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State theorists maintain that Social Security Board (SSB) bureaucrats managed the evolution of public welfare. Institutional politics theory more readily accepts the influence of political interest groups. SSB archival records offer an opportunity to contrast these models and explore the early measurement of old age dependency. In reports designed to protect the 1935 Social Security Act, SSB staff exaggerated the extent of dependency among elderly persons. By 1939, Board statistics clearly showed that children were more impoverished than aged persons. SSB leadership did not repudiate prior estimates and they accepted rising transfers to aged persons, largely because of the political power of interest groups interested in flat pensions. While bureaucrats attempted to control events, an institutional politics approach better explains both the pivotal role of other, political actors and the solidification of the myth of old age impoverishment.

Recent explanations of the origins and evolution of social security in the United States have been dominated by state theory, which maintains that government bureaucracies play an independent, often autonomous role (Balogh, 1988; Derthick, 1979; Freeman, 1988; Orloff, 1988; Orloff and Skocpol, 1984; Skocpol, 1985; Skocpol and Ikenberry, 1983; for a review of competing theories, see Quadagno, 1987). Bureaucrats define social problems, devise solutions to them, and may prevail in creating policy. Although the exact means by which state bureaucrats influence the content of welfare programs "is not explored by most theories of public social provision and is underdeveloped in most statist approaches" (Cauthen and Amenta, 1996, p. 429), the latter have emphasized the reformist attitudes of staff appointed to critical positions and the formal powers of the specific bureau, especially its capacity to control information about the social problem (Balogh, 1988; Cates, 1983; Derthick, 1979; Weaver, 1982; see Altheide, 1995).

An emerging restatement of such "polity-centered" explanations seeks to accommodate theories which emphasize social democratic and interest group forces, i.e., the political arena of society. "Institutional politics theory" (Amenta and Poulsen, 1996; Cauthen and Amenta, 1996; see Policy Forum, 1995) still highlights the influence of bureaucrats, especially in New Deal social provision programs, but grants that political conditions may "have a strong impact on public social provision" (Cauthen and Amenta, 1996, p. 430). As a leading example, the new institutionalists examine the role of the Townsend movement and other old-age pension advocacy groups in the development of social security during the 1930s and 1940s. In contrast to previous rejection of an important role for interest groups and other political forces (Amenta and Skocpol, 1989; Derthick, 1979; Orloff, 1988; Skocpol, 1985; Skocpol and Ikenberry, 1983), recent studies have acknowledged the influence of the Townsend movement, which sought "flat" pensions, i.e., to be given to all aged persons in the United States, regardless of need (Amenta, Carruthers, and Zylan, 1992; Amenta and Dunleavy, 1994; Orloff, 1993; Skocpol, 1992). Even these formulations tend to conclude that Social Security Board (SSB) administrators prevailed against the Townsendites, establishing a two-tiered system in which old-age insurance recipients received benefits linked to their contributions, while old-age assistance clients had to submit to demeaning means-tests under social work standards. Given the implicit or explicit belief among nearly all scholars (e.g., Cates, 1983) that dependency in the aged population was widespread in the early 20th century, the triumph of SSB bureaucrats denied impoverished older people benefits they deserved.

What did old people deserve? A central issue in the debate over social security in the 1930s was the level of need within the aged population, and the SSB regularly made estimates of dependency. In the constitutional test of the Social Security Act (Helvering v. Davis, 1937), assessing the extent of poverty among older people took on a special urgency. The legal argument devised by government attorneys relied on the demonstration that dependency was both pervasive and rising. According to state theory, controlling information represents a vital aspect of the power of bureaucrats. By adroit manipulation of evidence, SSB staff might convince politicians and other government officials to support programs the agency favored, and counter those they opposed, such as the Townsend Plan. Whereas biasing estimates toward high dependency could be useful to secure legislation, such estimates presented the danger of justifying the demand of flat pension advocates that all old people should automatically receive benefits. After legislation was secured, bureaucrats might want more optimistic assessments of the economic condition of the aged population. Historical analysis of SSB statistics can, therefore, throw light on three questions germane to theories about welfare: Were SSB estimates unprejudiced? Did bureau-
crats consciously manipulate evidence to promote their programs? Did bureaucrats succeed in managing the evolution of social security? Finally, historical analysis provides intriguing insights into the economic circumstances of children as well as elderly persons in the 1930s, indicating early interest within the social security bureaucracy in the relative status of these two age groups.

METHODS

Internal records from the SSB, the personal collections of agency staff and other persons, and court records constitute the principal evidence used in analysis. SSB records are housed at National Archives II, in College Park, Maryland, and at the Washington National Records Center in Suitland, Maryland. These sources permit an internal narrative of events framed by two crucial events: the passage of the original Act in 1935 and the first critical amendments in 1939, a period marked by intense struggle over the direction of social security in the United States.

RESULTS

Estimating dependency before 1937. — Early 20th-century investigations of the problems of aged persons often found high rates of dependency (Epstein, 1928; Massachusetts, 1910; Squier, 1912). Their methodologies, however, foreordained findings of impoverishment (Burns, 1966; Hoover, Presidential Subject File, “Research Committee on Social Trends Old Age 1930”; National Civic Federation, 1928), whereas more statistically sophisticated surveys found much lower levels of poverty (Massachusetts Commission on Pensions, 1925; National Civic Federation, 1928). Recent analysis of these and other economic data suggests that by the 1920s, half of the elderly population lived in good economic circumstances, and the remainder divided into three approximately equal groups, one having sufficient means, the next at the verge of dependency, and the last wholly dependent on family or charity (Gratton, 1993, 1996). Reform literature usually ignored the more precise data. Relying on an early form of logic of industrialization theory (Quadagno, 1987), reformers claimed that the factory economy had pauperized many aged persons and that it inexorably undermined the future of citizens of every age. The pace of industrial life, insecurities of wage legislation. In the 1934 by-elections and in subsequent legislative activity, New Dealers successfully featured economic security as the centerpiece of the party program. Roosevelt and his advisers, having delayed social security action during the early New Deal, saw social insurance as “the next great drive” (Namorato, 1992, p. 125). They had less and less choice about timing, due to the immense popular appeal of a plethora of movements pledged to the distribution of public funds, most notably those led by Upton Sinclair, Huey Long, and Francis Townsend (Amenta and Dunleavy, 1994; Brown, 1972; Eliot, 1992; Gordon, 1994; Mitchell, 1992; Witte, 1962). All these movements promised to use public monies to increase consumption and spark a recovery, but Townsend’s generous flat pension, and others modeled after it, appealed directly to elderly persons and their children. Townsend claimed to have been inspired by the sight of old people going through trash cans for food, and his movement insisted that aged persons were, for the most part, impoverished and in desperate need of assistance (Fischer, 1978). Propelled by these political threats and their own ideological beliefs, New Dealers argued that the rising dependency of the aged population and the insecure future of all generations justified broad social security measures.

The lack of concrete evidence for impoverishment did not upset these plans. In 1935, Roosevelt’s Committee on Economic Security (CES) recommended sweeping new welfare programs despite confessing that “No even reasonably complete data are available regarding the means of support of aged persons” (CES, 1935, p. 24). Undeterred, the Committee estimated that at least half of the U.S. population 65 and over relied on others for support, linking impoverishment to the spread of an industrial economy. In this analysis, New Dealers revealed a close affiliation with the old-age pension movement and its theoretical assumptions (Bureau of Research and Statistics [BRS], “011.5 Constitutionality 1936,” “011.01 Committee on Economic Security Reports”; Falk, “Social Security and Public Welfare in the United States”; Merriam, “1935 Legislative History”).

The 1937 constitutional test of the Social Security Act. — Challenged by a series of stinging rebuffs of New Deal legislation in the Supreme Court, and facing a similar test of the Social Security Act, administration officials recognized that they needed a sophisticated restatement of the classic theme of impoverishment. Thomas A. Eliot, counsel for CES and subsequently for the SSB, had both the constitutional issue and political goals in mind as he drafted the original legislation: placing Old Age Assistance (OAA) as Title I ensured that the immensely popular objective of immediate cash payments to elderly persons would receive primary attention. In what came to be called Old Age Insurance (OAI), Eliot devised an artificial separation of old age benefits (Title II) from the taxes required to pay for them (Title VIII), hoping to satisfy the Supreme Court’s demonstrated objection to taxes earmarked for special purposes rather than for raising revenue (Bureau of Research and Statistics [BRS], “011.01 Committee on Economic Security Undated,” “011.01 Committee on Economic Security Typed Reports A–H”; Eliot, 1992).

But, by 1936, attorneys had shifted toward a different strategy, attempting to prove by statistical measures that the overwhelming and inevitable poverty of aged persons, and
the inability of the separate states to meet this need, demanded federal intervention. The old age insurance provisions of the Act, which imposed compulsory taxes on young workers, required a demonstration that dependency was the natural state of all older persons in a modern, industrial society — hence, poverty loomed in the future of all. Eliot, and the Justice Department trial lawyers, Assistant Attorney General Robert H. Jackson and Charles Wyzanski of the Solicitor General’s office, wanted proof of pervasive and rising dependency to assert the constitutional right of the Congress to provide for the “general Welfare” (Jackson, 1941). Only a nearly inevitable poverty for all workers warranted a permanent and compulsory federal tax (Lopez, 1987). In July of 1936, SSB attorney Peter Seitz wrote Eliot that the constitutional test “requires an economic brief and argument.” Available data were “Inadequate,” and the likelihood that depression conditions would make old age poverty still “more dramatic and convincing,” meant that new evidence would be “of inestimable importance.” In the same month, Robert Bingham, who wrote the legal brief in defense of Title II, advised the BRS to assign members of its staff to cooperate with the SSB Counsel and prepare new estimates (Central Files, “050.01 Jan 1936 Dec 1937”). Reporting to SSB Chairman Arthur J. Altmeyer on January 8, 1937, Assistant SSB Counsel Alanson W. Willcox stated that the brief will emphasize “the national problem of dependent old age . . . one of enormous proportions.” “Few responsible persons . . . would today deny that the problem demands Governmental action” (Chairman, “011.5 Litigation”). In February of 1937, Eliot informed former SSB Chairman John Winant that “the major emphasis in the brief” will be that “expenditures are for the general welfare” (Central Files, “011.5 1937 1941”). In April 1937, Eliot wrote Jackson that “the big job, the probable turning point of the case, is to convince the crucial Justices that dependent old age will, as the general rule instead of the sporadic exception, require governmental assistance.” This idea had to be carried against the traditional view that “most old people can take care of themselves or be taken care of by their children whom they supported in earlier years.” Eliot advised that government attorneys would repeatedly argue that in a modern society “increasing proportions of the elderly” would need assistance (Central Files, “044.1–2”; Chairman, “011.5 Litigation”).

The task of proving these contentions was delegated to Marjorie Shearon, a “social statistician” in the SSB’s Bureau of Research and Statistics (BRS). Shearon, who had received a PhD in paleontology from Columbia University in 1916 but had rarely worked in her discipline, came to the Bureau in the summer of 1936 from the New York City Emergency Relief Bureau (Commissioner, “235”; Merriam, “Shearon”). Shearon became responsible for critical information on old-age dependency until removed from the agency in the early 1940s for her open allegiance with the Townsend movement (Cates, 1983; Merriam, “Shearon”).

She began work on the statistical brief in November of 1936 and completed an initial draft by late December of that year (Central Files, “64.1”); the final draft appeared in April of 1937, as the Supreme Court prepared to consider Helvering v. Davis (1937), the test case for the old age benefits titles. In a memorandum to her supervisor, Ewan Clague, then acting director of the BRS, dated February 16, 1937, Shearon indicated that Bingham and Jackson had “approved the factual material presented” in the draft which she alone had written. She informed Clague she would present the material for his evaluation within three weeks (Central Files, “64.1, March ‘37”).

Shearon’s report, Economic Insecurity in Old Age: Social and Economic Factors Contributing to Old-Age Dependency (U.S. Social Security Board, 1937) figured prominently in the government’s successful case (Helvering v. Davis, 1937; Lopez, 1987), and in the oral arguments presented by Jackson and Wyzanski in early May (U.S. Congress, 1937). On May 24, 1937, the Court ruled 7 to 2 to uphold the constitutionality of the old age benefits titles. Resting his argument on the right of the government to spend for the general welfare, Justice Benjamin N. Cardozo borrowed heavily from the Shearon text, citing her estimates of high dependency. Cardozo credited the government’s “great mass of evidence” for showing that “the number of [aged persons] unable to take care of themselves is growing at a threatening pace. More and more our population is becoming urban and industrial instead of rural and agricultural.” Cardozo quoted Shearon that “[T]he major part of the industrial population . . . earns scarcely enough to provide for its existence.” Unable to save, “[i]ndustrial workers in [urban] areas . . . reach old age with few resources.” Using the reformers’ thesis that elderly persons had become poor because industrialization threatened everyone who grew old, New Deal lawyers convinced a Supreme Court wary of popular discontent that the Act met a compelling national need (Jackson, 1941; Lopez, 1987).

Shearon did paint this picture. She found three-fourths of the population 65 and over “dependent,” surpassing all previous estimates. Her calculations relied on a novel accounting method. Adding figures of varying quality for persons with earnings, savings, pensions, and so forth to the number known to be dependent on public or private assistance, she declared the number “Dependent on friends and relatives (wholly).” For her conservative estimate of one million active older workers in 1937, Shearon relied on the congressional testimony of William Green, President of the American Federation of Labor. This implied that less than 25 percent of all males 65 and over had worked, although more than half of all older men had reported gainful employment to census enumerators in 1930, and, in 1940, 2.1 million older men claimed to be working or actively seeking work (U. S. Department of Commerce, Bureau of the Census, 1933, 1943). Green’s testimony, intended to convince Congress of the perilous condition of the aged population, referred solely to older industrial workers, excluding farmers, government workers, and the self-employed, common occupations among older men. In addition, Shearon claimed that only 15 percent of those 65 and over possessed savings sufficient for independence but provided no source for this figure except to state that “This estimate . . . may be too high,” since “the major part of the industrial population throughout a presumably productive period of 40 or 45 years earns scarcely enough to provide for its existence.”
Combining these figures left at most 35 percent of the older population supporting themselves; another 20 percent received public or private assistance. By Shearon's reasoning, the remaining 45 percent had fallen entirely dependent upon their friends and families. Thus, every married woman who did not work outside the home became a dependent, regardless of the earnings of her husband, the assets she might have secured from work or inheritance, or the savings she and her husband had accumulated during their lifetime. Contrary to the available evidence in the more careful studies (Massachusetts Commission on Pensions, 1925) and greatly at variance with evidence in national budgetary surveys from the period (Gratton, 1996), Shearon's inflated estimates convinced seven Justices, but caused consternation in social security circles.

**Initial reaction to the Shearon estimates.** — Although two prominent architects of social security policy, Edwin Witte and J. Douglas Brown, had endorsed earlier drafts (Clague, 1937), in the rush of preparation for the constitutional test Shearon's report received only cursory review by her supervisors. Clague wrote a preface but later admitted he had not actually read the document before its use in the brief (BRS, "011.5 Constitutionality 1939–1937"). BRS staff recalled pressure on the part of the SSB Counsel and the Justice Department to accept Shearon's extreme interpretation, and internal memoranda from the period suggest conflict between attorneys and staff over statistical "arguments which, however useful they might be in the legal defense of the act, were not justified by the facts." Finding themselves "in the hands of the lawyers," staff leaders let the report go through without careful review (BRS, "Shearon," "011.5 Constitutionality 1939–1937"); Falk, 1972).

Hostile reaction erupted quickly inside the agency. In May, before the Supreme Court decision, Clague distributed copies of the report to 11 staff members and several prominent social insurance figures (Central Files, "64.1 May '37"). W. H. Williamson, the chief actuary for the Board, criticized the report at length. He found the residual accounting method crude, especially because of its assumption that wives of economically secure men should be considered dependent (Central Files, "64.1 May '37"). He noted Shearon's failures to accept intrafamilial exchanges as a regular part of economic life, to valorize the real estate of older persons, and to see the relationship between children's assistance and older persons' assets. He noted the dubious use of Green's testimony and wondered how, if children could not remove her and her husband had accumulated during their lifetimes. Contrary to the available evidence in the more careful studies (Massachusetts Commission on Pensions, 1925) and greatly at variance with evidence in national budgetary surveys from the period (Gratton, 1996), Shearon's inflated estimates convinced seven Justices, but caused consternation in social security circles.

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Much criticism centered on the sections of the manuscript that criticized OAA and implied that means tests had no place in a welfare program for aged persons. The Bureau of Public Assistance (BPA) responsible for these programs vehemently objected to the planned publication of the document. According to BPA staff, Shearon made assistance seem "at best a necessary evil . . . inadequate and expensive . . . and assistance based on need or a means test is unjustifiable." Moreover, she had grossly exaggerated the level of need in the aged population. The BPA's highest estimate, 1.95 million or 25 percent of the population 65 and over, fell far short of her 5 million figure (Executive Director, "064.1 December 1937").

These criticisms had two seemingly contradictory effects. First, even as *Economic Insecurity* became a part of the public sphere because of Cardozo's extensive citation, the SSB suppressed it (Cates, 1983). Before the Supreme Court decision, Clague composed a statement, "designed, intentionally . . . to discourage rather than stimulate interest in the document" (Central Files "064.1 April"). Louis Resnick, director of the SSB's information service, distributed the 200 printed copies only to a recorded list of staff and to the General Counsel's office for their brief before the Supreme Court. He informed Altmeyer on May 1, 1937, that "We are not planning to issue any news release on it. If queried by the press we shall point out that this is merely a compilation of old material" (Central Files "064.1 April"). After the Supreme Court case, staff urged that "the copies deposited in several offices of the Board should be withdrawn and destroyed." In June of 1937, I. S. Falk, BRS Assistant Director, decided instead that the report "will have no further distribution" (Executive Director, "064.1 December 1937").

The second result was curious. Despite these draconian measures, Shearon's supervisors not only retained her, but permitted her to publish a summary article in the March 1938 issue of the *Social Security Bulletin* (Shearon, 1938a). Escewing any reference to the inadequacies of OAA and becoming marginally more cautious, Shearon reiterated the basic findings, reducing the dependency estimate to 65 percent and making the residual class "almost" wholly dependent on friends and relatives. This estimation, the methods used to support it, and the inability to hide the SSB stamp in a *Bulletin* article provoked another internal debate. Williamson, Robert J. Myers, and other actuaries decried the patently inaccurate figure for earners, which Shearon now attributed to the CES rather than Green's testimony, an embarrassment to those, like Williamson, who had developed CES data. The residual accounting method again provoked censure; Wilbur Cohen, Altmeyer's special assistant, advised him in February of 1939 that Shearon's estimate "includes wives of persons also age 65 and over" (BRS, "051.11 1939–1938"; Central Files, "051.1, 1936–41"); emphasis in original).

Shearon's responses to these attacks became at once heated and vague; she wrote her supervisor, I. S. Falk, that "my estimate of one million (with earnings) was not pulled down from the skies. . . . Statistics are not available on this subject and one is compelled to form a judgment based on many social and economic factors," in this case, "on a scientific analysis of available data and on logical deductions from a wide variety of collateral evidence" (Chairman, "051.1 Dependency"). Shearon thought her own estimate of the self-reliant exaggerated: "If we actually took 35 percent of the aged . . . and put them on their own without financial or material help from society as a whole, I think a lot of them would starve to death and that social statisticians would receive a few salutary shocks" (Chairman, "051.1 Dependency"). Staff requests for a public clarification in the *Bulletin* led to an odd one-page statement in the August issue (Shearon, 1938b), which retracted nothing. Aware of
the statistical difficulties, SSB leaders accepted this response, despite an even more disturbing criticism emerging from an unexpected source within the agency.

The poverty of children. — During the late 1930s, the BRS had analyzed 750,000 household schedules originally collected by the U.S. Public Health Service in a national health survey. In addition to being based upon a representative sample of the urban population of the United States, the data in the schedules examined family, rather than individual, well-being and provided evidence for the economic status of persons of all ages (BRS, “051.11 1939–1938”). The research, overseen by an accomplished statistician, B. S. Sanders, offered a new approach to the issue of dependency. First, by using a family economy model, it avoided the assumption of dependency embedded in Shearon’s approach: Sanders calculated a person’s well-being by total household income, rather than his or her individual earnings. Second, the study permitted comparisons of the status of elderly persons to that of other age groups.

Dramatic results appeared in the spring of 1939: “The crux of the matter is the demonstration . . . of the emphatically more disadvantageous economic position of minor children than of aged persons in the United States” (Chairman, “051.1 Dependency”; Executive Director, “051 Dec 38”). Sanders estimated that seven times the number of children lived in households receiving relief than the number of such persons 65 and over; three times the proportion of the older population lived in wealthy households as children. Although widowed and other non-married older persons had greater need than average, married elderly people, who constituted “about 50 percent of those 65 and over, are economically among the most favored segment of the population” (Chairman, “051.1 Dependency”). Sanders did not calculate per capita income, but noted that poor aged persons tended to be in small households, while poor young people lived in large families. Therefore, a per capita estimate would show “the minors . . . at an even greater economic disadvantage, as compared with the aged.” In a March 20, 1939 letter to Falk, he concluded that “no matter how analyzed, the data indicate that dependent minors are the neediest group in the population as a whole” (Executive Director, “052 Richmond Jan Dec 39”; emphasis in original). Sanders’s basic findings appeared in the SSB publications in 1939 and early 1940, some authored by Falk himself, and all pointed to the basic inferiority of the economic well-being of children in comparison to older persons (Executive Director, “Richmond Jan 1940–Dec 1940”; Falk and Sanders, 1939; Sanders, 1939; U.S. Social Security Board, n.d.).

The research contributed in a minor way to the 1939 amendments to the Social Security Act which provided payments to widows and dependent children (Central Files, “051.1, 1936–41”; Executive Director, “052 Richmond Jan Dec 39”; “Richmond, Jan 1940–Dec 1940”; Merriam, “1939–1942 Research in the Social Security Board”). The amendments' principal beneficiaries — OAI recipients, their spouses, and widows — received higher benefits, at an earlier date, free of scheduled tax increases (Morgenthau Correspondence, “Social Security”). As recent gender-oriented scholarship has argued (Gordon, 1994), the amendments improved the well-being of women and children, but only in a patriarachally defined status, as the dependents of male breadwinners. A rising hostility among conservatives (and some liberals) to creating a large reserve for future payments constituted an essential common ground necessary to the amendments. This agreement has received the greatest attention in the literature (Berkowitz, 1987; Cates, 1983). But ending the full reserve did not require that benefits be increased and broadened to spouses and children. The historical importance of the amendments was that SSB leadership, joined by the Treasury Department and the Republican opposition, abandoned the private insurance model of reserves and actuarial relationships between benefits and taxes paid (Berkowitz, 1987; Derthick, 1979; Hoover, Post-Presidential Subject Files, “Republican Program Committee Documents 1–4; 6–16; 41 & 42,” “Townsend Plan Correspondence 1934–38,” “1939–40 and undated”; Macchesney, “Politics — Republican National Committee,” “Republican National Committee — 1939 Platform”; Morgenthau Diaries, “Books 128, 159, 161, 162, 170, 184–86”).

Although Altmeyer (1966) and others later discounted the influence of the Townsend movement, they admitted that failure to increase OAI in 1939 would have doomed the “insurance” program. Such liberalization had long been invoked by social security leaders like Witte as the solution to the flat pension challenge (Executive Director, “600”). Both SSB and other institutional records confirm the widespread fear among government and business leaders of the success of Townsend-like programs; rather than declining after the Social Security Act, the movement for flat pensions grew in strength during the late 1930s (Amenta and Dunleavy, 1994; Gratton, 1993). Thus Murray Latimer, resenting the lack of attention to poverty among children, nonetheless followed Witte’s argument and advised “meeting the growing and insistent demand” for generous pensions. “Unless care is taken there is danger that the whole contributory system will be discredited and the political demand for pensions of the Townsend type will grow beyond control.” Abandoning the actuarial model and raising payments would mean that “the beneficiaries of that system would provide an effective counterforce to the movements for unsound pension schemes” (Latimer, “Social Security: Legislation, Proposed Amendments. 75th Congress, 1st Session”). Secretary of the Treasury Henry Morgenthau, one of the most adamant voices for preserving actuarial relationships between OAI taxes and benefits, and for a reserve fund similar to that in private insurance, expressed the ascendant argument in his diaries: “There is considerable political pressure for the enactment of an extravagant old-age pensions system of the Townsend type. Unless the existing old-age insurance system is liberalized the whole matter of old-age security may be taken out of our hands and placed upon a basis certain to result in ultimate collapse, thereby discrediting the entire idea of providing for old-age security through social action” (Morgenthau Diaries, “Book 185”; Burns, Personal Collection). In the 1939 amendments, the leadership made deep concessions to this movement. These started OAI payments early and increased their value, while postponing
rather than raising taxes to pay for the changes, a model for future attempts to deal with the force of the irrepressible campaign for transfers based upon age, not need.

Despite internal concern about children and the large share of redistributions going to the elderly population (Central Files, “622.01 Jan. '38–Oct '41,” “622–622.2 [1939]”), as well as public assertions by Latimer and other experts that “vastly greater need for increased support for children” existed “than for . . . the aged” (Latimer, “Social Security Legislation: Proposed Amendments, 75th Congress, 1st Session”), the SSB leadership did not publicly reappraise its estimates of old age dependency. Upper-level executives continued to use Shearon’s Bulletin figures. Altmeyer supplied them to the Senate Committee on Finance in the summer of 1939 (Chairman, “051.1 Dependency”), and, in response to inquiries about the economic status of the elderly population, Cohen cited the article, stating that “65% are estimated to be dependent” (Central Files, “641, Jan–Dec 38”). In an eloquent suggestion of leadership approval, Altmeyer decided in the summer of 1939 to put Shearon in charge of another report on the economic status of aged persons (BRS, “056.12 Shearon”). Not until the early 1940s did Altmeyer point out in Congressional testimony that children were more in need of government assistance than older people. And only when Shearon openly collaborated with the Townsend movement did the leadership discount the high estimates of dependency that the SSB had, until then, put forward (Berkowitz, 1995; Cates, 1983).

DISCUSSION

SSB estimates of the dependency of the elderly population between 1935 and 1939 reveal their prejudicial use, especially in the constitutional test of the Social Security Act. Despite sharp internal criticism, SSB leadership did not repudiate published statistics. The clearly biased estimation procedures, and the political purposes to which they were directed, confirm state and institutional politics theorists’ emphasis upon the ability of bureaucratic agencies to control and manipulate information. Until 1940, leading executives relied on Shearon’s questionable methods and publicly confirmed very high rates of old age dependency. Initially, they did so because SSB personnel had close ideological ties to a reform movement that had long promulgated a view of rising poverty in the elderly population in industrialized societies; given this perspective, they did not subject estimates of dependency to rigorous review. In addition, as they drafted the Social Security Act, framers sought to use the great political popularity of flat pensions for all older persons to secure what they wanted: an actuarial old age insurance program.

These results confirm state and institutional politics theory for two of the three questions posed earlier in this article. SSB estimates were biased and manipulative. Whether the SSB was the determining force in the evolution of policy seems, however, doubtful; political forces clearly played a critical role. Justice Department demands for appropriate statistics show that the constitutional test involved all New Dealers in a struggle to support a basic political agenda, and neither the agenda nor the achievement was the property of the SSB. Subsequent reluctance to repudiate the estimates underlines the growing power of the Townsend movement in the late 1930s — administrators seemed both hesitant about what tack to take and restricted in the choices they could make. Some staff thought that Shearon’s very high estimates encouraged the flat pension campaign, by making provision to all aged persons without any means test a reasonable and fair proposition (Central Files, “050.01 Jan–Dec 38”). Others, clearly dominant, feared opposing the increasingly popular notion (one they had encouraged) that the elderly population in a modern industrial society must be poor. They struggled to coopt that movement, rather than contest it, and to save OAI, even if they had to sacrifice its actuarial base. Given early and high popular approval of payments to aged people (Schiltz, 1970), the view that the Townsend movement and its allies regularly forced the hand of the SSB appears justified (Gordon, 1994; Gratton, 1993; Jackson, 1941; Witte, 1962). Their role confirms the emphasis in institutional politics theory that bureaucrats work within a political arena in which interest groups may have considerable power.

The incapacity of the SSB to control events stands evident in the subsequent course of social security policy. The 1939 amendments did not meet the radical objectives of the Townsendites, but they set social security upon an entirely different course than that envisioned by its founders (Berkowitz, 1987). The 1950 amendments, which gutted all actuarial pretense left in the OAI program, effectively ended the flat pension movement by conceding its basic goals (Ball, 1988; Leff, 1988). Completely at odds with the conservative, punitive model portrayed in the accounts of most state theorists (Cates, 1983; Orloff, 1988; Skocpol and Ikenberry, 1983), social security had become largely what the Townsendites wanted: a near-universal system of generous benefits, for the most part unrelated to taxes paid, and without a means test. It transferred income to persons by reason of age, not by reason of contribution or demonstrated need. Given this transformation, and given that internal records make it clear that SSB personnel resented the exorbitant generosity toward aged recipients, it is nonsensical to assert that they “masterfully managed” the expansion of the old-age insurance program (Skocpol and Ikenberry, 1983, p. 134). Although bureaucrats knew that aged persons were not an especially impoverished group, they could not control events. They found it politically unwise to declare that children deserved what older people demanded. An institutional political theory, which acknowledges the effects of interest groups, better explains the evolution of social security policy than one which focuses on the autonomy of bureaucrats.

Given contemporary debates over the relative needs of different age groups, it is particularly striking that, by 1939, SSB bureaucrats found much more compelling need among children than among elderly persons. But the myth of old age impoverishment, which they had long promoted, had grown too powerful to control. A political movement dedicated to increasing benefits for the aged population competed with the SSB for authority over policy. The result was a solidification of the view that all aged people needed state assistance. Had the SSB possessed greater autonomy
it might have shifted attention and resources toward children, with obvious consequences for the future of social provision in the United States.

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