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5 *Social Welfare and Public Philanthropy*

DEFINITIONS

Not all the forms of public philanthropy are as deeply ingrained in our political, economic, and social system as, for example, provision for old-age assistance. A number of questions must therefore be confronted at this point in order to lay the groundwork for the trends in public philanthropy. Are not all expenditures by government intended to promote the welfare of the people? If not, what expenditures of government should be excluded from the concept of welfare or social welfare? What is the meaning of the term public philanthropy, as used in this report? More important, what are the differences between public and private philanthropy? Are all expenditures for what are currently called social welfare (or governmental social welfare) to be considered as forms of public philanthropy?

It seems best to discuss these rather controversial questions with reference to four recent volumes, each of which has the word welfare in its title.¹ Later, reference will be made to a number of publications of the

¹ Vaughn Davis Bornet, *Welfare in America*, Norman, Okla., 1960; Alfred de Grazia and Ted Gurr, *American Welfare*, New York, 1961; Walter A. Friedlander, *Introduction to Social Welfare*, Englewood Cliffs, N. J., 1961; Harold L. Wilensky and Charles N. Lebeaux, *Industrial Society and Social Welfare*, New York, 1958.

Social Security Administration itself. The development of the welfare theme in these studies helps to explain the term public philanthropy as used in the present study in relation to currently used concepts of welfare and social welfare.

Bornet boldly offers a "tightly worded" definition: "Social welfare is special services supplied and material assistance given by all or part of society to a human being thought to be in need."² He notes that a definite boundary cannot be established because social welfare is still in a fluid state; however, a list of some of the areas he eliminates will prove helpful in understanding his concept: "(1) Education—that is, public and private schools, adult education, and public libraries. (2) Corrections—prisons, police, parole and probation officers, jurists, and courts. (3) Private hospitalization and clinical procedures, the services of physicians and nurses (except when free or part-pay) remembering that Blue Cross and similar prepayment programs are insurance paid by individuals or by companies. (4) Union-management health and/or pension plans, which are to a large extent benefits in lieu of wages. (5) Civil service pensions and retirement plans, for the government contributes in the capacity of employer. (6) United States overseas aid and technical assistance programs, given through the United Nations or extended independently; these, it has been contended, are integral parts of our foreign policy."³

He also apparently excludes veterans' benefits and most nonbenevolent expenditures of churches, social insurance, and the protective services of many groups.

De Grazia and Gurr present a much broader concept of welfare. They describe it as "the material and spiritual well-being of people," and distinguish between social welfare "for the good of those who need society's special attention" and general welfare "for the equal benefit of all men." They recognize that "social welfare is closely akin to other kinds of welfare and that most institutions of society provide many types of welfare."⁴ Accordingly, public and private agencies are involved in social welfare activities. The test of a *quid pro quo* or its absence in the activities covered is not specifically applied. At the outset they note that a "welfare activity" may benefit either those who are economically well-

² Bornet, *Welfare in America*, p. 31.

³ *Ibid.*, p. 47.

⁴ De Grazia and Gurr, *American Welfare*, p. 1.

to-do or those who are impoverished, or both.⁵ This major distinction marks off "welfare activity" from the long history of private and public charity as a type of activity in which the status of the individual is a determining factor; recipients of "welfare" need not be poor, only eligible.

Unlike Borner, they do not present a list of major exclusions. But in their numerous tables the grouping of items would suggest a very wide variety of types and kinds of activities. For example, governmental expenditures for foreign aid are listed as general welfare, with technical assistance designated as governmental social welfare. Also, unlike Borner, they list veterans' services and benefits as within the compass of the social welfare programs of the national government.⁶ Moreover, social insurance, including the entire amount of Old-Age and Survivors Insurance benefits, is regarded as welfare but apparently not social welfare.

Their concept of social welfare, private and public, is indicated by their table for a typical year in the 1950's.⁷ Four broad sources of funds for social welfare are presented and estimates for each of the totals are given:

Direct individual contributions, 22 per cent	\$8.0 billion
Corporate and other business contributions, 2 per cent	0.7 billion
Contributions through foundations and other funds, 3 per cent	1.0 billion
Contributions through government taxation, 73 per cent	27.0 billion
Total	\$36.7 billion

The first three items have already been classified under private philanthropy in our earlier chapters. The \$27 billion from government includes \$14 billion for education, \$5 billion for veterans' programs, \$3.5 billion for public health, and \$4.5 billion for public assistance and social service. Social insurance is excluded.

While most government activities might be termed welfare (in the broad sense), a number of programs are considered to be "social welfare" activities. Under governmental social welfare, de Grazia and Gurr include veterans' programs (total expenditure), public assistance, health and medical programs, foreign technical assistance, public housing and community development, higher education and social services in the edu-

⁵ *Ibid.*, p. 3.

⁶ *Ibid.*, pp. 12, 371.

⁷ *Ibid.*, p. 12.

cational system (e.g., school lunch programs, etc.), vocational rehabilitation, and a small miscellaneous category. Social insurance programs are apparently in a hybrid category, as they are sometimes included and sometimes excluded (p. 12) from social welfare (in the latter instance, designated as "general welfare"). Similarly, their treatment of education is ambiguous. The text suggests that the educational system is "general welfare," though certain social welfare activities are provided thereunder (p. 171). But the table reproduced above includes all local and state expenditures for elementary and secondary schools. De Grazia and Gurr classify only technical assistance abroad under social welfare; they consider the remainder, all military and other nonmilitary foreign aid, under "American welfare abroad"; whereas we do not consider military aid as public foreign philanthropy.

In summary, de Grazia and Gurr may have intended their table for 1950 to circumscribe their concept of public and private social welfare in a broad welfare system. If so, the four lines or categories describe activities somewhat similar to the flow of funds encompassed in our study, but with important differences. Other tables in their volume, however, raise some doubts about the similarity to our concepts.

Thus, the studies by Bornet and by de Grazia and Gurr do not entirely agree upon what should be included under welfare and general welfare, and, more particularly, under public social welfare.

Friedlander defines social welfare as follows: "'Social welfare' is the organized system of social services and institutions, designed to aid individuals and groups to attain satisfying standards of life and health, and personal and social relationships which permit them to develop their full capacities and to promote their well-being in harmony with the needs of their families and the community."⁸ He further states that no universally accepted agreement has been reached on the meaning and scope of the term. For example, although education and labor legislation contribute to well-being and physical and mental growth, they are not included under his definition of social welfare. He includes social insurance and most of the social welfare expenditures which are presented in the annual tabulations by Ida C. Merriam in the *Social Security Bulletin*. He definitely includes veterans' benefits; on the international scene he includes many of the social welfare activities of the United Nations and the technical assistance program of the State Department.

⁸ Friedlander, *Introduction to Social Welfare*, p. 4.

Wilensky and Lebeaux distinguish between two concepts of social welfare, the "residual" and the "institutional." The residual concept "holds that social welfare institutions should come into play only when the normal structures of supply, the family and the market, break down." According to the authors, this concept was more popular in the United States before the Great Depression of 1929 than it is now.⁹ The institutional concept, which Wilensky and Lebeaux adopt, envisions the "welfare services as normal, 'first line' functions of modern industrial society." No stigma or abnormality is implied.

The institutional concept contains five criteria for delineating social welfare. These are: formal organization, social sponsorship and accountability, absence of profit motive as a dominant program purpose, functional generalization (an integrative, rather than segmental, view of human needs), and direct focus on concern with human consumption needs.¹⁰ Modern social welfare must really be thought of as help given to a stranger, one with whom the giver has no personal bond. The service must be socially sponsored, by government or by a "smaller collectivity." Welfare plans provided by private business, such as recreation facilities, pension plans, and nurseries for the benefit of employees, must be considered as either social welfare programs under business auspices or as nonwelfare programs even though they perform functions which are essentially similar to those performed by social welfare agencies. Much depends on the purpose; if, for example, the pension is considered a part of the wage structure, the pension is not welfare. Moreover, some programs generated by employers, such as supplemental employment benefits, doubtless create pressure for expanded public programs of unemployment compensation. However, data on industrial welfare programs are included. The fee-scaling of physicians in private practice is regarded by them as essentially a part of the professional norm or ethics of physicians; services to charity patients are therefore not welfare.

In general, welfare institutions do the job that other institutions do not. This implies a wide variety of services to meet human needs. Wilensky and Lebeaux exclude the school system from social welfare because it has a segmental approach; social welfare is characterized by an "integrative view of human needs."¹¹

⁹ Wilensky and Lebeaux, *Industrial Society and Social Welfare*, pp. 138, 139.

¹⁰ *Ibid.*, p. 146.

¹¹ *Ibid.*, p. 144.

All governmental services are socially sponsored, but social welfare is characterized by direct concern with human consumption needs. Hence national defense and other services "inherent in the nature of the state" are excluded from social welfare, as are such intermediate activities as road building and forest conservation, where the benefits are "so remote in time or diffused among the population that they will not be privately provided." Social welfare is the direct services of government for individuals: schools and universities, subsidized housing, museums, and so on. However, when such a service "becomes highly developed, widespread in its incidence among the population, and professionally staffed by persons other than social workers," such as public education, there is some tendency to exclude it from the category of social welfare. "Tax-supported social welfare programs in the United States are termed 'public welfare,' " but incorrectly identified as relief.¹²

Apparently Wilensky and Lebeaux would not include farm aid or any of the programs of the federal government designed to aid agriculture because they are too close to our systems of production, not directly concerned with human resources. Apparently they would include most of the items (with or without the large item for public education) covered in the Merriam tabulations in the *Social Security Bulletin* (which we shall discuss later), but would also include public recreation, correctional systems, and welfare programs for Indians. They include unemployment compensation, for example, not as an antidepression measure, but as a means of alleviating individual distress.¹³ They do note evidence of a tremendous increase in expenditures by local private agencies—private social welfare—for the leisure-time activity of persons in the community regardless of their income status, and for a wide variety of other purposes.

Jenkins recognizes that the government in many areas is paralleling the activity of philanthropy; he indicates a number of similarities and differences in their operation but he restricts his concept of philanthropy to the private sector.¹⁴

The position of Andrews is set forth in his monumental 1950 study and in briefer comments in his 1956 study.¹⁵ In the earlier study he

¹² *Ibid.*, pp. 147, 148.

¹³ *Ibid.*, p. 145.

¹⁴ Edward C. Jenkins, *Philanthropy in America*, New York, 1950.

¹⁵ F. Emerson Andrews, *Philanthropic Giving*, New York, 1950, Chaps. 3 and 5; and *Philanthropic Foundations*, New York, 1956.

notes: "The greatest single stride ever made in bringing into the orbit of government the services that were formerly first charges upon our philanthropies was the Social Security Act, enacted in 1935 but broadened by later amendment and still needing considerable improvement. Where it touches most closely the traditional fields of 'charity' is in its provisions, in which the states participate, for the needy aged, dependent children, and the needy blind."¹⁶ Looking toward the future, he states: "Clearly, we are now in a period of change, and one of the most significant elements in that change is the extent to which many basic needs of man are being met by government."¹⁷ He summarizes some of the federal grants to foreign countries in the 1940's, but states clearly: "Although our government's gifts to other nations are not private philanthropy, and many of them are not even philanthropy under its broadest definition, their amount and character need to be stated to lend perspective to private giving."¹⁸

Gifts by private institutions in the United States to the people of other countries are deemed private foreign philanthropy, but all aid by government, both military and nonmilitary, is excluded from his grand totals of "receipts of private philanthropy" and "estimate of current annual giving to private philanthropy."¹⁹ In *Philanthropic Foundations* he describes and gives data for the National Science Foundation, a federal agency, and the quasi-governmental Smithsonian Institution. The assets and expenditures of these foundations, however, are not included in his summary tables; one of his criteria for a foundation is that it be a non-governmental organization.

The purpose of Jenkins, Andrews, and other earlier students of philanthropy, it should be emphasized, was to develop data on private and to touch incidentally upon the newer items of public philanthropy.

THE MERRIAM LIST

The list of items considered social welfare expenditures under public programs, used in the annual compilations by Mrs. Ida C. Merriam of the

¹⁶ Andrews, *Philanthropic Giving*, p. 44.

¹⁷ *Ibid.*, pp. 46, 48.

¹⁸ *Ibid.*, p. 77.

¹⁹ *Ibid.*, Tables 14 and 15, p. 73.

Social Security Administration, form a much more definite starting point for our analysis of public domestic philanthropy than the literature on welfare and social welfare. It has the definite advantage of being regularly published and therefore completely available. In the description of the data in each annual publication of the Merriam totals, there is clear indication that the various concepts of governmental or public social welfare expenditures have been thoroughly considered by Mrs. Merriam and her staff, and they have settled upon this list of items after consideration of the literature, the controversies, and the differences of opinion on what constitutes social welfare.

The broad classifications in the Merriam compilation of social welfare expenditures under public programs are social insurance, public aid, health and medical programs, other welfare services, veterans' programs, education, and public housing. Moreover, the data are divided into expenditures from federal funds and expenditures from state and local funds. Some capital expenditures are included. The annual totals are compared with total government expenditures and with GNP.

Tables 5-1 and 5-2 present the data from the Merriam compilations for selected years of our period. Breakdowns for federal and for state and local social welfare expenditures under public programs are set forth in Table 5-1. Here attention should be called to the growth from a grand total of \$4 billion in 1928-29 to \$52 billion in 1959-60. As a percentage of GNP, the increase has been from 4.2 per cent to 10.5 per cent. Since the seven major items and subitems will be examined at a later point for the purpose of inclusion, exclusion, or modification in our tables for public domestic philanthropy, further comment on this large table will be postponed.

In Table 5-2 the expenditures for each of the seven major categories are shown as a percentage of the total expenditures and the federal percentage of the total expenditures in each of the selected years. The decline in the percentage for education from 56.8 per cent to 34.3 per cent, and the increase in the percentage for social insurance from 7.9 per cent to 37.3 per cent, provide some perspective of important changes in social welfare expenditures during our period of study; the indicated increase in the proportion of federal funds from 14.5 per cent to 46.2 per cent is a part of this historical perspective. The analysis of the data derived from these two tables will be presented later, since our concept of public domestic philanthropy is not coextensive with Mrs. Merriam's

universe. Nevertheless, the Merriam concept of social welfare expenditures under public programs comes much closer to our concept of public domestic philanthropy than any of the concepts of public social welfare examined earlier in this chapter; and, as already noted, the compilations will presumably continue to be published annually.

The largest item that might reasonably be added to the Merriam list is farm relief, starting with the Agricultural Adjustment Administration expenditures born of the Great Depression in the 1930's. But the payments received by farmers for complying with changing requirements of the program are basically payments established from time to time by federal legislation for the purpose of controlling the production of livestock and crops. In times of war, the purpose has been to stimulate production. Thus the farm program really fails to qualify as a social welfare expenditure because it is part of the productive aspect of the American economy. We shall, therefore, exclude payments under the farm program and its antecedents from our data.

Public expenditures for recreation are not included in the Merriam tables. A number of comments in the annual surveys indicate, however, that this exclusion results primarily from problems of compiling the necessary data and secondarily from a decision that such expenditures should not be included. Such public expenditures are clearly public domestic philanthropy. Provision for public recreation in Yosemite National Park or Yellowstone Park, and the enjoyment of the beauty of such public places is quite as real as the utilities enjoyed by the use of the knife, the fork, and the spoon in consuming food purchased by social welfare funds.

OTHER QUESTIONS

This brief examination of concepts and data on social welfare leaves a number of questions unanswered. Our test of philanthropy is essentially found in the description of the concept itself in Chapter 1. It is giving the money away without an immediate or definite *quid pro quo*. It is difficult to conceive of the support of certain assistance programs, for example, indigency in old age as being other than a manifestation of the generosity of the people. Centuries ago it may have reflected only a

Table 5-1

Social Welfare Expenditures^a Under Public Programs, Selected Fiscal Years 1934-35 Through 1959-60
(millions of dollars)

Program	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1958-59	1959-60
Total	4,310	6,494.0	8,481.8	8,908.7	23,054.0	32,127.7	49,195.5	51,875.8
Social insurance	340	383.9	1,216.4	1,387.7	4,911.2	9,878.3	18,267.8	19,325.8
Old-age survivors, and disability insurance ^b			28.1	266.8	784.1	4,436.3	9,615.9	11,032.3
Railroad retirement			115.7	143.7	304.4	575.6	777.6	925.4
Public employee retirement ^c		210.0	254.5	382.8	743.4	1,379.5	2,342.5	2,569.9
Unemployment insurance and employment service ^d			551.7	185.9	2,230.1	2,114.0	3,717.9	2,824.0
Railroad unemployment insurance			18.9	4.3	119.6	158.6	200.2	215.2
Railroad temporary disability insurance					31.1	54.2	57.0	68.6
State temporary-disability insurance, total ^e				5.1	72.3	217.5	328.1	344.1
Hospital and medical benefits ^f					2.2	20.0	38.5	39.6
Workmen's compensation, total ^g		173.9	247.5	399.1	626.2	942.6	1,228.6	1,346.2
Hospitalization and medical benefits ^f		65.0	90.0	122.0	193.0	315.0	395.0	430.0
Public aid		2,997.6	3,598.7	1,030.5	2,496.2	3,003.0	3,997.9	4,100.6
Public assistance ^h		623.9	1,124.3	1,028.8	2,490.2	2,941.1	3,890.9	4,041.2
Vendor medical payments ^f						211.9	410.0	492.5
Other ⁱ		2,373.7	2,474.4	1.7	6.0	61.9	107.0	59.4
Health and medical programs ^j	470	543.7	697.2	1,936.9	2,344.3	2,914.0	4,052.4	4,232.1
Hospital and medical care		378.0	460.0	1,585.7	1,506.0	2,052.1	2,652.5	2,812.5

Civilian programs	339.0	415.0	485.7	1,174.0	1,449.5	1,907.4	2,173.9
Defense Department and Medicare	39.0	45.0	1,100.0	332.0	602.6	745.1	638.6
Maternal and child health services ^k	6.7	13.8	62.0	29.8	92.9	133.4	139.4
Medical research ^l		3.0	15.0	51.3	99.8	287.4	375.0
Other public health activities ^m	124.0	179.5	222.8	328.4	315.8	418.7	406.1
Medical-facilities construction	35.0	41.0	51.5	428.8	353.3	560.4	499.1
Defense Department		f	f	f	8.9	34.3	30.9
Other	35.0	41.0	51.5	428.8	344.4	526.1	468.2
Other welfare services ⁱ	500 ⁱ	139.3	114.1	195.3	580.2	1,020.1	1,161.1
Vocational rehabilitation, total	2.2	4.1	10.2	30.0	41.4	90.3	100.6
Medical rehabilitation ^f	.2	.4	1.4	7.4	9.2	16.6	17.7
Institutional and other care ⁿ	111.1	65.0	67.5	107.9	165.4	377.5	450.2
School lunch ^o			47.4	158.7	238.3	366.3	399.3
Child welfare ^p	26.0	45.0	70.2	104.9	135.1	186.0	211.0
Veterans' programs ^q	550	449.8	535.0	890.1	6,380.8	4,369.3	5,091.2
Pensions and compensation ^t	390.2	447.8	755.9	2,092.8	2,712.3	3,325.6	3,425.8
Health and medical services	58.9	86.2	114.5	745.8	761.1	894.6	942.1
Hospital and medical care	56.0	72.1	96.3	585.9	722.0	836.0	867.2
Hospital construction	2.9	14.1	16.2	156.2	33.0	45.7	57.5
Medical research		.1	2.0	3.7	6.1	12.9	17.3
Education			9.7	2,689.1	699.9	602.7	404.7
Welfare and other ^s	.7	1.0	10.0	853.1	196.0	270.7	318.6
Education	2,450	1,979.7	2,316.2	3,457.2	6,507.9	11,294.3	16,607.5
Elementary and secondary, total	1,850.7	2,115.4	2,679.5	5,745.7	10,046.3	14,602.9	15,587.9
Construction ^f	115.3	50.1 ^t	82.5	1,018.7	2,362.4	2,980.7	2,863.7
Higher education and other, total	129.0	200.8	777.7	762.2	1,248.0	2,004.6	2,200.4
Construction ^f	u	26.0	u	217.2	312.1	499.6	535.9
Public housing ^y		4.2	11.0	12.0	88.6	156.1	176.7

(continued)

Table 5-1 (continued)

Program	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1958-59	1959-60
Total	625	3,013.4	3,290.2	3,460.3	10,028.4	13,898.6	22,601.3	23,978.5
Social insurance		98.9	350.2	728.9	2,059.6	6,428.8	13,028.2	14,292.4
Old-age, survivors, and disability insurance ^b			28.1	266.8	784.1	4,436.3	9,615.9	11,032.3
Railroad retirement			115.7	143.7	304.4	575.6	777.6	925.4
Public-employee retirement ^c		90.0	107.5	184.8	433.4	799.5	1,377.5	1,519.9
Unemployment insurance and employment service ^d			65.8	114.6	361.9	354.1	927.7	467.8
Railroad unemployment insurance			18.9	4.3	119.6	158.6	200.2	215.2
Railroad temporary-disability insurance					31.1	54.2	57.0	68.6
Workmen's compensation, total ^e		8.9	14.2	14.7	25.1	50.5	72.3	63.1
Hospitalization and medical benefits ^f		3.0	5.2	4.7	5.2	6.9	8.2	9.0
Public aid		2,373.7	2,244.9	420.1	1,103.2	1,504.2	2,082.1	2,116.9
Public assistance ^h			280.1	418.4	1,097.2	1,442.3	1,975.1	2,057.5
Vendor medical payments ^f						23.3	150.9	199.6
Other ^l		2,373.7	1,964.8	1.7	6.0	61.9	107.0	59.4
Health and medical programs ^k		60.0	99.2	1,241.9	661.2	964.9	1,434.8	1,414.0
Hospital and medical care		48.0	50.0	1,115.7	383.0	673.1	846.5	747.5
Civilian programs		9.0	5.0	15.7	51.0	70.5	101.4	108.9
Defense Department and Medicare		39.0	45.0	1,100.0	332.0	602.0	745.1	638.6
Maternal and child health services ^l			7.8	55.2	20.1	23.7	33.3	33.3
Medical research ^m			3.0	15.0	51.3	99.8	271.4	352.0
Other public health activities ⁿ		12.0	37.5	54.6	80.0	75.0	77.2	58.1
Medical-facilities construction		1.0	1.0	1.5	126.8	93.3	206.4	223.1
Defense Department			f	f	f	8.9	34.3	30.9

Other	1.0	1.5	126.8	84.4	172.1	192.2
Other welfare services	2.1	87.0	166.7	244.2	383.1	410.1
Vocational rehabilitation, total	1.0	7.5	21.0	26.4	57.4	64.3
Medical rehabilitation ^f	.1	.7	3.7	5.7	10.4	11.2
Institutional and other care ^o	1.1	16.0	21.7	41.4	37.5	26.2
School lunch ^p		47.4	119.7	169.3	275.9	306.7
Child welfare ^q	1.6	16.1	4.2	7.1	12.3	12.9
Veterans' programs ^r	449.8	890.1	5,918.8	4,307.7	5,032.6	4,979.3
Pensions and compensation ^s	390.2	755.9	2,092.8	2,712.3	3,325.6	3,425.8
Health and medical services	58.9	114.5	745.8	761.1	894.6	942.1
Hospital and medical care	56.0	96.3	585.9	722.0	836.0	867.2
Hospital construction	2.9	16.2	156.2	33.0	45.7	57.5
Medical research	.1	2.0	3.7	6.1	12.9	17.3
Education		9.7	2,689.1	699.9	602.7	404.7
Welfare and other ^t	.7	10.0	391.1	134.4	209.6	206.8
Education	28.9	47.0	106.9	374.8	512.8	622.3
Elementary and secondary, total	19.9	32.5	63.9	315.4	348.9	395.5
Construction ^f	v	v	5.2	139.3	80.7	74.8
Higher education and other, total	9.0	33.3	43.0	59.4	163.9	226.8
Construction ^f	v	v	5.9	5.4	1.0	1.2
Public housing ^w	4.2	11.0	12.0	74.0	127.7	143.5
<i>From State and Local Funds</i>						
Total	3,480.6	5,190.6	5,448.4	13,025.6	18,229.1	26,594.2
Social insurance	285.0	866.2	658.8	2,851.6	3,449.5	5,239.6
Public employee retirement ^c	120.0	147.0	198.0	310.0	580.0	965.0
Unemployment insurance and employment service ^d	485.9	71.3	1,868.2	1,759.9	2,790.2	2,356.1

(continued)

Table 5-1 (concluded)

Program	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1958-59	1959-60
State temporary disability insurance, total ^e				5.1	72.3	217.5	328.1	344.1
Hospital and medical benefits ^f					2.2	20.0	38.5	39.6
Workmen's compensation, total ^g	165.0	233.3	384.4		601.1	892.1	1,156.3	1,283.2
Hospitalization and medical benefits ^f	62.0	84.0	117.3		187.8	308.1	386.8	421.0
Public aid	623.9	1,352.8	610.4		1,393.0	1,498.8	1,915.8	1,983.7
Public assistance ^h		843.2	610.4		1,393.0	1,498.8	1,915.8	1,983.7
Vendor medical payments ^f			509.6			188.6	259.1	292.9
Other ^j								
Health and medical programs ^k	483.7	598.0	695.0		1,683.1	1,949.1	2,617.6	2,818.1
Hospital and medical care	330.0	410.0	470.0		1,123.0	1,379.0	1,806.0	2,065.0
Maternal and child health services ^l	6.7	6.0	6.8		9.7	69.2	100.1	106.1
Medical research ^m							16.0	23.0
Other public health activities ⁿ	112.0	142.0	168.2		248.4	240.8	341.5	348.0
Medical facilities construction	35.0	40.0	50.0		302.0	260.0	354.0	276.0
Other welfare services	137.2	104.4	108.3		234.9	336.0	637.0	751.0
Vocational rehabilitation, total	1.2	2.1	2.7		9.0	15.0	32.9	36.3
Medical rehabilitation ^f	.1	.2	.7		3.7	3.5	6.2	6.5
Institutional and other care ^o	110.0	58.9	51.5		86.2	124.0	340.0	424.0
School lunch ^p					39.0	69.0	90.4	92.6
Child welfare ^q					100.7	128.0	173.7	198.1
Veterans' programs ^r	26.0	43.4	54.1		462.0	61.6	61.1	111.9
Education								
Elementary and secondary, total	1,950.8	2,269.2	3,375.9		6,401.0	10,919.5	16,094.7	17,166.0
Construction ^f	1,830.8	2,082.9	2,631.5		5,681.8	9,730.9	14,254.0	15,192.4
Higher education and other, total	115.3	50.1	82.5		1,013.5	2,223.1	2,900.0	2,788.9
Construction ^f	120.0	186.3	744.4		719.2	1,188.6	1,840.7	1,973.6
Public housing ^v	v	26.0	v		211.3	306.7	498.5	534.7
						14.6	28.4	33.2

Notes to Table 5-1

^aExpenditures from Federal, state, and local revenues (general and special) and trust funds and other expenditures under public law; includes capital outlay and administrative expenditures, unless otherwise noted. Includes some expenditures and payments outside the United States. Fiscal years ended June 30 for Federal Government, most states, and some localities; for other states and localities, fiscal years cover various twelve-month periods ended in the specified year.

^bExcludes net payments in lieu of benefits (transfers) under the financial interchange with the railroad retirement system.

^cExcludes refunds of employee contributions to those leaving the service; Federal expenditures include payments to retired military personnel and survivors. Data for administrative expenses not available for Federal noncontributory programs.

^dIncludes unemployment compensation for Federal employees, for ex-servicemen, and for veterans under the Servicemen's Readjustment Act of 1944 and the Veterans' Readjustment Assistance Act of 1952 and payments under the temporary extended unemployment insurance programs.

^eCash and medical benefits, including payments under private plans where applicable in the four states with programs. Includes state costs of administering state plans and supervising private plans; data for administrative expenditures of private plans underwritten by private insurance carriers or self-insured not available.

^fIncluded in total shown directly above; excludes administrative expenditures, not available separately but included for entire program in preceding line.

^gCash and medical benefits paid under Federal workmen's compensation laws and under state laws by private insurance carriers, by state funds, and by self-insurers. Excludes administrative costs of state agencies before 1949-50 and all administrative costs of private insurance carriers and self-insurers. Beginning 1959-60 includes data for Alaska and Hawaii.

^hOld-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, and, from state and local funds, general assistance; includes vendor medical payments. For 1939-40, total includes \$1 million in administrative costs and Federal Emergency Relief Administration funds for which distribution by source of funds is not available.

ⁱWork program earnings, other emergency aid programs, and value of surplus food distributed to needy families.

^jExcludes expenditures (1) for domiciliary care in institutions other than mental or tuberculosis (included under institutional care); (2) for health and medical services provided in connection with state temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' programs (included in total expenditures for these programs; and (3) made directly for international health activities and for certain subordinate medical programs, such as those of the Federal Aviation Agency, the Bureau of Narcotics, the Bureau of Mines, the National Park Service, and the U.S. Civil Service Commission.

^kServices for crippled children and maternal and child health services.

^lMedical research expenditures of the U.S. Public Health Service, the Food and Drug Administration, the Atomic Energy Commission, the National Aeronautics and Space Administration, and the Department of Defense.

Notes to Table 5-1 (concluded)

^mExcludes expenditures for water supply, sanitation services, and sewage disposal but includes regulatory and administrative costs of these services; also includes expenditures for medical equipment and supplies for civil defense.

ⁿExpenditures for homes for dependent or neglected children and for adults other than veterans and the value of surplus food for nonprofit institutions.

^oFederal expenditures represent cash apportionment and the value of commodities purchased and distributed under the National School Lunch Act and the value of surplus commodities distributed under other agricultural programs. Beginning 1954-55, includes the special school milk program; nongovernmental funds are also available from private organizations and from payments by parents (in 1959-60 parents' payments totaled \$556 million).

^pIncludes foster-care payments and payments for professional and facilitating services; excludes expenditures of public institutions and public day-care centers, capital expenditures by courts and by youth authorities, payments from parents and relatives, and direct appropriations by state legislatures to voluntary agencies and institutions.

^qFederal expenditures exclude bonus payments and expenditures from veterans' life insurance trust funds; state and local expenditures refer to state bonus and other payments and services; local data not available.

^rIncludes burial awards and subsistence payments to disabled veterans undergoing training.

^sIncludes vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and domiciliary care.

^tState data available only.

^uData not available.

^vFederal and state subsidies (and administrative costs) for low-cost housing.

Source: 1928-29, *Historical Statistics of the United States, 1960*, pp. 193-94; 1934-35 to 1959-60, Ida C. Merriam, "Social Welfare Expenditures, 1959-60," *Social Security Bulletin*, November 1961, pp. 4-5. (1934-35 incorporates some later revisions by Merriam.)

religious ethic in a scheme of family solidarity. Now it rests on a very broad basis. One could argue that there is a *quid pro quo*; that we give privately and through the provision of public revenues for the support of the aged because we might some day grow old ourselves, or, if already old, become indigent. Such an attempt to construe private or public provision for old-age indigency as being outside the realm of philanthropy because there is the possibility of some *quid pro quo* in the distant future seems to be quite unrealistic in the present.

It is perhaps a little more difficult to show that Old-Age and Survivors Insurance benefits under the social security law fall in the same category. As will be noted later, however, an average of something like

Table 5-2

*Percentage Distribution of Social Welfare Expenditures Under Public Programs,
Selected Fiscal Years 1928-29 Through 1959-60*

Program	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1958-59	1959-60
Social insurance	7.9	5.9	14.3	15.6	21.3	30.7	37.1	37.3
Public aid	^a	46.2	42.5	11.6	10.8	9.3	8.1	7.9
Health and medical	10.9	8.4	8.2	21.7	10.2	9.1	8.2	8.2
Other welfare services	11.6 ^a	2.1	1.4	2.2	1.7	1.8	2.1	2.2
Veterans' programs	12.8	6.9	6.3	10.0	27.7	13.6	10.4	9.8
Education	56.8	30.5	27.3	38.8	28.2	35.2	33.8	34.3
Public housing			^b	0.1	0.1	0.3	0.3	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federal funds as per cent of total	14.5	46.4	38.8	38.8	43.5	43.3	45.9	46.2

Source: Table S-1.

^aSome public aid expenditures included in "other welfare services."

^bLess than 0.05 per cent.

Table 5-3

Totals for Public Domestic Philanthropy, 1929-59

Year	Veterans Program		Public Aid, Other Welfare, Health, and Free Schools		Social Insurance and Public Housing		Total	
	Million Dollars (1)	Per Cent of GNP (2)	Million Dollars (3)	Per Cent of GNP (4)	Million Dollars (5)	Per Cent of GNP (6)	Million Dollars (7)	Per Cent of GNP (8)
1929	261	.250	2,851	2.730			3,112	2.980
1930	285	.313	2,882	3.161			3,167	3.476
1931	342	.448	2,991	3.922			3,333	4.370
1932	373	.638	3,207	5.485			3,580	6.123
1933	280	.500	3,585	6.406			3,865	6.906
1934	195	.300	4,241	6.527			4,436	6.827
1935	222	.306	4,675	6.448			4,897	6.754
1936	240	.290	3,657	4.420			3,897	4.710
1937	246	.271	4,002	4.408	90	0.099	4,338	4.779
1938	252	.296	4,317	5.065	388	0.455	4,957	5.816
1939	258	.283	4,455	4.890	676	0.742	5,389	5.916
1940	261	.259	4,547	4.519	727	0.723	5,535	5.501
1941	260	.207	4,669	3.711	738	0.587	5,667	4.504
1942	267	.168	4,788	3.009	665	0.418	5,720	3.594
1943	244	.127	4,966	2.580	565	0.293	5,775	3.000
1944	285	.135	5,212	2.466	579	0.274	6,076	2.874
1945	1,130	0.529	5,506	2.578	1,710	0.801	8,346	3.908
1946	3,348	1.589	6,443	3.058	2,982	1.415	12,773	6.063
1947	4,812	2.054	7,746	3.306	2,803	1.196	15,361	6.556
1948	4,868	1.876	9,043	3.486	2,689	1.037	16,600	6.399
1949	4,664	1.807	10,595	4.106	3,190	1.236	18,449	7.149
1950	3,964	1.393	11,768	4.135	3,273	1.150	19,005	6.678
1951	3,104	.944	12,386	3.765	3,438	1.045	18,928	5.754
1952	2,386	.688	13,204	3.805	4,152	1.197	19,742	5.689
1953	2,016	.552	14,158	3.875	5,235	1.433	21,409	5.859
1954	2,032	.560	15,303	4.214	6,658	1.834	23,993	6.608
1955	2,211	.556	16,609	4.179	7,612	1.915	26,432	6.650
1956	2,356	.562	18,392	4.388	8,605	2.053	29,352	7.002
1957	2,454	.554	20,605	4.654	10,908	2.464	33,967	7.671
1958	2,518	.566	22,894	5.150	13,409	3.016	38,821	8.733
1959	2,503	.519	25,046	5.189	14,672	3.040	42,221	8.747
Total ^a	48,637	.724	274,743	4.092	95,764	1.568	419,143	6.242

Note: Detail may not add to total because of rounding.

^aSee note a, Table 2-1.

Sources: Columns 1 and 2: Table 6-3 (columns 7 & 8),
 Columns 3 and 4: Table 7-12 (columns 9 & 10),
 Columns 5 and 6: Table 8-2 (columns 15 & 16).

95 per cent of the benefits can be classified as windfall benefits in the sense of not having been theoretically prepaid by the employee and the employer, and should be considered public philanthropy. So viewed, OASI is, on the average, 95 per cent old-age assistance despite some claim of a *quid pro quo* in that a person, by belonging to a system and paying token taxes into it, is "assured" of his own benefits.

A detailed enumeration of all expenditures of government during each of the thirty-one years in our survey and a classification of them under public philanthropy or for some other purpose, such as military, would probably provide little, if any, additional clarification of the concepts employed in our study. The federal budget for defense has been large absolutely and relatively during most of our period. Although such expenditures provide income for literally millions of Americans, such payments can hardly be construed as welfare payments, devoid of a *quid pro quo*. Providing for the common defense is a basic attribute of sovereignty, indispensable to government itself. It is apparent that the drafters of the United States Constitution thought of welfare as an additional objective of the new federal government, as stated in the Preamble: ". . . provide for the common defence, promote the general Welfare . . ." and in Article 1, Section 8, "provide for the common defence *and* general Welfare" (italics added). In our review of the literature we have not encountered an instance of military expenditures being classified as philanthropy or social welfare.

Finally, it is not the intention of this study to provide a philosophy of philanthropy beyond that necessary for the task at hand, namely, to describe the changing position of philanthropy in the American economy during the last three decades. The basic trait of the American people being manifested is generosity, increasingly through public institutions but without obliterating the traditional private institutions. There are, undoubtedly, alternative views to which our tables of figures can be adapted. Our procedure will be to examine the Merriam list line by line and set forth the reasons why we feel that certain of the items must be eliminated and the amounts in other lines modified to obtain the data for the totals for public domestic philanthropy.

Table 5-3 presents the totals from each of the three chapters on public domestic philanthropy that follow (Chapters 6, 7, and 8), and the grand total, by way of introduction to the detailed discussion.

The increase from 1929 to 1959 was from \$3,112 million and 3.0 per cent of GNP to \$42,221 million and 8.7 per cent of GNP. The aggregate for the entire period was \$419,143 million and 6.2 per cent of GNP. The annual series for Quadrant III reveals an early peak of 6.9 per cent of GNP in 1933, a sharp rise from 3.0 per cent in 1929. After 1933, the percentage declines slowly and then sharply during the World War II years and keeps below 6.9 per cent until 1949, when the percentage was 7.1. The 7 per cent level was not attained again until 1956, with increases to 8.7 per cent in 1958 and 1959.

In the three chapters that follow, we go on to explain the sources and derivations of these figures. Because veterans' benefits are the oldest and one of the largest of the items of social welfare expenditures, they will be examined first.