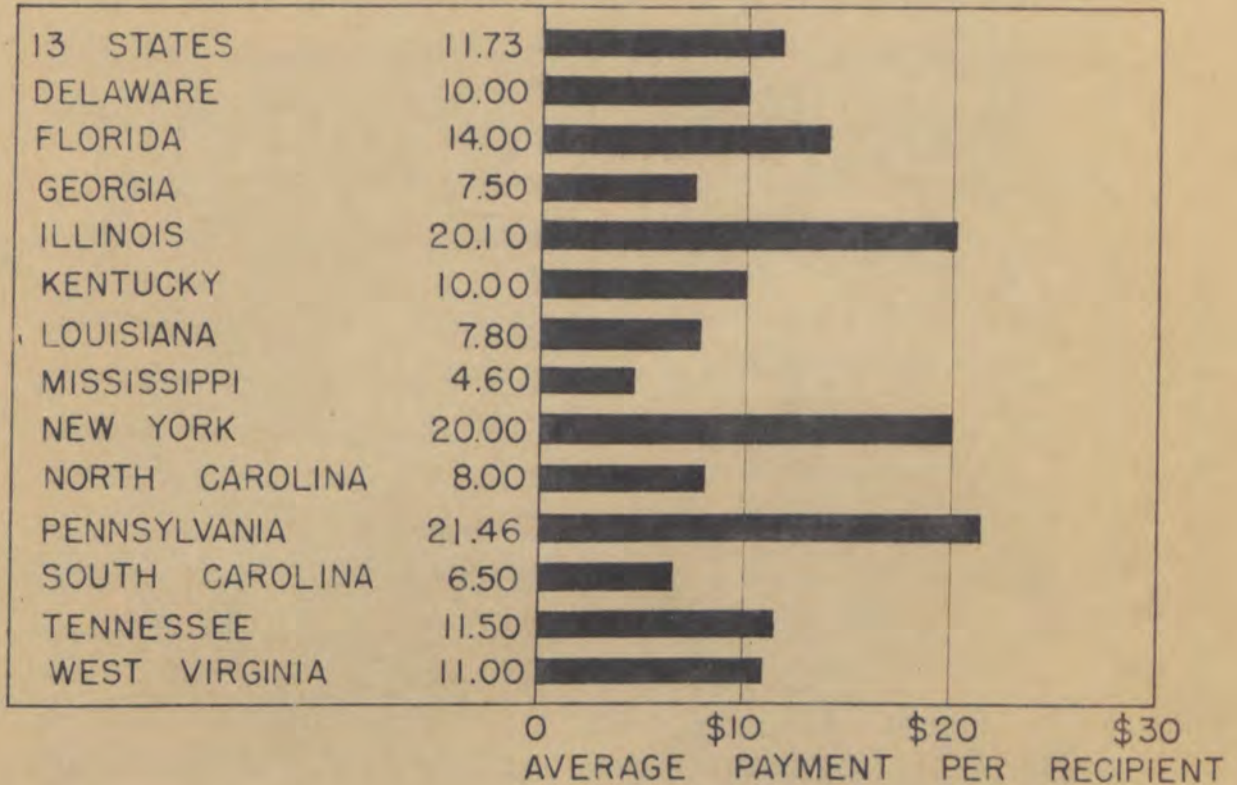
Year	Relative Changes in Number of Recipients	Relative Changes in Annual Obligations Incurred
1935	32.0	41.0
1936	100.0	100.0
1937	338.0	431.0
1938	365.0	466.0

some states in 1937 to 1938. However, the monthly average per Negro recipient still remains rather low in the Southern states whose average recipient per Negro recipient ranged from \$ to \$12 as compared with \$18 to \$21.50 in the Northern States. This differential reflects the Southern mores which embraces the assumption that the Standard of living of the Negro and his cost of living do not rise above the barest of subsistence. Diagram IX illustrates clearly the differential in Negro Old Age pensions as between Southern and Northern areas.

Negro Recipients and Payments Under Old Age Assistance In 12 States Under the Social Security Act.



Average Monthly Payments Per Negro Recipient
Under Old-Age Assistance in 13 States Under
the Social Security Act.



However, from the time of the enactment of the Social Security Act up to December 1938 the Negro aged under the Old-Age assistance provision of the Social Security Act received an aggregate of about \$23.3 million dollars as old-age assistance in the 13 states included in this study. The general average per Negro recipient is \$11.73 per month, an amount which is only slightly in excess of one-half the \$20³ monthly average for the country as a whole. It does not seem likely that the future will show any significant increases in the monthly average per recipient. Indeed, there is some possibility of a reduction in the average per recipient in view of the difficulty which some states are having in providing assistance as evidenced by the large number of applications pending at the end of the year. This is illustrated in table XL which shows in a few selected States the relation between the applications pending and the number of Negro recipients, whereas the general trend in the percentage of applications pending dropped sharply from 1936 to 1937, the percentage of applications pending in 1937 still ranged from 56 per 1000 recipients in Louisiana to 1,900 per 1000 recipients in Pennsylvania.

3 "The average old-age assistance payment is almost \$20 per month". Bigge, George E., The Community's Stake.

Table XL

Negro Old-Age Recipients and Applications Pending At
the End of the Year In 5 Selected States, 1936-1938.

States	1936			1937		
	Recipients	Applica-	tions	Recipients	Applica-	tions
	Number	Pending	Pending	Number	Pending	Pending
		Num- ber	Appli- cations per 1000 recipients		Num- ber	recipients per 1,000
Florida	2,287	3,258	1,424	6,937	5,873	847
Illinois	5,800	3,200	551	9,200	1,230	132
Louisiana	-	-		8,876	498	56
Pennsylvania	2,000	39,892	19,946	3,900	7,413	1900
Tennessee	-	-		4,732	1,800	363
1938						
Florida				10,341	2,472	239
Illinois				9,400	1,000	106
Louisiana				11,055	3,329	210
Pennsylvania				4,100	5,993	1461
Tennessee				5,000	2,103	420

From 1937 to 1938 the number of applications pending continued to decrease in Florida, Illinois and Pennsylvania. But there were substantial increased in Louisiana and Tennessee. However, at the end of 1938, the number of applications pending still remained high, it ranged from 106 per 1,000 recipients in Illinois to 1,461 per 1000 recipients in Pennsylvania.

Mildred Stoves of the Division of Public Assistance, State of Tennessee, remarked that the persons on the waiting list "are not receiving any grants because of lack of appropriations. Applications are taken and investigations made and when it was found that a person was eligible for assistance, he was placed on the approved waiting list." This problem of the lack of appropriations will become increasingly significant to the Negro in the future because the failure of the annuity plan to fit the needs of such a pecuniarily marginal group as the Negro, will result in a continuous and steady increase in the number of Negro applicants for Old-Age assistance. Furthermore, the increase in the number of Negro applicants for old-age assistance will be accentuated to some extent by the fact that the authorities of general relief in States with Old-Age assistance under the Social Security Act, no longer assume responsibility for the relief of the indigent aged. The transfer of the indigent aged

from the relief rolls to the divisions of Old-age assistance is especially disadvantageous to these people when there is already a large waiting list. That same State authorities may not be too considerate of the disadvantages incurred, especially where the Negro aged is concerned, is evidenced by the fact that in the State of Florida⁴ on May 10, 1937, the Negro aged and widows were being dropped from the relief rolls because they were regarded as eligible for assistance under the Social Security Act, while white eligibles were not dropped. Telegraphic instructions from Washington were necessary to vacate the order.

In conclusion it seems rather clear that the average assistance grants to the Negro aged does not provide for minimum health and decency. This fact is particularly distressing in the Southern States where the average grant is less than \$10 a month. Furthermore, the existence of a waiting list shows that in all too many cases, the Negro aged are not receiving any assistance whatsoever. It seems rather clear that the fifty-fifty matching Federal Subsidy does not adequately meet the needs of the Negro aged, because the Southern States do not find it practicable to match Federal funds on an adequate basis.

4. Social Security Board, Research and Statistics Files.

Aid to Dependent Children

Title IV of the Social Security Act is intended to provide assistance for dependent children who are living with parents or other relatives in their own homes. The Federal Government meets one-third of the total costs of an approved State plan for aid to dependent children, not including the amounts by which payments exceed \$18 a month for the first dependent child in the home and \$12 for each other dependent child in the same home. The whole purpose and philosophy of aid to dependent children is to alleviate the necessity of institutional support which involves the breaking up of the family when there is a loss of parental support. The purpose of this section is determined as far as data permits the extent to which Federal State aid is utilized in caring for needy Negro children for whom Federal funds might be made available.

Table XLI shows by race the number of children accepted in the various States during a selected period for the fiscal year⁵ 1936-1937. On the basis of the Negro population 16 years or under, the total number of Negro children aided during this selected period was 32 per 1000. However, the number of Negro children aided, as compared with their population varies rather widely among the several States. This is shown in Table XLII which shows by states the

⁵ In 1930, the Number of Negro children 16 years and under was 4,348,291-See Department of Commerce, Negroes in the United States, 1920-1932, P.90.

Table XLI

Aid To Dependent Children: Race and Nativity of Children
in Families accepted During a Selected Period of the Fiscal
Year 1936-37, by States

State	Number of Children Accepted				
	Total	White	Negro	Other	Unknown
Total	163,347	142,409	19,312	1,585	24
Alabama	6,245	4,201	2,024	0	7
Arizona	1,971	1,886	65	20	0
Arkansas	8,514	7,199	1,315	0	0
California	6,671	6,210	208	249	0
Colorado	4,670	4,555	105	10	0
Delaware	193	162	31	0	0
District of Columbia	656	206	450	0	0
Idaho	2,585	2,532	4	47	0
Indiana	17,915	15,352	2,555	8	0
Louisiana	8,042	5,869	2,155	7	11
Maine	686	682	4	0	0
Maryland	6,684	4,202	2,478	0	0
Massachusetts	2,993	2,893	98	2	0
Michigan	16,934	14,776	2,049	109	0
Montana	2,089	2,031	13	45	0
Nebraska	5,036	4,527	456	47	4
New Hampshire	88	88	0	0	0

Table XLI
(Continued)

State	Number of Children Accepted				
	Total	White	Negro	Other	Unknown
New Jersey	4,048	3,264	778	6	0
New Mexico	1,342	1,311	31	0	0
Ohio	9,178	8,254	920	3	2
Oklahoma	12,736	10,139	1,881	716	0
Oregon	1,330	1,326	0	4	0
Pennsylvania	18,668	17,679	977	15	0
Rhode Island	442	416	26	0	0
Utah	2,154	2,141	0	13	0
Vermont	195	195	0	0	0
Washington	5,510	5,252	65	190	0
West Virginia	10,821	10,256	565	0	0
Wisconsin	4,404	4,268	53	83	0
Wyoming	547	540	6	1	0

Source: Second Annual Report, Social Security Board, 1936-1937.

Table XLII

The Number of Negro Children Accepted for Aid to Dependent Children and the Number Accepted Per 1000 Under 16, by States During a Selected Period of the Year 1936-1937

State	Number of Children Accepted	Population under 16	Number Accepted per 1000 Under 16
Total	19,310	4,348,291	32
Alabama	2,024	443,694	4
Arizona	65	3,138	27
Arkansas	1,315	210,646	6
Colorado	105	3,088	34
California	208	22,298	9
Delaware	31	12,005	2
District of Columbia	450	41,003	10
Idaho	4	144	30
Indiana	2,555	36,332	70
Louisiana	2,155	344,161	6
Maine	4	370	10
Maryland	2,478	107,614	23
Massachusetts	98	18,725	5
Michigan	2,049	52,238	39
Montana	13	276	47
Nebraska	456	4,039	112
New Hampshire	0	204	0

Table XLII
(Continued)

State	Number of Children accepted	Population under 16	Number Accepted per 1000 Under 16
New Jersey	778	73,007	10
New Mexico	31	1,030	30
Ohio	920	104,648	80
Oklahoma	1, 881	74,236	25
Oregon	0	484	0
Pennsylvania	977	146,218	6
Rhode Island	26	3,822	6
Utah	0	296	0
Vermont	0	239	0
Washington	65	1,685	32
West Virginia	565	45,525	12
Wisconsin	53	3,294	16
Wyoming	6	270	22

relation between the absolute number accepted and the number accepted per 1000 Negro children 16 years and under during a selected period of the fiscal year 1936-1937. Whereas the number of children represented in Table XLII is for a selected period only, nevertheless, the fact that the number of recipients per 1000 ranges from 4 in Alabama to 112 in Nebraska, is clearly some evidence of the relative case of needy Negro children as between the two states. To be sure, Alabama is caring for a greater absolute number of needy Negro children. However, there is a greater responsibility for care of the needy Negroes in Alabama because the larger size of the Negro population. This same responsibility applies to the other Southern states. It is significant to note, however, that 9 Southern states were not participating at all in the program of aid to dependent children during the entire fiscal year 1936-1937.⁶

Further evidence on the extent of the care of Negro needy children is shown in table XLIII which showed the aid to dependent Negro children in 9 selected States

⁶ Georgia began participation in October, 1937.

Table XLIII

Aid to Dependent Negro Children In 9 Selected States With Plans Approved by the Social Security Board, 1935 to 1938.

State	Number of Recipients							
	Fami- lies	Chil- dren	Fami- lies	Chil- dren	Fami- lies	Chil- dren	Fami- lies	Chil- dren
	1935		1936		1937		1938	
Total	600	1,500	780	2,065	7,106	20,611	9,854	27,817
Florida							197	588
Georgia					298	768	494	1,345
Louisiana					2,042	6,545	2,833	8,519
New York							449	1,348
North Carolina					1,649	4,949	1,660	5,000
Pennsylvania	600	1,500	600	1,500	1,000	2,500	1,200	2,900
So. Carolina					307	890	1,792	3,457
W. Virginia			180	565	200	629	209	300
Tennessee					1,610	4,330	1,620	4,360

*For 1935 and 1936 only.

Table XLIII
(Continued)

State	Amount of Obligations Incurred Per Annum			
	1935 Amount	1936 Amount	1937 Amount	1938 Amount
Total	233,000	288,993.80	1,676,849.50	2,389,527.20
Florida				49,644
Goergia			16,121.50*	112,612
Louisiana			441,072.00	637,225
New York				248,871
North Carolina			286,936.00	298,800
Pennsylvania	233,000	244,000.00	409,000.00	487,000
South Carolina			25,800	155,400
W. Virginia		44,993.80	50,160	52,668
Tennessee			347,760	,357,307.20

*For three months only.

Table XLIII
(Continued)

State	Monthly Average Per Family			
	1935 Amount	1936 Amount	1937 Amount	1938 Amount

Total	\$32.36	\$30.13	\$19.64	\$22.87
Florida				21.00
Georgia			18.00	19.00
Louisiana			18.00	
New York				46.19
North Carolina			14.50	15.00
Pennsylvania	32.36	39.44	34.08	33.18
So. Carolina			14.00	13.03
W. Virginia		20.83	20.90	21.00
Tennessee			18.00	18.38

during the period 1935-1936. During this period the total amount of obligations incurred for payments to Negro recipients of aid to dependent children was 4.59 million. There were approximately 18,344 families who received this type of aid in behalf of 51,993 children. The combined average amount per family in the 9 selected states was \$19.64 in 1937 and \$22.87 in 1938. However, there is some variation in the average amount per family as between states; this variation being more marked as between northern and southern states. Illustrative of this geographical differential is the monthly average of \$46.19 and \$33.81 per family in New York and Pennsylvania, respectively, as compared with \$22.87 and \$13.03 in Florida and South Carolina, respectively. In 1938 the lowest average amount of payments to these Negro families was \$13.03 in South Carolina and the highest, \$46.19 in New York. From the standpoint of the combined average of white and Negro children, the lowest average amount of payments to families was \$10.53 in Arkansas and the highest, \$62.74 in Massachusetts. However, this geographical differential has quite a different effect upon Negro children since there are 210,645 and 430,148 Negro children who live in the states of Arkansas and South Carolina respectively, as compared with only 117,529 and 18,725 Negro children who live in the states

of New York and Massachusetts, respectively. In other words, in the states where by far the largest proportion of Negro children are located and thus where the volume of child dependency stands to be and is the greatest, the amount of child aid for child dependency is the least.

Table XLIV and diagram X show the relative trends in the number of recipients and the amount of payments during the period 1935-1938. Diagram X shows that the spread between payments and recipients becomes considerably narrowed from 1937 to 1938. This relationship indicates an increase in the number of recipients relative to the total amount of payments. Thus the average payment per recipient tend to decrease. In the meantime, the number of eligible applicants on the waiting list continues to remain rather high. This is shown in Table XLV which shows the number of Negro applicants per 100 Negro recipients of aid to dependent children in four selected states during 1935-to 1938. In Florida and Pennsylvania, respectively, there were in 1938, 419 and 154 applicants per 100 children receiving aid as compared with 15 and 20 applicants per 100 recipients in Louisiana and Tennessee, respectively. Clearly the high ratio of applicants per 100 recipients is not confined to any particular section of the country. Rather, the relationship indicates that the States have not

Table XLIV

Index of Relative Changes In the Total Number of Negro Recipients of Aid, To Dependent Children and the Annual Obligations Incurred for Payments to Recipients in 9 Selected States 1935 - 1938. 1937 = 100%

Year	Relative Changes in Number of Recipients	Relative Changes in Payments to Recipients
1935	8.4	13.2
1936	10.9	16.0
1937	100.0	100.0
1938	138.6	142.5

Aid to Dependent Negro Children Under the
Social Security Act, 1935-1938.

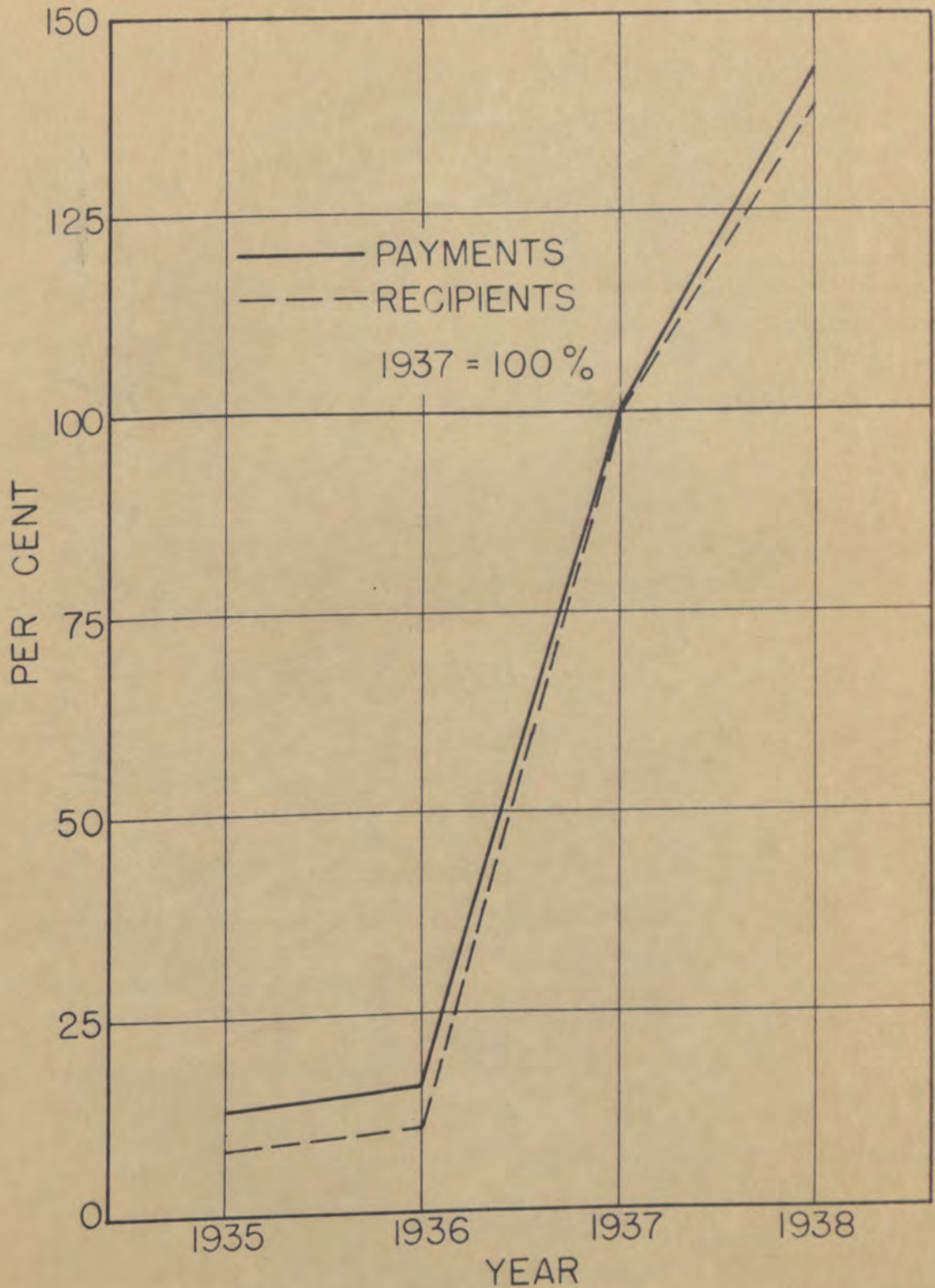


Table XLV

Negro Recipients of Aid to Dependent Children and Applications Pending at the end of the year In Four Selected States, 1937 - 1938

State	1937					
	Recipients		Applica- tions Pending		Applicants Period Recipients	
	Fami- lies	Chil- dren	Fami- lies	Chil- dren	Fami- lies	Chil- dren
Florida						
Louisiana	2,042	6,545	118	340	5.77	5.1
Pennsylvania	1,000	2,500	1,821	4,288	182.1	171.1
Tennessee	1,610	4,330	376	902	23.3	20.8
<u>1938</u>						
Florida	197	588	962	2,464	488.0	419.0
Louisiana	2,833	8,519	560	1,299	19.7	15.2
Pennsylvania	1,200	2,900	14,648	30,582	1,220	154.5
Tennessee	1,620	4,360	366	872	22.5	20.0

yet met the problem of making funds available so that aid might be granted to dependent children who have lost their parental support.

In conclusion, the analysis indicates that not only are some states failing to provide aid for large numbers of Negro children who are now on the waiting list, but the low level of average payment per family in the southern section of the country indicates that not even the minimum needs of subsistence are provided for many of these Negro children now receiving aid.

Aid To the Blind

Aid to the Negro blind as shown in Table XLVI amounted in 1938 to \$816,961 which was given to 4,604 recipients in 8 selected states. This number and amount represented increases, as shown in table XLVII of 131.6 and 136.9 percent, respectively, for the year 1938 compared with 1937. Diagram XI shows that payments in 1935 and 1936 rose somewhat more sharply than recipients. However, in 1937 and 1938 the relative increase in total payments was only slightly higher than the relative increase in the total number of recipients. Both payments and recipients show a tendency to level off in 1938.

In 1938 payment averaged \$14.30 which was a decline of 13.8 percent of the 1937 average. In 1938 the lowest

Table XLVI

Aid To The Negro Blind In States With Plans Approved By The
Social Security Board, By States 1935-1938.

State	Number of Recipients			
	1935	1936	1937	1938
Florida				923
Georgia			367	530
Louisiana			311	373
Pennsylvania	300	600	700	800
South Carolina			236 ¹	554
Tennessee			514	514
North Carolina			885	890
West Virginia		77	28	20
Total	300	677	3,041	4,604

1. July - December.

Table XLVI
(Continued)

State	Amount of Obligations Incurred For Payments to Recipients			
	1935	1936	1937	1938
Florida				\$122,940
Georgia			\$12,247.50 ²	64,074
Louisiana			60,458.40	46,998
Pennsylvania	\$97,000	206,000	262,000.00	392,000
South Carolina			218,200.00 ¹	57,600
Tennessee			90,669	90,669
North Carolina			149,411.40	138,840
West Virginia		15,708	5,883.36	3,840
Total	97,000	221,708	596,669.60	816,961.00
	1935	Average Per Recipient		1938
		1936	1937	
Florida				11.10
Georgia			11.12	10.07
Louisiana			16.20	10.50
Pennsylvania	26.94	28.61	31.16	30.41
South Carolina			11.40	8.66
Tennessee			14.70	14.70
North Carolina			14.07	13.00
West Virginia		17.00	17.57	16.00
Total			16.59	14.30

1. June-December.

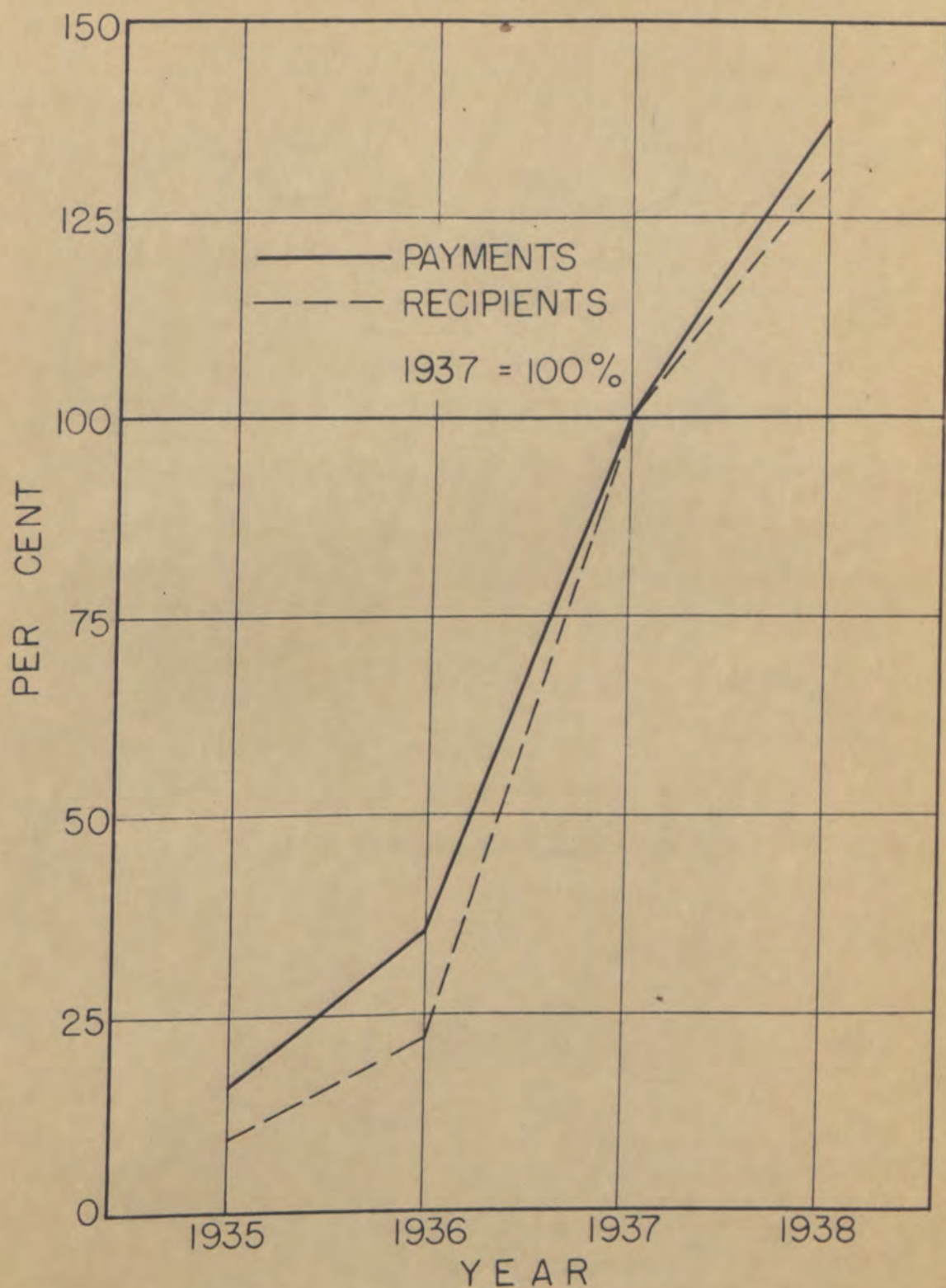
2. Only for 3 months.

Table XLVII

Index of Relative Changes In the Total Number Negro Recipients
of Aid to the Blind and the Annual Obligations Incurred For
Payments in 8 Selected States 1935-1938.
1937= 100%

Year	Relative Changes in Number of Recipients	Relative Changes In Annual Obliga- tions Incurred
1935	9.8	16.2
1936	22.2	35.4
1937	100.0	100.0
1938	131.6	136.9

DIAGRAM XI
Aid to the Negro Blind under the Social
Security Act, 1935-1938.



average payment was \$8.66 in South Carolina, and the highest was \$30.41 in Pennsylvania. In none of the Southern States did the average payment exceed \$14.70. The general average for six of these southern states was \$11.34 per recipient.

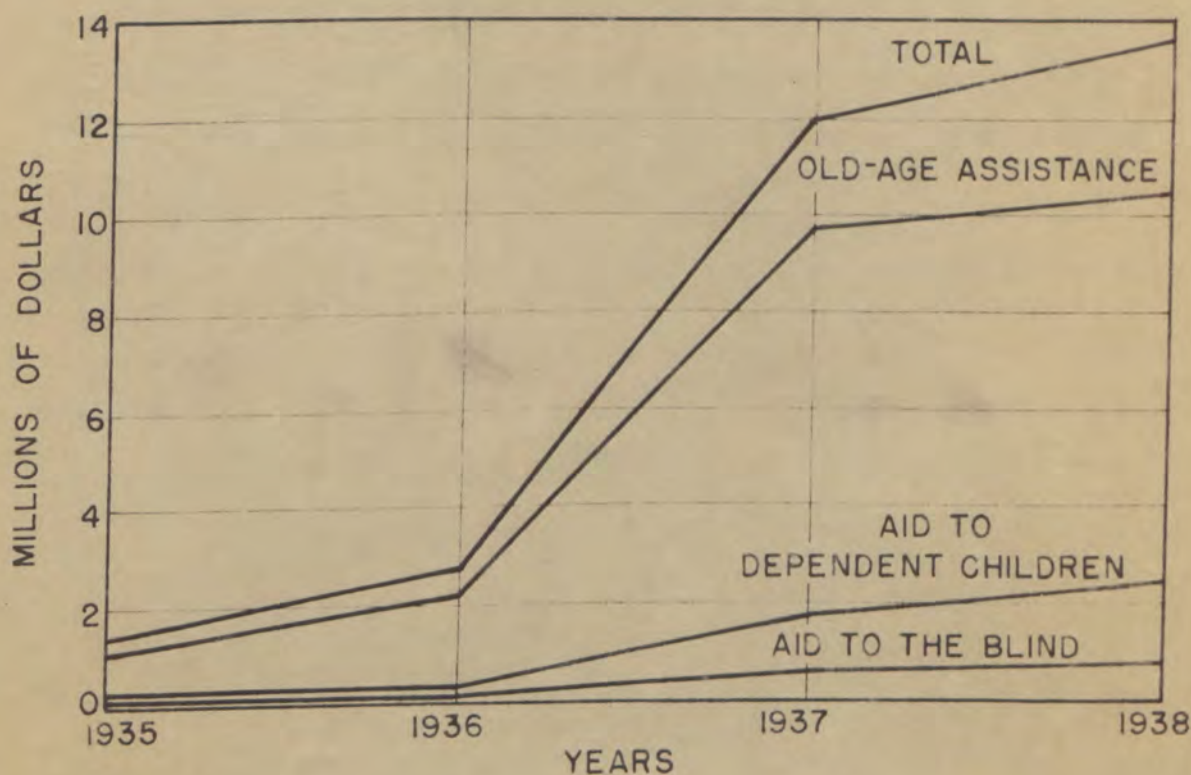
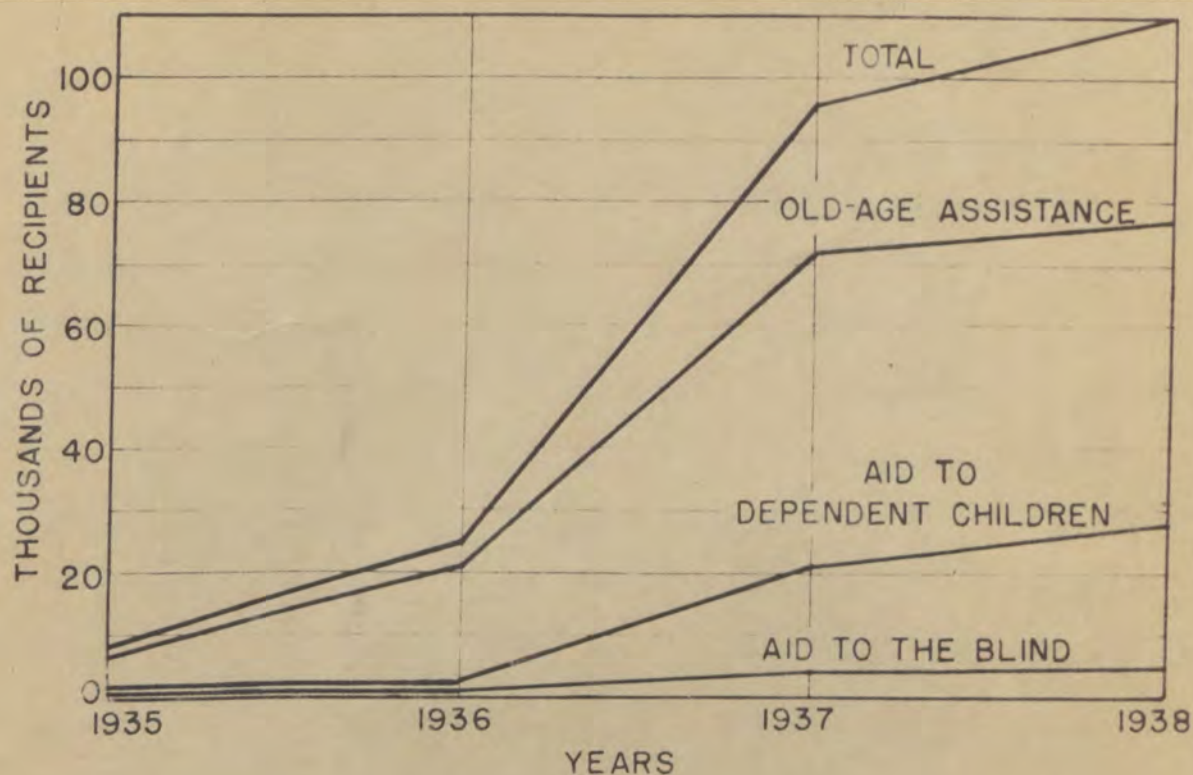
To summarize, the effects of special types of assistance under the Social Security Act has been to increase materially the number of Negro recipients of such aid and the total obligations incurred for payments. Table XLVIII shows that the total number of recipients of special types of assistance under the Social Security Act increased from 8,761 in 1935 to 110,000 in 1938. The total obligations incurred increased from \$1.35 million in 1935 to \$13.62 million in 1938. As shown in diagram XII the bulk of this total increase in expenditure is attributable to Old-Age assistance. However, the diagram shows that each type of special assistance began to increase at a decreasing rate from 1937 to 1938.

Table XLVIII

Total Number of Negro Recipients and Obligations Incurred In
13 Selected States for Special Types of Assistance Under
the Social Security Act 1935-1938

Type of Assistance	Number of Recipients			
	1935	1936	1937	1938
Total	8,761	23,976	95,432	110,000
Old-Age Assistance	6,951	21,234	71,780	77,579
Aid to Dependent Children	1,500	2,065	20,611	27,817
Aid to the Blind	300	677	3,041	4,604
	Obligations Incurred			
	1935	1936	1937	1938
Total	\$1,351,000.00	\$2,745,957.16	\$11,920,813.84	\$13,623,990.20
Old-Age Assistance	1,021,000.00	2,235,255.36	9,047,354.72	10,417,502.00
Aid to Dependent Children	233,000.00	288,993.80	1,676,849.50	2,389,527.20
Aid to the Blind	97,000.00	221,708.00	596,669.66	816,961.00

DIAGRAM XII
Number of Negro Recipients and Obligations
Incurred in 13 Selected States For Special
Types of Assistance Under the Social
Security Act, 1935-1938.



Summary

This study involves an analysis of the effects of unemployment insurance, compulsory old-age insurance, and the special types of public assistance as contained in Social Security Act on the status of the Negro. The effects of these provisions of the Social Security Act were approached in the light of the industrial position of the Negro and measured in terms of increases in Negro family income attributable to the several provisions studied. The thesis defended is that the provisions for the special types of public assistance stands to be chiefly accountable for any substantial security to the Negro as he is industrially situated, and that the mere extension of the present Social Security Act to include agricultural and domestic workers would have only a negligible effect on the status of the Negro without a material change in his industrial status. This thesis stands in sharp contrast with the contentions of Negro leadership, namely, that the Act should be extended to include agricultural and domestic workers. In testing the validity of these hypotheses the following factors were observed:

A. Background factors

1. The employments which supply the bulk of jobs to Negroes are especially sensitive to seasonal, cyclical, and technological changes.

Recent changes within these industries have fundamentally lowered the marginal status of the Negro.

2. One-third of the Negro workers are engaged in agriculture and four-fifths of these are tenants. The average annual income of these tenant families is around \$105.43. The relatively low financial returns in agriculture, together with its tendency toward mechanization and the shift of the center of cotton westward with resultant tenant displacement and depopulation, offers very definite evidence, that the industrial reserve of unskilled Negro laborers will show rapid and substantial increases.
- ✓ 3. The wage structure of the Negro in agriculture and domestic service is not adequate to meet the insurance provisions of the Act and present trends do not offer much in the way of an adequate wage structure for a system of insurance. Also, the ✓ wage structure of the urban unskilled laborer from an insurance point of view is inadequate to meet the heavy incidence and severity of Negro unemployment.
4. From the standpoint of social insurance, the problem of the Negro centers around the possibility

✓ of insuring a large group of unskilled, ill-paid workers who are immensely unemployed, and whose periods of unemployment are of long duration and whose period of employment is seasonal and sporadic.

B. Insurance Factors

1. Coverage. Only about 9 percent of the total gainfully employed Negro workers are now actually accumulating taxable earnings and satisfying the conditions of eligibility for old-age and unemployment insurance.
2. Horizontal and Vertical Mobility between Insured and Uninsured Pursuits. About half of the Negro workers who are in agriculture at the age of 19 are in non-agricultural pursuits at the age of 34, but after this age Negro workers begin to move back into agriculture. Thus because of these changes in agricultural and non-agricultural affiliations, the bulk of Negro workers stands to be insured not more than 15 years, provided they get jobs in covered industries. The net movements from manual labor to independent and clerical occupations is entirely negligible.

3. Duration of Negro Unemployment. Approximately one-fourth of Negro workers now employed in covered industries will experience an exhaustion of unemployment benefit payments from six months to four years.
4. Unemployment Benefits. The average weekly benefits rate for Negroes is \$6.60 with an average of 7.3 benefit checks. In the states studied, the Negro recipients of unemployment benefits ranged from 4.7 to 32.3 percent of the Negro unemployed.
5. Negro Work Period Expectancy and old-age Benefits. The average expected period of work of Negro male and female workers is about 25.3 and 12.4 years, respectively. Thus the average Negro worker under ideal conditions of continuous employment will experience a lapse of about 20 years between the time he leaves industry and the age of eligibility for Federal old-age benefits. Under old-age insurance the percentage of insured Negro workers increases up to the age of 34. After this age the percentages decline sharply for both men and women.

C. Relation Between the Welfare Factors

1. Old-Age Assistance. The larger proportion of Negro recipients are located in rural rather

than urban communities. The monthly average payment per Negro old-age recipient ranged from \$4 to \$12 in the southern states as compared with \$18 to \$21.50 in the northern states. In the 13 states studied from 1935 to 1938, the Negro aged recipients received an aggregate of \$23.3 million dollars. The general average per recipient is \$11.73 per month. The average for the country as a whole, including Negro and white persons, is about \$20.

2. Aid to Dependant Children. The average amount of payment per family in behalf of dependent children was \$19.64 in 1937 and \$22.87 in 1938. In 1938 the lowest average amount of payments to these Negro families was \$13.03 in South Carolina and the highest was \$46.19 in New York. The highest average for Negro and white families combined was \$62.74 in Massachusetts. In the states where the bulk of Negro children are located and where the volume of Negro child dependency is the greatest, the aid is the least.

3. Aid to The Blind. In 1938 monthly payments averaged \$14.30 which was a decline of 13.8 per cent of the 1937 average. The lowest average payment was \$8.66 in South Carolina, and the highest was

\$30.41 in Pennsylvania. In none of the Southern States did the average payments exceed \$14.70. The general average is \$11.34.

4. In the States studied, the recipients of special types of assistance under the Social Security Act increased 12.56 percent from 1935 to 1938 and the total obligations incurred increased 10.08 percent.
5. Conclusion. In view of the wide diversity in the economic resources of the various states, and in view of the economic and racial handicaps of the Negro group, a greater extension of Federal participation and control, if not complete Federalization of the Social Security program would alleviate the large Negro residual relief load, the adequate handling of which is far beyond the resources or inclination of the average state.

Conclusions and Recommendations

The problem of the Negro in the program of Social Security is fundamentally tied up with his meager economic status. Economically the Negro does not afford sufficient income and diversity of occupation to justify the application of the strict insurance principle in the field of social security. The limited duration of Negro employment and the severity and incidence of his unemployment involves a social responsibility too great to be met by the doctrine of thrift. To utilize the doctrine of thrift, a social insurance scheme must to a great extent adjust the amount of protection to the extent of contributions available from the insured. In the case of the Negro these contributions are too scanty, first, because of the character of the Negro job and the low wages incident thereto; and secondly, the irregularity of Negro employment. The utilization of differentials in social insurance benefits affords inadequate benefits for the protection of a group of persons with a consistently low wage level. From an administrative point of view, the cost of keeping wage records and making payments of small benefits, is hardly justified by the amount of protection afforded. In such a situation, the employment of a uniform system of benefit payments to substandard workers would lessen materially the administrative problems involved.

Admittedly, the application of a paternalistic policy in the case of the Negro is likely to meet at first a great deal of opposition from employers who utilize cheap labor for personal gain. However, from a standpoint of social cost, the application of a simple uniform system of payments to a large group of workers who are relatively occupationally restricted to low wage employments could not be objectionable when it is realized that this cost is being shifted to relief which is entirely inadequate. In the long run, it is much more equitable to the Negro worker, as well as to society, to have a larger part of the cost of Negro dependency borne directly by the employers, the main beneficiaries of Negro labor, rather than entirely by society at large. A social security system that leaves out consideration of the equity of all groups creates a confusion between the administration of general relief and insurance. For example, a Negro who becomes unemployed finds a great deal of difficulty in obtaining relief if he is eligible for unemployment compensation. However, very little consideration is given to the amount of unemployment compensation which is payable to the Negro worker. The mere fact that he is qualified for some kind of compensation gives a basis to relief authorities for refusing relief. Theoretically, such a situation should not exist. But practically, when the Negro is assumed to have a lower standard of living,

there is no hesitation to remind the Negro unemployed of his unemployment compensation, no matter how small. Thus it is only after an extended period of time involving an undue amount of suffering, before the Negro worker is given consideration for relief or WPA employment.

Under the present organization of social insurance in the United States, there is no method of requiring a greater coordination between the administration of unemployment compensation and general relief. If the worker's benefits are low, or if he has not qualified, or cannot qualify for benefits, the Federal government has no control over his security. The security of the individual is left under such conditions to the individual state regardless of its economic condition or the generosity or parsimoniousness of the state's welfare Board. This situation is somewhat in sharp contrast to the policy of the British Royal Commission on unemployment insurance which allows for 26 weeks of unemployment insurance after which the individual, if still unemployed receives an additional 13 weeks of public assistance which is a kind of an intermediate relief between unemployment benefits and relief under the Poor Law.

The presence of 80 percent of the Negro population in the south and the fact that the south at the present time is America's number one economic problem would clearly suggest for the time being a greater federal participation and control over the economic security of the Negro

constituency which even under the most ideal conditions is on the narrow ridge of economic security.

At the present time the special advantage of greater government financial participation and control would make it possible to raise the average rate of unemployment benefits to a level at least comparable to the average amount of relief grants for the country as a whole. In the meantime, some provision should be made for compulsory relief to supplement unemployment compensation. Such a program would avoid the simultaneous existence of inadequate relief grants and inadequate insurance benefits. The present structure of unemployment benefits offers no prevention to Negro dependence. If the present scheme is extended to now excluded industries the rate of Negro dependency would not be materially changed because of the low level of insurance benefits and the especially extended lag in the case of Negro workers, between layoffs and the exhaustion of benefit rights. Thus it is absolutely essential that unemployment benefit arrangements be liberalized to a uniform level of adequacy and the period of protection extended, if prevention of Negro dependency is to be achieved. Clearly such a policy could not be based entirely upon the worker's earnings and past employment in the case of sub-standard workers. Rather, it would be based upon the recognition of the social cost involved in correcting the maladjustments incurred by

by the periodic stoppage of the delicate mechanism about which capitalism turns. A sound program of Social Security must be organized in terms of covering the overhead social cost of capitalistic production. As far as possible, this cost should be borne by those who receive profits from production. If at a given time, however society does not deem it politically or economically expedient that entrepreneurs cover their social cost, it then becomes necessary that the community at large, through funds derived from all taxpayers, assume the responsibility. Obviously, the application of community funds to the cost of capitalistic enterprise represents a departure from the doctrine of thrift, and a leaning toward so-called governmental paternalism. However, the growth of a highly complicated industrial society, involving the development of powerful vested interest in the face of limited individual opportunity, makes it necessary for society to substitute the doctrine of paternalism in the place of the doctrine of thrift in an effort to cover the social cost.

In connection with old age assistance under the present form of the Act, the States can pay as low old-age pensions as they wish without any control by the Social Security Board. This is particularly significant to the Negro inasmuch as the whites¹ in the South tend to believe

¹ Douglas, Paul H., Social Security In the United States, McGraw-Hill, P. 371.

that the Negroes can live on rather small sums and apply this policy to pensions as well as to other matters. This, as already pointed out in preceding pages, is the explanation of the differential between the North and the South in the matter of pensions. Indeed, as pointed out by Professor Douglas, it was probably no accident that the reluctance of the dominant race to provide pensions for aged Negroes, Mexicans and Indians accounted for a part at least of the slowness of the Southern States, and for the failure of Oklahoma and New Mexico to take action during the old-age pension movement in Congress. This situation definitely calls for a greater extension of federal control and supervision in order to provide more adequately for aged minorities in certain states.

Another fundamental problem involved in the relation of the present program to the problem of the Negro is the present absence of Negro participation in administration. The lack of federal administrative authority to fix the standards for personnel selection has made it possible for the Southern States to consistently exclude the Negro from any appointments. The federal government, by virtue of its grants for administrative services, should have some authority in fixing the standards in a manner equitable to all applicants, such as Civil Service examinations. A most flagrant illustration of abusive personnel tactics under the welfare provision of the Social Security Act occurred in connection with

the State Welfare Board in Jacksonville, Florida.² Almost immediately after the establishment of the State welfare boards, December 1, 1935, "mass firing of the 100 employees of the colored division began, with the result that by January 26, 1936, less than two months afterwards only 17 Negroes remained on the staff, and in a year's time, the total was reduced to eight. By June, 1937 there were only five on the colored division staff. By June 1938 the whole Negro division was abolished. The discharged workers were replaced with whites."

It seems that justice and equity of opportunity would demand federal control over such evils, especially where federal monies are used. While each state may retain direct administrative control of its personnel, it seems desirable that the control of administrative policy be more definitely vested in the Federal Social Security Board. At the Federal level, the personnel administrative policy would involve less local preferences and prejudices.

In conclusion, it seems that in view of the wide diversity in the economic resources of the various states, and in view of the economic and racial handicap of the Negro group, a greater extension of Federal control, if

²For a detailed account see: Modern Farmer, December 15, 1938, P. 5.

not complete Federalization of the Social Security program would be quite desirable. The magnitude of the total unemployment relief of the Negro and his inability to accumulate sufficient past earnings to secure adequate unemployment benefits, or in the future, adequate old age annuity, is conducive to a residual relief load, the adequate handling of which is far beyond the resources or inclination of the average southern States. Therefore, the scope of the State insurance system must be expanded, not merely in terms of coverage, but in terms of the amount of benefit payments, and the maximum duration of such payments in the case of unemployment insurance, and larger old-age annuities in the case of old-age insurance. Otherwise, the present administrative overhead relative to the net contribution to the relief of Negro unemployment and old-age dependency is too large to claim either economic or social justification. Clearly the expenditure of huge funds for the administration of a so-called insurance program whose potential recipients, by virtue of their sub-standard industrial position, must seek the sparing hand of charity is economic waste in any sense of the term. A sounder social policy would seem to involve a more effective plan whereby all unemployed workers and all aged workers would be assured adequate security for a period of time sufficiently long to avoid undue suffering.

Above all, the administrative organization of a social security program should be formed to assume a substantial portion of the overhead social cost of capitalistic production, irrespective of the variation of the magnitude of this cost as between social and economic groups, and geographic areas. The attainment of this end requires a higher degree of centralization of social security in the United States as now characterizes the English system.

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APPENDIX

State Schedule

*Please supply the following information

Year	Obligations incurred for payment to Negro recipients of special types of Public Assistance under the Social Security Act.	Number of Negroes who have been helped under the Unemployment Insurance Program.
1935	Old-Age Assistance Aid to Blind Aid to De- pendent Children Fami- Children lies	Number of Average Amount of Negroes Benefit
1936		
1937		
1938		

APPENDIX

Please fill in the following table

YEAR	Negro Recipients of Special Types of Public Assistance under the Social Security Act			Applications Pending At End of Year		
	Old-Age Assistance	Aid to the Blind	Aid to Dependent Children Families Children	Old-Age Assistance	Aid to the Blind De- pendent Children Fami-Child- lies ren	
1935						
1936						
1937						
1938						