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"Cost of State Government" Pt. 9**

Radio Address, Albany, August 4, 1932

THE COST OF STATE GOVERNMENT—DEPARTMENT OF LABOR

These plainly are days of taking stock. The president of the large factory, the small-scale merchant, the up-State dairy farmer—in fact, all who are in the business of earning a living—today are alike in one respect. They are examining their work with a critical eye. Time-honored policies are being reviewed from new angles. Customary methods are being appraised in the cold light of today's experience. Adjustments are being made to the realities of current conditions.

We in the State government of New York are doing the same thing. We are taking stock. As you know, we have a very large business. Our product is hundreds of services, performed by thousands of employees, for millions of customers. We are running a fine-tooth comb through our affairs. We are taking another look at policies decided upon in the past. Just like the merchant who now is removing from his stock lines of goods for which there no longer is demand, we are trying to reduce or dispense with services which our customers perhaps no longer wish to buy and pay for.

For numerous and valid reasons, the decisions which we may reach at Albany are not necessarily controlling. One reason is the nature of our corporation. After all, government only transacts for people collectively certain business which it would be impossible, inconvenient, or too costly for them to transact individually, and, just as in a drug store or hotel, the customer must be pleased. But, beyond that, our business of government is by far the largest venture ever undertaken in the field of customer-ownership. Not only are the people our patrons, they are our stockholders as well. We would be short-sighted indeed if, in examining our affairs and considering the adoption of altered policies, we did not take careful counsel with the customers and proprietors of our business.

That is why we are asking your opinion about certain major policies of the State which are being discussed in this series of talks. Each week the functions, services, costs and possible economies of one or two State departments are being examined. We are forming our own ideas about these matters. This fall, our ideas will take form in a definite plan. That plan will be the 1933 budget. It will control your next year's purchases of our services which you make through the payment of taxes. We think our plan will be better, and that you will be better satisfied with it, if we have the benefit of your preferences and opinions before we place it in final form, rather than afterward.

A majority of the people have a direct interest in the affairs which we shall discuss tonight, those of the Department of Labor. The workingman knows it as the agency through which, if out of work, he may be able to get a job. Even in these times, it placed more than 100,000 people in jobs last year.

The merchant or manufacturer knows it as the agency which adjusts differences between him and his employees, sees that they are compensated when injured or disabled, and tells him specific improvements which he should or must make in order to protect the health and safety of his workers. Agents of the department last year made more than 850,000 inspections of the establishments of manufacturing and merchants.

And, last of all, the person who has neither of these direct contacts knows the Department of Labor as the agency which is striving day in and day out to prevent the exploitation of labor, safeguard women in industry, enforce child labor laws, keep the disabled worker from becoming a charge upon the community, and reduce the risk of any more catastrophes such as the Triangle Fire of 1911 in which 147 lives were lost. That is the intensely human realm which we shall explore from a strictly cost standpoint tonight.

The department last year cost \$3,300,000. That was \$7,700,000 more than it cost 10 years before, or more than twice as much. What caused the increase? Was it wise? Should the policies which caused it be reversed in order that our taxes may be lower next year?

In a large sense, the answer depends upon the point of view. The nineteenth century philosophers placed little or no store in the idea of government recognizing or discharging broad social obligations. If you share their narrow view, you might regard the Department of Labor as an improper activity of the State, however socially useful its services may be.

On the other hand, perhaps you share the concept of government so ably stated by Sean T. O'Kelly, the Irish Free State's delegate at the Imperial Economic Congress at Ottawa recently. He described the aim of the modern State as being "to provide such economic conditions as will allow the greatest possible number of the people to live in peace and comfort." If that is your view, you easily might believe that the Department of Labor, instead of spending too much, may perhaps not be spending enough.

More than one-third of the 10 year increase—\$780,000—represents the increased cost of administering the Workmen's Compensation Law. But the department handled twice as many accident reports, examined three times as many compensation claims, and held four times as many hearings in 1931 as it did in 1922. Moreover, in awarding \$34,000,000 of compensation payments to persons disabled or diseased in industry, it provided twice as large a financial bumper against the human distress growing out of industrial diseases and accidents as it did 10 years before. These awards and the administrative costs of the workmen's compensation work were paid by the employers. The work is self-sustaining. That would not justify extravagance, but it does remove the \$780,000 from among the tax-financed expenditures in which we are now interested.

The next largest item of increase over the 10 years was \$400,000 in the cost of inspecting manufacturing and mercantile establishments to see that labor and building laws were being enforced, and that proper safeguards against industrial and occupational hazards were being provided for employees. Much of the increase was due to extension of the labor laws and to enlargement of inspection duties. Specific acts of the Legislature since 1922—growing out of sustained demand from employers, employees, and the section of the general public which interests itself in these humanitarian matters—called upon the department to expand its work. Now, for example, it must see that places of public assembly are safeguarded against accident and fire hazards, that the transportation and storage of explosives does not expose employees to undue risk, and that the working hours of women and children be restricted even more than they were under earlier laws. By every possible measure, the volume of work increased. The question here is: Should the State, in order to save \$400,000 a year, revert to 1922 standards of industrial accident prevention and compensation of inspectors?

Another \$193,000 of increased cost grew out of following up the inspection work, ordering the removal of industrial hazards, compelling employers to pay wages which were in arrears, and developing the rules and regulations covering the employment of people in hazardous occupations. Should the scope of this work be returned to the 1922 level in order to save \$193,000?

Extension of the State's free employment service, partly in response to new laws, partly in response to suggestions growing out of experience, accounted for a \$104,000 increase in cost. During this period of bad economic conditions, perhaps no single service of the State has been of more obvious, direct benefit to the working classes. Should the State cut back the facilities for placing potential employers in touch with people eager to get work, in order to save this \$104,000?

Here is another practical question. Last year, the State spent nearly \$400,000 more than it did in 1922 to provide compensation for State employees injured or diseased in line of duty. The State compels private employers to indemnify their employees against accidents. The \$400,000 was the increased cost of the State itself doing what it forces other employers to do. Should the laws which caused this \$400,000 increase be repealed?

The remaining increase of \$80,000 is in the overhead, administrative and statistical work of the department. Whether this expenditure has been justified may be debatable, but it is significant that during this period New York has been almost the only State in the country with sufficient statistical knowledge of unemployment to permit it to build its remedies along practical

lines consistent with actual conditions. If major services of the department were to be cut back to earlier levels, overhead costs automatically would tend to return to their former amounts. Should we return to 1922 standards of administrative direction and statistical control of this work in order to save \$80,000?

Offsetting in part the increases I have mentioned is a decrease of about \$250,000 in the charges against the General Fund for operating the State Insurance Fund now financed from its own revenue.

The figures I have mentioned are drawn from a detailed report on the department's costs just submitted to me by Miss Frances Perkins, State Industrial Commissioner.

What are your opinions about these matters? It would help us greatly if you would talk them over with your friends and neighbors, discuss them in your civic and social organizations, and let us have the benefit of your opinions. You may obtain copies of this talk and the report on which it is based, as well as of earlier talks and reports in the series, by writing to Station WGY or directly to me in Albany.