

The lag in payments for old-age insurance in relation to the movement of prices and wages was all the more unfortunate, in that gradually these payments tend to become much more important than public aid for the old. For example, in 1939 they amounted only to about 1 percent of total public aid expenditures. By 1946 they were more than 40 percent; by 1957 twice as large; and on the basis of President Eisenhower's estimate for fiscal year 1960, roughly three times as large.<sup>30</sup>

When one examines the rise of the maximum monthly amounts subject to Federal participation, one is surprised that there has been as large an increase in dollar assistance payments as well as in real dollars as actually occurred. Under the 1935 original act Federal participation was at a maximum of \$30 per monthly payment. By 1958 it was \$65, or a rise of a little more than 100 percent. But the increase in monthly benefits for old-age assistance was not of the order of 100 percent but in excess of 200 percent from 1940 to 1958. Actually the increase of the maximum monthly amount subject to Federal participation from 1939 to 1958 was only from \$40 to \$65, or an increase of a little over 60 percent, but the actual increase in the assistance payment per month was in excess of 200 percent. One explanation of this fact is that the Federal Government's participation tended to increase. Federal participation for the old, therefore, increased from a maximum of \$15 in 1935 to a maximum of 50-65 percent (depending upon economic strength of different States) of \$65, or to from \$32.50 to \$35.75. Even this increase in the Federal participation at a maximum level does not wholly explain the large rise in old-age assistance during these years. The increase greatly exceeded the rise of prices and was not far from matching the rise of average wage. This is explained partly by the fact that as the maximum covered by the Federal Government increased there was a tendency for States to increase their assistance in order to achieve the largest contribution of the Federal Government.

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<sup>30</sup> Social Security Bulletin, October 1955 and October 1958 and release of August 11, 1959; "Current Social Security Program Operations," June 1959; the President's budget, 1960.