Since minimum benefits have been increased relatively more than the earnings base, beneficiaries whose benefits were based on low covered earnings tended to gain more; for example, between December 1940 and December 1958 the buying power of minimum primary insurance benefit, which rose from $10 under the 1939 act to $33 under the 1958 act, rose by 60 percent, while that of the maximum old-age benefit payable went up only 3 percent. In relation to the 1935 act, there was a substantial loss in purchasing power of primary benefits under the 1958 act. The current $254 maximum [25] per family represents an increase of 15 percent in buying power, compared to the $85 maximum family benefits under the 1939 act. In January 1959 the $254 maximum at September 1958 prices represents a 42-percent increase over the family maximum under the 1939 law. These trends reflect a tendency to tie benefits increasingly to needs—for example, the greater rise in minimum benefits and family benefits as against the primary maximum.

By June 1959 the beneficiaries under the old-age, survivors, and disability insurance numbered 13,181,000, of which number those age 62 and over were 10,792,000, the young survivors and dependents, 2,114,000, and disabled workers aged 50 to 64, 275,000. Monthly benefits had reached $805 million, or at the rate of close to $10 billion a year; the average old-age retired worker benefit had risen to $72.19; and old-age benefits awarded in the month of June 1959 had risen to $80.32.[26]

That from December 1948 to September 1958 the benefits for the retired worker had risen in 1958 dollars by 118 percent suggests that the response to inflation has been more than adequate. It will be recalled that prices only rose about 20 percent during these years, and even per capita disposable income in 1958 dollars only rose by 15 percent.

It is, nevertheless, not wise to assume that the response to inflation is automatic, despite the great gains from 1948. One reason for the large gains since 1948 was the general realization that the benefits were altogether too low in relation to minimum needs. It has been said many times that the benefit payments even today of roughly $800 to $900 a year for the retired worker are much below the amount necessary for a minimum standard of living. The increase in benefits since 1948, therefore, may reflect in part the past failures to get benefits up with rising prices, but also a realization that the benefits were altogether too low in relation to the needs of older members of our society.

RAISING MAXIMUM COVERED WAGES

One reason for the failure to achieve higher benefits has been the lag in the adjustment of the amount of wages to be covered for each worker. When the program was introduced in the 1930's, the wages of each worker to be covered were a maximum of $3,000. It was not until 1958 that an increase to $4,800 was allowed. Under the 1935 act, the maximum earnings taxable and creditable were $3,000; in 1950 this sum was raised to $3,600; in 1954, to $4,200; and in 1958, to $4,800.

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[25] Smaller of $254 or 80 percent of average wage (but less than the larger of 1½ times the primary insurance amount or $20 plus primary insurance amount).

[26] See release of U.S. Department of Health, Education, and Welfare, Social Security Administration, Aug. 11, 1959.