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Reg. U. S. Pat. Off.

Is the Welfare State Fair to All?

Moderator, GEORGE V. DENNY, JR.

Speakers

SENATOR HUBERT HUMPHREY DR. RUTH ALEXANDER



THE LISTENER TALKS BACK

on

“McCarthyism: Good or Bad?”

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THE SPEAKERS' COLUMN

SENATOR HUBERT H. HUMPHREY—Democrat of Minnesota; member of the Senate Committee on Expenditures in the Executive Departments, the Committee on Labor and Public Welfare and the Select Committee on Small Business. In 1942, after several years of diversified experience, Hubert Humphrey was appointed State Director of War Production and Re-employment in Minnesota, and in 1943 he became Assistant Director of the War Manpower Commission in his region. During the next few years, as his participation in political affairs expanded, Mr. Humphrey served as a daily news analyst and commentator for a Minnesota radio station, taught political science in a St. Paul college and was nominated for Mayor of Minneapolis. He was elected to that office in 1945 by the largest plurality in the city's history and was re-elected in 1947. Senator Humphrey is a member of the American Academy of Political and Social Science and the National Citizens' Council on Civil Rights and Vice-Chairman of Americans for Democratic Action.

DR. RUTH ALEXANDER—Radio commentator and syndicated columnist for the *New York Mirror*. A graduate of Northwestern University, Dr. Alexander graduated summa cum laude with a Phi Beta Kappa key. She toured as a concert pianist for three years, and while raising three children, returned to college for her Ph.D. degree in economics. Now, as one of the few women who write as trained economists, she sees herself as one of the defenders of the "traditional America," against "out-and-out socialism." Dr. Alexander has lectured to an estimated 10,000 persons each month of the winter season, and her weekly editorial columns reach millions of Sunday readers of the *New York Mirror* and other newspapers from coast to coast. In July, 1951, she started a fifteen-minute weekly news commentary from Station WROW in Albany.

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Is the Welfare State Fair to All?

Announcer:

Tonight we invite you to join us in the ballroom of the spacious Carolina Hotel in the midst of North Carolina's spectacular long-leaf pines, fragrant magnolias, and picturesque holly trees in Pinehurst, North Carolina, known to golfers as the Golf Capital of America.

We are the guests of the 30th Annual Convention of the North Carolina Association of Real Estate Boards and the Regional Conference of the National Association of Real Estate Boards of Kentucky, North Carolina, South Carolina, Tennessee and Virginia.

Now to preside over our discussion, here is the founder and moderator of America's Town Meeting of the Air, George V. Denny, Jr.

Moderator Denny:

Good evening, neighbors. Whatever opinions you may hold on tonight's question, you're going to be sure to hear both sides praised and challenged, for Dr. Ruth Alexander and Senator Hubert Humphrey hold strongly opposing views on all legislation embraced in the term "the welfare state."

Dr. Ruth Alexander, radio commentator and syndicated columnist for the *New York Sunday Mirror* and for other newspapers, is an honors graduate of Northwestern University, who toured the country as a concert pianist before turning to the lecture platform and to the country's forums to fight for the views in which she believes. Dr. Alexander, will you give us your views on tonight's question, "Is The Welfare State Fair to All?"

Dr. Alexander:

Mr. Denny, Senator Humphrey, ladies and gentlemen. I oppose

the Welfare State, because I believe in promoting the general welfare and not the welfare of those special groups who have been unsuccessful in the struggle for existence common to all.

I believe we must share each other's burdens voluntarily according to the Golden Rule. I do not believe we should covet the goods and services which our neighbor has produced, and I do not believe in legislative charity obtained by plunder of our workers' earnings and administered impersonally on a conveyor-belt basis.

In short, I believe in the greatest good to the greatest number; economically, the greatest amount of goods and services; politically, the highest degree of freedom; spiritually, the tenderest mercy between man and man.

The Welfare State is denial of the greatest good to the greatest number. It dictates every department of our lives, not as an emergency measure, but as the essence of its philosophy that the end justifies the means. If the Welfare State is the wave of the future for our America, then we have been wrong for 300 years in aiming at liberty as the basis of happiness. For the Welfare State would take us down the long dark road backward from freedom to bondage.

In primitive society, tribal man existed at the mercy of others. All were responsible for the welfare of each. Civilization itself began only when each became responsible for himself. When we gradually and painfully outgrew our subjection to a master, we also forfeited the right to be taken care of by a master. The Welfare State substitutes for the head man of the

tribute the paternal state. It's the 20th Century edition of tyranny in the name of welfare.

The economic philosophy of the welfare State is this: If you work hard and save part of your earnings, you will have to support others. If you don't they'll have to support you. The inescapable conclusion, then, is that poverty is the best policy.

In a free capitalist democracy, we can have anything we can pay for. Under the Welfare State, we can have anything we can force our neighbor to pay for through the intervention of a third party, the State. You sober, industrious, self-denying workers no longer have a sense of security in your earnings. No longer can you determine what you will spend or what you will save at your own discretion. You are caught in a tax trap.

Social gains for those who can't or won't pay their own way are social chains for you. You have become the underprivileged classes under the Welfare State of the Fair Deal. The privileged classes are those whose power to produce is below their need to consume through misfortune, error, or intent.

I believe, don't you, that all men have a right to a decent scale of living? But every right has a corresponding duty. The first duty of man to his fellow men is to produce enough to provide a decent scale of living for himself. All will not and cannot produce the same scale of living. Among us there are the advance guard, the rear guard, and the stragglers in ability and application.

It's the function of government to give the stragglers every chance to catch up with the rest of us, but it's not the function of gov-

ernment to give them a living in return for political support, Senator Humphrey.

When the state does assume economic responsibility for the newly privileged classes, no new goods and services, sometimes called wealth, are created. They are merely transferred from those of us who earned them to those who did not.

The beneficiaries of government handouts consume at a high rate in the present, because they aren't worried about the future. The illusion of prosperity is temporarily created, therefor, but actually, wealth declines in the Welfare State. Employing capital, or tools, on which present job security depends, and risk capital, on which future job security depends, are syphoned off by government expenditures in the present to insure both in the future.

The crowning absurdity of Senator Humphrey's Welfare State is that it defeats itself in the long run. The point of diminishing returns is reached when incentive is finally stifled. The workers simply cut down on their own productive efforts. Why not? Would you continue to work at your hardest and save to your uttermost when it led only to punishment by ruinous taxation?

Politically the necessarily progressive handouts of the Welfare State result in perpetuation of the same group of men in power whom we call the State. They pose as benefactors and in their rash claims to infallibility, they promise to guarantee not only the pursuit of happiness, but its possession as well, but the State cannot even pay its own way. Everything it gives it must first take from the workers. It must become an instrument of plunder before it can become an instrument of welfare.

Meanwhile, what happens to our liberties? Freedom is the first casualty of the Welfare State. Liberty is not a means to social ends, but is an end in itself. The Welfare State is death to economic incentive and political liberty. It begins by controlling things. It ends by controlling us. It begins by proclaiming government as our guardian. It ends by establishing government as our master. Is that fair, Senator Humphrey? (Applause)

Moderator Denny:

Thank you, Dr. Alexander. Those of you who have heard Senator Hubert Humphrey, Democrat of Minnesota, on previous Town Meetings, can well imagine his blood pressure has been going up during Dr. Alexander's address. Senator Humphrey is known throughout the country as one of the most effective spokesmen for the New Deal, Fair Deal legislation. He is a member of the Senate Committee on Expenditures in the Executive Departments, the Committee on Labor and Public Welfare, and the Select Committee on Small Business. Senator Humphrey, your views on tonight's question, please.

Senator Humphrey:

Mr. Denny, Dr. Alexander, ladies and gentlemen. The issue in tonight's discussion is simply this. Is the objective of promoting the general welfare a legitimate function of American constitutional government? My answer is *yes*. The United States began as a Welfare State when its constitution charged this government with the responsibility "to promote the general welfare, and to secure the blessings of liberty to ourselves and our posterity."

Now do you imagine, Dr. Alex-

ander, if we were back in 1789, that Jefferson or Madison would want to erase from the Constitution that phrase "to promote the general welfare?" Dr. Alexander, do you imagine that anyone could make them believe that promoting the general welfare threatened or undermined individual freedom and liberty?

Let's get our history straight tonight. The story of American history, of American growth, of American strength is the great dramatic story of a government of the people, by the people, and for the people cooperating in a working partnership with the people. The partnership of government and the people in promoting the general welfare is as much a part of the glorious American tradition as Bunker Hill, George Washington, Robert E. Lee, and the Town Meeting.

Lincoln once said, "the purpose of government is to do for the people what they cannot do for themselves, or cannot do so well for themselves." Alexander Hamilton found it proper for the government to promote the general welfare when he advanced his plan for federal aid and subsidy to manufacturers.

Henry Clay championed federal aid and public works as vital to the American economy. Thomas Jefferson as early as 1806 asked the Congress to approve an immense donation of public land for the National Establishment for Education. Andrew Jackson exercised the powers of government to promote the general welfare in his great fight against the financial monopoly of his day, the bank of the United States of America.

The Homestead Act of 1862 was an expression of the Welfare State in no unmistakable terms. Congress gave away vast areas of pub-

lic lands to individuals and their families. Yes, the very development of the public school system, government aid in providing roads and canals and railroads, flood control projects and improvement of our harbors, the tariff and business subsidies were all acts of the government in promoting the general welfare.

Now these acts of government, I would gather, Dr. Alexander, have been accepted as honorable and right, so what's all the fuss about? Government has always been considerate of the welfare of business and it justly should be. Why then should the opponents of the New Deal and the Fair Deal find government assistance so evil when it is directed to the benefit of farmers, of workers, of children, of the disabled, of the old folks?

The New Deal, the Fair Deal program is but a continuation and a modern expression of the Welfare State. It recognizes the great changes that have been made in our economy by modern science and industry. Generous aid to business still continues; public works, the encouragement of the arts, the sciences, and research; the development of competitive free enterprise are all part of this over-all program.

The New Deal, yes, and the Fair Deal places its faith in the security, the productivity, and the prosperity of the people. With the great and immortal Woodrow Wilson, the New Deal and Fair Deal believes, as Wilson said, that "the strength of this Nation is in its people." The role of government is that of providing minimum levels or floors below which this economy is not to fall.

Government seeks to create conditions that encourage incentive and individual enterprise and

security. And, Dr. Alexander, the record of accomplishment speaks for itself better than any words. National production and national income are at an all-time high. Business profits are at the highest in the history of the nation. Employment records have reached new records. Capital investment, risk capital, Dr. Alexander, is at the greatest level ever in the history of American enterprise. The diet, the education, the health, and the general prosperity of the people today is greater than ever before.

Now is this what you call the formula of plunder, Dr. Alexander? Now call this the Welfare State, call it whatever you will, but one fact stands out: the American people now know that their government is their partner, their servant. The Welfare State programs are the ones that they want and here they are, ladies and gentlemen, for example, an effective price support program for farmers, a sound soil conservation program, cheap electrical power for the farm and the city, development of our rivers and harbors, expanded educational facilities and programs, hot school lunches for the children, social security, unemployment compensation, the development of public health facilities, expansion of our hospitals and medical services, minimum wage, slum clearance, and the encouragement of home construction and home ownership.

Then add to these accomplishments fair play on the stock markets, fair trade in competitive enterprise, and the encouragement of industrial expansion. These are the policies and the programs that you condemn, but these are also the milestones of our expanding democracy.

The programs of the Welfare State, ladies and gentlemen,

strengthen and have strengthened the forces of freedom. They have set the noble example which gives us our faith today and the strength to resist and defeat the cruel relentless forces of totalitarianism in any of its forms. The Welfare State, I believe, is fair to all, and I think it fares very well in these troubled times. (Applause)

Moderator Denny:

Thank you, Senator Humphrey. Well, now, you've heard both sides. Let's hear a little more of both sides before we take the questions from this representative audience. Dr. Alexander, would you and Senator Humphrey step up here and let's have a little more give and take here.

Dr. Alexander: The objectives of the Welfare State, that is, an ideal society of ideal human beings contentedly slaving away for somebody else, I have no quarrel with. It's the means by which they must be attained. The "means" mean going into a compulsory economy. Now the compulsory economy characteristic of today is called socialism, so that the Welfare State appears to be the wolf in sheep's clothing. It is socialism, and it subscribes to the socialist doctrine that the end justifies the means.

Furthermore, when Senator Humphrey speaks of the general welfare, I believe that isn't quite correct. We have had group pitted against group, those who provide the means by which these social gains are put into effect and those who are on the receiving end. When we have government in a paternalistic form, we do not have government *by* the people, we have government *over* the people.

Now he mentioned Lincoln saying that government was to do what people couldn't do well for

themselves, but they can do well for themselves if they are furnished the capital by which they can be employed, because the satisfaction of human want is indefinite. (Applause)

Senator Humphrey: Dr. Alexander, I am very grateful for your remarks and I believe they bear some examination, I was going to say critical, but I'll make them constructive. First of all I think that you failed to understand, or you at least failed to state, that every single policy of this government which has been promulgated, which has been legislated, has been accomplished by the processes of election. We have a free election in the United States every two years. We have an opportunity for the people in this country to participate at local, state, and federal elections.

We have the opportunity of recall, of referendum, of initiative in many of the states in the union. And I submit that it is wrong to talk about a compulsory program when the program is actually itself endorsed periodically and is frequently changed and modified by the will of the people as expressed through election.

Now one other point. Dr. Alexander points out that what this inevitably means, of course, is socialism. I knew we'd get around to that word. Well, just let's see what socialism does mean. Socialism is essentially an economic system, which means that the state is not only in control, but in ownership of the means of production and distribution.

Is the state in control of ownership in this country? What does the report reveal? The recent report of the Council of Economic Advisors reveals that there is more private property in the hands of individuals in America

in 1951 than at any time in our history. It also reveals that the rate of bankruptcy is lower than at any time in the last 50 years. It also reveals that capital investment is running at the annual rate of 49 billion dollars a year. It also reveals that individual savings are running at the annual rate of 21 billion dollars a year.

All I can say, Dr. Alexander, is that you make a fine statement, but the facts are on the side of free enterprise, the facts are on the side of free government. The facts are not on the side of socialism, but on the side of free ownership, individual ownership of property as a working system that is being encouraged and fostered by the government of the United States of America. *(Applause)*

Dr. Alexander: Well, I am delighted to hear that Senator Humphrey is on the side of free enterprise because I know he is the fair-haired boy of the Fair Deal.

He made two points that I must take up. One is the matter of election. I'm speaking of the four-year presidential election. He says they have been free. I disagree with that. They have been weighted. In previous years, the people employed the government as their servant to work for them. The people were the employers and the politicians were the employees. In late years, the politicians have employed the people to work for them in order to vote for them. That's a complete reversal of our franchise. *(Applause)* Now there is nothing free about that type of election, because it is not only estimated but calculated that there are 15 million people receiving checks from the Federal Government—pre-Korea, I mean—and it is natural to assume they would have at least one dependent of voting age. That makes 30 mil-

lion votes in the bag who would hardly vote away their meal ticket.

Now one more point. Socialism does not necessarily mean government ownership of the instrument of production. It does mean that when it's raised to the nth degree, as in the Soviet Union, but under the Welfare State of National Socialism in Germany, private property was permitted as such, but such a degree of control was exercised over it in the interest of welfare measures that the individual had no freedom. And by the way, Hitler was the product of the Welfare State in Germany, not the cause of it. *(Applause)*

Senator Humphrey: Dr. Alexander, I never thought I'd be on a radio program where one would want to compare what transpired in Germany, where there was a complete dictatorial state, a one-party system of the most ruthless qualities, with the election process in the United States of America with all of its limitations. This is a free country, and I'm not going to get on any radio show, Dr. Alexander, and say that the American peoples' votes can be purchased, because I don't believe they can be bought. I don't think they can be bought by any political party.

And more than that, may I say in all due candor that both political parties today — the Republican party and the Democratic party—promise social security, both of them promise unemployment compensation, both of them promise farm price supports, both of them promise rural electrification; so it is not apparently a matter of buying the vote that controls the election, because both parties promise literally the same thing.

What has actually happened in American public life is this, that

the American people are mindful of the days, Dr. Alexander, when the only kind of general welfare legislation we had was the tariff. They're mindful of the days when the stock market robbed the American people. They're mindful of the days when the captains of industry which you say should just make the capital available did not make the capital available. They're mindful of the days when the gold left our banks for foreign shores, and they're mindful of 15 million unemployed, and the farmers of North Carolina are mindful of cheap priced cotton and the farmers of the Midwest are mindful, if you please, of corn and wheat at 8c a bushel and 25c a bushel respectively.

Now I ask you, have the programs which the representatives of the American people put into effect been of benefit? The farmer today has the highest income in his history. Corporate business is running at the annual profit of 50 billion dollars a year. Is that bad? That's the greatest profit in the history of America. I submit to you that the average American worker has a better salary than he has ever had, and there are 65 million people gainfully employed. All it all adds up to is that it's a program that has worked, and it has worked for Mr. Banker, for the insurance company that's sounder today and bigger than it ever was, it has worked for the corporate industry which is stronger and bigger today, it has worked for the druggist, for the filling station operator, for the school teacher, for the doctor and the lawyer and the dentist. It's been a good program, well conceived and well managed. *(Applause)*

Dr. Alexander: Well, talk about that gold leaving this country for

foreign shores—I think we'll let that lie. As far as the Republicans taking over these measures, of course, that's true; and you prove my point exactly that they feel that they cannot unscramble this egg that has been laid by the Fair Deal Welfare State. *(Applause)*

Now just a minute. The whole point of the thing is that it would hurt tremendously to do so for a time, just as a man who is wearing an ill-fitting shoe will get a distorted foot and when he puts back a well-fitting shoe he finds it's uncomfortable. The first think we should do to unscramble it is not to offer more of same at wholesale prices but, Number One, go back on the gold standard so that our money has security. The people cannot have security unless their money is secure. Inflation is the very essence of insecurity. *(Applause)*

The second thing they should do is to require that all charity, legislative or otherwise, should be at local levels.

Now one word more about the fact that we all have higher incomes. Of course we have. We have cheap dollars. We have a 53c dollar. Naturally it takes a lot more dollars to buy the same loaf of bread or pair of shoes than it did some years ago. And remember that no matter how high industry may produce, when money is constantly poured into circulation by the government through its deficit financing, this spread between the quantity of money and the quantity of goods and services produced can never be closed. *(Applause)*

Senator Humphrey: Dr. Alexander, you an eminent economist and I know that you would not want to be untrue to your profession. I have spent a little time

in the field of political economy myself, and Dr. Alexander, you know beyond the shadow of a doubt, you know as a matter of the record of Dun & Bradstreet, of the City National Bank of New York, of the Brookings Institute, and the 20th Century Fund, and a host of others that real wages today, real wages, which is the adjusted dollar on the basis on the earnings of the individual, are higher today than they have been at any time in the history of this country. Real wages are higher today than they have ever been.

You also know, Dr. Alexander, that American capital is earning more money percentage-wise on its capital investment today than any time within the last 50 years.

Now let me just point out—and this is a matter of record—

let me just point out one further point and I shall yield on my case. Dr. Alexander talks about the waste of our money and about the inroads of bureaucracy in big government. I'd like to ask Dr. Alexander about this little example. In 1935 in this country less than 30 farms out of every 100 had rural electrification. In 1950, Dr. Alexander, 86 farms out of every 100 have rural electrification, and it has been good for everybody—the private power company, the electrical utility distributor, the farmer, the American economy, the productive mechanism of this country—and it's been done without costing the government, the taxpayer one dime. The farmer has paid his way through the Rural Electrification program. *(Cries of dissent)*

QUESTIONS, PLEASE!

Dr. Alexander: Thank you very much, Mr. Denny. I couldn't let that pass. He mentioned the National City Bank. I have figures here direct from the National City Bank. A dollar in 12 years has lost nearly half its value, and when Mr. Truman made his speech at San Francisco the other day, he gave correct figures on incomes, but he forgot to mention the matter of taxes. *(Applause)* Now you understand that one of my objections to the Welfare State is what it does to posterity, because by building this enormous debt in the interest of welfare measures, our children and grandchildren will be saddled with debt. A government debt is a tax deferred.

That is all I wanted to say on that except on this private utility business. He said no cost to the government, the farmer has paid.

Why, that private thing called the TVA down there in Tennessee has paid no interest on the money it got from the government. It has paid no government taxes, and therefore its cost cannot possibly be compared to the cost of private utility companies which must pay an interest on the risk capital they get and must pay taxes to the government. The analogy is not good.

Senator Humphrey: Dr. Alexander, I do not wish to engage in an argument with you on conjecture. I merely want you to face up to what the public law of this land requires. The public law of this land requires a 3 per cent interest payment upon Bureau of Reclamation projects, upon the Tennessee Valley Authority capital investment. You know it and I know it, so why should we distort the facts? More important than

that, Dr. Alexander, you were not reading from the City National Bank. You were reading from Newsgram of the United States News, and may I point out that the value of the dollar has nothing to do with the matter I was talking about—real wages. Real wages is exactly what I pointed out—better today than it was in 1939.

Lady: Dr. Alexander, isn't the Welfare State really unfair to its beneficiaries and constituents in that it denies them the opportunity of rendering service to others?

Dr. Alexander: Oh, yes, I think that beneficiaries of the Welfare State don't get much, and they must consume all that they get in most cases. They are unable to be generous with any surplus, if that's what you mean. It destroys the mercy of small men for their fellowmen. There is no question about it.

Man: Senator Humphrey, on the question of free election, do you favor a referendum on a local level for public housing?

Senator Humphrey: Why, I think that's a matter of decision for the locality. I do not favor it in the federal law. My own feeling is that the Congress of the United States, when it has the right to legislate, has the right to legislate completely. Definite authority is given to the Congress through the Constitution. I happen to be an advocate of public housing in limited areas. I believe in slum clearance as the primary objective of public housing, and since I am addressing realtors, may I say that since we seem to have some antagonism here towards government activities, possibly I am to gather that we should no longer have F. N. M. A. Possibly I am to gather that we should do away

with government guaranteed mortgages for home ownership.

I don't think you really want that, because that has been the great boon of the building industry, of the real estate industry, and of the American family, and the American home, and I want more of it because it means good things for the American people.

Man: Dr. Alexander, after noting trends away from socialism of the Welfare State in a good many areas of the world, notably New Zealand, Australia, and now in Britain, does this not impress you?

Dr. Alexander: Well, it moves me very much to feel that the Anglo-Saxon peoples of the world are finally weighing the advantages of the Welfare State against the disadvantages of the total state. While Senator Humphrey was speaking, I went and got my National City Bank right out of the briefcase—they were both yellow papers, you see—and exactly what I said is true and will be borne out by Mr. Randolph Burgess.

Mr. Denny: Suppose you pass that to Senator Humphrey now. Let's take the next question.

Man: My question is to Senator Humphrey. Is it not true that the Welfare State stifles initiative and competition and therefore stifles progress?

Senator Humphrey: Well, I must surely take a different point of view than that which is expressed by the question. First of all, I think that which stifles competition more than anything else is monopoly, which destroys competition. And one of the purposes of the so-called Liberal Welfare State Program is the enforcement of the Federal Trade Commission policies, the enforcement of the Clayton Anti-Trust Act, the Sherman Anti-

Trust Act, the promotion of small business enterprise. And I think the facts bear me out. Again, I do not wish to get engaged in a game of polemics or semantics. All I ask you to do in all candor is, not to believe me—I do not ask that—I ask you to go to any research institute, go to the Brookings Institute, one that I consider impartial, objective, a private institution, and ask them this question: "Are there more private businesses in America today that are solvent, that are making a profit, than there were, let's say 15 years ago, 20 years ago?" The answer is unmistakably yes. I ask you to go to any private research institution, not to your government, which you apparently distrust, but go to any private institution and ask whether or not the rate of profit on invested capital today is better now than it was in, let's say, 1920.

I ask you to go and find out whether or not the rate of invested capital, the amount of capital being invested for capital goods purposes, is greater today than it was twenty years ago, and the answer is unequivocally yes. We are at the highest rate that we've ever been in the last three years. It's been going forward year after year, so I submit that private industry has benefited.

Where is the national ownership? Have the railroads been nationalized? Has the electrical power industry been nationalized? Has the home building industry been nationalized? Has the drug business been nationalized? Has the banking business been nationalized? Of course not. But the banking business today is more solvent, it's stronger, it's more secure, and the people have more faith in it than at any time in the history of this republic. Why? Federal Deposit Insurance, if you

please, by the government of the United States of America, the Welfare Government.

Mr. Denny: Thank you, Senator Humphrey. Dr. Alexander has a comment.

Dr. Alexander: Yes, I want to, very very much. On the question of monopoly, the Welfare people seem to think that monopoly is an attribute of capitalism. Quite the contrary, capitalism is based on competition. Now the great monopoly of all is the monopoly of the Welfare State in which the state becomes gradually the sole producer, the sole distributor, the sole employer; but it is never the creator. That's the unforgivable sin of the socialist welfare state. He says we have laws on our books against monopoly, and we have, but they came before the Welfare State.

He talks about the enormous numbers of businesses in the United States. I believe he's the head of the Small Business group in Washington, and if I understand it, they've been putting in complaints at Washington for years. It's almost impossible these days for a man to start a small business. He cannot get risk capital from people who have large incomes, because their surplus has been siphoned off by taxes. He can't get employees, because their wages are so tremendously high, due to this constant urge that they must have more in order to take care of the ones who do nothing or do little.

Senator Humphrey: Very briefly, I am proud to be a member of the Senate Committee on Small Business, and it is perfectly true that we act as a watchdog over the entire economy in relationship to small business to big business, but I want to point out that the

small businessmen of this country came before our committee and asked their government, this Welfare State government, this "terrible government" that Dr. Alexander has been talking about, to establish the Small Defense Plants Administration, which we did, and which does what? Which gives the small guy a chance to compete, which gives the small entrepreneur a chance to get capital at low rates of interest so that he can get a start in life. This is the Government of the United States doing this for the people of the United States.

Mr. Denny: I want to call on a small entrepreneur from Greensboro over here, my old classmate Runey Boone, who has a question.

Man: I was going to ask Dr. Alexander what specific welfare legislation she would like to have abolished. I think she has already answered that question for me.

Dr. Alexander: Let me have one second. I would drop it all and make it possible for people to pay their own way by the accumulation of tools and technological improvement.

Now a moment about the small businessmen coming to their government, hat in hand. It isn't hat in hand. Government subsidy is a very different thing from a government handout. The purpose of government subsidy is to help the citizens create wealth. The purpose of a government handout is to transfer wealth, transfer goods and services to those who have not created them from those who have, and the eventual out-

come of that transfer of wealth means a decline in wealth so that eventually the whole thing cracks up.

Senator Humphrey: I'm very glad to get one concession here that government subsidy does have some value now. In other words, we do understand now that the government can be of help in subsidization such as REA, such as Federal Housing Administration, such as the Small Defense Plant Administration. These are matters of government assistance. Now in the matter of the so-called charity case, I simply would point out this, that any economy that's as big as ours, that's running at the annual rate of over 300 billion dollars a year that cannot provide for its disabled, that cannot provide for its veteran, that cannot provide for its old person that's on the economic ash heap, that cannot provide for its handicapped is an economy which has lost its soul, and thank God that this economy has not lost its soul and that we do provide a modicum, pittance, if you please, of subsistence for the kind and good people of this land that are in the dark days of their lives.

Mr. Denny: Thank you, Senator Humphrey, Dr. Ruth Alexander, and thanks too to our host, the North Carolina Association of Real Estate Boards, especially Mr. Earl Stapleton and Mr. Henry Koontz who has just received the Glendenning Award for outstanding service to this organization.

So plan to be with us next week and every week at the sound of the Crier's Bell.

FOR FURTHER STUDY OF THIS WEEK'S TOPIC

Now that you have read the opinion of the speakers on the subject "Is the Welfare State Fair to All?" you are probably ready to draw your own conclusions. Before doing so, however, you may want to consider the following background questions.

★

1. What is the philosophy behind the Welfare State?
 - a. Are its objectives worthy and necessary?
 - b. Do you consider the present Fair Deal a Welfare State?
 - c. Has the Welfare State succeeded in improving the welfare of U. S. citizens?
2. Is "Welfare State" a scare word which people attack, while approving specific measures such as old age insurance, unemployment insurance, aid to the needy, and low-cost housing?
3. What alternative is there to the Welfare State, which will adequately provide for the needs of those who cannot meet their problems without aid?
4. Is security a basic human desire, and does the Welfare State provide that security?
 - a. Can the Welfare State provide security while the Federal budget is unbalanced?
5. Is the Welfare State a threat to democracy and a step towards Socialism or Communism?
 - a. Or does it, by providing the security which Communism promises but does not fulfill, serve to limit the spread of Communism?
6. Are the following objectives of the Welfare State fair or unfair? Why?
 - a. Providing whatever medical care any individual may need.
 - b. Providing sufficiently large unemployment and disability benefits to maintain a decent standard of living, rather than just enough to "get by."
 - c. Providing as full an education as the individual's intelligence, rather than his family's financial situation, warrants.
 - d. Extending the housing program to the middle classes.
 - e. Developing natural resources by government agencies according to the needs of the people in certain areas (e.g., TVA.).
 - f. Redistribution of part of the national income, fiscal policies, and planning of business activities to reduce unemployment and keep production at a high level.
7. Does the Welfare State tend to stabilize our economy by averting the "boom and bust" pattern of the past, or does it make our economy too inflexible?
8. Does the Welfare State cost too much, or is its cost proportional to its benefits?
 - a. Is the Welfare State a "soak the rich scheme" or an implementation of the theory that Government exists primarily to serve the welfare of the people?
9. Is "promoting the general welfare" compatible with "providing the blessings of liberty for ourselves and our posterity"?

THE LISTENER TALKS BACK

"McCARTHYISM: GOOD OR BAD?"

Program of October 2, 1951

Senator Richard Bolling

Charles J. Kersten

DEFINITION

Thank God for McCarthyism, for it means courage to stand up and fight for the right, no matter what calumnies you bring down upon yourself.—I. C. VIOLET, Kansas City, Kansas.

McCarthyism has been . . . a one-man Gestapo. — WALTER SPENCE, Springfield, Ohio.

THE MEANS AND THE END

I am for (any) man who has the guts to stand up and fight a bunch of Communists, near-Communists, and sympathizers. I don't think McCarthy's methods are unethical. If they are, his opponents' methods are more so.—K. B. VAN WOERT, Palo Alto, California.

There is the necessity of vigilance against Communistic control of Government men, but such an inquisition as McCarthy has fostered is vicious. Altruistic persons who were fooled by Communism's claims and who later repudiated (Communism) should be respected, not ruined, if they have in no way harmed America. The object of McCarthyism is praiseworthy, cleansing the Government. Had it been carried out with Kefauver dignity and justice, that would have been different. But the McCarthy attitude is a shame to be seen by all the world, a hysterical, suspicious, noisy America, afraid and vindictive. No republic can allow the methods of the inquisition to be used and still remain democratic.—BEULAH S. JENNESS, Palo Alto, California.

As far as the good or bad is concerned, McCarthy is employing the only practical method by which Communist fronts can be broken

up. We in Wisconsin hold to the age-old maxim, tell me whom you associate with and I will tell you who you are, or birds of one feather will flock together. — F. BAUMANN, Milwaukee, Wisconsin.

Senator McCarthy's open destructive accusations against American citizens without proof of guilt has aroused suspicion in every realm. Universities are suspicious of any teacher with liberal ideas. The harm done to all Americans has been great. On the other hand, this division and name-calling among our leaders must prove gratifying to the Kremlin. Had this great outburst against Communism not been used to gain notoriety and power, persons in our State Department under suspicion could have been quietly investigated and, if found guilty, dismissed.

I am heartily in sympathy with Senator Benton's efforts to rule Senator McCarthy out of the Senate as unworthy of that important office.—MRS. F. E. ELLSWORTH, Detroit, Michigan.

McCARTHYISM AND AMERICANISM

The question "Is McCarthyism good or bad?" is the same as asking "Is Americanism good or bad?" McCarthy, next to MacArthur, is one of the greatest Americans of modern times. Joe McCarthy has caused me, a lifelong Democrat, to wake up to the perfidy in high places. He caused me to place America before party. I am the father of 13 children, 12 living. I am thinking of their future. We are and have been betrayed.—CHESTER A. NOLAN, Seymour, Indiana.



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STATEMENT OF THE
HON. HUBERT H. HUMPHREY OF MINNESOTA ON
"THE WELFARE STATE"

Town Meeting of the Air, November 1, 1949.

Mr. Denny, and my colleague and friend, Senator Brewster. The question before us has been well stated - "Are we depending too much on government - our government - for our general welfare?" My answer is a categorical "No".

For the purposes of brevity and to fit this debate within the context of a very critical election such as you have here in New York, this question boils down to the issue of the so-called welfare state. I'm using the term "welfare" deliberately for the very word itself has recently acquired, here in New York and elsewhere, a political definition that far overshadows its accurate definition.

On the tightening battlefront between the Tory, or conservative, concept of government and the liberal, we hear a great deal these days about the welfare state. The Republican leadership in Congress and in New York have seized upon this phrase to express their opposition to all progressive social legislation. Perhaps it would be more accurate to say their fear of all progressive social legislation.

Those who besmirch this honorable and constitutional term - welfare - are resorting, in my mind, to a standard communist practice or tactic of taking an ordinary, decent, wholesome word within the democratic vocabulary, and distorting its meaning.

The Communists have attempted, for example, to adulterate the word "democracy". And I charge that the Republican high command is attempting to adulterate the word "welfare". To deride and to mock this word "welfare" is to betray the very fundamental tenets of our Constitution.

Now do you imagine that if we were back in 1789 that Jefferson and Madison would be persuaded to omit the word "welfare" from the Constitution?

Do you imagine that anyone could make them believe that the "general welfare" was not related to individual freedom and liberty?

Do you believe that this affirmative responsibility of government, to promote the general welfare, had something to do with the loss of individual freedom, as the opponents of welfare legislation would now have you believe?

Let's get our history straight tonight. It was the concern over the plight of the ordinary plain citizen that led to the throwing off of the yoke of a tyrannist government and the establishment of American freedom.

The state or the nation that our founding fathers established 160 years ago was a welfare state. This is proclaimed in the Constitution. It has been underlined and implemented down through the years by the many acts of Congress and by the great decisions of our Supreme Court.

Tonight we ask ourselves, then, "Are we depending too much on government for our general welfare?"

My answer, again, is "No."

In our concern for the general welfare, we, the American people, are working in the vineyards of American Constitutional democratic government. The welfare state is what we've been striving for ever since 1789. This welfare state has required some regulation and much federal aid. Lincoln gave us a concise and meaningful definition when in 1854 he said, "The purpose of government is to do for the people what they cannot do for themselves, or cannot do so well for themselves." Lincoln identified our government with the people.

here Alexander Hamilton found it fitting and proper for the government to promote the general welfare when he advanced his plan for federal aid to manufacturers. This was the beginning of the use of government for the promotion of the general welfare.

Henry Clay championed federal aid, internal improvements, and public works as vital to the American economy. The development of the public school system, the disposal of the vast public domain, government aid in providing roads and canals and railroads were all acts of our government in promoting the general welfare.

The partnership with the people in promoting the general welfare is as much a part of American tradition as the Boston Tea Party, Bunker Hill, or Yorktown.

Then, what's all this argument about? What's all the fuss and fury over?

My answer is, the argument centers around the application of the term, "general welfare." In other words, whose welfare, and how is it to be done?

There are two distinct theories about the use of government for promoting the general welfare. The first, historically known as the Hamiltonian Theory - in our time championed by Republican leadership and known as the "trickle down" theory - provides for subsidies, tariffs, and direct aid to business. The political advocates of this "trickle down" economics believe that, to promote the general welfare, you load the table of business and rely upon the crumbs that fall from the table to sustain the people. We saw this theory in operation from 1920 to 1932.

The other theory of promoting the general welfare is best known as the New Deal - Fair Deal - Program. It places its faith in the security, in the productivity, and in the basic prosperity of the people. The New Deal - this Fair Deal - is a system wherein government agrees to underwrite certain levels of employment in common education, social security, and housing for all of its citizens.

The government does not try to do all of these things, itself. But the government seeks to foster conditions that encourage maximum private and individual enterprise. The role of government is that of providing minimum levels or floors below which the economy is not to fall. The emphasis is on a sound foundation, above which the individual enterprise may grow and prosper.

History has demonstrated for us that the "trickle down" theory, alone, does not insure the general welfare. This theory provides for special welfare. It is too limited. It fails to recognize the needs of our people.

Government has always been considerate of the welfare of business, and it should be. Why, then, should the opponents of the Fair Deal find government assistance reprehensible when bestowed upon farmers and workers, and yet beneficial when bestowed upon business? We may well wonder why this brazen, boisterous opposition to government assistance.

Do we hear that we should discontinue our program to aid and comfort business? Do we hear that? Are those who are now crying out against the welfare state asking for lower tariffs, and the elimination of subsidies to shipping and transportation?

Are they asking for an increase in postal rates so we won't have to give subsidies to magazine publishers and the newspapers?

Do they wish us to do away with federal aid in safeguarding our navigation?

Of course not.

These welfare state programs are the ones that they want. These welfare state programs make dollar sense to these modern Tories. Then what programs and what legislations are these self-appointed guardians of their kind of free enterprise so bitterly attacking?

Here they are: Effective price supports for farmers, school lunches, adequate social security, unemployment compensation, development of public health facilities, more adequate distribution of our splendid medical services, sound soil conservation practices, the developments of our rivers and our harbors, cheap electrical power, minimum wages, slum clearance, and low-cost public housing. These are the targets of those who would abuse the term, "welfare".

Now, call this the welfare state, call it what you will, but one fact stands out in bold relief - the American people now know that their government is their partner and their servant.

Facts and figures conclusively prove that American business has never been bigger, it has never been richer than at this very day and hour. The facts and figures prove that the New Deal has helped business. In fact, it has saved it.

The Fair Deal has made business more profitable than at any period in our history. This prosperity, then, is based on the sound foundation of the prosperity and the increasing security of the American people. It is a prosperity underwritten by a firm and sound economic base of fair deal and welfare state legislation.



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