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SOCIAL SECURITY MOVES AHEAD

THE Social Security Act has one objective—to set up safeguards against some of the major hazards of our common life. Already it is offering a very real measure of protection to millions of our people.

All but seven of the 48 States are administering one or more public assistance programs providing for over 1,400,000 of the needy—the aged, the blind, and children who have lost the support of their natural breadwinner. A large proportion of the industrial population of America is now covered by State unemployment compensation laws. In every State in the Union public health services have been expanded and strengthened. Substantially the same is true of maternal and child welfare services and of vocational re-education for the handicapped. And on January 1, when the system of Federal old-age benefits becomes effective, approximately 26,000,000 workers will qualify for old-age protection which entitles them to a life income after their productive days are over—an income earned through their own thrift and industry.

The Act is working—working rapidly and well. It is a going concern. It has moved ahead because it is doing a job that was desperately needed, and because in doing that job, it is using the familiar tools and existing machinery of our local, State, and Federal Governments.

The Act was not merely desirable. It was imperative. The pressures and uncertainties of our complex life had increased beyond endurance. In recent years millions of Americans have learned, bitterly and at first hand how it feels to face the hazards of destitution in childhood, of unemployment during working years, of dependent

poverty in old age. In 1934, eighteen million men, women, and children were forced to turn to emergency relief as their only means of support. Ten million workers had no jobs except those provided by relief projects. In those same years business and industry learned what happens to their earnings when the working man loses his pay envelope, and the consumer his buying power. In those years, too, most of our cities and counties and States learned what happens when a community strains its resources to the limit—and still cannot assure the bare necessities of life to its citizens. Whatever our faith in rugged individualism, whatever our feelings of local responsibility, the plain fact is that for three years before the passage of the Social Security Act the Federal Government was compelled to carry the largest share of the public welfare load in all parts of the country.

The depression taught us that security is a problem for the nation, as well as for the individual and for the community. Until its onslaught we had been pretty much a nation of ostriches, each of us hiding his head in his own little sand dune. Within a short time we were rudely snatched from this shortsighted confidence and forced to admit that even our great resources, unless properly organized, are not in themselves bulwarks against insecurity.

Yet we still did not believe this was a lesson which must be learned "for keeps." We recognized that we were facing an emergency and that it demanded the participation of the Federal Government. But the need for an organized, nationwide program was generally thought to be temporary. Finally, after three years of "emergency" and emergency measures, we began to realize that what the depression did was to aggravate chronic ills as well as to create new ones. The problems of unemployment,

of old-age dependency, of protection for children and the handicapped, and of public health—all these were with us long before 1929, and in some form they seem likely to remain as far as we can see into the future. Nor are they our problems alone. The United States is the last of the great industrial countries to face the issue of social security on a national basis. We are a quarter century behind the times in realizing that it can be achieved only by a long-time and far-reaching program.

In the Social Security Act we have such a program—a program of State and Federal action which at last provides us with a method of utilizing the full resources of cooperation inherent in our democratic system of government. It was undertaken in response to a whole-hearted and nationwide demand. It was developed through more than a year of intensive study such as has probably been given to no other proposal placed before Congress within our memory. It was passed by an overwhelming majority of both parties in Congress and with the almost unanimous support of citizens from every walk of life and of every political opinion.

The same non-partisan spirit with which the Social Security Act was undertaken, developed, and enacted into law has characterized its administration. Half of its activities are directed by long-established Federal agencies operating under Civil Service. Under the terms of the Act, the Social Security Board, which administers public assistance, unemployment compensation, and old-age benefits, is bi-partisan and its three members are elected for overlapping terms. The Act also requires that all employees of the Board, with the exception of lawyers and experts, be taken from Civil Service rolls. The Board itself has gone a step farther and has delegated to the Civil Service Commission the responsibility for passing upon appointments even to the positions excepted by law. Its entire staff is thus selected in accordance with Civil Serv-

ice standards, solely on the basis of training, experience, and competence.

These people who are responsible for administering the Social Security Act, as well as those who framed and enacted it, recognize that no welfare program can remain static, that there is never any "last word" in social legislation. The Act itself is the product of long, slow growth, and provision for its future development is an integral part of its own legal structure. One of its provisions imposes upon the Board the explicit duty of study and research, and of recommending such changes as seem most likely to be effective in carrying out its fundamental purposes. The Act is not perfect; it is no cure-all. But although it will not usher in the millenium, it is a long step forward in social progress—the longest step ever taken in this country or in any other country at one time.

Just what does the Social Security Act contain and what does it propose to do? It embodies ten specific provisions, designed to relieve and to forestall equally specific sources of insecurity. These are all problems that have continually harassed millions of men and women and children with actual want and with an almost equal burden of fear. They are all problems with which we have been trying to deal piecemeal for years. The Act gives us an opportunity to consolidate our defenses against disaster, and against the fear of disaster.

These defenses are of two kinds—both built on our past experience. First there are the welfare measures, designed primarily to give immediate aid to those now in need. These include the three public assistance provisions under which the Federal Government gives financial assistance to States so that they may, in turn, grant cash allowances to the needy aged and blind and to dependent children. They also include provisions offering Federal aid to States in order that they may strengthen and expand their State programs for ma-

ternal and child welfare, public health, and rehabilitation of the handicapped. Every one of these services is an old story. All that the Social Security Act does is to add a new chapter by offering the States Federal assistance in meeting obligations to which most of them have long been committed.

This responsibility of government to provide for the needy has been recognized since the first English poor laws were enacted more than 300 years ago. Our earliest colonists accepted it as part of their legal heritage, and one of their first legislative acts, in setting up organized government in the new world, was to make provision for the needy from public funds.

Traditionally, this responsibility has been left in the hands of local units—the counties and townships which are the bedrock of our American system. But as the problem of public welfare grew in size and complexity, the time came when these local units could no longer bear the whole burden alone. For the last forty years we have been moving steadily toward equalizing this burden and spreading its costs. In the first decades of this century the States came into the picture and State laws for mothers' aid, for blind pensions, and for old-age pensions, as well as for various other services, had, by the 1920's, become an accepted part of our American public welfare system. It took the depression to open our eyes to the fact that the nation, as well as its States and communities, has a responsibility for the security and well-being of our people. With the passage of the Social Security Act in August, 1935, the Federal Government entered into partnership with its States and their communities—a partnership which makes it possible to extend help to more of their needy citizens, and in more adequate amounts, than the States could possibly provide alone.

But this is not enough. Two provisions of the Act—and these are in many ways its most important contributions to our future

security—are built on the policy of prevention. These are the measures for unemployment compensation and for old-age benefits. Both are designed to protect workers on the basis of their own working records. And both are designed to prevent causes of insecurity that are always with us, in good years as in bad. In the prosperous 1920's, the number of the unemployed never fell below a million and a half. Conservative estimates place the number of needy aged today at somewhere between one and two million.

Under the provisions for unemployment compensation the States, with the coöperation of the Federal Government, can establish a method by which an unemployed worker may, for a limited time, draw payments in proportion to his wages. Simply knowing that unemployment payments will be available as a cushion against future loss of a job means a net gain in security. Such payments give a working man a breathing space in which to look for another job. They give assurance that his savings need not be swallowed up in the first weeks after he is out of work and that his family will not suffer immediate want. Moreover, these payments mean that the temporarily unemployed worker retains at least some of his purchasing power. We know from experience that every man without a pay envelope means less work and eventually unemployment for other men who produce the goods he can no longer buy. Unemployment compensation will help to break the vicious tail-spin of future depressions.

All of these activities—in fact all of the services provided by the Act save old-age benefits, are administered by the States. The Act develops a national pattern. The States and their citizens do the rest. They decide whether they want to take part in the various programs, and if they do, they make their own plans. Recognizing that in a country as large as ours no two States have the same problems or the same resources, the Act sets up broad general out-

lines which assure certain minimum essentials, and at the same time afford ample leeway for variation from State to State. Federal assistance is made available on the familiar principle of grants-in-aid. These grants are based on each State's own estimate of its needs. The Federal Government has for years been making similar grants for such purposes as fighting forest fires and building highways. Human welfare is no less worthy of its assistance.

The State is the keystone of the whole plan, coöperating with its local subdivisions on the one hand and with the Federal Government on the other. The Social Security Board, Congress, and the American people intend that the Social Security Act shall mark a departure from the scattered and in most cases, pitifully inadequate systems of the past. They intend that the Act shall make it possible not only to provide for the needy on a decent basis, but also to forestall some of the major causes of need. If these objectives are to be attained—actually attained in everyday life—the States must do the job. The Social Security Act simply sets up a framework of coördinated action, within which the three branches of our democratic government can make a concerted drive upon problems in which all have an equal interest and an equal responsibility.

The framework of coördinated action offers a second great advantage. It integrates the immediate welfare programs and the long-term preventive programs, so that they complement and strengthen each other. The welfare measures make it possible for the States to give aid *now* to those in want; they make it possible for them to do something *today* about better child protection and health protection. But this is not all they do. Every home preserved; every child given a decent start in life; every handicapped man or woman set on his own feet; every safeguard to community health gives more people a chance to lead independent, self-sustaining lives. The welfare

provisions of the Act are a very real kind of insurance against future want and dependency.

But beyond these are specific safeguards which provide protection as a right—protection for the individual based squarely on his own work and thrift. By helping more people to maintain themselves, these provisions also protect business and government against ever-mounting demands for assistance. The first of these safeguards is unemployment compensation. The second is contained in the provision for old-age benefits.

Under this title of the Act benefits will be paid to retired workers, not on a basis of need, but as a matter of right. This is the one part of the Act to be Federally administered. Thorough study of the problem has made it evident that State systems would be unsound according to actuarial standards; and with a population that travels about as much as ours, the business of covering all our industrial workers all their working lives would be obviously impracticable under 48 different State plans.

Approximately 26,000,000 persons are expected to qualify for these benefits when the plan goes into effect in January, 1937. Beginning immediately, lump sum payments will be made to all those covered who, on reaching 65, retire from work, and to the estates of those who die before reaching 65. To those who reach 65 in 1942 or thereafter, monthly benefit payments will be paid on retirement at 65 or over, provided their wage and work records meet certain requirements. No one is forced to retire at 65; no one is compelled to work until that age. But at 65 or at any time thereafter, every qualified worker will receive a life annuity. Lump sum payments will be made to those whose years of employment or whose total wages are not sufficient to qualify for monthly payments; a similar arrangement provides for payments to the estates of those who die before receiving their full annuities. Every man and every

woman who at any time in his life has been employed in any of the industries is covered—and this includes the great bulk of the country's working people—will in his old age benefit under this provision.

The most significant aspect of these benefits is the fact that the vast majority of those covered will, on retirement, receive a monthly income as long as they live. With the development of this plan, more and more of our people will be able, after their working years are over, to provide for their own support in a typical American fashion.

With equally characteristic American common sense, the Act combines aid to the needy aged with a safeguard against this need. Through public assistance the States, with Federal aid, may provide, on a basis of need, for the aged who are now dependent and for those who may become dependent. But with upwards of 26,000,000 workers qualifying for old-age benefits, this number will in years to come be greatly reduced. In other words, as the number of aged entitled to an income on the basis of their own work and effort increases, this country will no longer be faced—as it is today—with the shameful fact that approximately one-fourth of its old people are dependent on others for the bare necessities of life.

Old-age benefits, as set up under the Act, have been frequently criticized because of details relating to financing or administration. Leaving these aside—banishing for the moment the actuaries and the accountants, the lawyers and the technicians—let us ask ourselves what we want as a social security program, especially for our aged citizens.

Do we want only a system that locks the door after the horse is stolen—that provides no means of self-protection *against* old-age dependency? If we do, then let us scrap old-age benefits. Let us go on permitting a man to work a lifetime with no help in saving for his old age. Let us turn the

clock back—back to the piping days of 1603—and limit ourselves to old-age assistance only on the pauper's oath and the humiliating proof of utter destitution. If, however, the United States has done with this negative approach, then let us build a system of self-protection for our own old age—build it on thrift, cement it for all time with the principle and practice of individual coöperation, and dedicate it everlastingly to the old ideal of individual self-sufficiency and individual independence.

The system of old-age benefits, as set up under the Act, makes it possible for us to do just this. It provides life annuities for workers without reference to a means test, but as a matter of right and of past earnings. It establishes this system of annuities on long familiar principles.

The old-age benefit plan has been attacked as a fraud perpetrated on the working man. Is it a fraud to give him the support of the United States Government in providing economically for his own old age? Is it a fraud to give him a chance at more adequate self-protection than he could achieve unaided?

It has also been contended that so-called "forced saving" threatens American individualism, that it will vitiate our thrift. If this system of old-age benefits threatens our individual independence, if it vitiates our thrift merely because it is compulsory, then many thousands of us must already have lost these time-honored virtues. What of the teachers, the civil servants, the policemen and firemen and other public employees in our most progressive cities, the railroad employees, and even the workers in certain of our greatest private industrial organizations who are now, and have been for many years, contributors to and beneficiaries of equally compulsory old-age saving systems? Has participating in such a system weakened their sense of thrift, hurt their individual independence, or lowered their self-respect?

If we are going to throw out old-age

benefits because they provide for mutual protection through public cooperation, we might as well scrap a good many other benefits of modern civilization along with it. We might as well go back a hundred years to the perhaps not so good old pioneer days when we had no community provision for water or sanitation, for light or transit. There are no threats to our independence in utilizing these modern facilities. And no sensible man or woman will be able to perceive equally far-fetched dangers in a system of old-age savings operated on the same principle of cooperation through established channels.

Throughout our history, our people have repeatedly joined forces for their mutual welfare. Throughout our history, the Federal Government has repeatedly been called upon to participate in projects for which it, as well as the other units of our government, has a legitimate responsibility. Whether we have called it by that name or not, social security has been accepted as a proper function of government ever since—and even before—the founding fathers included the pursuit of happiness along with life and liberty as one of the major goals of a democratic nation.

What have we striven for most earnestly in this country through all the years of its existence? First and foremost, to iron out the difficulties and bridge the gaps in our governmental system, in order that democracy may function in the uneven places and to the benefit of all. As a practical people, we have expressed this ideal in definite and specific purposes. We have been interested in giving everyone a chance to work. We have been interested in providing reasonable compensation for the man temporarily dispossessed of a job. We have been interested in giving workers an opportunity to lay by the wherewithal for self-support in their old age. We have been interested in assuring a living for those who are aged and in want. We have been interested in safeguarding for every

child his birthright of health and happiness. We have been interested in training for the handicapped, and in protecting the health of all our people. These are things we have struggled toward for years. These are things which every American believes are worthy of our utmost efforts. And these are things which the Social Security Act now seeks to promote.

"United we stand, divided we fall" applies not only to our government but to our *people*. It is as true today as it was a hundred years ago. And it is, in essence, the philosophy on which the Social Security Act is founded—the American philosophy of joint action for the common good.

FRANK BANE

"AMERICA: THE LAST CITADEL OF DEMOCRACY"

THE great countries of the past have made distinct contributions to civilization. For instance, the Hebrew kingdom contributed religion; the Greeks, art; the Romans, law. Some one has said that America's distinctive contribution may be democracy if she can work it out successfully. But at the present time when democracy is in retreat in practically the whole world, when Communism and Fascism are contending with each other for large portions of the earth's surface, many people despair that the ideal of democracy as a distinct contribution of America to civilization will ever be realized.

What do we mean by democracy, and in what ways does it differ from the other forms of government prevailing at the present time? When I ask my pupils what is meant by democracy, I receive answers almost as varied as the number in my class. Were I to put the question to you, each might give a different answer. One might answer, as do some of my pupils, freedom; another, the right to vote and hold office; another, equality; and still another might give Lincoln's definition, "a government of