

Speech by
SENATOR HUBERT H. HUMPHREY (D. MINN.)
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GENERAL WELFARE AND THE WELFARE STATE

The American people face a crucial political decision. The issues relating to that decision are increasingly becoming clarified through the processes of free discussion.

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 Fifth or that of Stalin, Hitler, or Franco.

The doctrine of democratic majority rule is based on the premise of free discussion, competition of ideas in the market-place of public opinion, and respect for political differences. With this atmosphere 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 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 the Congress when he said that by merely continuing our past rate of growth we can within five years increase our production 20 per cent. By doing that we can increase average family income by about \$1,000 a year. He pointed out that within the next fifty years we can triple 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 cement cities, by thousand acre factories, by 10,000 acre farms, and by the paper corporations that control them. 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 evening 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.

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. There is nothing to fear in change. The very essence of growth calls for slow but steady change. Our faith in change is nothing more than the expression of our faith 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 nations. 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 roll 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. 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 poverty they do not deserve and cannot conquer. Man is looking for something more than economic security, 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 fellowmen 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".

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 16 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.

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 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 Cor,

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. 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 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 1947 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.

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.

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 continue 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 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 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.

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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 damned 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 5½% 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. Or 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.



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