
Mankind's major impulse is the quest for security. In this country, hopefully, we have attained this primary need to a far higher degree than most other peoples. We are blessed with a firm government, unthreatened by the storms of civil discontent or radical overthrow. Our international affairs are being conducted upon a plane making it well nigh inconceivable that we might be afflicted with the plague of war. But there is another type of security which lies even closer to the daily hopes and aspirations of millions of ordinary people every year; freedom from the dependency in old age that already has reduced over 5,000,000 people to humiliating reliance upon the help of others after their life's work is done; freedom from privation or starvation in the period of childhood before the work of life is begun.

No government can completely brush away the accumulated evils of a century of neglect by one quick sweep of legislation. Those who promise the millennium in a moment are either uninformed or insincere. But the final objective of security will never be attained unless the first steps are taken. The Economic Security Bill which I have introduced, which has passed the House, and which is now before the Senate Finance Committee with a prospect of quick action, takes these first steps. Its provisions are not complex but simple.

To encourage unemployment insurance legislation in the several states, which will provide a steady flow of benefit payments to those who are temporarily without work, the bill provides a 3 per cent federal tax upon payrolls. This tax will be remitted to employers, up to 90 per cent, insofar as they contribute to unemployment protection funds required by state law. Supplementary to this, the measure provides a federal subsidy of $4,000,000 for the ensuing year, and $47,000,000 for each succeeding year, to the several states for the administration of such insurance laws as may enact. This fusion of state and national responsibility creates enough flexibility to meet every variation in local circumstance. At the same time, it does not leave any state free to ignore the greatest economic challenge of modern times, and it fosters the progressive state from unfair competition based upon the action of the timorous or unwilling.

In respect to old age, the bill contemplates federal subsidies to the states, amounting to $50,000,000 for the fiscal year beginning next June, and larger amounts for each subsequent year, to provide old age pensions helping those for whom our economic system now makes so few provisions. The idea of the bill, however, is gradually to supplant these gratuities by creating a federal compulsory system of old age insurance. This system will extend to workers retiring at the age of 65, beginning in 1942, a more dignified, more certain, and more substantial form of assistance. For this purpose, employees are required to make contributions into a federal fund, beginning in 1937. These contributions are to be in the form of payroll taxes, rising gradually to 3 per cent of payrolls in 1936 according to the bill that has passed the House, or to 2½ per cent in 1937 according to the Senate bill. Employees are required to make a similar contribution, based upon their wages. Thus the total paid by each employer will be matched by the total paid by all his employees. Of course insurance benefits upon retirement will depend upon length of service and upon average earnings. But special safeguards are set up to provide at least a base of protection for older workers who will not be able to participate in the plan long enough to build up full protection by their own efforts.

Finally, the bill provides federal subsidies for the states, totaling about $45,000,000 per year, for the relief of dependent or crippled children, for maternal and child health, and for other aspects of public welfare. These subsidies will be used to stimulate additional action by the states without neglecting entirely the fact that some states need a larger proportion of federal aid than others.

Thus far, I have discussed the provisions of the bill in terms of relieving individuals suffering from various forms of economic dislocation. But its broader objectives are preventive rather than palliative. The likelihood of depressions and of low levels of wages will be lessened when scientific attention is centered upon the evil results of bad practices.

The maintenance of an even flow of purchasing power to those whose earning capacity has been cut short will stabilize business conditions and discount the
likelihood of periodic industrial decline. The imposition of a definite charge as the cost of unemployment will prove a powerful incentive to prevent its occurrence. Encouraging the withdrawal from industry of older workers will increase efficiency and also make new places for the young and eager.

That every consideration of business welfare is embraced in this program was evidenced yesterday, when industrial leaders serving voluntarily on the Business and Advisory Council of the Department of Commerce called upon the President to express their approval of the principles and objectives of the Economic Security Bill. Everyone who examines the list of these leaders will be impressed by their international prominence as business executives of extraordinary accomplishment, vision and humanitarian insight. Our country has grown and prospered because men such as these have realized that economic prosperity for all springs from the economic welfare and political contentment of the people as a whole.

There are today, as there have always been when any proposal for progressive social legislation has raised its head, some who lack the foresight to appreciate its worth. But in my opinion, their objections pale into insignificance upon careful examination. In the first place, the public is again presented with the time-worn argument that a social security program might sap the initiative of our people. No one is more impressed than I with the necessity of preserving self-reliance and freedom of action. But to push this argument to its strictly logical conclusion would mean the repeal of all law and the cessation of all government. To insist that individual initiative will be preserved by ignoring the great social evils which destroy the individual with blind disregard for his merits, is as reasonable as to argue that police or fire protection should be disbanded in order to develop bravery and carefulness.

Secondly, it is argued that the cost of this program would be prohibitive. But it is not this program which creates the necessity and the social obligation to provide for those who can not provide for themselves. Every civilized nation recognizes this obligation, and we are now spending, as a nation and as individuals, billions of dollars yearly in its discharge. The only issue is whether the responsibility should be met in a slipshod and therefore wasteful manner, or whether some systematized and dignified plan shall be put into operation. Such a decision is not difficult to make.

In conclusion, the argument is advanced that it is bad business to create large reserve funds and place them under the management and control of the government, since such reserves are not buried in the ground. They are invested by the Treasury in productive enterprise, and utilized to give stability to public credit and private business. Would it have been bad economics to have adopted this law in 1922, thus having several billions of dollars ready in 1929 to relieve distress and cushion the depression?

It is fair to recall that these very people who do not want the government to build up funds to meet such emergencies, are now scolding the government because it has been forced to base relief upon borrowing. Have these people, who now call it bad business for government to set aside funds protecting workers who have such slight security, ever called it bad business when insurance companies accumulated huge reserves to protect those with large enough incomes to buy insurance? Have they who now reject the idea of funds for maintaining the old worker worn out by industry, ever rejected the practice of setting aside funds to cover depreciated, abandoned or temporarily idle plant machinery? Why do these people always lower their standards of prudence when human values are concerned?

The time has come when our government, backed by the overwhelming sentiment of the American people, is prepared to raise men from a level below that of machines and place them on a much higher level. It is our objective to lighten the burdens of unemployment, of uncared for childhood, and of neglected old age, thus making life more enjoyable and secure for the vast majority of Americans.