

W. of Speech

The American people face a crucial political decision.

The issues relating to that decision are increasingly becoming clarified through the processes of free discussion, ~~and the competition of political ideas and programs.~~

Democracy is based on the principle that decisions by the community whether they be political, economic or social decisions, must be made by a majority of the people. The doctrine of majority rule is that which has traditionally distinguished democracy from all forms of totalitarianism, whether it be the totalitarianism rule of George the ~~III~~ or that of Stalin, Hitler, or Franco.

The doctrine of democratic majority rule is based on the premis of free discussion, competition of ideas in the marketplace of public opinion, and respect for political differences. With this atmospher of freedom and exchange of ideas an intelligent electorate is prepared to exercise its decision making role.

It is with this in mind that I welcome an opportunity to address you this evening on the subject of "General Welfare" and the "Welfare State". I welcome the opportunity to present to you the case for liberalism in American politics.

Those of us who associate ourselves with the liberal tradition in American politics are striving for an expansion of Democratic life in the United States. We are trying to achieve a more perfect democracy in which the people through their government -- the instrument they have created for working together -- can build a constantly improving society. Our program is one for political democracy, social democracy, and economic democracy. We believe deeply in the proposition that the most effective answer to totalitarianism is more democracy.

Those who would criticize our principles accuse us of creating a welfare state. They raise the cry of socialism. In my opinion the use of these slogans is an attempt to confuse the

issues and to escape facing those issues. Intelligent political participation calls for us to raise the level of political discussion so that the issues rather than the slogans are discussed. It is in that framework that I address myself to you tonight.

I would not deny that there is some merit to the claim that the Fair Deal Program seeks the welfare state as an objective. The welfare state has been an American objective ever since the Constitution was adopted 150 years ago. We will recall that the Constitution charged the government with the responsibility to provide for the "general welfare" of the people. A state which is devoted to the welfare of its members, a state which ^{LOOKS} ~~works~~ upon man and his welfare as an end in itself, is one I support, is one that is perfectly consistent with American traditions, and is one which I urge you to support.

We are moving into the second half of the 20th Century. Ours is a century which has seen America's productive strength

grow beyond the dreams of even the most visionary of our fathers. Today we have the resources, the talent, the scientific knowledge, and the energy to establish a society in which man can enjoy the bountiful fruits of his labor without fear and insecurity.

For the first time in the world's history we have an opportunity to establish a society in which every family can have a decent standard of living and in which luxury living will be available for many. It can be a society in which all have enough without unduly limiting the rewards available for the more industrious and the more able.

A vivid demonstration that this end can be realized was given to us by President Truman in his recent messages to Congress when he said that by merely continuing our past rate of growth we can within five years increase our production 20%. By doing that we can increase average family income by about \$1,000 a year. He pointed out that within the next 50 years we can tripple our present standard of living. That would mean

an average family income in today's prices of about \$12,000 a year.

Here is a vision we must never lose sight of. Yet just as our industrial society has created for us greater wealth, it has also created for us complexities which have frequently limited the availability of that wealth to vast numbers of American people. It submerged man by steel and *by* cement cities, by thousand acre factories, by 10,000 acre farms, and by the paper corporations that control them. *91* In the society of 150 years ago with our country new and our people few in number the need for economic freedom was not as important as it is today. There were vast rich resources crying for development. Economic opportunity was open to all.

Today, however, millions of families are dependent on jobs that may disappear tomorrow through no fault of their own. Millions of families as you, who are here this even^{ing} as social workers, so well know, barely eke out bare subsistence as they

live on tiny worn-out farms which cannot produce decent livings even with the most industrious care. Today in this land of plenty and unequalled opportunity -- today in this century of progress -- there are still almost 10 million families or about a quarter of our population earning less than \$2,000 a year.

Here then is the reason we who associate ourselves with the liberal tradition come to you for support of our Fair Deal Program.

^A ~~the~~ vital program of American liberalism calls for a large number of reforms, of important, even basic changes on the face of our American society. ^{91 however} There is [^] nothing to fear in change. ~~but~~ ^T The very essence of growth calls for slow but steady change.

^{FAITH} Our ~~feare~~ in change is nothing more than the expression of our

^{FAITH} ~~that~~ that man himself is going upward and that man and society can move ahead.

We have already moved far. We have seen men and women in this nation assemble in cooperative, free effort to improve their homes, their communities, their regions, and their nation. They have done so in cooperative effort with their government. They have used their government as their servant. They have recognized as Abraham Lincoln did in 1854 that "the purpose of government is to do for the people what they cannot do for themselves or cannot do so well for themselves." They welcomed even at the very beginning of the founding of our republic, assistance for education; for wagon roads so that everyone not only the rich could travel easily; for canals and levees; for public buildings; for railroads. A total of 250 million acres of land was granted by our government during those early days for various "welfare propositions".

Let us not forget too the significant role played by the Homestead Act of 1862 in developing our nation and in

bringing it to a position of power and responsibility in the world. For those who were not able to make an adequate living in the industrial areas of the East, Congress gave away vast areas of public lands to individual families. Today the Federal government no longer gives land grants. The modern expression of that program, however, is legislation in behalf of unemployment insurance and social security. Today the method of payment is changed. But land or money, income producing property or income, there is no change in principle.

The story of American history, of American growth, and American strength is the story of the people cooperating with their government for the "general welfare" of all. It is the story of Americans organizing to improve their life and their society.

The problems of democracy, however, are more than economic problems. They are frequently profound and troublesome

psychological problems which arise from the society we have

created. ⁹¹ The American people today search for security in a society too big for them individually to control or to affect.

In a society, growing inhuman and impersonal -- too big and too finely geared to consider the individual units who make up that

society -- the American people look for some guarantee that

they will not be hurled unnoticed into ~~po~~verty that they do

not deserve and cannot conquer. Man is looking for something

more than economic security, ~~i~~important as that is to his welfare,

Man in mass society is looking for himself. He is trying to find himself, his importance, his relationship to the whole.

Man is seeking his own personal world where he can live in a relationship with his fellow man which leaves him integrated and self-confident.

Those of us who associate ourselves with the liberal tradition in American politics believe, as the very foundation stone of our principles, in the importance and the integrity of

each individual. The solutions we seek for the problems of society are solutions which will preserve that individual integrity and confidence at the same time as we preserve the "general welfare" *and the strings for security,*

To provide ~~financial~~ assistance for welfare programs has always been a part of America's tradition. *In fact* ~~Furthermore,~~ I issue the challenge tonight that it is an American tradition which even the opponents of the Welfare State want to preserve.

The only question which remains an issue is the question of "whose welfare".

As early as 1791 Secretary of the Treasury Alexander Hamilton -- the symbol of conservatism -- made a plea before the House of Representatives for Federal subsidies to manufacturers.

During the 19th Century the United States government gave to the railroads a total of 179 million acres of land.

At this very moment the Reconstruction Finance Corporation and the Export-Import Bank assists private industry financially.

I suggest that Mr. Guy Gabrielson, himself one of the leading exponents of reaction in America and spokesman for the Republican Party, is in favor of continuing that form of government subsidy since the Carthage Hydrocol Corporation, which he heads, has received the total of more than 18 million dollars in loans from the Reconstruction Finance Corporation!

(PAUSE)

In this connection I have one further observation to make. I am a member of the Senate Post Office and Civil Service Committee. In our Committee is a bill to raise postal rates. The same magazine and newspaper publishers who daily attack the Fair Deal as a Welfare State and oppose government subsidies for the American people are daily in my office and before our Committee, insisting the government postal subsidy to their business be maintained. Last year the newspaper and magazine publishers of America received a subsidy upwards of 200 million dollars.

Many of these government subsidies to business are desirable . But if they are desirable to help profits, they are desirable to help people! ! ! ~~He must~~

Those of us who would advance proposals for welfare legislation do so because we are striving for a more perfect democracy in which the American people through their government can build a constantly improving society.

There are some who feel that the realization of the dream which is before our eyes cannot be achieved without sacrificing the free enterprise system -- and they prefer the free enterprise system.

They are of little faith. I believe in the free enterprise system -- I am not a socialist. No other system could have made the progress we have made in the past 150 years. But the free enterprise system in America as we have seen it has always been one receiving encouragement, stimulation, and protection ^{BY} ~~from~~ government activity -- ^{BY} ~~from~~ government welfare programs.

Let us not forget that the protective tariff, the darling of big business for so many years, was one of the most

flagrant examples of government interference in behalf of business.

The greatest threat to the free enterprise system in America is not social security, minimum wage, aid to education, rural electrical programs, and the like. The greatest threat to free enterprise in America is growing monopoly in America.

There are those who would have us believe that an unbalanced budget spells the end of free enterprise in America. — That is nonsense. — I am more concerned about the fact that the Federal Trade Commission recently reported to Congress another half a dozen industries which are dominated by 4 to 6 companies making a total of 19 highly concentrated industries out of 26 studied. I am more concerned that 3 companies control 95.3% of the tin cans and other tinware industry; that 3 companies control 92.1% of the linoleum industry; that another 3 companies control 88.5% of the copper smelting and refining industry.

(In this connection Anaconda Copper alone controls almost half the capital assets of the whole industry and another quarter of the capital assets of the copper industry is controlled by Kennecott Copper Corporation.)

I am concerned about the future of the free enterprise system when I learn from the Federal Trade Commission ~~reports~~ that 113 companies, all with assets of more than 100 million dollars, own almost half of the manufacturing plant and equipment in the whole of our United States.

I am more concerned about the fact that
~~In this context it is wise for us to look at some~~

~~additional facts.~~ In 1947 the House Small Business Committee found that 200 non-financial corporations owned more than half of the assets of all non-financial corporations in this nation. This study followed the famous report of the government's temporary National Economic Committee which showed that about one-third of all the goods we produce were made by companies which had only three or less serious competitors.

The free enterprise system is in danger but the danger does not arise from welfare programs. The danger arises from the fact that from 1940 through 1948, according to the Federal Trade Commission, more than 2450 formerly independent firms in the manufacturing and mining industries alone disappeared as a result of merger and acquisitions. The asset value of these firms amounted to about 5.2 billion dollars or nearly 5% of the total asset value of our manufacturing corporations in America. Moreover, nearly one-third of the companies merged were absorbed by the very largest corporations, those with assets exceeding 50 million dollars.

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It is monopoly which threatens a free America. I do not consider unbalanced budgets to be desirable objectives. Unbalanced national budgets however are no indication of the basic health of the American economy. The Republicans would balance the budget but they would do so I suggest at the expense of unbalancing the American economy. I remember well the days

of the balanced budget under Ogden Mills, Andrew Mellon, and Herbert Hoover, and I remember that those balanced budgets spelled unbalanced family life for millions of Americans. I am more concerned with balancing the daily lives of Americans and their families so that they have full employment; so that they can enjoy the fruits of their labor; so that they can participate in the good life which is possible in our society. *We must not equate democracy with double-entry bookkeeping*

If the Republican Party should succeed in its program of opposition to social welfare legislation, if it should succeed in its efforts to curtail government expenditures at the expense of the middle and low income families of America, if it continues to advocate a "favor the rich" tax program such as the one it enacted when it was in power during the 80th Congress and which incidentally was primarily responsible for the unbalanced budget of the last two years — The Republican Party will be the threat to free enterprise in America.

I recall the prophetic vision of Theodore Roosevelt when he said, "If socialism ever comes to America the Republican Party will bring it."

I realize this sounds like a facetious statement to many but to me the only real safeguard for America, its freedoms and its economy, is a welfare program for America -- a state which is concerned with real protection of free enterprise to the point of controlling monopoly, and a state which protects the American citizen from being governed by private corporations. We must have a government which wants to raise the standard of living for everyone not just increase the wealth of the industrialists and financiers. We must have recognition of a man's right to work at a living wage.

In the dark days of 1938 President Franklin Delano Roosevelt warned the American people. He said: "Democracy has disappeared in several other great nations, not because the people of those nations disliked democracy, but because

they had grown tired of unemployment and insecurity... In desperation they chose to sacrifice liberty in the hope of getting something to eat. We in America know that our democratic institutions can be preserved and made to work. But in order to preserve them we need...to prove that the practical operation of democratic government is equal to the task of protecting the security of the people."

Yes, this program and these principles which I state have international implications as well. America must prove to the peoples of the world that political democracy and political freedom is not synonymous, (as the Communists would have them believe,) with industrial anarchy, growing unemployment, and the monopoly state. American democracy must prove that political freedom and political democracy can bring about an economy which is a healthy economy -- one which is concerned for the welfare of the people. In fact, political democracy and economic oligarchy

United States Senate

MEMORANDUM

There is one other major principle which America must prove conclusively and decisively for the world to see. — It is that democracy is based on human equality and human equality is based on unalienable rights. —

United States Senate

MEMORANDUM

So long as men of
color in America suffer
from prejudice, discrimination
and segregation, the
world questions our
sincerity. ~~The future of the
world will be set~~

United States Senate

MEMORANDUM

The enactment of
and rights legislation
in America is vital
not only for the
purity of our
soul, not only for
the preservation of
America's conscience,
but for the future

United States Senate

MEMORANDUM

of ~~solid~~ peace
and freedom in
the world,

are incompatible and there can be no lasting political freedoms so long as economic control is in the hands of the few and so long as economic security is missing in our society.

[add and rights]
The philosophy of the Welfare State, which I have been

asked to represent, aims to satisfy at least 4 major objectives:

1. A comprehensive social insurance program ~~including insurance and provisions~~ against the hazards of old age, disability, unemployment and costs of medical care. The giant social security system is a striking example of cooperation on a national scale to do for ourselves together what we each cannot do alone.

2. Prevention or mitigation of unemployment through public works planning and monetary and fiscal policies.

3. Improvement of the standard of living through such programs as slum clearance and public housing and by providing better facilities and opportunities for education.

4. Limitations on the growth of powerful corporate enterprise with a view to protecting the interests of small business firms and less privileged elements within our society.

The Tennessee Valley Authority stands out as an example of what we can accomplish.

The immediate objective was the prosperity and the economy of the river valley. People of the Tennessee Valley in cooperation with their government changed that valley from desert to prosperity. That miracle was partly one of science, but we here today are concerned more with the miracle of political and democratic organization which enabled the people along the banks of the Tennessee to marshal the wisdom of science and the wealth of their resources for the benefit of all.

It is in that tradition that we today advocate a Missouri Valley Authority, a Columbia Valley Authority, and a St. Lawrence Seaway.

There is little new that we are proposing in our Fair Deal Program. It is not new to erase slums -- slums which are the birthplace of diseased minds and bodies, the centers of juvenile delinquency of fire and fever. It is nothing new to replace them with respectable and decent living quarters. We did that under the Housing Act of 1938. Yet that act was called socialist and was dammed by the same people who in recent months successfully killed the cooperative housing features of the middle-income housing bill.

We built houses under the Housing Act of 1938. We still have democracy. We still have freedom. In fact we have more democracy and more freedom.

Six million American families live in the slums today. And now I'm talking of something I have been close to -- this problem of the city and housing. How much do your cities pay for police services? How much for fire protection? Your cities spend a surprising sum of money for police and fire and social

welfare work in the slums that would not be necessary if those American citizens lived in decent houses. In Atlanta, for instance, slum areas paid $5\frac{1}{2}\%$ of the real estate taxes and got back 53% of the police, fire, public health and social worker funds spent in the city. The United States Conference of Mayors reported on one city's survey that showed just what I have in mind. One-third of the people live in slums and blighted areas. They suffer from half of the disease in the city and they have 35% of the fires. They receive 45% of the city's services, and pay only 6% of the real estate taxes. Forty-five percent of the major crimes are committed by the men and women who live in these slums and 55% of the juvenile delinquents come from out of this rotten growth that betrays our heritage.

Here are just a few illustrations of the kind of objectives which the Fair Deal Program has in mind. Some may

wish to call this the welfare state. Its label does not matter .
Its objective is human welfare. The methods used to obtain
that objective are democratic and are based on public acceptance,
public education, and the expression of public will.

The issue of welfare state brings a vision to my mind.
This vision symbolizes the choice which the American people face.
On the one hand are those who would judge America and its
accomplishments in terms of balance sheets and accounting
records. On the other hand are those who judge America by its
concrete accomplishments and by the happiness of its people.
Those who oppose the welfare state remind me of the frightened
men totting up their balances while the American people continue
to go forward, build dams, and houses and electric and telephone
lines.

In conclusion my friends I make a plea for a rational
rather than an emotional approach to the problems of government.
I make a plea that we respect the facts.

It is difficult for the American people to understand when Mr. Alfred P. Sloan, Jr., Head of the Board of General Motors, makes a statement on January 15, 1950: "In recent years economic incentive has been weakened by the ever increasing take of government. I fear the effect is beginning to be felt on the economy". And then for General Motors to announce that it had earned 6 hundred million dollars profits in 1949 -- more than any other company has ever made in the history of American industry. I suggest this is not a rational approach to discussing political issues.

Since the war American big business according to the Federal Trade Commission has been making approximately 20% profit on its invested capital after taxes. This compares with about half that figure before the war.

If our political opponents wish to label the program we stand for as a Welfare State -- then let it be so. Call it what you will -- one fact, however, stands out in bold relief.

This program has raised the living standards of American people.

It has given a modicum of security to all areas of our population.

It has provided a floor on living standards. It is furnishing

relief from the apprehensions and anxieties which lead men to

surrender their freedom. It is providing minimum protection

against the hazard of old age and unemployment. It will

provide prevention from catastrophe of sickness and disease.

It is giving decent shelter to more and more of our people.

It is putting a floor under wages. It will provide federal

aid to education so as to give every boy and girl equal

educational opportunities so that none will remain the slaves

of ignorance.

These programs are strengthening the ring of freedom
that centuries of struggle has drawn around western man.

These programs are providing the incentive and
will set the example which will undermine totalitarianism wherever
it may be.

20- of
speech

SPEECH OF SENATOR HUBERT H. HUMPHREY

~~Those of us who call ourselves liberals - all of us, in fact,~~
~~attempting to create a better tomorrow - are concerned with ideas~~
~~which we think will~~ **IMPROVE** ~~improve our nation and our democracy.~~

Those of us who are regular Fair Deal Democrats have assembled our ideas of the good future in a document we call the Democratic Party Platform of 1948. I am for that platform. Of course, there are times when it's difficult to know how many Democrats are for the Democratic platform; I suppose about the same number of Republicans are for their program. But that's not what I had in mind.

Our program calls for a large number of reforms, of important - even basic - changes in the face of our American society. We go about these changes slowly. We are not radicals - we are moderate reformers and evolutionists. We base our slow movement on faith that man himself is moving upward, that man in society can move ahead.

And we have moved far ahead by our standards already. We have seen men and women in this nation get together in cooperative free effort to improve their homes, their communities, their regions, and their nation.

In most of these instances our people used the agency of government to cooperate.

That is what a welfare state is. It is a government through which the people can cooperate to improve their lot.
~~Slums have been cleared through all people working together on~~
~~many levels of government.~~

~~Human relations have been improved and human understanding has~~
~~been increased by men and women acting through local and state govern-~~
~~ments right in their own communities.~~

The Tennessee Valley Authority stands out as an example of what can be accomplished when Americans organize to improve the natural conditions of their existence. In this case, the natural conditions affecting their lives and economy were centered in their own river valley, and they cooperated to change that valley from desert to prosperity. That miracle was partly one of science. But we here today are concerned more with that miracle of political and democratic organization which enabled the people along the banks of the Tennessee to marshall the wisdom of science and the wealth of their resources.

On a national scale we have all agreed to some general planning of our economy. We realized that farm people could not be expected to produce at high levels unless we could guarantee them protection from the busts in the market they could not predict or control.

We organized more spectacularly to protect ourselves from extreme indigence in old age - to assure all of us some income when we are too old or too sick, or when we cannot find work through no fault of our own. The giant social security system is a striking example of cooperation on a national scale to do for ourselves together what we each cannot do alone.

There are many plans similar to these we have already undertaken. Committees of the 81st Congress are even now considering them. We have before us proposals for an even greater housing effort, for a Missouri Valley Authority, and a Columbia Valley Authority, and a St. Lawrence Waterway. Further, we propose National Health Insurance to go hand in hand with social security and plug the holes left bare in man's relations with mass society and with an economy which cannot watch out for the individual.

There is little new that we are proposing in our Fair Deal. It is not new to clear away the slums - slums which are the birthplace of

diseased minds and bodies, the center of juvenile delinquency, of fire and theivery - by replacing tenements with respectable and decent living quarters. We did that under the United States Housing Act of 1938. That Act was ~~called~~ communistic, socialistic, fascistic, and damnable by the same people who ~~have~~ opposed advancement in every field since time immemorial.

If the words had been invented, I am sure the Sermon on the Mount would have met with charges of communism, socialism, fascism - and atheism, too, if you will. And that's what happened with the Housing Act. But, we built the houses on land that once spawned the worst in our urban society, and we still have democracy, we still have freedom, and we've got more of all of them!

We heard the same charges in ~~my~~ own city of Minneapolis when we set up the Mayor's Council on Human Relations, and in other cities and states throughout the country. But today many cities have some kind of human relations groups officially working for their citizens to straighten the warp of prejudice in the minds of the majority race or religion. Is this a new concept? Is this radicalism as has often been charged?

We had the same concept in 1776 when Thomas Jefferson wrote: "We hold these truths to be self-evident!" It was new then. In that great year of crisis it was radical. But that year a spark was struck and flames spread from here throughout the civilization of the world, and down came many of the old encrusted walls that separated man from man in rank injustice. But, my friends, this is ~~1949~~¹⁹⁵⁰ and the concept isn't new anymore. What we plan simply is getting our people together full scale to make that same concept real.

Is it revolutionary to follow up a successful experiment with full-scale production? American industry grew great on just such me-

thodolgy. TVA was a pilot plant. It demonstrated that our scientific knowledge was up to our greatest dreams in making rivers flood proof, in holding the soil where it could be farmed, in providing electricity for the thousands who never could afford it before. More important, it demonstrated that our democracy could extend to the day-by-day administration of a technical project, and yet be fully sensitive to the people and always responsible to them. Who is the irresponsible - the man who says let's do the same thing with MVA and CVA as we have succeeded in doing ~~with~~ on the Tennessee? Or is the irresponsible one the man who says - sure, TVA was good, but don't let it happen again - let's try something different.

Health insurance is not radical either. It is as sensible, necessary and practical as building an extra room on a strong sturdy house when a new baby arrives. We now secure the future of our working people for the time when they are too old to work, and for such time when they cannot work due to illness or unemployment. We secure the future of his widow and his orphans - not sufficiently yet, you understand - but we have declared allegiance to the principle. We now propose to make certain that if he is ill, he will be cared for no matter what the cost or how able he is to pay it. This concept, too, is met with names, not logic. It is met with the same names that the social security program was called a decade ago. And the same people are calling them.

I repeat, the Fair Deal is nothing new. It is the third act of the same play we have been witnessing ever since industrialization reached its high point in this nation - ever since man was submerged by steel and cement cities, by thousand acre factories and ten thousand acre farms. and by the paper corporations that control them.

The first act was Teddy Roosevelt's Square Deal. The second act was Franklin Roosevelt's New Deal. The third act will be Harry Truman's

Fair Deal.

This is the third act of the same play. The play has been variously called. The "social welfare state" is one of the newer titles, but I choose to look for a different title. I am not sure that the term "social welfare State" describes correctly what we are trying to do, and it doesn't distinguish accurately enough from other much dissimilar states.

In naming the goal I have in mind, I would insist upon the term "democracy". This is my first political premise. Further, I think that in our title we must take note that our basic problems are caused by the kind of economy we have developed in our many successful years of free enterprise capitalism. What we are striving to perfect is our democracy - with all the political connotations of democracy - and the position, the freedom, the confidence and the security of the individual in an economy that he cannot control by himself. What ~~we~~^{WE} are trying to do, then, lies, - as I see it - in the realm of social and economic democracy. Yes, we liberals search for and build toward social and economic democracy.

This phrase - economic democracy - has been used before. In fact, it has been used to mean many different things before. But let us use it here very carefully and specifically. Let us go back over the term democracy and define it, even though we have lived with it and by it all our lives. Democracy means, after all, that the citizens rule themselves. And in our kind of social organization that can only mean majority rule of the people in dealing with issues that concern them all. Economic democracy then can mean only one thing - popular control of the economy - that the decisions of the men and women of this country should

govern our economic as well as our political policy.

This is hardly a startling concept. We have believed in this through much of our history. Through the early days of our nation and into the first stages of industrialization, a high degree of economic democracy prevailed. At that time the economic decisions were made by the people. Government did not interfere, but instead a different mechanism governed the economy and allowed popular control to a remarkable extent. That other mechanism was a combination of competition and almost unlimited natural resources. The consumer decided how much goods would cost, how much should be produced and how much the workers should be paid. With all this an automatic part of the mechanism ^{of} ~~is~~ free competition and unlimited natural resources, free enterprise worked.

But this is not the picture today. We can see without looking too far that the economic decisions are not made by the consumer in the ~~the~~ greatest areas of our economic life. In the key industries, as well as in a larger number of consumer goods markets, the consumer does not set the production-price pattern - the producer does. And the producer, usually a corporation, a paper entity, is controlled by a handful of managerial people or by a few large stockholders. Furthermore, the consumer does not set the wage pattern any longer, but large trade unions have necessarily grown up to meet with giant business.

Now there are rules in any society, and there is power inherent in every group, community or state. The question the political analyst must ask - and all of us in a democracy should be political analysts to some degree - is where the power lies and who is making the rules. The choice is not between few rules or many rules; between powerless, anarchial society or strong state society. In our economy someone will have the

power and someone will make the rules.

The question is not absolute freedom or slavery; none of us are absolutely free. In the freest possible society, living alone on an island, man is a prisoner of the power of nature and must follow the rules of the natural world. In modern society man must follow rules too, whether the rules tell the ten employees of a small business that work starts promptly at nine A.M., or whether they tell the worker he cannot sell his services for less than fifty cents an hour and he cannot buy bread for more than fifteen cents a loaf. And if government didn't make such rules, someone else always did.

We have always had the idea that power to make personal rules - rules that affect only the individual or his immediate family and close associates - should rest with that individual. His religion, his friends, the pictures he has on the wall, the lectures he goes to, the symphonies or swing he listens to - these are personal decisions and rest with the individual alone.

The other decisions, those that affect not the individual himself but his whole society - his neighborhood, city, state or nation - we have always invested in the society that is affected by them. And we have always believed in the majority making the rules when a society must make a decision relative to its own behavior, its own welfare, or its own good future. The will of the majority shall be taken as the will of that community.

In Jeffersonian days it was true that an economic decision was in the first category, a personal decision left to the individual. And the economy ran rather smoothly upon these personal decisions, with community decisions only in the areas of post offices, roads and protection of certain industries.

Actually, you know, the very class of people now crying for fewer social and community decisions in the economy are the very people who first set up the idea of social or government interference in the economy & the big businessman. He wanted tariffs and he wanted subsidies, and he wanted cheap labor imported through government help. He was the one who asked for community decisions in the economy. But that is just an incidental point. The main point is for us today to clarify our alternatives, to understand what choices we have economically.

We cannot choose the Jeffersonian society where economic decisions are made by every individual because we know that the farmer cannot control his market, and that the worker, without government protection of unionism, cannot protect his fair living wage. Economic decisions are being made in this country - they should and must be made - but the question we ask is who is making them. And the answer of the United States, the answer of democracy, can only be that the economic decisions, as well as the political decisions, must be made by the people.

It is this understanding which explains the root of the controversy about the New Deal and now about the Fair Deal. There was no real question about the nature and substance of the ~~1929~~ depression faced by the New Deal. Nor is there any doubt that big business prospered under the New Deal; without the New Deal big business would have perished. Why then did it oppose Franklin "oosevelt? Because big business understood that the New Deal meant a transfer of power. It understood that more important than the kind of decision made, is, at the moment, who has the power of making the decision. The New Deal said it then, and the Fair Deal says it again - the power of decision rests with the people and not with the privileged.

That is the essence of our position and the essence of our strength. That is the basis of our liberal program, the basis of our deepest beliefs.

How did the program we set up at the Democratic convention develop from this basic faith in popular economic rule? What is it that the people are searching for; what decisions do they want to make? How did we arrive at the kind of program we stand for?

It takes more than an economist to explain the needs of our people in the kind of economy we have developed. There are very profound and troublesome psychological ramifications. The men and women we know are looking for economic security in an economy too big for them individually to control or affect. In an economy grown inhuman and impersonal - an economy too big, too finely geared to consider the individuals who make it up - you and I and our friends are looking for some guarantee that we will not be hurtled unnoticed into a poverty we do not deserve and cannot rise above. And yet we are looking for something more than economic security. Man in mass society is looking for himself; trying to find himself, his importance, his relationship to the whole. Man is seeking his own personal world where he can live in a relationship with his fellow man that leaves him integrated and self-confident.

We liberals believe first in the importance and integrity of each individual. Our basic premise is that the majority shall make decisions rather than a small group who are not responsible to the people. And the solutions we seek are the solutions to the questions the individuals who make up the majority are themselves ~~asking~~ seeking.

We have already found one solution to the problem of economic insecurity. We have found it by employing an old principle developed by capitalistic private enterprise - the insurance principle. Social security and national

health insurance are examples of adopting this principle for the benefit of all of us. And we keep looking for other solutions to the problems of achieving economic security. We have set up a subcommittee to deal with an even more fearful form of insecurity - unemployment, the destructive disease that strikes young and old, able and lazy, and that strikes so often in the prime of life.

We are looking, too, to see what can be done in the psychological realm, to make of mass man a human being. One of the more important agencies which we usually call completely economic, is perhaps even more important in this psychological area of modern life. That agency is the trade union, which has become a great force for humanizing industry and an industrial society. Today, through the medium of democratic trade unions, the worker is represented in his community, on governmental boards and commissions, and in his own business organization. The worker's word takes on weight and importance; his own representatives have high status among the most influential people in the world.

The housing bill aims at economic security, but it does more than that. It is a move toward building the kind of personal world that each individual can be proud of as his own, apart from the uncontrollable mechanism of the world outside his home. And that part of our program dealing with the expansion of educational opportunities is even more clearly indicative of the movement toward a fuller personal life for all citizens as well as a guaranteed bread-and-butter life.

What will the social welfare state be like? What does economic democracy look like in that fuller meaning for which we are now working?

Basically we are applying the insurance principle, as I mentioned before, in trying to eliminate the insecurities we all feel when we cannot be certain of good health, of adequate protection against extended old age,

and when we cannot assure our dependents of support should death take us from them. Social security and the health insurance plan form the basis of this method. It had been said that these guarantees of minimum income during emergencies will keep us from saving and make us all spend-thrifts. But I maintain that this is the imagining of a mind already decided against social security and seeking only a reason to oppose it. The minimum assistance provided under this Act would hardly discourage savings. It will encourage them. It is discouraging to save carefully week after week for years and then find one serious illness to any member of the family runs through the entire life-time's saving.

We have been asked, "Why not provide only for the needy?" We answer that this is insurance for the nation, not only for the insurees. We are all affected by the health of all our people, whether rich or poor. We are all responsible for our old people no longer productive. If an insurance system is not used, a subsidy system must be used. We have our choice. Americans deem to prefer equal treatment for all; common coverage for all. They know, as you surely do, that the more people covered by insurance, the greater protection at cheaper cost.

The present need for the improvement of social security is easily demonstrated with simple facts. Today, a man cannot stay on the social security payrolls unless he is earning less than \$15 a month. If he does earn less than that sum, he is eligible for allotments which average \$25.41 for the worker and another \$13.45 for his wife. For those who have no social security payments to their credit, federal and state funds are combined to give them pensions, and the average payment under this system was \$42.02 last December. Now it is obvious that such payments will never discourage savings. Indeed, unless the worker saves and saves substantial sums, he will never survive on this kind of allotment.

T The Administration Bill now before Congress will provide between \$25 and \$96.60 for the single man and \$37.50 to \$144.90 for a married man. One cannot say that even these sums will keep a man and wife in something better than poverty, but at least the Administration bill will answer the very hopeless and sad instances of near starvation about which I receive letters daily from our people.

Furthermore, the Administration bill begins the move toward the complete coverage which the whole system makes logically necessary. Today, groups are completely excluded for little more reason than that their employers had a strong lobby or that the administration of their payments might prove too difficult. Of the monthly average of more than 57 million workers in 1948, only 35 million were covered by old age and survivors insurance. Federal and state grants provided for the needs of those excluded from the insurance. But the general principle should and can provide for all these individuals, and at the same time insure society as a whole from burdens of supporting the aged, sick and widowed. For the very mechanics of insurance, as you will understand, efficiently plan for eventualities; they ~~don't~~ don't just provide for them.

You see the danger of inviting a politician to speak before you - I end up by giving you a sales talk on insurance.

The insurance principle must also be extended to the health field. The need to aid our lower and middle classes to get the best possible medical care is clear in the statistics. The opponents of National Health Insurance have just discovered the astounding deficiency in health services and only this last month have they been shaken into considering some method of dealing with the problem. This is a little shocking, since most of our opposition comes from the very people who have been responsible for the doctor shortage and who have been closest to the facts in the case - the

American Medical Association.

We have heard the alternative plans to health insurance, thrown up like hasty breastworks before an onrushing army of determined facts and figures. But those hasty defenses - the Taft proposal and its little brother, the coalition compromise bill - simply won't hold back the facts. Four out of five Americans cannot meet their own medical needs. Many will suffer serious diseases that could have been prevented because they cannot spend the money for an annual or semi-annual examination.

To the overwhelming facts on medical needs, our opposition says, "There aren't enough doctors." So, they imply, we'll go on distributing medical services on the basis of wealth instead of need. And we'll take no steps to increase the available doctors and nurses. But let me say that the liberals intend to take steps. I am a cosponsor of a bill, with my friends and colleagues, Senators Pepper, Murray, and Neely, to help the medical schools turn out more and better doctors and nurses. Our solution is not to deprive the lower and middle classes of medical care because it is in short supply. Our answer - the answer of liberals - is to increase the supply. And the final cost to the whole economy is ZERO - because bad health costs money whether we count it or not, because preventive care and quickly recognized illness save doctors' services in the end. The cost is ZERO.

You know, that's something the conservatives in this country have never realized. From the days of McKinley theory that the wealth of the rich would gradually filter down to the poor until the days of the same philosophy in the words of Senator Robert Taft, opponents of change have really taken seriously a joking phrase we often use -- the phrase about pulling yourself up by your own bootstraps. I don't need to tell you that just can't be done. You find, after pulling and tugging that your feet are still in the same

place. The only way to raise the body politic as a whole is to raise the lower extremities up step by step, and then the rest of the body can take a step upward. The only way to save the unhappiness of the severe costs and the time wasted in illness in this country is by providing all of our people with the kind of care that will keep them healthy. The mere lifting of the weight of worry about illness will go far toward that goal. And the country as a whole will rise in health and wealth.

The exact same thing holds true of housing. We have certainly heard the trickle down theory about housing the last few years. Don't try to tell me the conservatives have come very far since 1890. We're still getting the same theories in an entirely different world. Build expensive houses, we hear. Then the old houses will be vacant for the workers. Well I'm going to defy the laws of physics and talk about a trickle UP theory. I'm going to leave the talk about pulling somebody up by the bootstraps to Paul Bunyan and talk some real sense about raising the standards of the whole by taking that slow and gradual step upward from the bottom.

(2) Six million American families live in the slums today. And now I'm talking of something I have been close to - this problem of the city and housing. How much do your cities pay for police services? How much for fire protection? Your cities spend a surprising sum of money for police and fire and social welfare work in the slums that would not be necessary if those American citizens lived in decent houses. In Atlanta, for instance, slum areas paid 5 $\frac{1}{2}$ % of the real estate taxes and got back 53% of the police, fire, public health and social worker funds spent in the city. The United States Conference of Mayors reported on one city's survey that showed just what I have in mind. One-third of the people live in slums and blighted areas. They suffer from half of the disease in the city and they have 35% of the fires. They receive 45% of the city's services, and pay

only 6% of the real estate taxes. Forty-five percent of the major crimes are committed by the men and women who live in these slums and 55% of the juvenile delinquents come from out of this rotten growth that betrays our heritage.)

These facts are known; they have been known by every citizen who lives in a city and by every man and woman who has ~~looked~~ for a house in the last three years - and judging from ~~my~~ experience as Mayor of Minneapolis, that is nearly everybody. And these facts ^{were} ~~are~~ known by the Congress of the United States way back when Harry Truman was a Senator. And the Wagner-Ellender-Taft Bill has been up and down and on everyone's tongues since that time. But it hasn't built one house. The Congress has been stymied by a little undemocratic maneuvering in the House of Representatives and the people have to wait. Well, it shouldn't be long now. We are going to stop that fruitless tugging at our bootstraps and take a healthy step upward, feet first, and with the eyes of the whole country on the goal - a decent home for everyone.

And how much will that decent home cost? Nothing. Because like good health, good housing is productive; bad housing is destructive. Your insurance figures tell you that. I needn't tell you about fire hazards and health hazards and police records. You have the statistics better than I have, so you know that slums cost money. Let me repeat what I said last year in this very state, at Springfield, Ohio: "Make no mistake about it. Either we lick the slums or the slums will destroy the city."

Well, I suppose you ask, what about private enterprise? Don't you believe in the free enterprise system?

That's a fair question and I give a clear answer. I surely do believe in the private enterprise system. But it's only a system. I do not make the mistake of worshipping it as a golden calf, or preaching its

overthrow as if it were the devil hovering among us. It is a system. And it has worked well, in spots, and I hope and shall do all I can to see it continue in those areas of our economy where its functions really give us economic democracy. But I see no reason to think more of a mechanical economic system than of the wishes of the people. There can be no doubt in anyone's mind that the men and women of our cities want houses. The facts prove they are not getting them from private industry. They can only get them through government help and encouragement.

Why is it that our economic system, which should work so smoothly and give everyone what he wants and deserves in life, slips up occasionally and leaves us wanting things we cannot get through private business? The first observation is that the free capitalistic system has never worked perfectly in this country. Quite regularly we have had cycles of depression and unemployment. And what could be more foolish than worshipping a mechanical system so completely that we are willing to let men rot mentally and psychologically from lack of work when everyone in the nation needs the goods that those men would be delighted to produce? In the early days, those short-term spells of economic illness always passed for one reason or another. Today, they do not pass so easily.

Our economic interdependence and our complicated economic machinery bring the whole nation down when its individual segments get a little woozy. Furthermore, the unfettered capitalism just doesn't work properly anymore. When Alfred Marshall wrote the economic theories of free enterprise over a half century ago, he recognized that the integral in that system was competition, and that when competition became imperfect or when monopoly set in completely, none of the rules of free enterprise applied anymore. Monopoly and monopolistic competition which brings price-fixing and production control are on the way to wrecking the large areas of free enterprise that

still do function properly in this country. And the very people who shout most for free enterprise are the people doing the most to wreck it.

The House Small Business Committee announced in 1947 that our economy was in appalling danger of monopoly. Two hundred non-financial corporations owned over half of the assets of non-financial corporations in the nation. In the late thirties, the government's Temporary National Economic Committee showed that about one-third of all the goods we produce were made by companies that had only 3 serious competitors or less. This is not free enterprise, my friends. Let's stop fooling ourselves. This is economic aristocracy - government by the few.

3 And this movement toward monopoly goes on faster and faster. (Between 1940 and 1948, 2450 manufacturing companies disappeared and their assets of \$5.2 billion (5% of the total assets of manufacturing corporations in the entire country) were taken over by bigger firms.) Now this is a frightening business, and if you don't believe in price setting by government and wage setting by government, and production setting by government, or some form of socialization of basic industries, you will agree that something has to be done to stop this movement toward more control by fewer people in our economy. Because, make no mistake about this - if it comes to a choice between control by a few managers and stockholders who are not responsible to the majority, or socialization of industry, I'll stay with the people.

What can those of us do who believe in economic democracy without complete government control? There are a few legislative courses we can take. We can plug up the large loop hole in the Clayton anti-trust act which allows for mergers of businesses by one corporation buying up the assets of another. We can appropriate more money for anti-trust activities and force competition through the courts. The history of this kind of action

is full of pitfalls and disappointments and long drawn out struggles. It's bound to be. Some of the corporations now increasing their monopoly hold on industry can buy and sell many of our whole states -- and can out-hire the anti-trust division in the legal market by millions of dollars. But the struggle, I think, is worth the effort. Let's not delude ourselves into thinking we can restore full competition to big-business dominated industry. But we can maintain enough competition so that in many industries, at least, the firm that tries to cut production and raise prices will lose out to its competitors. Anti-trust action has been successful in few instances. But it is certainly worthwhile, I think, to try to make it more effective.

American citizens, without waiting for government action, have turned trust-busters themselves. They are joining together in cooperative business. Farmers have organized their numbers to deal more favorably with the wealth that is accumulated corporatively to buy from them and sell to them. That is the farmer's collective bargaining -- numbers against dollars. And consumers got the idea, too, and joined together to buy for themselves certain goods and services that were being profiteered without the opposition of normal competition.

I think you will find that that where there is robust and active competition, people will make use of profit enterprise. When competition becomes weak and allows price-fixing and profiteering, cooperatives can and have stepped in to protect the interests of the consumer. Sweden is a good example of the power of cooperatives to break monopoly without government action. Cooperatives are simply one other kind of economic democracy, one other method of allowing the individual to make decisions in our economy, either as part of the majority or as an individual. Cooperatives can do part of the job of trust-busting that would otherwise cost the government years of

time and millions of dollars.

Finally we ought to discuss the better known kind of collective bargaining, the kind between unions and management. We've been hearing a good deal about big labor lately, but I think no one could in all fairness say that labor is organized to the size and strength necessary to bargain all they need and deserve out of big business. We've been talking about the size of big business in terms of assets they own. That's frightening enough, but when we describe the size of big business in terms of their employees, the picture is even more shocking. Sixty percent of the manufacturing workers in this country are employed by only 2% of the manufacturers. It takes pretty big unions to deal with that kind of control. Actually, only about 30% of the manufacturing workers are organized, and every cent in the union treasury comes out of wages that in most cases still do not equal a minimum non-luxury budget for a city worker, as figured by the Bureau of Labor Statistics. In other words, the dollars unions get together in their treasuries, their only assistance in time of strikes or lay-offs, is money that should be spent for a dentist appointment for the kids or a new dress for the wife.

But union men around the country have learned these past bitter decades that they have to put their dollars together to strengthen themselves enough to get their just demands. Let no one idly say that workers are getting too powerful, until they check up on the facts of wages, profits, and living standards. The facts show the opposite of what the newspapers and magazines are trying to make everybody think. Unions aren't too big -- they're too small; they're not too strong -- they're too weak.

To achieve economic democracy, unions must become larger, but union democracy must be maintained with the growth of union power and numbers. They must continue to be associations where each voice is equal and listened

to. Democracy can be dynamic. If it is not, we will meet a more dynamic society and be subdued.

That, then, is the picture of the kind of society a liberal is seeking to build. There are perhaps some measures that are distasteful to you. But you must not compare the picture I have painted to Jeffersonian democracy or to the life of a big businessman of today. Let's face the facts of our whole economy today, and seek to deal with those facts instead of with what we wish were true. We can maintain democracy and yet have a government that will subdue the fear of depression which so strongly affects our economy and drives it toward what we fear. A government truly representative, devoted to the demands of the ~~majority~~ majority, can, without even taking action, weaken the depression phobia that affects all economic decisions of business and labor.

There are, faults, of course, in government interference in the economy. But for a change let's take up the ax against the faults of government and correct them instead of demanding that government leave the economy alone to drift toward economic aristocracy with no democratic voice. There is no other way to bring the voice of our people back into the economy than through the methods I have just outlined. We have never heard alternate solutions to our needs, only loud wails and screams against government interference, no matter what the grievous sins and errors there are to correct. Let's face our needs. Let's recognize that while business may not want more government interference, there are millions of workers and farmers in this country who will end up slaves of big business - and little business will, too - unless some agency of democratic rule does step in and do the things I've outlined.

We can correct the errors of government. The Hoover Commission is a beginning of self-examination, and I hope we get some good solid improvements out of those reports. After all, we have begun to establish economic democracy through government so recently that there is bound to be some inefficiency. There's inefficiency in private business, too - and let's not forget it - but no one ever proposed to do away with it. I will grant the great problems in maintaining responsible government through bureaucracy -- but it can be done. I am convinced that the mechanics of government are not the most important part of democracy. What is important is that the eyes of the people stay glued on their government and that they are vocal about what they see and what they think they ought to see. As long as the people are alert to what is happening, their power will be sovereign. The mechanical problems are great -- but they can be solved if we recognize the needs our government must satisfy and set our collective minds to working out the kinks in the governmental machinery that must do the job.

I don't believe in giving in to a growing accumulation of power in irresponsible hands when democracy can be dynamic enough to shift its course and keep the power in the hands of the people. There have been men of little faith in the past. There are men of little faith today. But there have never yet been enough to beat the faithful in a free election. That is why the liberal feels secure. For the faith of the liberal rests with the people; and the course of the liberal leads always toward more complete democracy.

THE END



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