

Employees and Their Wages Under Old-Age and Survivors Insurance, 1937-39

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ANNUAL TABULATIONS of employee wage records under old-age and survivors insurance have now been made for 3 years. They supply, perhaps, the most comprehensive data so far available on employment and earnings in American industry and commerce. They depict, in more precise terms than has heretofore been possible, the proportion of the working population that is protected by the old-age and survivors insurance system. They depict too the extent of protection which is provided for workers with varying employment histories. An analysis of the recently completed tabulation for 1939 goes far to confirm the conclusions that were suggested by the data for 1937 and 1938 (table 1).¹

Comparisons of the 3 years emphasize in general the stability of the pattern of employment and earnings covered by the program, apart from the changes in wage distributions and averages that result from variations in business activity. There has been little change in the composition of the covered labor force with respect to age, sex, and race, and the same stability is found in the relations between the average earnings of such groups as men and women, white and Negro workers, or young workers in their twenties and those who are older.

This absence of sharp and unpredictable variations in the employment and wages of workers covered under old-age and survivors insurance is important in two respects. First, it tends to establish the reliability of the data from which the statistical tabulations are made. Second, it implies that conclusions drawn from the data—even though the period to which they relate is not very long—may be relied on as a basis for long-range estimates of the results of the program, and for plans for administration and legislation. It should be remembered in any discussion of taxable wages that the total or average taxable

wage cannot be interpreted as total or average earnings from employment during the year, since many workers may also receive income from non-covered employment.

Method of Tabulating 1939 Data

The tabulation of records of employee wages in 1939 was confined to a sample of approximately

Table 1.—Old-age and survivors insurance: Workers with taxable wages and amount of such wages, by sex and race, 1937, 1938, and 1939¹

Sex and race ²	1937	1938	1939	Percentage change from—		
				1937 to 1939	1937 to 1938	1938 to 1939
Workers (in millions)						
Total ³	32.4	31.0	32.1	-0.9	-4.3	+3.6
White.....	30.2	(⁴)	29.8	-1.3	(⁴)	(⁴)
Negro.....	2.2	(⁴)	2.2	(⁴)	(⁴)	(⁴)
Male.....	23.4	22.3	23.0	-1.7	-4.7	+3.1
White.....	21.6	(⁴)	21.2	-1.4	(⁴)	(⁴)
Negro.....	1.9	(⁴)	1.9	(⁴)	(⁴)	(⁴)
Female.....	8.1	8.7	9.0	-1.1	-4.4	+3.4
White.....	8.7	(⁴)	8.0	-1.1	(⁴)	(⁴)
Negro.....	.4	(⁴)	.4	(⁴)	(⁴)	(⁴)
Taxable wages (in millions)						
Total ³	\$20,107.2	\$20,173.9	\$23,127.2	-3.7	-10.4	+7.6
White.....	28,248.4	(⁴)	27,214.1	-3.7	(⁴)	(⁴)
Negro.....	948.8	(⁴)	913.0	-3.8	(⁴)	(⁴)
Male.....	24,209.3	21,095.5	23,320.0	-4.0	-10.7	+7.6
White.....	23,446.9	(⁴)	22,508.3	-4.0	(⁴)	(⁴)
Negro.....	862.4	(⁴)	812.3	-4.7	(⁴)	(⁴)
Female.....	4,897.9	4,478.4	4,806.6	-1.9	-8.6	+7.3
White.....	4,801.5	(⁴)	4,705.9	-2.0	(⁴)	(⁴)
Negro.....	96.4	(⁴)	100.7	+4.8	(⁴)	(⁴)

¹ Data for 51 States. The Social Security Act of 1935, in operation in 1937 and 1938, excluded wages of workers aged 66 and over; the 1939 amendments to the act include such wages. In 1937, 1938, and 1939, wages in specified employments not covered by old-age and survivors insurance, and wages in excess of the first \$3,000 a year from any one employer, are excluded. Data for 1939 are not fully comparable with those for 1937 and 1938, because they include only 97.2 percent of the estimated total number of workers and 96.5 percent of the estimated total volume of wages paid in 1939. For a statement of the method by which 1939 totals were derived, see the accompanying text.

² White includes all races other than Negro; data by race not available for 1938.

³ The total for 1937 excludes 67,837 workers holding railroad retirement account numbers and their taxable wages of \$27,182,270, and 312,686 whose sex and/or race is unknown, and their taxable wages of \$64,276,641. The total for 1938 excludes 142,433 workers holding railroad retirement account numbers and their taxable wages of \$38,951,068, and 52,207 whose sex and/or race is unknown, and their taxable wages of \$24,907,250. The total for 1939 excludes 237,997 workers holding railroad retirement account numbers and their taxable wages of \$65,600,339, and 60,984 whose sex and/or race is unknown, and their taxable wages of \$53,536,643. All amounts are rounded; therefore totals may differ slightly from sums of rounded amounts.

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¹ A general summary of the preliminary 1937 wage data appeared in the Bulletin for March 1939, pp. 3-9, 72-81; special analyses were carried in subsequent issues. For a general summary of 1938 wage data, with revised figures for 1937, see the Bulletin, December 1940, pp. 3-10, 70-76; other special analyses were published in the February and March 1940 issues.

20 percent of the accounts set up for individual workers. This change from the previous plan of 100-percent tabulations was made necessary by revised arrangements for posting wages to these accounts. In making up the summary tables, the sample data have been inflated as nearly as possible to 100 percent. The inflated totals do not, however, include the 1939 wages which were reported for individual employees incorrectly, incompletely, or delinquent, and not identified for posting by the middle of May 1940; they are therefore not comparable with the final totals of 32.8 million workers and \$29.3 billion in taxable wages for 1937, and of 31.2 million workers and \$26.2 billion in wages for 1938.² With adjustments for the delinquent and suspended items, the totals for 1939 may be put at 33.1 million workers and \$29.2 billion in taxable wages. Average annual taxable wages per worker, on the basis of these comparable totals, amounted to \$882 in 1939, as compared with \$844 in 1938 and \$900 in 1937. The 1939 average from the unadjusted data, used subsequently in the discussion, is only slightly lower—\$877 (table 2).

Table 2.—Old-age and survivors insurance: Percentage distribution of workers with taxable wages and their average annual taxable wage, by sex and race, 1937, 1938, and 1939¹

Sex and race	Percentage distribution of workers			Average annual taxable wage		
	1937	1938	1939	1937	1938	1939
Total.....	100.0	100.0	100.0	\$900	\$814	\$877
White.....	93.1	(?)	93.1	938	(?)	912
Negro.....	6.9	(?)	6.9	423	(?)	410
Male.....	72.0	71.0	71.8	1,040	973	1,012
White.....	60.3	(?)	60.1	1,091	(?)	1,062
Negro.....	6.7	(?)	6.7	457	(?)	438
Female.....	28.0	28.1	28.2	610	618	633
White.....	20.8	(?)	27.0	652	(?)	644
Negro.....	1.2	(?)	1.2	258	(?)	271

¹ See table 1, footnotes 1 and 3.

² Not available.

With tabulations for 3 successive years it becomes possible, for the first time, to survey the old-age and survivors insurance data in perspective. Since the inflated totals for 1939 are not fully comparable with the final totals for 1937 and 1938, the present discussion is largely in

³ These totals are slightly higher than those given for 1937 and 1938 in the December Bulletin, op. cit. The latter excluded workers whose sex and/or race was unknown and those holding account numbers in the special railroad retirement series.

terms of percentage distributions and averages rather than in terms of absolute figures. Since the data originally tabulated for 1939 were inflated by multiplying them by a constant factor, the percentages and averages for the year are in effect those of the 20-percent sample. The evidence at present available justifies the belief that the distributions and averages here given for the larger groups are representative of all covered employment and wages in that year. They are also comparable with the corresponding figures for the 2 earlier years.

Composition of Covered Workers by Sex and Race

Of all workers with reported taxable wages in 1939, 72 percent were men and 28 percent were women. These proportions are almost identical with those for 1938 and 1937. Some surprise was occasioned when the 1937 tabulation indicated that the proportion of women workers in covered employment in that year—28 percent—was materially higher than the proportion of female gainful workers—22 percent—shown 7 years earlier by the census of 1930. Preliminary data of the census of 1940 show that women constitute 24.6 percent of the labor force in the country. This 1940 figure reduces the difference to a moderate amount, which is probably explained by the special characteristics of employment covered by the old-age and survivors insurance program and by the definition of the labor force as enumerated in the 1940 census.

Of the total covered workers in 1939, 6.9 percent were Negroes—a proportion which scarcely differs from that shown by the 1937 tabulation. There is no comparable figure for 1938. Only 17 percent of the Negro workers in 1939 were women, as compared with 29 percent of the white workers. These proportions, again, were substantially the same as in 1937.

More than half a million workers 65 years of age and over, or 1.8 percent of the total, received taxable wages in 1939. This is the first time any indication of the number of workers in this age group has been available. The amendments to the Social Security Act, enacted in the summer of 1939, made their wages taxable retroactively to the first of the year. The number of workers aged 65 and over is still subject to a margin of error. Workers in this age group who appeared in the

Table 3.—Old-age and survivors insurance: Percentage distribution and cumulative percentage of workers with taxable wages, by wage group, 1937, 1938, and 1939¹

Wage group	Percentage distribution			Cumulative percentage		
	1937	1938	1939	1937	1938	1939
Total.....	100.0	100.0	100.0			
\$1-100.....	21.7	24.0	23.7	21.7	24.0	23.7
100-200.....	10.5	11.7	11.2	32.2	35.0	34.9
200-300.....	9.5	10.3	9.0	41.7	45.3	44.8
300-400.....	10.3	10.1	10.0	52.0	55.4	54.8
400-500.....	9.4	9.0	8.9	61.4	64.4	63.7
1,000-1,100.....	8.1	7.5	7.5	69.5	71.9	71.2
1,100-1,200.....	7.1	6.3	6.7	76.6	78.2	77.9
1,200-1,300.....	5.8	4.9	5.4	82.4	83.1	83.3
1,300-1,400.....	4.3	3.5	4.0	86.7	86.6	87.3
1,400-1,500.....	3.4	2.0	3.3	90.1	88.6	90.6
2,000-2,100.....	2.4	2.1	2.3	92.5	90.7	92.9
2,100-2,200.....	1.0	1.4	1.5	93.5	92.1	94.4
2,200-2,300.....	1.2	1.1	1.1	94.7	93.2	95.5
2,300-2,400.....	.9	.8	.9	95.6	94.0	96.4
2,400-2,500.....	.7	.6	.6	96.3	94.6	97.0
3,000 and over.....	3.1	2.0	3.0	100.0	100.0	100.0

¹ See table 1, footnotes 1 and 3.

1937 and 1938 tabulations were mainly those who became 65 years old at some time during those years and hence were covered for only part of the year.

Apart from the effects of this change in the law, the age distribution of covered workers in 1939 (chart 1) was substantially the same as in the 2 preceding years, both for all covered workers and for the sex and race groups.

Distribution of Taxable Wages

Generally the taxable earnings of workers were greater in 1939 than in the preceding year. The distribution of the taxable wages of individual workers in 1939, when compared with 1938, tends toward smaller proportions in the intervals below \$1,000, and larger proportions in the intervals of \$1,200 and over (table 3).³ This trend, which is confirmed by the rise in the average taxable wage from \$844 in 1938 to \$877 in 1939, is due largely to the higher level of business activity in 1939.

In comparison with 1937, the 1939 distribution shows larger proportions of workers in the intervals under \$600 but smaller percentages in the intervals of \$600-799 and over.⁴ This difference also is consistent with the lower average wage for 1939—\$877 as compared with \$900 in 1937.

¹ There was no difference between the 2 years in the percentages for intervals \$1,000-1,100, \$2,400-2,500, and \$2,800-2,900.

² Except the interval \$2,000-2,700, in which proportions were the same for the 2 years.

Average Wages by Sex and Race

As has already been pointed out, the average taxable wages of all covered workers declined from 1937 to 1938 and then recovered in 1939, though not to the level of 1937. The averages for both sexes showed similar changes over the 3 years. The 1939 average for men was \$1,012, in com-

Table 4.—Old-age and survivors insurance: Percentage distribution of workers with taxable wages and their average annual taxable wage, by age group and by sex, 1937, 1938, and 1939¹

Age group (years) ²	Percentage distribution of workers			Average annual taxable wage		
	1937	1938	1939	1937	1938	1939
All workers						
Total.....	100.0	100.0	100.0	\$900	\$844	\$877
Under 15.....	.2	.1	.1	52	40	58
15-19.....	0.0	8.0	8.2	208	211	213
20-24.....	19.2	18.8	18.0	809	813	837
25-29.....	16.6	10.7	10.6	862	773	803
30-34.....	13.5	14.1	13.8	1,063	978	1,003
35-39.....	11.2	11.4	11.3	1,153	1,080	1,114
40-44.....	9.4	9.7	9.2	1,219	1,135	1,170
45-49.....	7.8	7.9	7.7	1,222	1,147	1,197
50-54.....	5.7	6.2	6.0	1,193	1,110	1,167
55-59.....	4.0	4.1	4.2	1,140	1,070	1,115
60-64.....	2.4	2.5	2.5	1,092	1,028	1,069
65 and over.....	.4	.5	1.8	623	861	1,023
Male						
Total.....	100.0	100.0	100.0	\$1,040	\$973	\$1,012
Under 15.....	.2	.2	.1	51	45	51
15-19.....	8.0	6.0	6.0	282	218	219
20-24.....	10.8	10.1	10.2	670	561	587
25-29.....	15.8	10.0	10.0	982	874	912
30-34.....	13.8	14.2	13.9	1,213	1,113	1,146
35-39.....	11.7	11.9	11.7	1,311	1,226	1,271
40-44.....	10.2	10.6	9.8	1,372	1,270	1,337
45-49.....	8.8	8.8	8.5	1,367	1,274	1,338
50-54.....	6.0	7.1	6.9	1,301	1,208	1,275
55-59.....	4.7	4.9	4.9	1,220	1,151	1,190
60-64.....	2.9	3.1	3.0	1,162	1,094	1,137
65 and over.....	.5	.6	2.2	651	885	1,067
Female						
Total.....	100.0	100.0	100.0	\$840	\$815	\$833
Under 15.....	.1	.1	(³)	63	69	83
15-19.....	13.7	11.5	11.5	218	202	205
20-24.....	25.4	25.3	24.0	475	433	455
25-29.....	18.0	18.0	18.5	699	650	692
30-34.....	12.9	13.6	13.7	652	610	635
35-39.....	9.8	10.1	10.3	666	638	667
40-44.....	7.3	7.9	7.7	671	641	664
45-49.....	5.4	5.6	5.7	663	643	662
50-54.....	3.4	3.7	3.7	654	631	654
55-59.....	2.1	2.2	2.2	645	614	637
60-64.....	1.1	1.2	1.2	613	604	628
65 and over.....	.2	.2	.0	408	387	621

¹ See table 1, footnotes 1 and 3.

² Age at birthday nearest July 1 of each year.

³ Less than 0.05 percent.

parison with \$973 in 1938 and \$1,040 in 1937. For women, the figures were \$533 in 1939, \$515 in 1938, and \$540 in 1937. In each year, average annual wages for men were nearly twice those for women.

The average wage of all white employees in 1939 was \$912, in comparison with \$936 for 1937; the corresponding averages for Negroes were \$410 and \$423.⁵ White men averaged \$1,062 in 1939, as compared with \$1,091 in 1937. For white women the averages were \$544 in 1939 and \$552 in 1937. For Negro men the averages were \$438 in 1939 and \$457 in 1937, while for Negro women they were \$271 and \$256, respectively. For both years the average annual wages of Negroes were less than half those of the corresponding groups of white workers.

Average Wages by Age Group

Workers' average taxable wages rise rapidly till the age period 30-34, and then much more slowly to the highest point in ages 45-49 (table 4 and chart 2). From this point, average wages decline slowly to the age group 60-64. In comparison with the rapid increase through the earlier

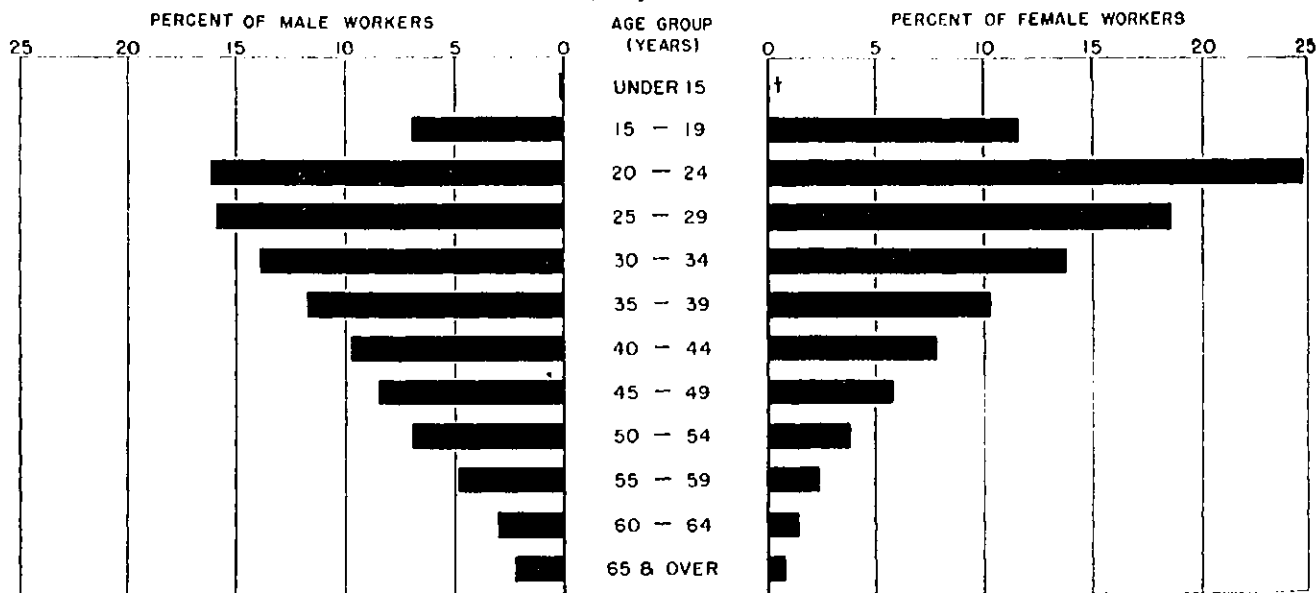
⁵ The classification of white workers includes a very small proportion of races other than white or Negro. There was no general classification by race in the 1938 tabulation. For a detailed analysis of 1938 data by race, see Franklin, Charles L., "Characteristics and Taxable Wages of Negro Workers, 13 Selected Southern States, 1938," *Social Security Bulletin*, Vol. 4, No. 3 (March 1941), pp. 21-31.

ages, the averages for the groups from age 30 through age 64 change very little. There is a small further increase up to the period 45-49 and after that an equally moderate decline. Average 1939 wages for men were at their peak in the age periods 40-44 and 45-49, but from then on there was a gradual decline. For the age group 60-64 the average was slightly less than for the group 30-34, and the decline continued at the same rate for the group aged 65 and over. Women's average wages, on the other hand, rose less rapidly to the age period 30-34 and thereafter remained at nearly the same level. The same patterns are found in the tabulations for 1937 and 1938, except for the group aged 65 years and over.

The average wages of workers 65 years of age and over, shown by the tabulations for 1937 and 1938, were low in comparison with those for the age group 60-64. The figures were, respectively, \$623 and \$1,092 in 1937, and \$561 and \$1,028 in 1938. This appreciable difference was due mainly to the fact that, as the law then stood, the wages of workers who reached the age of 65 during a given year were taxable only until the workers' sixty-fifth birthdays, but not for the rest of the year. The averages for 1937 and 1938 therefore represented wages received for less than a year.

Beginning with 1939, the averages for persons aged 65 and over represent taxable wages for that

Chart 1.—Old-age and survivors insurance: Percentage distribution of workers with taxable wages in 1939, by age group and sex



† Less than 0.5 percent.

year. It is therefore possible to compare, for the first time, the average wages of workers 65 years and over with those for groups below age 65. The differences are remarkably small. The average for all workers aged 65 and over in 1939 was \$1,023, only \$46 below the average for the age group 60-64 and higher than the average of \$1,003 for the age group 30-34 in that year.

These facts make it evident that the older workers now covered by old-age insurance are a selected group. The data tend, moreover, to explain why, in 1940, the number of claims for old-age benefits filed by workers retiring at the age of 65 was considerably smaller than had been expected. The earnings of those who have had steady employment during the years just preceding age 65 tend, it would seem, to be maintained at approximately the same level, with the result that they feel no strong incentive to exchange them for modest retirement benefits. On the other hand, many workers whose earnings, in their early sixties, have been so low as to make them welcome the idea of qualifying for benefits have, because of intermittent employment, been prevented from acquiring an insured status during the short period that the old-age insurance program has been in effect. As the system becomes more mature this difficulty should lessen.

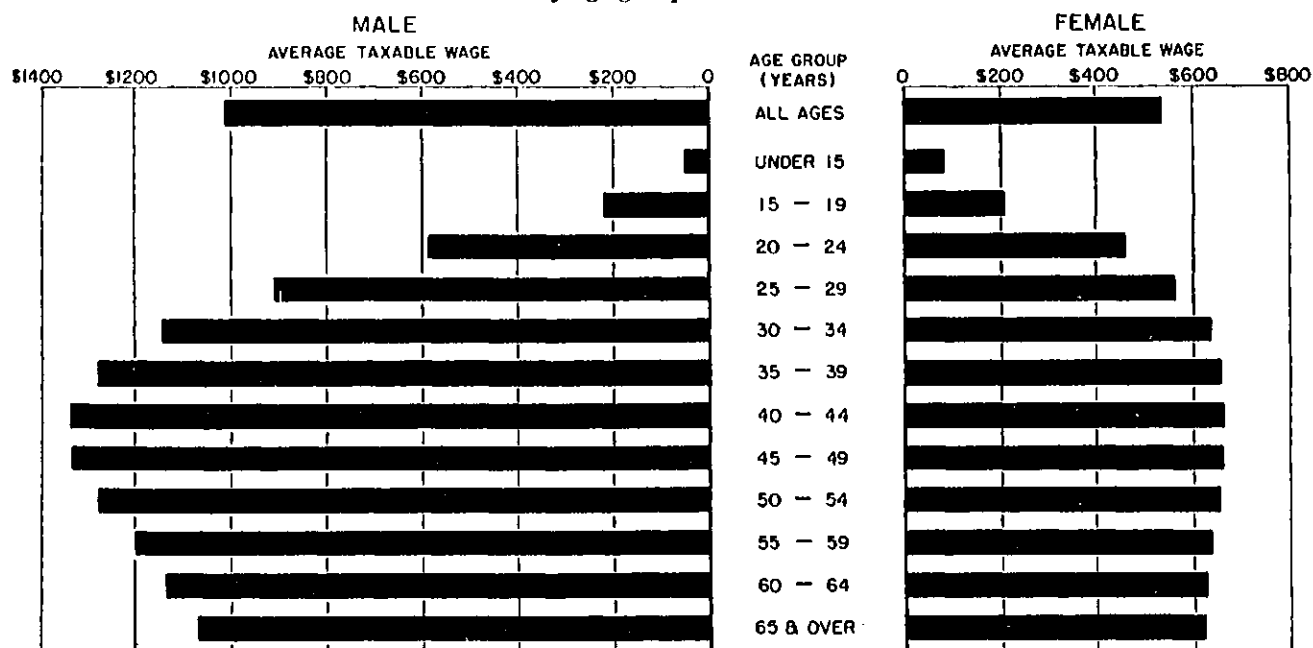
Changes in Average Wages for Individual States

The only geographical distribution of taxable employment and wages which can be made at present is by State. In their wage reports, employers are required to show for each worker the State in which he was employed during the reporting period. From this information the number of workers and the amount of wages received in each State can be tabulated accurately.

The changes from 1937 through 1939 in average taxable wages per employee in individual States show considerable variation from the national pattern—the decrease from 1937 to 1938 and partial recovery in 1939. In only 26 States do the averages follow this pattern (table 5). In 7 States, average taxable wages were higher in 1938 than in 1937; in 11 States they were lower in 1939 than in 1938; and in 4 they were lower in both 1939 and 1937 than in 1938. In 14 States the averages were higher in 1939 than in either of the 2 preceding years. In a considerable proportion of these cases, however, the differences between the averages for the years compared were small, and the variations are probably not of much significance.

The States which show a departure from the national pattern are fairly well scattered throughout the country. The more pronounced devia-

Chart 2.—Old-age and survivors insurance: Average annual taxable wages of workers with taxable wages in 1939, by age group and sex



tions, however, show up chiefly among the less industrialized States, notably in the region west of the Mississippi. There are few deviations from the pattern in New England or the industrialized Middle West, and not many of importance among the Middle Atlantic or the southeastern States.

The 10 States with the highest averages were the same in 1937, 1938, and 1939, except that in 1938 Alaska replaced the District of Columbia, which fell to twelfth place. New York stood highest in 1938 and 1939, but Michigan outranked New York in 1937. The other seven States—Califor-

nia, Connecticut, Illinois, Massachusetts, New Jersey, Ohio, and Pennsylvania—were the same in all 3 years, but their order varied somewhat. These 10 are among the principal industrial States, which have the smallest proportions of workers on the borderline of agriculture and in which—except for the District of Columbia—there are relatively few Negro employees.

The 10 States with the lowest average taxable wages per employee were also the same in all 3 years, except the two highest of the 10. These were Idaho and North Dakota in 1939, Idaho and Tennessee in 1938, and South Dakota and Louisiana in 1937. The order of the remaining eight—Alabama, Arkansas, Florida, Georgia, Hawaii, Mississippi, North Carolina, and South Carolina—also varied from year to year. The low rank of these States is presumably accounted for by several facts. A majority of them are southern States, in which rates of wages are low. They are still, to a high degree, agricultural States. Except for Hawaii, Idaho, and the Dakotas, they have higher proportions of Negroes among their workers than are found in other parts of the country.

Table 5.—Old-age and survivors insurance: Percentage distribution of workers with taxable wages and their average annual taxable wage, by State, 1937, 1938, and 1939¹

State	Percentage distribution of workers			Average annual taxable wage		
	1937	1938	1939	1937	1938	1939
Total.....	100.0	100.0	100.0	\$600	\$644	\$677
Alabama.....	1.3	1.3	1.3	604	672	603
Alaska.....	.1	.1	.1	854	931	703
Arizona.....	.3	.3	.3	757	726	786
Arkansas.....	.6	.6	.7	530	492	478
California.....	6.2	6.3	6.2	916	930	936
Colorado.....	.8	.8	.9	721	742	744
Connecticut.....	1.0	1.8	1.9	1,022	938	1,014
Delaware.....	.3	.2	.3	853	820	887
District of Columbia.....	.6	.7	.6	620	882	951
Florida.....	1.4	1.4	1.4	668	514	531
Georgia.....	1.0	1.8	1.8	595	521	554
Hawaii.....	.4	.4	.3	507	570	578
Idaho.....	.3	.3	.3	633	621	628
Illinois.....	7.4	7.5	7.6	1,048	977	1,010
Indiana.....	2.8	2.6	2.6	894	830	887
Iowa.....	1.2	1.3	1.3	744	705	718
Kansas.....	.9	.9	.9	710	693	678
Kentucky.....	1.3	1.3	1.2	684	613	662
Louisiana.....	1.3	1.3	1.3	607	617	639
Maine.....	.7	.7	.7	670	630	653
Maryland.....	1.5	1.5	1.5	827	789	813
Massachusetts.....	4.4	4.3	4.3	970	804	944
Michigan.....	5.0	4.8	4.4	1,117	908	1,007
Minnesota.....	1.6	1.6	1.6	867	835	838
Mississippi.....	.6	.7	.7	424	421	435
Missouri.....	2.6	2.6	2.7	833	820	839
Montana.....	.4	.3	.3	816	784	819
Nebraska.....	.6	.7	.6	729	668	682
Nevada.....	.1	.1	.1	888	856	818
New Hampshire.....	.4	.5	.5	769	690	725
New Jersey.....	3.9	3.9	4.0	1,002	970	993
New Mexico.....	.2	.2	.2	713	617	628
New York.....	13.5	13.8	13.9	1,060	1,023	1,018
North Carolina.....	2.0	2.1	2.1	632	552	578
North Dakota.....	.2	.2	.2	631	632	604
Ohio.....	6.2	5.9	5.9	1,037	921	1,007
Oklahoma.....	1.1	1.1	1.0	760	740	722
Oregon.....	.9	.8	.9	827	815	834
Pennsylvania.....	8.8	8.7	8.6	993	900	948
Rhode Island.....	.8	.8	.8	901	806	840
South Carolina.....	1.0	1.0	1.0	536	483	523
South Dakota.....	.2	.2	.2	618	630	634
Tennessee.....	1.5	1.5	1.6	643	584	630
Texas.....	3.7	3.9	3.9	694	669	688
Utah.....	.3	.3	.3	700	742	719
Vermont.....	.3	.2	.3	669	682	661
Virginia.....	1.0	1.6	1.7	661	613	652
Washington.....	1.4	1.4	1.4	861	868	898
West Virginia.....	1.3	1.3	1.3	907	820	841
Wisconsin.....	2.3	2.2	2.1	698	801	627
Wyoming.....	.2	.2	.2	836	772	803

¹ See table 1, footnotes 1 and 3. State distribution based on State of employment of worker during the reporting period.

Average Wages by Industry Group

The tabulation by industry groups for 1938, which was the first of the kind to be made, included only workers for whom taxable wages had been reported for the fourth quarter of the year. In the 1939 tabulation, workers were classified on the basis of industries in which they worked during the third quarter, but for those who had received no taxable wages in that period the first, second, or fourth quarter, in that order of reference, was substituted. It was therefore possible to include in the industry tabulation for 1939 all workers with covered employment in that year. The 1939 industry tables, therefore, are not, like those for 1938, overweighted with the more stable workers.

The fact that the industry tabulation for 1938 did not represent all workers in covered employment during the year, and also the use of different quarters in determining the industries in which individual workers were employed in 1938 and 1939, make it unsafe to compare the industry data for the 2 years. Hence, the present discussion of average taxable wages in specific industries is confined to 1939.

In tabulating by industry the employment and

wages of employers who are engaged in one industry only, no complications arise. The employment and wages of an employer engaged in more than one industry, however, cannot at present be distributed among those industries. Such an employer is consequently classified according to the combination of industries in which he is engaged, and all his employment and wages in each State are consolidated with the industry that constitutes the primary activity of the combination in that State. This method necessarily results in some overlap between industries. Some wages and employment which properly belong in the coal and iron-mining industry, for example, are consolidated with the steel industry, and some which properly belong with wholesale trade are

consolidated with manufacturing industries. This fact should be borne in mind in using the industry data.

The cooperation of employers engaged in more than one industry is now being obtained for a plan whereby employees will be grouped in the wage reports according to the establishments in which they worked. This plan will make it easy to segregate the employment and wages of establishments engaged in various industries, and will eliminate the previous overlap.

The highest average earnings per employee in 1939 (table 6) appear in street, suburban and inter-urban railways (\$1,577), investment banking and security dealers (\$1,540), products of petroleum and coal (\$1,493), light, heat and power companies

Table 6.—Old-age and survivors insurance: Average taxable wage per worker and percentage distribution of workers by industry, 1939¹

Industry	Percentage distribution	Average taxable wage	Industry	Percentage distribution	Average taxable wage
Total	100.0	\$877	Trade	22.8	\$762
Mining and quarrying	3.3	900	50-1. Wholesale trade	5.3	667
10. Metalliferous mining	.8	1,120	52. Wholesale and retail trade combined	2.6	693
11. Anthracite mining	.3	1,053	53. Retail general merchandise	5.3	611
12. Bituminous coal mining	1.6	882	54. Retail food	3.2	686
13. Crude petroleum and natural gas production	.0	1,194	55. Retail automotive	1.4	979
14. Nonmetalliferous mining and quarrying	.4	692	56. Retail apparel	1.0	683
Contract construction	6.2	661	57. Retail trade, not elsewhere classified	5.2	770
15. General contractors—building construction	1.8	608	Finance	.9	1,841
16. General contractors—other than building construction	2.2	510	60. Banks and trust companies	.3	1,286
17. Special trade contractors (subcontractors)	2.2	804	61. Investment banking and security dealers	.3	1,546
Manufacturing	41.2	975	62. Finance agencies, not elsewhere classified	.3	1,216
20. Food manufacturing	0.4	841	Insurance	1.5	1,335
21. Tobacco manufacturing	.5	707	63. Insurance carriers	.3	1,300
22. Textile mill products	4.9	727	64. Insurance agents and brokers	.3	1,214
23. Apparel and other finished articles made from fabrics	3.8	720	Real estate	1.6	884
24. Basic lumber industries	1.7	611	65. Real estate dealers, agents, and brokers	1.4	864
25. Finished lumber products	1.0	820	66. Combination group, real estate, insurance, loans, law office: any combination	.2	1,009
26. Paper and allied products	1.1	1,057	Holding companies	.6	1,183
27. Printing, publishing and allied industries	2.3	1,201	67. Holding companies	.6	1,183
28. Chemicals	2.0	1,185	Services	13.5	614
29. Products of petroleum and coal	.7	1,403	70. Hotels, furnished rooms, camps, and other lodging places	1.9	402
30. Rubber products	.6	1,162	71. Eating and drinking places	3.6	472
31. Leather and its manufactures	1.5	781	72. Personal service	2.7	651
32. Stone, clay and glass products	1.0	1,011	73. Business service, not elsewhere classified	1.3	657
33. Iron and steel and their products	4.3	1,206	74. Employment agencies and commercial and trade schools	.1	774
34. Nonferrous metals and their products	1.1	1,140	75. Automobile repair services, garages and filling stations	1.2	708
35. Electrical machinery (including radios and refrigerators)	1.3	1,117	76. Repair services and miscellaneous hand trades, not elsewhere classified	.3	849
37. Machinery other than electrical	2.0	1,321	77. Agricultural, horticultural, animal husbandry services and related services	.5	400
38. Automobiles, bodies and parts	1.4	1,282	78. Amusement and recreation: motion pictures	.7	661
39. Miscellaneous manufacturing	1.9	1,019	79. Amusement and recreation and related services, not elsewhere classified	1.2	843
Transportation	3.2	1,014	Professional services	1.2	838
41. Street, suburban and interurban railways (other than interstate railroads) and city and suburban bus lines	.6	1,577	80. Medical and other health services	.0	680
42. Trucking and/or warehousing for hire	1.5	803	81. Law offices and related services	.3	1,016
43. Other transportation, except water transportation	.5	950	82. Educational institutions and agencies	.1	810
44. Water transportation	.2	1,072	83. Other professional and social service agencies and institutions	.2	1,191
45. Services allied to transportation, not elsewhere classified	.5	945	Miscellaneous	.9	703
Public utilities	3.1	1,297	85. Private business organizations, not elsewhere classified	.3	400
46. Communication, telephone, telegraph, commercial radio and related services	1.4	1,184	86. Membership organizations such as trade associations, and trade unions, etc.	.0	637
48. Utilities, light, heat and power companies, electric and gas	1.0	1,448	88. Service for government agencies	(1)	943
49. Other local utilities and local public services	.1	650			

¹ See table 1, footnotes 1 and 3. Industry classification based on employment during 3d quarter; for workers with no wages in that quarter, the 1st, 2d, or 4th quarter, in that order, was used.

(1) Less than 0.05 percent.

(\$1,448), insurance carriers (\$1,360), manufacture of machinery other than electrical (\$1,321), banks and trust companies (\$1,286), automobiles, bodies and parts (\$1,282), finance agencies not elsewhere classified (\$1,216), and insurance agents and brokers (\$1,214). No one factor alone, of course, accounts for the high averages in these industries. In the main they reflect the relatively large proportions of executives, technical men, and skilled wage earners on their pay rolls.

The industries with the lowest average taxable wages in 1939 include agricultural and horticultural services ⁶ (\$400), private business organizations not elsewhere classified (\$460), hotels, furnished rooms, camps and other lodging places (\$462), eating and drinking places (\$472), retail general merchandise (\$511), general contractors, construction other than buildings (\$516), basic lumber industries (\$611), medical and other health services ⁷ (\$650), personal services ⁸ (\$651), and general contractors—building construction (\$668). These averages reflect, primarily, such factors as low hourly earnings, seasonal unemployment, and high labor turn-over.

The tables presented with this article have been

⁶ These include cotton ginning, contract harvesting services, nurseries and greenhouses (at certain times, landscape gardening, etc.).

⁷ The employees of these medical and health services who are covered by old-age and survivors insurance are chiefly office nurses and clerks.

⁸ Laundries, barber shops, beauty parlors, cleaning and dyeing establishments, etc.

confined to comparative percentages and averages for the groups of workers specifically discussed, but relate to 1937 and 1938 as well as 1939. The 1939 tabulation will be presented in summary in the *Social Security Yearbook* for 1940, while detailed material will be issued in a handbook, *Old-Age and Survivors Insurance Statistics: Employment and Wages of Covered Workers: 1939*, to be released about July 1941.

Conclusion

Reports on the first year's operation of the old-age and survivors insurance system indicated a greater movement of workers between the area of covered employment and that of noncovered employment than had been anticipated. The extent and significance of this "in-and-out" movement becomes much clearer as data on earnings in covered employment for 2 additional years, 1938 and 1939, become available. These data, in the aggregate, emphasize the necessity of continued appraisal of the provisions by which each worker's eligibility for benefits and the amount of the benefits is determined, to ensure that these provisions "fit" the typical employment histories of workers covered by this system. They emphasize, too, the artificiality of the present limitation of the social insurance protection to some members, as against applying it to the whole of an essentially integrated labor force.