able to other members of the household—for example, the widow, children, parents, and the like—who are dependent upon the breadwinner who is now retired.

A word about old-age assistance. Here the response to rising prices and incomes is greater than under old-age insurance, all the more surprising since this is an aid, not an insurance program. The explanation in part is that the Federal Government provided increasing amounts of funds to be matched by State and local governments. These governments, anxious to get the maximum subsidy from the Federal Government, tend to be generous in their assistance programs, with the Federal Government playing a large and increasing part.

UNEMPLOYMENT COMPENSATION

With inflation, the percentage of wages covered by unemployment compensation has tended to fall over the years. Of course, inflation alone should not be held responsible for this unfortunate trend. The rise in average wages at stable prices is also part of the explanation, together with the ceiling on benefits in dollars to be paid to the unemployed worker. These weekly ceilings on benefits tend to become more restrictive as average weekly wages rise, either because of inflation or of the rising productivity of the economy. In December 1937, the maximum benefits in most cases were $15 per week, with 95 percent of the covered workers subject to this maximum. This maximum benefit in 1939 was in excess of 60 percent of the average weekly covered wages in 31 States and less than 50 percent in 2 States. But by 1952 the total was in excess of 60 percent in 2 States and less than 50 percent in 40 States.

Yet the benefits under unemployment compensation have responded to inflation and the rise of per capita income or weekly wages much more than those under old age insurance. One reason for this is that in general the program is tied to wage levels. That the results on the whole have been disappointing is due both to the ceiling on weekly benefits and also the spread and effects of the merit-rating programs. Under merit rating employers are allowed to reduce their payroll taxes in accordance with their employment record. The result has been that the benefits have been kept down as payroll taxes, instead of being levied at close to 3 percent of payrolls, have been little more than 1 percent of payrolls. Ceilings on benefits, therefore, and the low taxes made possible by the merit-rating program have made it difficult to adjust benefits to the rise in prices and wage levels.

In 1939, the average weekly payments to total unemployment was $10.66; in 1946, $18.50; in 1957, $28.21. In dollars of stable purchasing power there had been an increase in these years from $10.72 to $13.26 and $13.90. Hence the increase was substantially less than the average weekly wage. Weekly manufacturing wages from 1939 to 1957 rose by 230 percent, whereas in current dollars the average weekly payment for unemployment rose by 170 percent.

Of course, these are not the only income maintenance programs. There are many others—for example, workmen's compensation and veterans' benefits and various private employee benefit plans.

Just a word about workmen's compensation, with problems similar to unemployment compensation. Here, again, the tendency has been for the benefits to rise less than rising prices and wages. Again, the