

The Aged Negro and His Income

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IN OUR work-oriented society the aged, as a group no longer earning their living, suffer much lower income status than do the rest of us. So too, but for other reasons, does the population of nonwhite persons, whatever their age. The aged Negro, thus doubly disadvantaged, has resources far below the high levels generally prevailing in our affluent economy. On the other hand, thanks to old-age, survivors, and disability insurance and other public programs that help support so many persons aged 65 or more, the Negro in his old age may find his income more closely approximating that of his white fellow American than often was the case during his working years.

Public programs are administered without respect to race and, though limited in what they pay, are relatively more generous to the aged whose previous earnings were lowest or whose current need is greatest. In contrast, earned income of young families is not balanced, nor is there yet adequate public provision for those who may be in need—not even to the limited extent that there is for the aged. Accordingly the Negro family, though larger than the white, generally must get along on little better than half as much income. The Negro man earns little more than half the employed white worker, even when both work full time. Among those aged 65 and older, however, the nonwhite couples average two-thirds as much income as do the white couples and non-married nonwhite persons about three-fourths the income of white persons. By and large, racial differences in income are less among aged persons drawing old-age, survivors, and disability insurance benefits than among those not benefiting from this income-support program.

To be sure, the Negro in old age does not lose the underprivileged economic status of his younger years: Simply because he fares somewhat better, he does not fare well. It is perhaps not so much that his lot improves as that the income of the generally more fortunate drops proportionately more in retirement than does his own.

Like all persons with low lifetime earnings the Negro enters upon retirement with little savings, more often than not without an owned home, and with little else in the way of private pensions or other resources to add to any public program benefits to which he is entitled. Indeed, for the aged Negro as for many white persons, his poverty does not come upon him newly as an affliction of later life except for special exigencies, such as an increased need for medical care. Rather, he brings it with him as a logical sequence of what has gone before. And while an expanded social insurance program increasingly operates to afford him an opportunity equal with that of the white worker to qualify for an old-age, survivors, and disability insurance benefit, this program alone cannot cancel the long-standing wage and employment differences that result in a smaller benefit. He is accordingly three times as likely as the aged white American to receive public assistance—an assistance incidentally not so readily available in younger years at times of even greater need.

What the social insurance program can and does do is to give the lower-paid worker—and consequently the Negro—benefits representing a larger portion of earlier earnings.

The income of the average white worker is more sharply reduced in retirement than the income of the Negro worker, thus drawing the two groups closer together in the common bond of stringency.

THE AGED NONWHITE POPULATION

At the end of 1962, persons aged 65 or older in the United States numbered about 17½ million, of whom nearly 1½ million or 8 percent were nonwhite. Although in a few States the majority of these nonwhite persons were of Japanese, Indian, or other minority races, for the country as a whole and in most geographic areas more than 90 percent of the nonwhite population was Negro. Most of the statistics cited in this article apply to the total nonwhite population rather than to the Negro population alone. (Unless otherwise indi-

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cated the terms Negro and nonwhite are used here interchangeably.)

Because of their shorter life expectancy and a considerably higher marriage disruption rate, fewer Negroes aged 65 and over than white persons of that age are still married and living with a spouse. The differences are particularly striking among the women (table 1). Considerably more of the Negro women have no husband's income to count on in old age, just as many more of them than of white women—according to other data—have earlier lacked a husband's income while raising their children. Because of their inferior earning capacity, more Negro men than white men never marry and so face retirement and old age alone, with no possibility of turning to a wife or grown children to ease health care or financial stress.

INCOME OF AGED NONWHITE POPULATION

Data are only now becoming available from the 1963 Survey of the Aged made by the Social Security Administration. They show that half the nonwhite married couples aged 65 or older had money income in 1962 totaling less than \$1,960. This median represented two-thirds that of white couples. Among nonmarried persons—that is, persons widowed, separated, divorced, or never married—median income of nonwhite persons was four-fifths that of the white population among men and three-fourths among women (table 2).

These incomes are not large. Only among the white couples could a majority be said to have an amount sufficient for independent living in terms of a "modest but adequate" level of living as defined by the Bureau of Labor Statistics: for an elderly couple about \$2,500 a year and for

an aged person without a spouse about \$1,800, even with allowance for the reduced costs resulting from home ownership and the somewhat lower cost of living in the smaller communities in which many older persons live. Almost none of the non-married Negro women not getting old-age, survivors, and disability insurance benefits and only 1 in 8 of those who did receive such benefits could be considered economically independent by this standard.

What is striking about the figures, however, is not that the Negro incomes are so low but that they are relatively high. Data obtained by the Bureau of the Census in its annual income survey for the same year indicate a median income for all nonwhite families only half that observed among white families—a ratio that has prevailed for several years. For persons living alone or with nonrelatives—most of them nonmarried and nearly 40 percent aged 65 or older—the nonwhite group has a median income two-thirds that of white persons.¹

What do these differences imply? When the aged generally have incomes lower than the rest of the population, how is it that the nonwhite aged seem better off in relation to white aged persons than the total nonwhite population is in comparison with the white?

Available data supply one answer. With his lower educational attainment and the ensuing occupational stricture, with a discrimination in the marketplace that leaves him earning less than his fellow American even when educational levels are the same, and subjected to greater risk of unemployment throughout a lifetime, the Negro and his family must suffer relatively low-income status as long as they depend on earnings for their main source of support.

As tables 2-4 show, it is among the aged for whom earnings are still the main source of income that the relative position of the Negro is least favorable. It is in the groups relying largely on some type of public program that the Negro does best.

Among all nonbeneficiary couples, for example, 3 out of 5 had a member working some time during 1962. Payments from assistance, veterans', and other public programs made up a fifth of

TABLE 1.—Marital status of population aged 65 or over, by race and sex, March 1962

Marital status	Men		Women	
	White	Nonwhite	White	Nonwhite
Number (in thousands)	7,087	623	8,818	702
Total percent.....	100	100	100	100
Never-married.....	6	9	7	3
Married, spouse present.....	72	55	37	24
Widowed.....	18	31	52	65
Separated, divorced, other....	4	4	3	7

Source: Bureau of the Census, *Current Population Reports*, Series P-20, No. 122, March 1963.

¹ Bureau of the Census, *Current Population Reports*, Series P-60, No. 41, October 1963.

total income for the white couples and a third for the nonwhite couples not receiving old-age, survivors, and disability insurance benefits. Earnings accounted for substantially more than three-fifths of income for both groups. The nonwhite couples had on the average, however, earnings equal to only 35 percent of the amount earned by the white couples, and their median total income (\$1,500) was only 38 percent of that for white couples.

By contrast, for nonmarried men who were old-age, survivors, and disability insurance beneficiaries it was not earnings but their benefits—together with payments from other programs—that were the chief source of support. Only 1 in 4 reported earnings of any kind, and earnings accounted, all told, for only about a seventh of their income. The median income of the nonwhite beneficiaries in this group was \$1,180 or 85 percent of that for the white beneficiaries.

As members of yet another aged group for whom earnings are commonly not the primary resource, nonwhite nonmarried women who were

not beneficiaries also achieved a high degree of income parity; their median income was 86 percent of that for white women in a similar situation. To be sure, neither group had very much; half the white women had less than \$775, and half the nonwhite women less than \$665. Altogether, only a fourth of the total money income of the white group and an eighth of that of the nonwhite came from employment. Public assistance alone accounted for 70 percent of the income received by nonwhite married women, who seldom owned any income-producing assets. Among white women, assets produced about a fourth of the year's income, and public assistance an almost equal share.

Nonmarried women generally relied much more heavily on public assistance than other aged persons, and the nonwhite aged, regardless of marital status or beneficiary status under old-age, survivors, and disability insurance, relied more heavily on public assistance for support than did the white aged (table 3). Among nonmarried Negro women, every other one received assistance

TABLE 2.—Total money income in 1962 of population aged 65 and over: Percentage distribution of income of OASDI beneficiaries and nonbeneficiaries, by race, sex, and marital status

Total money income	Married couples			Nonmarried men			Nonmarried women		
	Total ¹	OASDI beneficiaries ²	Nonbeneficiaries	Total	OASDI beneficiaries ²	Nonbeneficiaries	Total	OASDI beneficiaries ²	Nonbeneficiaries
White									
Total number (in thousands).....	5,023	3,496	993	2,132	1,361	677	5,857	3,213	2,298
Number reporting income.....	4,333	3,062	820	1,930	1,266	574	5,075	2,819	1,952
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000.....	4.4	3.9	7.8	30.3	25.1	43.7	47.4	38.5	63.0
1,000-1,999.....	21.6	23.3	20.1	37.7	45.0	24.0	33.9	41.8	21.9
2,000-2,999.....	25.0	29.5	11.3	16.9	20.1	10.3	10.4	12.0	7.4
3,000-3,999.....	16.1	16.1	11.6	5.5	5.6	4.4	3.3	2.9	3.1
4,000-4,999.....	10.9	11.0	9.9	3.2	2.0	4.0	1.5	1.5	1.5
5,000-9,999.....	16.4	12.9	26.7	5.7	1.7	12.5	3.1	2.9	2.7
10,000 and over.....	5.6	3.3	12.7	.7	.5	1.4	.4	.4	.4
Median income.....	\$2,955	\$2,765	\$3,920	\$1,390	\$1,390	\$1,240	\$1,060	\$1,275	\$775
Nonwhite									
Total number (in thousands).....	422	247	127	270	129	126	472	201	245
Number reporting income.....	386	227	112	243	119	111	461	195	240
Percent.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under \$1,000.....	10.1	6.2	22.3	45.7	37.8	60.4	68.5	52.3	85.0
1,000-1,999.....	41.2	39.2	43.8	30.9	49.6	14.4	28.0	41.0	15.0
2,000-2,999.....	22.3	33.5	3.6	10.3	11.8	5.4	2.8	5.6	0
3,000-3,999.....	13.0	10.1	15.2	5.8	1.7	5.4	0	1.0	0
4,000-4,999.....	8.0	4.8	11.6	2.5	0	5.4	0	0	0
5,000 and over.....	5.2	5.7	3.6	4.5	0	9.0	0	0	0
Median income:									
Amount.....	\$1,960	\$2,105	\$1,500	\$1,100	\$1,180	\$865	\$795	\$956	\$665
As percent of median for white aged.....	66	76	38	79	85	70	75	75	86

¹ Includes two groups not shown separately—all beneficiaries whose benefits started during 1962, and a small number with benefits starting earlier who had entitled children or whose own entitlement was as the parent of a deceased worker.

² Benefits starting before 1962. Among married couples, either or both spouses may have received benefits.

Source: Social Security Administration, 1963 Survey of the Aged.

at some time during the year. For those with no old-age, survivors, and disability benefits, the number receiving assistance rose to 3 out of 5, but even among the insurance beneficiaries 1 in 3 required some supplementation of benefits.

The effect of chronic low income on capacity for self-support in old age is indicated also by the relatively few Negroes who had assets from which they derived income. About a fourth of the couples and a sixth of the nonmarried persons received income in the form of interest, dividends, or rents. Among the white aged, two-thirds of the couples and about half the nonmarried reported such income.

Data on homeownership and living arrangements from the survey are not yet available by race. But it will come as no surprise that the *Decennial Census of 1960* shows relatively fewer of the Negro aged enjoying the benefit of homeownership and relatively more living in housing units needing repair or without adequate facilities. Among all white households with an aged

head, 70 percent owned their home, compared with 54 percent of the nonwhite households. More than a fourth of the units rented by nonwhite households and almost a fifth of those owned were described as dilapidated—that is, housing that “. . . in its present condition endangers the health, safety or well-being of the occupants.” Among the white households headed by an aged person, only 3 percent of the owned units and 6 percent of those rented were classed as dilapidated.

Because old people in general continue to live on in quarters they have occupied for some time, the inferior housing status of the Negro aged is undoubtedly a continuation of earlier disadvantage rather than solely a reflection of currently inadequate income.

THE INCOME LIFE CYCLE

There appears to be a difference in the ebb and flow of income for Negroes and for white persons,

TABLE 3.—Sources of income in 1962 of population aged 65 and over: Percentage with income from selected sources for OASDI beneficiaries and nonbeneficiaries, by race, sex, and marital status

Source of money income	Married couples			Nonmarried men			Nonmarried women		
	Total ¹	OASDI beneficiaries ²	Nonbeneficiaries	Total	OASDI beneficiaries ²	Nonbeneficiaries	Total	OASDI beneficiaries ²	Nonbeneficiaries
White									
Total population.....	100	100	100	100	100	100	100	100	100
Earnings.....	54	49	64	27	24	29	23	26	16
Retirement benefits.....	85	100	27	75	100	16	66	100	12
OASDI.....	80	100	-----	68	100	-----	61	100	-----
Other public programs.....	12	8	25	8	5	15	8	5	11
Private group pensions.....	17	21	3	10	13	2	4	5	1
Veterans' benefits.....	14	14	14	11	12	6	6	7	6
Interest, dividends, rents.....	66	67	67	48	52	37	53	59	41
Private individual annuities.....	4	4	5	1	2	1	3	4	2
Unemployment insurance.....	3	2	2	1	1	(³)	1	1	(³)
Public assistance.....	6	5	10	16	9	32	15	7	27
Contributions by relatives ⁴	2	3	3	2	2	1	6	5	8
Payment under any public program.....	89	100	45	87	100	57	78	100	42
Nonwhite									
Total population.....	100	100	100	100	100	100	100	100	100
Earnings.....	62	60	60	35	28	41	22	26	16
Retirement benefits.....	73	100	10	61	100	13	50	100	4
OASDI.....	70	100	-----	55	100	-----	48	100	-----
Other public programs.....	10	10	10	8	6	9	2	2	3
Private group pensions.....	4	5	-----	7	9	3	(³)	-----	1
Veterans' benefits.....	14	15	14	14	15	13	5	6	3
Interest, dividends, rents.....	27	30	26	22	22	20	13	15	10
Private individual annuities.....	(³)	1	-----	1	2	-----	-----	-----	-----
Unemployment insurance.....	3	2	-----	1	-----	-----	1	2	-----
Public assistance.....	30	26	40	32	19	48	48	35	61
Contributions by relatives ⁴	5	4	5	1	-----	-----	8	4	11
Payment under any public program.....	88	100	60	86	100	68	82	100	66

¹ See table 2, footnote 1.
² See table 2, footnote 2.
³ Less than 0.5 percent.

⁴ Relatives or friends not living in households with aged unit.
Source: Social Security Administration, 1963 Survey of the Aged.

a gap that seems to widen with age as long as both groups must depend primarily on earned income. Only when, in old age, the weekly pay check is replaced by the monthly benefit from a retirement or income-maintenance program does the gap close somewhat and then only in current income—not in the additional resources that can help stretch the lower income of retirement to a more comfortable level of living.

To compare the cycles of income receipt for Negroes and white persons, it would be desirable to do a cohort analysis—that is, to follow individuals for a period of years from youth to old age. Such data are not generally available. In their absence one can examine cross-sectional patterns—that is, differences by age and race for all persons in the population at a given time. It is not likely that these differences by age accurately represent the fluctuations that the average person experiences as he lives out his allotted span. But it is also not likely that the two paths will be totally unrelated, the more so since the cross-sectional differences between the Negro and the white population are so marked. Sufficient evidence exists to suggest that, just as childhood deprivation often

presages poverty in the adult, so the low-income status of the adult during his working years presages his low-income status in old age. The child is the father of the man, even unto age 65 and beyond, and in large measure the inadequate income of our aged Negro is the carry-over from the poverty of his youth.

Because it is the man who is assumed to be the chief family breadwinner and because the married woman depending solely on a husband's earnings must either be reported as having zero income or be assigned some arbitrary proportion of her husband's income—both somewhat unrealistic assumptions—it is the income pattern of white and nonwhite men that is given primary attention.

Generally speaking, nonwhite men are less likely to be in the labor force than white men; they have increasingly less earning power than white men as they grow older; and they suffer higher unemployment rates, particularly at the younger ages. According to the *Decennial Census of 1960* the median income of nonwhite men dropped steadily, from 57 percent that of white men at ages 20–24 to 45 percent for men aged 55–64. But at age 65 and over, when only a

TABLE 4.—Income in 1962 of population aged 65 and over: Shares of aggregate income from designated sources for OASDI beneficiaries and nonbeneficiaries, by race, sex, and marital status

Source of money income	Married couples			Nonmarried men			Nonmarried women		
	Total ¹	OASDI beneficiaries ²	Nonbeneficiaries	Total	OASDI beneficiaries ²	Nonbeneficiaries	Total	OASDI beneficiaries ²	Nonbeneficiaries
White									
Total percent.....	100	100	100	100	100	100	100	100	100
Earnings.....	39	25	69	27	14	46	19	15	24
Retirement benefits.....	39	49	13	45	64	16	39	53	11
OASDI.....	28	39	-----	34	54	-----	33	48	-----
Other public programs.....	7	4	13	7	4	14	5	3	10
Private group pensions.....	4	6	(³)	4	6	2	1	2	1
Veterans' benefits.....	3	4	3	6	6	7	4	3	5
Interest, dividends, rents.....	15	17	10	13	13	14	20	18	25
Public assistance.....	1	1	3	6	2	15	9	3	24
Contributions by relatives ⁴	(³)	(³)	(³)	(³)	(³)	(³)	2	2	4
Other.....	3	3	2	2	2	3	6	6	8
Nonwhite									
Total percent.....	100	100	100	100	100	100	100	100	100
Earnings.....	38	29	63	36	12	58	15	18	12
Retirement benefits.....	41	54	5	37	68	6	36	56	4
OASDI.....	34	46	-----	30	61	-----	34	55	-----
Other public programs.....	6	6	5	4	2	6	2	1	3
Private group pensions.....	1	2	-----	3	5	(³)	(³)	-----	(³)
Veterans' benefits.....	5	7	6	8	9	8	4	4	4
Interest, dividends, rents.....	3	2	3	3	4	1	3	3	3
Public assistance.....	11	7	23	14	5	24	37	16	70
Contributions by relatives ⁴	1	1	(³)	-----	-----	-----	2	1	3
Other.....	1	1	(³)	2	1	3	3	1	6

¹ See table 2, footnote 1.
² See table 2, footnote 2.
³ Less than 0.5 percent.

⁴ See table 3, footnote 4.
Source: Social Security Administration, 1963 Survey of the Aged.

minority are in the labor force, the nonwhite median income rises to 51 percent of the white (table 5).

The higher unemployment rate among Negro men—more than twice that among white men—persists even at the older ages, when relatively few are in the labor force (table 6). Inasmuch as most men—and their families—before they reach age 65 rely on earnings as their prime source of income, a comparison of such earnings for white and nonwhite men is of interest. Paralleling the pattern already noted for total income is the ratio of nonwhite to white earnings in a year for the experienced male labor force—that is, all men except those who are seeking work for the first time and who have not yet found it. The young nonwhite male worker's median earnings in 1959 at age 18–24 represented 61 percent of white median earnings, and at age 55–64 only 56 percent of that median (table 7).

For all nonwhite male workers the median earnings in 1962 represented 55 percent that of the white² and were only 63 percent even when restricted to persons working the year around in full-time jobs. This is more or less the same degree of income parity, or lack of it, that has prevailed for a number of years.

TABLE 5.—Money income in 1959 of men aged 20 and over, by race and age

Age	Percent with less than \$2,000		Median income		Nonwhite as percent of white
	White	Nonwhite	White	Nonwhite	
20-24.....	41	63	\$2,530	\$1,435	57
25-34.....	12	36	4,970	2,740	55
35-44.....	10	32	5,615	3,050	54
45-54.....	15	39	5,220	2,635	50
55-64.....	23	50	4,420	1,985	45
65 and over.....	58	80	1,725	885	51

Source: U.S. Census of Population, 1960: Detailed Characteristics, PC(1)-1D.

The pattern of earnings over a work-life span differs with occupation, and occupations that permit considerable gain in earnings for a worker as he gains experience—such as the professional, technical, and kindred callings or management of a nonfarm business—are less readily available to the Negro worker than to the white man. In 1962, for example, 13 percent of all employed white men were in professional and technical posi-

² Bureau of the Census, *Current Population Reports*, Series P-60, No. 41.

TABLE 6.—Civilian labor-force participation rates and unemployment rates in 1962, by race, age, and sex

Age	Percent in labor force				Unemployment rate			
	Men		Women		Men		Women	
	White	Non-white	White	Non-white	White	Non-white	White	Non-white
14 and over.....	79	76	36	46	5	11	6	11
14-19.....	41	38	30	24	12	21	12	28
20-24.....	86	89	47	49	8	15	8	18
25-34.....	97	95	34	52	4	10	5	12
35-44.....	98	94	42	60	3	9	4	9
45-54.....	96	92	49	60	4	8	4	7
55-64.....	87	82	38	46	4	10	4	4
65 and over.....	31	27	10	12	4	10	4	4

Source: "Economic Status of Nonwhite Workers, 1955-62," (Special Labor Force Report No. 33), *Monthly Labor Review*, July 1963.

tions, and 16 percent were classed as nonfarm managers, officials, and proprietors. Among the Negro employed men, by contrast, only 4 percent were in each of these two broad occupational groups.

Indeed, as has been well-documented, even when the Negro achieves such occupational status, he is not likely to get the pay envelope that should go with it.

As reported by Herman Miller of the Bureau of the Census, the Negro has considerably lower occupational status than the white worker, and in most States there has been little improvement in this respect in the past 20 years. Even when compared only with white workers having the same years of schooling, the nonwhite worker can look forward to earning about half as much during his lifetime as his white fellow. What is more, the Negro who has gone to college does relatively worse rather than better, as the following figures show:³

Highest grade completed	Nonwhite lifetime earnings as percent of white
Total	51
Elementary school:	
Less than 8 years	61
8 years	64
High school:	
1-3 years	60
4 years	60
College:	
1-3 years	54
4 years	47
5 years or more	53

³ Statement before Subcommittee on Employment and Manpower, U.S. Senate Subcommittee on Labor and Public Welfare, July 31, 1963.

These figures imply in financial terms a difference ranging from \$60,000 over a lifetime for those with the least education to \$220,000 for those with 5 years or more of college training.

Of all nonwhite men who were employed during 1962, about 4 out of every 10 were working in jobs as service workers or as nonfarm laborers—jobs that often pay so little, even to a white worker, as to jeopardize the adequate support of a family.

THE ROLE OF OASDI

The Social Security Act of 1935, formulated in the throes of a great depression, was designed to meet certain immediate needs and to help prevent want and dependency. Over the years the programs have become more inclusive in the risks met and the population covered, but protection in old age against loss of income from earnings remains in sheer numbers the most extensive assignment.

Adults in their declining years, particularly those beset with the infirmities of old age, need money to replace the earnings that have stopped because they or those who once supported them no longer work. And the possibility of self-support in old age, once merely a promise, is now looked to by most workers as a cherished right. Currently, 70 percent of the 19 million persons aged 65 or older are receiving monthly benefits, and 9 out of 10 workers are in jobs that make it possible to earn the right to a retirement benefit. Old-age, survivors, and disability insurance has thus become the principal income-support program for the aged.

By definition, social security programs are for all the people, to be administered without refer-

ence to race, color, or creed. Hence only a limited number of program statistics by race are available on a regular basis since they are not normally relevant to program operations.

In the early days of the social security program, the exclusion of farm labor, domestic service, and certain other types of work from the system meant that relatively fewer Negroes than white persons could share in the protection offered. Furthermore, because of his typically lower earnings, the Negro beneficiary generally received lower benefits than the white beneficiary.

The 1950, 1954, and 1956 amendments removed most of the restrictions from coverage. These liberalizations, as well as the accelerated movement of the Negro from farm work into city jobs, mean that more and more Negroes have a stake in the old-age, survivors, and disability insurance program.

By the end of 1962, of the 12½ million persons aged 65 or older who were drawing old-age, survivors, and disability insurance benefits, 6 percent were nonwhite. In the total aged population as of the same date, 8 percent were nonwhite. All told, 3 out of 5 nonwhite aged persons were receiving benefits, compared with 3 out of 4 white persons. Despite this disparity, there has been considerable and steady improvement since the early days of the program, as the following percentages show.

Date	Aged population receiving OASDI	
	White	Nonwhite
December of—		
1945.....	8	4
1950.....	21	13
1955.....	45	30
1960.....	67	49
1961.....	70	53
1962.....	73	58

TABLE 7.—Median earnings of experienced civilian male labor force in 1959, by race and age, and nonwhite earnings as a percent of white earnings

Age	Median earnings			Earnings index (median for white workers at ages 35-44=100)	
	White	Nonwhite	Nonwhite as percent of white	White	Nonwhite
18-24.....	\$2,604	\$1,584	61	46	28
25-34.....	5,102	3,004	59	90	53
35-44.....	5,657	3,322	59	100	59
45-54.....	5,317	2,966	56	94	52
55-64.....	4,802	2,678	56	85	47

Source: U.S. Census of Population, 1960: Occupation by Earnings and Education, PC(2)-7B.

For obvious reasons, both white and Negro persons just reaching retirement age are more likely to qualify for a benefit than those already well past age 65. The difference is particularly striking for Negro women: Those women who are aged 65-69 are four and one-half times as likely to receive insurance benefits as those who are aged 85 or over. It is of interest also that Negro men, with their high unemployment rate, have taken advantage of the recent option of retirement at age 62 with a reduced benefit to a greater extent than white men (table 8).

From the 1963 Survey of the Aged made by the Social Security Administration it is possible to compare beneficiary rates by marital status, as well as by race. Among the white population aged 65 or older, those receiving old-age, survivors, and disability insurance benefits represented 80 percent of the married couples, 70 percent of the nonmarried men, and 61 percent of the nonmarried women. Among the nonwhite population, the corresponding beneficiary rates were 70 percent, 55 percent, and 48 percent.

The differences among the women are particularly significant because the nonwhite woman, as we have seen, is more likely to be nonmarried—that is, minus a husband—by the time she reaches age 65. Hence if she does not qualify for a benefit in her own right through her own work record, she may well have to look to public assistance.

TABLE 8.—Percent of population aged 62 and over with OASDI benefits in current-payment status on December 31, 1962, by age, race, and sex

Age	Total	White			Nonwhite		
		Total	Male	Female	Total	Male	Female
62-64.....	39	39	25	50	39	35	42
65 and over.....	72	73	76	70	58	66	51
65-69.....	72	73	68	76	66	68	63
70-74.....	80	82	85	79	62	71	54
75-79.....	74	76	84	69	55	65	46
80-84.....	62	63	77	54	42	56	31
85 and over.....	40	41	57	31	25	39	14

And in fact, as the survey findings reveal, in large measure she does. Thus, despite the program liberalizations and the large-scale movement of the Negro from agriculture to industry, there still remain a substantial number of nonwhite persons (mostly women) whose own work life—or that of the persons on whom they depended for support—did not qualify them for the dignity of old-age, survivors, and disability insurance benefits in old age.

For those aged women who do draw benefits under the Social Security Act, the type of benefit received reflects clearly the difference in marital status and work cycles of the nonwhite and the white woman. With or without children, to supplement the low earnings of her husband or because she herself acts as the head of a family, the Negro woman during her lifetime participates in the labor force to a greater degree than the white woman.

As one example, among Negro women with husband present and with the youngest child between the ages of 3 and 6, every other mother is in the labor force, the same ratio as among Negro wives with no children under age 18. Among white women with husband present, only 1 in 4 mothers with the youngest child over age 3 but under age 6 is in the labor force, and only 35 percent are working, even when there are no children under age 18.⁴

Although among women aged 65 or older the proportion who are widows is a fourth higher for Negroes than for white women, the proportion drawing old-age, survivors, and disability insurance benefits as a worker's widow is a fifth less among Negroes than among the white women, and the proportion drawing a benefit as a worker—that is, on her own wage record—is a fourth greater. Aged women with benefits in current-payment status on December 31, 1962, were distributed by type of beneficiary as follows:

Type of beneficiary	White	Nonwhite
Total.....	100	100
Retired worker.....	45	57
Wife of retired worker.....	30	23
Aged widow.....	24	1
Other.....	1	

For workers of both sexes, the generally lower earnings of Negroes mean that when they do draw old-age, survivors, and disability insurance benefits, they receive less than white workers. Because the benefit formula is more generous to workers with low earnings, however, the nonwhite beneficiaries receive more both in terms of what they and their employers have paid into the system and as a proportion of the wages replaced.

Thus the average monthly benefits of \$69 to the nonwhite retired male worker and \$51 to the woman were about four-fifths the average checks (\$86 and \$65) going to retired white workers. Indeed, for all types of benefit combined, the average payment to an aged nonwhite beneficiary was four-fifths that going to a white beneficiary. By contrast, in 1958 for Negro workers under age 65 average taxable earnings for social security

⁴ See "Marital and Family Characteristics of Workers, March 1962," Special Labor Force Report No. 26, *Monthly Labor Review*, January 1963.

purposes—the amounts on which contributions to the trust fund are based and which help determine the eventual benefit the worker may receive on retirement—were 68 percent of the average amount for white male workers and 63 percent of the average for white female workers (table 9).

In 1958, it will be recalled, earnings over \$4,200 a year were not counted for social security purposes. How many of the Negro and white workers for whom earnings were reported had total earnings above the maximum taxable is not known, but there is one clue: For 3 out of 5 white men aged 20–64, the reported earnings totaled \$3,600 or more, but for only 1 in 4 of the Negro men was this true.

Actually, for all male workers in 1958—whether or not covered by the social security program—the median wage or salary income for nonwhite workers was 58 percent that of white workers.

The social insurance program, by virtue of its formula, does proportionately better by the aged Negro than by the aged white worker with his higher average earnings. Old-age, survivors, and disability insurance alone, however, cannot atone retroactively for the insufficient earnings of a lifetime. Moreover, low benefits—however high in relation to previous earnings—are not calculated to afford adequate support when there has been no opportunity to accumulate additional resources for retirement.

OLD-AGE ASSISTANCE

The Social Security Act of 1935 also inaugurated a Federal-State program of public assistance for those aged persons whose own resources were insufficient or whose needs were unusually great. All the States have programs of old-age assistance, and most of them also make some payments for medical care received by recipients.

With the maturing of old-age, survivors, and disability insurance and its expansion to cover almost everyone who works, the number of persons aged 65 and over receiving benefits has grown from 66,000 in 1940—when benefits were first payable—to 13 million today. The number receiving old-age assistance, originally the largest and now the second largest income-maintenance program for the aged, reached an all-time high in 1950 and since then has been declining gradually.

Recipients now number 2.2 million in contrast to 2.8 million at the peak. More than a third of the aged recipients of assistance also receive old-age, survivors, and disability insurance benefits, but these benefits together with their other resources are insufficient to meet their needs according to the standards of their State.

Although the old-age assistance program is of less importance than formerly, it continues as an important program for many aged persons, particularly those who are nonwhite. A national survey of old-age assistance recipients in the summer of 1960 found that about one-fifth of those receiving such assistance were nonwhite. They represented 38 percent of the total nonwhite aged population, three times the recipient rate among white persons aged 65 or older. For only a fourth of the Negro recipients but for a third of the white recipients was the assistance payment a supplement to old-age, survivors, and disability insurance benefits.

Aged individuals are considered needy if all the income and property they have is less than the amounts set by their own State standards of eligibility for assistance. The assistance paid to a needy person is intended to make up the difference between what he has and what the State's program can support as income maintenance. The States differ, of course, in what they can and will support as a basic standard. States differ in the proportion of the population receiving old-age assistance, but in every State the proportion receiving aid is higher in the nonwhite population.

TABLE 9.—Mean taxable earnings¹ of wage and salary workers reported under the OASDI program for 1958, by age, race, and sex

Age	Male			Female		
	Negro	White ²	Negro as percent of white	Negro	White ²	Negro as percent of white
All ages ³	\$2,040	\$2,970	69	\$1,200	\$1,845	65
Under 20.....	595	830	72	495	760	65
20-64.....	2,170	3,205	68	1,255	1,990	63
20-34.....	1,905	2,870	66	1,160	1,810	64
35-49.....	2,390	3,520	68	1,370	2,080	66
50-54.....	2,365	3,400	70	1,310	2,230	59
55-59.....	2,310	3,290	70	1,175	2,170	54
60-64.....	2,320	3,175	73	1,035	1,960	53
65-71.....	1,630	2,310	71	830	1,520	55
72 and over.....	1,280	1,845	69	745	1,245	60

¹ Average annual taxable wages. The maximum taxable for a worker during 1958 was \$4,200.

² Includes nonwhite races other than Negro.

³ Includes a few workers of unknown age, not shown separately.

Source: Social Security Administration, 1-percent continuous work-history sample data.

In any given State, there is practically no difference between white and nonwhite recipients in the amount of unmet need. Like old-age, survivors, and disability insurance, old-age assistance thus serves to reduce income disparity among the needy. Because relatively more of the Negro recipients of old-age assistance live in the low-income South, however, Negro recipients as a group receive somewhat smaller assistance payments, and these payments meet a slightly smaller proportion of budgeted requirements than is true for white recipients as a group—94 percent compared with 96 percent. Actually, nonwhite persons who require assistance in old age are more fortunate than those who need it earlier in life. As presently constituted, assistance programs for the aged, while by no means overgenerous, nevertheless meet more of the need than do the programs for the younger groups in the population.

OTHER ASSISTANCE PROGRAMS

A number of other assistance programs offer help to some aged persons in need. The newest is medical assistance for the aged, which went into effect in October 1960. Often referred to as the Kerr-Mills program, it provides Federal-State funds for the medically indigent—by definition persons not so needy as to be eligible for cash payments through old-age assistance but nevertheless unable to pay for the medical care that they need. Medical assistance for the aged, now in effect in 32 States, currently is aiding about 150,000 persons, or slightly less than 1 percent of the total aged population. A considerable number of the recipients are old-age, survivors, and disability insurance beneficiaries, but relatively fewer of these recipients than of all old-age assistance recipients are likely to be nonwhite.

Some aged persons receive help in the form of aid to the blind. This program, which has no age restrictions, currently makes payments to only about 100,000 persons, less than 1 percent of the total adult population. Nearly a fifth of the recipients also receive old-age, survivors, and disability insurance, and most of those with income from both programs are aged 65 and over. A sample study of characteristics of persons receiving aid to the blind in late 1962 found that 40 percent of all the recipients were at least 65 years

old. Complete statistics by race and age are not yet available, but a preliminary analysis for recipients of all ages shows that 69 percent were white and 29 percent nonwhite and that for 2 percent race was not reported.

A fourth Federal-State assistance program offers aid to persons who are permanently and totally disabled. About 475,500 persons are currently receiving such assistance. A study of the program in late 1962 found only 3 percent of the recipients were aged 65 or older.

PRELUDE TO POVERTY IN OLD AGE

The aged Negro, in common with so many aged white men and women, is likely to find himself with resources that are far from meeting his needs. For many Negroes, however, old age will not be their introduction to poverty but rather the point at which public programs presently are best geared to deal with the situation. Today's aged poor—of whom a disproportionate number are Negro—reflect our past failure to foster self-support in old age by assuring adequate income in middle age and youth. Tomorrow's aged poor may well testify to our continuing failure to do so, unless we can meet the challenge of poverty among younger families.

One conservative estimate places the number of children in families with "very low income" at about three times the number of needy old persons.⁵ Yet the number of children receiving aid to families with dependent children today is barely one-third greater than the number of persons receiving old-age assistance. Aggregate assistance expenditures for the fiscal year ended June 1963 were 30 percent less for these children and their families than for the aged. Average payments are not large under either program, but those to the families with children are less nearly adequate in relation to need than payments for aged persons: It is estimated that the payments meet only 57-86 percent of the needs of the recipient children in comparison with 94 percent for aged recipients.⁶

⁵ Lenore A. Epstein, "Unmet Need in a Land of Abundance," *Social Security Bulletin*, May 1963.

⁶ Ellen J. Perkins, "Unmet Need in Public Assistance," *Social Security Bulletin*, April 1960.

Many young families in the shadow of poverty receive no help at all. As an example, few families with an employable father in the home are eligible for aid even when income is low. Among needy families with the father absent, fewer than half receive any assistance. All told, the 4 percent of our child population currently receiving aid to families with dependent children represents, it is estimated, fewer than a sixth of all children who might be considered poor.⁷ Many of these impoverished children are nonwhite. Their present deprivation, unchecked, foreshadows their own place among the aged poor of the future.

For some time to come, many Negroes reaching age 65 will continue to have limited resources and to be more dependent than white persons on public aid. Despite the general upgrading of the labor

⁷ Ellen J. Perkins, "How Much is Enough?," paper presented at the biennial round-table conference of the American Public Welfare Association, Washington, December 6, 1963.

force, the Negro is still far too well-represented among those who are employed in jobs at which even white workers average low earnings throughout a lifetime—as service workers and nonfarm laborers, for example.

As current efforts result in better employment opportunities for the Negro, the poverty that constantly stalks him and his children solely because of his color should eventually disappear. When the Negro reaches old age, he may still share in the poverty of those, whatever their race, whose energies have been spent at earnings too low to provide for the needs of today, let alone the needs of tomorrow. In our society, however, adequate income cannot be abruptly established at age 65 or age 62. To reduce poverty in old age, we must attack deprivation in early years while at the same time making sure that the protections available to the aged reflect the rising levels of living that our expanding economy makes possible for all.

Notes and Brief Reports

Cost-of-Living Increases in Military Retired Pay*

For the past hundred years, retired military personnel have generally benefited from increases in active-duty pay, since their retired pay has been recomputed on the basis of the increased rates.¹ Their retirement benefits thus reflected, although with a time lag, rising earnings levels. This pattern was changed when the pay of the Armed Forces was raised in 1958. Personnel retired before June 1 (the effective date of the increase) received a 6-percent increase in their retired pay instead of having the amount recomputed. The intent expressed by Congress was to eliminate recomputations in the future and to provide instead percentage increases in retired pay.

* Prepared by Marice C. Hart, Division of the Actuary.

¹ Retired pay for military personnel is generally equal to 2½ percent of the base pay for the highest rank held during active duty, multiplied by the number of years of service. The maximum is 75 percent of the highest base pay received.

When legislation for higher military pay was under consideration in 1963 (H.R. 5555), the argument was advanced that the decision to eliminate recomputation had been made without notice and that recomputation based on the 1958 rates should be permitted, with percentage increases applicable for the future. The Armed Services Committee of the House of Representatives recommended instead a 5-percent increase, based on the 1958-62 increase in the Bureau of Labor Statistics consumer price index, to be followed by automatic cost-of-living increases based on the index.

The provision for automatic increases recommended by the Committee was the same as that enacted in 1962 for the civil-service retirement system.² At the beginning of each calendar year, if the consumer price index for the preceding calendar year should show at least a 3-percent increase from the index for the year preceding that in which the most recent retired pay adjustment was made, then retired pay would be increased as of the following April 1 by the amount

² John P. Jones, "Amendments to the Civil Service Retirement Act, 1962," *Social Security Bulletin*, February 1963.