
Franklin D. Roosevelt — “The Great Communicator”

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Salt Lake City, UT - Governors' Conference

UNEMPLOYMENT AND OLD AGE SECURITY

This is a deliberate effort to put into one half hour a review of social and economic problems which affect vitally the whole range of present and future American civilization. The lives of ninety per cent of our citizens -- all those, in other words, who have to work and do not live on investments -- are concerned with the possibility of unemployment and the possibility of needing outside assistance in their old age. Up to the present the public has not concerned itself greatly with finding a solution, *first*, because as a young nation untouched resources have been open to us all, and, secondly, because the social sciences are still in their infancy, and until recently poverty and hunger and want, to a great extent, have been treated as necessary and inevitable evils.

WHAT THE TASK IS

It is necessary first to ^{review} ~~state~~ existing conditions in order to put down in black and white what we seek to remedy. We can and must think nationally, for every state and every region face today the same facts and ^{are} ~~are~~ affected by conditions in every other state and region. A good illustration is an occurrence of last autumn: when the automobile industry in Detroit laid off several hundred thousand workers in local plants, forty thousand of these workers came to the state of New York looking for jobs -- a mass movement nearly a third of the way across the continent.

In the days of our fathers three quarters of the population were engaged in farming ~~and~~ and only one quarter in industry. Today the figures are reversed. In the old days, therefore, for the

very obvious reason that peaks and valleys of so-called prosperity did not throw the people on the farms out of work in the same measure as workers in factories, the unemployment situation was not serious enough or lasting enough to be called a permanent problem. Today, ~~fixeure~~ however, because the nation is so greatly industrialized the closing down of ten per cent of industry is felt very definitely in every community.

Personally I differ fundamentally with some eminent gentlemen in public life who recently have tried to sell the nation ~~in~~ a wholly new economic theory, especially in 1928 and 1929. This theory, contrary to all teachings of history, was that prosperity (i. e., constant work for everybody, man and woman, who was willing to work) would continue indefinitely on a rising scale, just so long as high wages continued, combined with a high pressure selling campaign to dispose of the output. In other words, no matter how much the output of manufactured articles increased it was all to be bought and paid for if everybody was ^{employed and} earning ^{good} ~~high~~ wages. ^{Thus, if} every family in the United States owned one automobile and one radio set in 1930, by 1940 every family would ^{need} ~~own~~ two cars and two radios, by 1950 every family would ^{need} ~~own~~ three cars and three radios -- the older theory of a saturation point having been wholly abandoned. Unfortunately for some of our Washington friends this new theory that although a man can not pull himself up by the boot-straps, a nation can, came a terrible cropper when it bumped squarely into the old law of supply and demand. A serious disillusionment has resulted. We can wholly approve of the reassurance against panic which came from the conferences in the nation's capitol last autumn but on the other hand many people, irrespective of politics, are sanely and soberly protesting against the ~~st~~ spectacle of officials of government, and

leading financiers juggling with figures in order ~~to~~ deliberately to distort facts. When between twelve and fifteen workers out of every hundred are out of a job ^{in very many industries} it is neither truthful nor useful to tell them that employment is practically back to normal, or that purely psychological reasons only stand in the way of a one hundred per cent output.

The truth of the matter is that we are in the midst of another turn of the wheel in the economic cycle and that production in most industries has outrun consumption. To this ^{domestic crisis} ~~and international~~ has been added a distinct falling off in our exports. To go into the reason for this would cause me to be accused of talking politics: suffice it to say that our present theory of the economic relationship between us and the other nations does not seem to be an outstanding success for our pocket books.

Next we must consider the effect of the latest manufacturing and selling processes. The result of so-called efficiency methods is that the ^{top} age of employment usefulness is no longer from sixty-five to seventy years of age, but has dropped to ^{from} ~~forty-five~~ to fifty years of age. Though the practice is happily not universal a growing number of large employers are hiring only young men and women, and in times of reduction the older employees are ^{the} first to go. This means that the old age problem, which only a few years ago was by common consent set at the seventy year mark, is today advanced to include thousands of people in their fifties and sixties.

To sum up the existing situation, we have a highly complex problem -- one in which unemployment and old age want are becoming more and more interwoven, where the remedy for one must take cognizance of the other, where government aid must be thought out ^{along} ~~strong~~ scientific economic lines and not be tossed out as a charity or as a result of political hysteria.

REMEDIES

Judging by the past and by the present, unemployment always will be with us as a nation, varying with the economic cycles. Certain steps and trends are being worked out in various sections and in various industries for the purpose of flattening out, at least partially, the peaks and the valleys. For example, in my judgment, the trend is distinctly toward the five-day week. This seems to be coming slowly but definitely. It means the employment of more people, or, at least, the laying-off of fewer people, as does also the movement toward shorter hours of work per day.

Then we have the movement toward better planning of work -- the so-called Cincinnati System for instance, which guarantees to the worker a definite period of work, say forty-eight weeks out of the year, for which he or she is hired; with this planning goes the staggering of work, the cooperation between different lines of industry, and the acceleration of public and private construction in periods of depression.

It is a fine thing that during the past six months practically every state government has recognized the emergency and taken definite action. For instance this year the legislature of New York gave me appropriations for ninety million dollars of public work, an increase of twenty million dollars over the previous year. So, also, the municipalities and counties of the state increased this total fourfold. These, however, are emergency measures and can not necessarily be counted on in future periods of unemployment because of the simple fact that the debts of cities, counties and other local government units have increased of late to an alarming and perhaps a dangerous extent.

shall have in these periods new "accidents" of employment, such as we have had in the past, for instance changes in styles such as the replacement of cotton goods by artificial silk, such as the depression -- we hope a temporary one -- in the spoken drama with the advent of the movies and the talkies. So also we shall have new inventions which ~~xxx~~ will be compared to the advent of the automobile and we may have further losses of foreign markets. Some of these great changes are predictable, others are unpredictable. Against them some form of insurance seems to be the only answer. Unemployment insurance we shall come to in this country just as certainly as we have come to workmen's compensation for industrial injury, just as certainly as we are in ^{today} the midst of a national wave of insuring against old age want.

Ninety per cent of unemployment is wholly without the fault of the worker. Other nations and governments have undertaken various systems which insure their workers when unemployment comes. Why should we, in the forty-eight states of our union, fear to undertake the task?

It is, of course, necessary for us to recognize and guard against **two** grave dangers, but there is no reason why proper study can not give us the answer. Insurance against unemployment must not by any chance or loophole become a mere dole -- a hand-out from local or state governing agencies.-- which encourages idleness and defeats its own purpose. It should be possible, in developing a system of unemployment insurance, to draw a hard and fast line against any man or woman who declines to accept an offered position, and it should be possible so to alternate employment that no individual will be unable to find a job for more than two or three months at a time.

The other social and governmental danger is that there will be a natural tendency to ~~lose~~^{pay} the cost of unemployment insurance out of current revenues of government. It is clear to me, first, that unemployment insurance must be placed upon an actuarial basis, and,

secondly, that contribution must be made by the workers themselves. Ideally a carefully worked out system of unemployment insurance should be self-supporting and a close and intelligent study of the facts and of the law of averages can make this wholly possible.

OLD AGE SECURITY

Up to the present time most of us have been thinking of old age insurance in terms of the very old and in terms of the old-fashioned alms house, poor house or county farm. Today, however, old age security logically and inevitably ties in with the whole problem of the unemployed. The reason is, first, that when old men and old women are no longer able to support themselves by working they come into the ranks of the unemployed just as much as if they were the victims of industrial lay-offs. The only difference is that their lay-off is permanent rather than temporary. The other reason is the tendency of the speeded-up American industrial machine to decline to employ men and women who have merely reached middle age and have not yet reached real old age.

It is, of course, inevitable that the problem must be worked out in a peace-meal manner. For example the passage of the old age security law in the state of New York this year ~~took~~^{takes} only one short step towards the larger problem. Our new law applies only to men and women ~~over~~^{and over,} seventy years old but it is based on the correct theory

that it is in the long run cheaper for the community and better for the beneficiaries to live in their own homes during their declining years than for them to become inmates of institutions. We as a nation *have begun to do* ~~for~~ everything possible to get away from the institutionalizing of the wards of the states. Nevertheless the New York law has failed to go to the real roots of old age want. It has set up no machinery for the building up of what in time must become an insurance fund to which the state and the workers, and possibly the employer, will contribute. The cost of the present law is to be borne half by the state itself and half by the counties of the state. That may be very well as a stopgap to meet the emergency of those who are today in ~~want~~ want, and it is estimated that only fifty-one thousand men and women in the state of New York will be affected. It is our hope, nevertheless, that we can make the application of the law far more broad in years to come but that in so doing we ~~shall~~ ^{can} get away ^{definitely} from the theory of mere state and county aid and that we shall establish a definite insurance system of which the worker will become a definite part as an individual the very first day that he or she starts to become a wage-earner in the community.

CONCLUSION

I have set forth in this brief review existing situations which I believe must be met with no haphazard answers. ~~That~~ ^{That} the broad principles of ~~policy~~ ^{insurance} can be made to meet the ~~public~~ ^{basic} problem of unemployment and of old age want seems to me a business proposal which is sound. It would be far more radical or socialistic to suggest that local and

state governments should, in the days to come, grant pensions or doles to those who are in need. Our economic processes and tendencies call for businesslike plans to meet the difficulties of an industrial age.

It is probable that different states will seek to work out these problems in ways which differ in method. That is one of the great advantages of our system of forty-eight separate and distinct state ^{so}sovereign~~ties~~ties. Some states will, without doubt, be more successful than others. We can learn by comparisons and by interchange of ideas. That is why I hope that in the days to come these conferences of the Chief Executives of the forty-eight states will ^{continue to}grow in the opportunities which they afford to us for increasing our knowledge and for ^{the}discussion of our common problems.

1930

F.D.R. Loughand.

*Speech before
Governors Conference Salt Lake City 1930*

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More permanent remedies have been undertaken in various parts of the country. For instance, in New York, a committee appointed by me, composed of four business men, a labor leader and the State Industrial Commissioner, has been doing splendid and permanent work since April. Already they have consulted with over two hundred large industrial concerns and have established the principal of giving steadier work by careful planning within the industries themselves. In all these studies and plans, however, we are confronted with a definite lack of statistics and facts -- for instance we know fairly accurately how many people are employed but we know very inaccurately how many people are unemployed. Here is an immediate need for governmental and private organizing in order that we may have the whole truth about the unemployment situation. The very recent announcement from the census bureau in Washington, giving figures of unemployment over a definite area, have already been discredited for the very simple reason that they are wholly out of line with known facts.

Furthermore, industrial planning, while excellent in the case of larger employers who in many cases can work out their output programs for a year or more in advance, is not so possible for the smaller employer or for the man who in his business handles only one line of goods.

I come, therefore, to a concrete conclusion. Careful planning, shorter hours, more complete facts, public works and a dozen other palliatives will in the future reduce unemployment especially in times of industrial depression, but all of these put together will not eliminate unemployment. There may indeed be periods in our future history when, for economic or political reasons, we may go through several years of hardship, one right on top of another. We ~~shall have in these periods new tax~~

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It is, of course, necessary for us to recognize and guard against ~~two~~ grave dangers, but there is no reason why proper study can not give us the answer. Insurance against unemployment must not by any chance or loophole become a mere dole -- a hand-out from local or state governing agencies -- which encourages idleness and defeats its own purpose. It should be possible, in developing a system of unemployment insurance, to draw a hard and fast line against any man or woman who declines to accept an offered position, and it should be possible so to alternate employment that no individual will be unable to find a job for more than two or three months at a time.

The other social and governmental danger is that there will be a natural tendency to bear the cost of unemployment insurance out of current revenues of government. It is clear to me, first, that unemployment insurance must be placed upon an actuarial basis, and,

secondly, that contribution must be made by the workers themselves. Ideally a carefully worked out system of unemployment insurance should be self-supporting and a close and intelligent study of the facts and of the law of averages can make this wholly possible.

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It is, of course, inevitable that the problem must be worked out in a peacemeal manner. For example the passage of the old age security law in the state of New York this year ^{takes} ~~only~~ only one short step towards the larger problem. Our new law applies only to men and women over seventy years old but it is based on the correct theory

that it is in the long run cheaper for the community and better for the beneficiaries to live in their own homes during their declining years than for them to become inmates of institutions. We as a nation do everything possible to get away from the institutionalizing of the wards of the states. Nevertheless the New York law has failed to go to the real roots of old age want. It has set up no machinery for the building up of what in time must become an insurance fund to which the state and the workers, and possibly the employer, will contribute. The cost of the present law is to be borne half by the state itself and half by the counties of the state. That may be very well as a stopgap to meet the emergency of those who are today in ~~need~~ want, and it is estimated that only fifty-one thousand men and women in the state of New York will be affected. It is our hope, nevertheless, that we can make the application of the law far more broad in years to come but that in so doing we shall get away from the theory of mere state and county aid and that we shall establish a definite insurance system of which the worker will become a definite part as an individual the very first day that he or she starts to become a wage-earner in the community.

CONCLUSION

I have set forth in this brief review existing situations which I believe must be met with no haphazard answers, that the broad principles of neither can be made to meet the whole problem of unemployment and of old age want seems to me a business proposal which is sound. It would be far more radical or socialistic to suggest that local and

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It is probable that different states will seek to work out these problems in ways which differ in method. That is one of the great advantages of our system of forty-eight separate and distinct state sovereignties. Some states will, without doubt, be more successful than others. We can learn by comparisons and by interchange of ideas. That is why I hope that in the days to come these conferences of the Chief Executives of the forty-eight states will grow in the opportunities which they afford to us for increasing our knowledge and for discussion of our common problems.

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squaring into the old law of supply and demand. A serious disillusionment has resulted. We can pay tribute to the reassurance against panic which came from the conference in the Nation's capital last autumn, but many ^{people} in expectation of subsidies, ^{are} now ^{are} surely protesting against the spectacle of officials of government and leading financiers ~~the~~ ^{struggling} with figures ~~that~~ in order deliberately to distort facts. When between 12 and 15 workers out of every hundred are out of a job it is neither truthful nor useful to tell them that employment is practically back to normal, or that purely psychological reasons present a 100% output.

The truth of the matter is that we are in the midst of another turn of the wheel in the ^{economic} cycle, ~~and~~ and that production in most industries outruns consumption. To this has been added a distinct falling off in our exports. To go into the reason for this would cause

me to be accused of talking politics & suffice it to say that our present theory of the economic relationships between us and other nations does not seem to be successful for our own pocketbooks.

Next I come to the effect of the latest manufacturing and selling processes. The result of so called efficiency methods is that the age of employment usefulness is no longer 65 to 70 years of age but has dropped to 45 to 50 years of age. Though the practice is highly but universal a growing number of large employers are hiring only young men and women, and in times of reduction the older employees are the first to go. This means that the old age ~~problem~~ ^{problem} which only a few years ago was by common agreement set at the 70 year mark is today advanced to include many people in their fifties.

To sum up the existing situation we have a highly complex problem — one in which overemployment and old age want are becoming more and

more interwoven, where the remedy for one must take ^{careful} ~~consideration~~ of the other, where government aid must be thought out along scientific economic lines and not be tossed as a charity or as a result of political hysteria.

Remedies.

Judging by the past ^{and by the present} ~~a~~ ^{unemployment} will be with us as a nation, varying with the economic cycles. Certain steps and trends are being worked in various sections and various industries to flatten out partially the peaks and valleys. For example in my judgment the trend is distinctly towards the four day week. It is coming slowly but definitely, and means the employment of more people. So also ~~the~~ the movement towards shorter hours of work per day.

Then we have the movement towards better planning of work — the so-called lincoln system which guarantees to the worker a definite period of work, say 48 weeks out of the year for

which he or she is hired, the staggering of work, the cooperation between different lines of industry, and the acceleration of public and private construction.

In the Spring of the present year Governor Rockefeller gave the legislature of New York various appropriations for \$90,000,000 of public work an increase of 25,000,000 over the previous year. The municipalities and counties of the State increased the total 4 fold. This however is an emergency measure and cannot be counted on in future periods of unemployment, especially in view of the alarming growth of the debts of cities, counties and towns villages in almost every part of the country.

A more permanent remedy is the work of a committee appointed by me - composed of 4 business men, a labor leader & the State Industrial Commissioner. Since April this committee has worked with over 200 large industrial concerns and has established the principle of steady work by planning, unifying the

Principal difficulty lies however in two things: first, the real lack of statistics and facts - for instance we know fairly accurately how many people are employed but very inaccurately how many are unemployed. Here is an immediate need for ^{governmental and private} ~~organizing~~ ^{organizations} to give us facts.

Secondly, while the larger employers can in most cases work out their programs for a year or more ahead the smaller employers cannot do so; the "one line of goods" man is at a disadvantage.

I come ~~Warren~~ therefore to a ^{concrete} conclusion. Careful planning, shorter hours, more complete facts, public works, and a dozen other palliatives will in the future reduce unemployment, especially in times of industrial depression, but will not eliminate it. There may indeed be periods in our future history when for economic or political reasons we may go through several years of hardship, one right on top of

Another. Against such periods, against the 'accidents' of employment such as change in styles, ^{such as rayon replacing cotton} the advent of new inventions such as the automobile, or the loss of foreign markets - against the predictable and the unpredictable, some form of insurance is the only answer.

Unemployment insurance we are coming to in this country just as surely as we come to workmen's compensation for industrial injury. Ninety per cent of unemployment is wholly without the fault of the worker. Other nations and governments have undertaken various ~~such~~ systems which insure their workers when unemployment comes. Why should we fear to undertake the task?

Only two grave dangers must be guarded against. Insurance of this kind must not become a dole - a mere handout which encourages idleness and defeats its own

purpose. ^x So too the cost of this insurance cannot ^{wholly be} borne by governments ^{and paid for} out of current revenues. Contribution there must be on the part of the worker - Ideally a carefully worked out system of unemployment insurance should be self supporting, and a deeper study of the facts and the law of averages can make this possible.

Insurance of this kind ties in logically and inevitably with another form of insurance which we call

1930

FOR Longhand

Govr. Conf. 6/30/30

Before the Governors' Conference, Salt Lake City, Utah, June 30,
1930

Taxation—Federal and State

These most interesting conferences of the Governors remind me of a week-end visit which I paid at the White House in Washington in, I think, the year 1904. After a family dinner the President, standing in front of the fireplace, seemed thoroughly upset and disgruntled over something and without a word of warning exploded with the statement:

"How I wish that for just one day I might be President and Congress too!" I think that he had made that observation on other occasions and when we pressed him for his particular reason of the moment he referred to the defeat that day in Congress of one of his pet measures for the development of the national parks. Somebody said:

"What would you do if you could be President and Congress too, for one day?"

Quick as a flash he came back:

"If I had that authority I would amend the Constitution or pass the necessary laws so as to make it obligatory on every candidate for Congress or the United States Senate to file an affidavit that he had visited at least once in every one of the forty-eight States of the Union."

May I suggest that the purpose which he had in mind was then, and still is today, an absolutely sound one. That members of the Congress are far too apt to vote on legislation solely in terms of their own district is as true today as it was twenty-five years ago. It is true, also, of members of State Legislatures who think and vote, far too often in terms of their home counties rather than in terms of the good of the State as a whole. Anything which can make our public men take the broader viewpoint will make for better legislation.

So, by the same token, governors and other administrators have much to learn from a study of, and personal contact with, the same problems in other States. If I had my way, I would send every one of the eighteen members of my Cabinet on a trip to the other State Capitols to study the administrative methods of our forty-seven sister States.

Far too often we draw our conclusions or make our recommendations without a sufficient background of knowledge of how the identical or at least similar problem is being handled by our next door neighbors.

I am reminded of the little girl in the school in which my wife teaches. The principal of the school, in dismissing a class in the afternoon, told the children that she wanted them before the next day to make an especial study of a certain topic and ended by saying:

"I want each one of you particularly to draw your own conclusion."

That evening this child was discovered on the floor surrounded by paper and pencil and at least a dozen large volumes of dictionaries and encyclopedias. She was asked what she was trying to find. She looked up perplexed and almost tearful.

"You told us", she said, "to draw our own conclusion and I have been trying to find a picture of one for the past hour and it just isn't in any of the books."

Some of us in public life are, I fear, too prone to look in the encyclopedia for our conclusions without going out at first hand to find the facts on which to base them.

This afternoon in the conference we have had a most interesting discussion of the general subject of the method of taxation in the various states. What impressed me most was not that the kinds of taxes vary in the different states but that there is practically no basic American principle applying to this particular subject which of necessity affects every citizen and every corporation. We find, for instance, that there is no line of demarcation between federal taxes and state taxes. In many cases there is a definite duplication of taxes by the Federal Government and by the State as, for example, in the case of the income tax. Also we find that there is duplica-

tion and overlapping between state taxes and local taxes with the result that far too often we have subjected ourselves to a double tax on exactly the same property or the same right. Furthermore we find that the actual burden of taxation is in a very large number of instances highly unequal. Governor Christianson of Minnesota was saying this afternoon that the aggregate of direct and indirect taxes on the farmers in his State can run as high as thirty to forty per cent of the net income of the farmer. At the other extreme, public utilities in some of our States have succeeded in eliminating themselves from any form of local taxation and pay to the State itself a tax far lower than that of other corporations.

It seems to me that the time has come for every State to cooperate with every other State in laying down certain lines or programs of taxation which will be sound and at the same time can be understood by the average citizen. The first step is, of course, to obtain some recognition on the part of the Federal Government by which a definite and clear-cut classification of taxes will be reserved to the Federal Government so that the Federal Government will be limited to this classification, except of course in times of war or of great national emergency. All other methods of taxation would thereby automatically be reserved to the states themselves. This, it seems to me, carries out the whole spirit and purpose of the Federal Constitution.

With the reserving of all other taxes to the States, the States will then have an opportunity to work out for themselves a second classification of taxes, dividing these taxes into those which the State itself will levy on the one hand, and those which will be reserved for local tax purposes—counties, cities, school districts and other subdivisions, on the other hand.

When and if within the next ten or twenty years legislators, administrators and voters are able to bring about an orderly dividing of the methods of taxation between the National Government, the State Governments and the local government units, then and only then can we as a Nation take up the equally important task of placing some kind of a limit on the total of our taxes and on the total of the government debts which we are so eagerly increasing at the present time.

I am thinking, and all of us as good Americans are thinking, I hope, not just in terms of ourselves and our own lifetimes. We are thinking, I trust, in terms of the children and grandchildren who will come after us. It is our sacred obligation to hand over to them cities, villages, counties, states and a nation which will not be a series of millstones around their necks.