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## INTRODUCTION

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For many centuries and in many lands, the problem of social security has challenged the best efforts of man. In our occidental world the profound changes of the industrial revolution loosed technological and social forces which made it impossible for either the family or the churches to do the necessary job of caring for the needy, even when aided by other voluntary associations. Our own governments, which had been called upon to guarantee constitutional rights and privileges and to defend our borders, have now also been called upon to guarantee to every citizen the right to his place as a worker and the right to income received under conditions compatible with self-respect when he is unable to work.

It is not by accident that public aid policies are adopted by our governments, for without social and economic security there can be no true guarantee of freedom. Our efforts to establish life, liberty, and the pursuit of happiness are not effective unless and until they rest on a firm foundation of social and economic security.

As the National Resources Planning Board has reviewed the report and recommendations of its Technical Committee on Long-Range Work and Relief Policies, it has been impressed with the continuing struggle to keep our actions, both personal and governmental, in line with our ideals.

This report is concerned particularly with making adequate provision for those who have no means of livelihood or only inadequate means. Some of the causes of suffering are personal in character. These must be dealt with as personal problems. The physician, the social worker, the teacher, and the churchman have important roles in meeting the needs of people who suffer from personal maladjustment. But the suffering which comes from economic maladjustment is just as real as that which comes from personal. We shall not be satisfied until we have grappled with and succeeded in changing those phases of our life which must be adjusted if our need of minimum security for all is to be met.

It is sometimes alleged that a complete system of social security would ultimately have the effect of discouraging self-reliance and even fostering unemployment by destroying the incentives to industry, by removing the rough but salutary influence of discipline. There are doubtless some marginal persons who would deliberately choose to avoid work even if guaranteed a minimum subsistence. But these must be balanced

against the millions of cases where deep anxiety, haunting fear of want, acute suffering and distress blight and sear the lives of men and women, and children, too. Most of the drifting souls are those on whom the door of hope has been closed either by nature's equipment or by the unfortunate circumstances of unkind social experience. The cure for this lies in the cause. We must and do assume that the bulk of mankind who are able to work are willing to work, and that they will strive for something more than a doghouse subsistence on a dole. Discipline that is enforced by deprivation of the elementary necessities of life, the discipline of cold, hunger, illness, should not be permitted to operate below the level of a minimum standard of security, certainly not in a land of plenty where there is enough to go around. Above that level, it is not fear but hope that moves men to greater expenditures of effort, to ingenuity and emulation, to sharp struggle for the values they seek in life—hope set in a framework of justice, liberty, fair play, and a fair share of the gains of civilization.

Four main points seem to need emphasis:

First, that our economy must provide work for all who are able and willing to work. Included in this is a special responsibility for an adequate youth program which should be an integral part of any governmental undertaking to establish security. This will be peculiarly true in the post-war period.

Second, that for great numbers whose work is interrupted, the social insurances must carry much of the load of providing adequate income.

Third, that where the insurances or work policies fail to take care of an interruption in income, adequate guarantees of minimum aid and assistance must be given both to individuals and families through a general public assistance system.

Fourth, that where adequate services essential to the health, education, and welfare of the population are not available, public provision should be made for the development of such services.

But no one of this series of proposals should be expected to solve the problem of insecurity. Taken together they constitute a rounded and integrated program. Any one of them standing alone can be criticized as inadequate, and properly so. Unfortunately, complete and well-rounded programs seldom can be adopted at one time. Living is so complicated and our system so intricate that to change it except step by step may create stresses more serious than the evils the

program is designed to correct. The program suggested here is not of that kind. It is all within the realm of practical realization.

Looking at these main points more closely:

I. There must be work for all who are able and willing to work. We all accept this principle. In our industrial society the limits to what one individual can do by himself are circumscribed. The day when individuals and small businesses completely dominated the economic scene is gone. The great centers of initiative and work creation are found in corporate or governmental enterprises. Such enterprises are private, quasi public, and public. The governments (cities, counties, States and Federal bureaus and courts), in addition to their job as suppliers of services, perform integrating and regulating functions in the field of employment.

We can have work for all, and we can have much higher levels of income, particularly for the lowest income groups. Full employment makes possible these higher income levels, and without full employment such levels are impossible. The National Resources Planning Board has repeatedly stated its conclusion, based on careful study of American resources, that full employment and high national income are indispensable parts of the American goals for which we strive.<sup>1</sup>

But full employment and high national income can be achieved only if national and international policies are followed which will make for these objectives. For example, it is sometimes stated that our international trade creates such a small percentage of our national income that we could forego it without serious damage. But a "small percentage" of our national income is of the magnitude of several billions of dollars. And roughly speaking it takes a million workers to produce a billion and a quarter or a billion and a half dollars of national income. So a reduction of a "small percentage" of the national income as a result of our international trade policy may cut the national income by several billions and result in related reductions in the volume of employment. Readjustments affecting employment and income for millions of people are not easy to achieve.

As a further example, it should be noted that fiscal policies are of major significance in achieving and maintaining full employment. A shift of a billion dollars in the Federal budget can mean employment or unemployment for a million workers whose jobs are dependent on government initiative. A shift in

the burden of taxes from low-income groups to high-income groups can mean the difference between continuous activity and interruption of activity; it can mean employment or unemployment.

As still another example of the many-sided problem of establishing full employment and high levels of income, we might refer to some of the issues in labor relations policy. What can be done to encourage the types of policies which will stimulate employment? Statesmanlike union leaders and managers have studied their joint problems from this standpoint. But too often the struggle for power between management and labor or between rival labor organizations has pushed these major problems of income and employment into the background.

The same issue has been at stake in our years of struggle over antitrust policy. When does monopolistic power restrict employment, opportunity, and the expansion of national income? When does competition become destructive of labor standards and produce poverty and wage slavery instead of full employment and high incomes?

Examination of other fields of policy would quickly indicate their relationships to full employment.

When the Board endorses the recommendations for a Federal work program made by its Technical Committee, it is more concerned with the result than the details of organization. A work program was part of the early FERA relief undertaking which was administered by the non-Federal governments. WPA itself, administered by the Federal government, was part of a larger work program. It has been demonstrated that when imagination is used a work program can be modified to fit the changing demands of growing employment and the requirements of a nation moving into an all-out effort to arm itself for protection. Programs were adjusted to provide services where local government was weak and where individuals could not help themselves. A work program can be carried out by financial grants to local governments or by a Federal work agency administering a multitude of projects. At times competition may arise between agencies engaged in the same kinds of projects. Such competition may well be encouraged just as we encourage competition in private industry, and should be limited only when duplication becomes wasteful. At different times and at different places varied methods must be used. But we are convinced of the necessity for government initiative both in stimulating sound general policies and in carrying out a work program if the broad objectives of security are to be achieved.

II. While full employment is necessary to high levels of national income, even full employment does not establish that continuity of income which indi-

<sup>1</sup> See National Resources Development Report for 1942; After the War—Full Employment (1942); Development of Resources and Stabilization of Employment in the United States (1941); Economic Effects of Federal Public Works Expenditures (1940); Structure of the American Economy (1939), etc., etc.

viduals and families must have. A considerable number of our people reach advanced years unable to work and in need of income. Nearly all have time "between jobs" for which they are unable to provide. Sickness or disability from various causes interrupts the steady flow of income of others.

Military service has long been recognized as establishing a claim against the Government, and pensions and special insurance rights have been a part of our system for many years. More recently we have come to recognize that any person who makes his contribution to our national life is entitled to protection against the necessary interruptions of income. Thus, the establishment of the social insurances through the Social Security Act provides an orderly system by which workers will receive income in their old age. It provides for income during involuntary unemployment. The great blank in the present system which remains to be filled has to do with invalidity or health insurance. Some scheme for taking care of this need is necessary to maintain high levels of working efficiency.

In all the provisions for insurance it should be remembered that "insurance" refers to income and not to some form of mathematical or actuarial relationship between money collected from and money disbursed to any individual. Social insurance agencies are not and cannot be regarded as something wholly independent of other governmental activity or other economic activity. Contributions or pay roll taxes are indeed taxes. Earmarking by requiring a separate accounting does not change the influence which they have on the general movement of the national economy. Likewise, the payments of the system influence the economy as does any other measure which redistributes income, both individual and national. The amounts involved in the insurance system are so large that they cannot be disregarded in the determination of national fiscal policies or in budgetary procedure. In the final analysis the guarantees provided by the insurance system are the guarantees of a people's government to the people.

III. The machinery of the social insurances, however, is not suited to all situations and persons. For some the income from the insurance system will always be inadequate by any standard. Others will fail through no fault of their own to establish eligibility for insurance. Still others will require personal care and rehabilitation which only an adequate system of individualized public aid can provide.

In the present state of affairs it would seem that such a system can be made available only if a Federal grant-in-aid for general public assistance is made to local governments. But it cannot too strongly be

stated that individualized aid need not be allowed to degenerate into a form of dole. Neither is it a substitute for work or insurance. It is a necessary complement to provide for those gaps which occur in any system. Furthermore, it protects the special programs from abuse. It must be administered as a complement to and not as a substitute for other parts of a comprehensive program.

The incapacity of local jurisdictions to finance their own services is no reflection on their competence. It reflects the inability of local government to tap the streams of wealth created by an economy which operates on a national and international basis. Large-scale corporate activity is rarely subject to local control except in a technical sense. And the community with the power to tax could usually meet its own needs with a small portion of the funds thus available. Thus, Federal aid is essential if "local" burdens are to be borne or certain needy parts of the population are not to be penalized.

IV. The three principles which have briefly been mentioned all bear directly on the problems of acute personal need arising from the instabilities of our economic system. Full economic activity and full employment are our first need. Stabilizing of the income flow through a social insurance system is a second. The third requirement is that an adequate general public assistance system provide for those accidental and incidental needs which neither a work program nor an insurance system can supply. But a fourth element is closely related. We have become aware of the need of low-income persons for higher levels of services: access to education, to medical care, to recreational and cultural facilities, to adequate housing and other community facilities. While the insistent needs of some of our poorest citizens have made the provision of these services part of a public aid program, they are of great importance to all members of our society. The truth is that the levels of national income which we seek can apparently not be achieved unless these untapped services can be unlocked and made available to all. High national productive efficiency can be achieved only by wide diffusion of these services. They are no longer relief. They are the necessities of a people mobilizing their strength for a struggle which calls for their utmost in capacity; or for a people which need no longer divert its energies to destruction.

The Board has indicated its full concurrence with its Committee in regard to the necessity for a public aid system geared to a program for high national income and full employment. We have passed the stage when "financing the program" need be more than a technical problem. If we measure the physical and intellectual stature of our people and our vast national

resources, financial problems need be no hindrance. Their complexity need not stand in our way. We require only the will and the courage to make full use of our national resources.

If we take these objectives as seriously as we take national defense—and they are indeed a fundamental part of national defense—the ways and means of obtaining the objectives are ready at hand. On the basis of full employment and of a national income at say one hundred billion dollars, all the proposed services can be provided. It is not the provision of these basic services that would threaten the security and prosperity of the nation, but it is, on the contrary, the failure to develop the purchasing power implied in these services that drags down our national income from time to time and everything with it to a lower level. But operating at half capacity or, as we once did, at a level of \$43,000,000,000 of national income, we cannot provide these services, nor can the national economy be operated effectively. On a high-level income these services are not only possible but are indicated as indispensable, even from a narrow economic point of view. From a broader human democratic point of view these guarantees of minimum security are equally indispensable.

In commending this report as a whole, the Board has chosen to select and emphasize some parts which seem of highest significance. This is not to minimize the remainder but to stress the broader perspective. Perhaps the program and policies which the Technical Committee was asked to review and reformulate were misnamed. It might have been more accurate to ask for a review of certain phases of a program for the development of our national income and the stabilization of employment. Certainly the program and policies suggested are an inherent part of a program for the maintenance of these high objectives.

With respect to the implementation of the broad policies and objectives presented by the Technical Committee, the Board commends in general the ways and means suggested, without, however, endorsing all

of them in every detail. In particular the Board wishes to emphasize the importance of strong Federal leadership in the movement to establish freedom from want, and access to minimum security for all our people. It is essential that the forms of national aid should pay due regard to the genuine interests of local self-government and of unofficial associations, and should avoid excessive entanglement in jurisdictional problems. The full employment of our national resources of men and materials is a problem in which the cooperation of Federal and non-Federal agencies, of the home, the neighborhood, the church, the social agencies, and the associations of innumerable types, of industry and agriculture, of labor and management, is indispensable, and will continue to be; but the Federal government cannot escape national responsibility for its share of broad and effective leadership, in truly national aspects of the problem.

Further the Board wishes to emphasize the importance of maintaining on all levels the highest possible standards of administrative management of public work, of social insurance, and of public assistance—in the management of personnel, of finances, of planning. There is no place in this program for partisanship and spoils, for reckless, careless or imprudent expenditures, for muddling and unplanned operations, or for any outmoded schemes of organization.

Some may urge that such a program must be set aside until the war emergency is ended. But to postpone until the war is over will be too late. We should move now on the major changes needed to set our house in order.

It is easier to make these changes when employment is high, and it is easier to keep employment high than to lift it once it has declined. Furthermore, we cannot be blind to the fact that national morale is mightily influenced by consideration of what will come when a warring world will be replaced with one more devoted to the arts of peace. Shall that period be a return to the inequities of the past, or a forward movement toward the promise of the future?