

ADDRESS BY SENATOR HUBERT H. HUMPHREY (D., MINN.)  
(Debate with former Senator John Foster Dulles)  
AT HARVARD LAW SCHOOL FORUM, HARVARD UNIVERSITY  
Cambridge, Massachusetts--March 24, 1950

WELFARE STATE

Mr. Chairman, Mr. Dulles, and friends of the Harvard community. I appreciate the opportunity to be your guest this evening. I do consider it a privilege to be here. Harvard has a high reputation among those of us who hail from the University of Minnesota. I remember that one of my professors was accustomed to repeating in his class a statement by President Lowell of Harvard. President Lowell, he used to say, claimed there was a great deal of knowledge at Harvard because the freshmen always brought a little bit in and the seniors seldom took any of it out!

The subject of our discussion this evening is the Welfare State. Frankly, I am amused to find that it is still an issue. I recall reading not so very long ago that Governor Thomas E. Dewey delivered a lecture at (if I may be so bold as to mention) Princeton University. The New York Herald Tribune in reporting that lecture, given under the auspices of the Woodrow Wilson School of Public and International Affairs, said "The battle-frayed 'welfare state' issue of New York's 1949 Senate campaign was publicly jettisoned here tonight by Governor Thomas E. Dewey who said it must have been 'some very clumsy Republican' who tried to pin that label on the Truman administration". Governor Dewey went on to say "The man who first used the phrase against our present government did his cause no good, to put it mildly".

Nevertheless, the Welfare State remains an issue, and defines clearly the distinction between the Fair Deal Program and those who would oppose that Program.

Former Supreme Court Justice Stone once advised a group of law students "If you are strong on the facts but weak on the law, discuss the facts. If you are strong on the law but weak on the facts, discuss the law. If you are weak on the law and the facts, bang the table!" These sharp observations of Justice Stone come to mind readily as I observe the Republican Party banging the table and using the "Welfare State" slogan. I might also say that I consider the use of the slogan "socialism" by the Republican Party to be in the same category of ghost-haunting and irresponsible politics.

For many years now, those of us who call ourselves liberals or New Dealers or Fair Dealers have been accused of trying to change our form of government and our form of society. Our critics say we are trying to create a "Welfare State" or a "Socialist State". In my opinion the use of these slogans is an attempt to confuse the issues and to escape facing the issues. I hope this evening that our debate will raise the level of political discussion so that the issues rather than the slogans -- so that the realities rather than the ghosts -- are discussed.

I would not deny that there is some merit to the Republican claim that the Fair Deal Program seeks the Welfare State as an objective. The Welfare State is a legitimate objective - one that is perfectly consistent with our traditions and with the current wishes of the American people. A state which is devoted to the welfare of its members, a state which looks upon man and his welfare as an end in itself, is one I support and urge you to support.

The United States began as a Welfare State when its Constitution charged the government with the responsibility of the "general welfare" of its people. In a sense this was one of the great differences between this new country which was born and the tired nations of Europe in the 18th Century.

From that day until this day the history of the American development has been a history of providing greater welfare for its people.

As early as 1806 Thomas Jefferson as President of the United States asked Congress to approve a donation of lands for a "National Establishment for Education". In a measure I think it is fair to characterize this step as one of the earliest forms of government subsidy, since land was a clear financial asset. The use of land during that early period played an important role in developing the concept of government subsidies. Our government eventually granted 250 million acres of land for various "welfare purposes": for education; for wagon roads so that everyone, not only the rich, could travel easily; for canals and levees; for public buildings; for railroads.

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.

To provide financial assistance for welfare programs has always been a part of America's tradition. 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.

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!

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.

Abraham Lincoln said in 1854, "The purpose of government is to do for the people what they cannot do for themselves or cannot do so well for themselves." That is philosophy which the New Deal and the Fair Deal represent and which I today represent.

What we strive for can best be put in the phrase "economic democracy". That phrase means a system which preserves the political fabric of democracy and the freedoms traditionally associated with it at the same time as it searches for increased economic freedoms.

A wise man once said, "hungry stomachs do not make good political advisors". It is our objective to use the great wealth, the greater resources, and the great genius which is ours toward strengthening the establishment of a society free from economic insecurity.

We are moving into the second half of the 20th Century, a century which has seen America's productive strength grow beyond the dreams of even the most visionary of our national founders. Today we have the natural resources and the technical knowledge to open up a new vista. President Truman's recent messages to Congress have demonstrated the possibilities that are open to us. Merely by continuing our past rate of growth we can within five years increase in production 20%, which would mean increasing the average family income by about \$1,000 a year. Within our grasp in the next 50 years we can treble today's standard of living which would mean average family incomes of \$12,000 a year.

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

Yet as these possibilities come to mind, there also comes to mind the increasing complexity of our society.

In the not too distant past opportunity was open to all. If a man was willing to make the effort he could have the richest land and the richest resources for the asking.

Today millions of families are dependent on jobs that may disappear tomorrow with no others available. Millions of families live on tiny worn out farms eking out a bare subsistence.

In this the land of plenty - in this the century of progress - we in America still have almost 10 million families, or about one quarter of our population, trying to get along on less than \$2,000 a year.

Here is the crisis we face. Here is why we need a Fair Deal Program working toward an increasing welfare program working toward greater economic democracy.

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 from government activity - 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 tin ware 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.

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 vary largest corporations, those with assets exceeding 50 million dollars.

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 budget 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.

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 Part 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 synonomous, 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 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.

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 provision against the hazards of old age, disability, unemployment and costs of medical care.
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.

This 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 announced 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.

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*Health Program  
last rule*

*Program Covers*

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among those of us who hail from the University of Minnesota. <sup>yes I ever</sup> I remember

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*Read  
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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 <sup>a</sup> the total of 19 highly concentrated industries out of 26 studied. I am more concerned that 3 companies control 100% of the aluminum industry; that another 3 companies control 95.3% of the tin cans and other tin ware 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.

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