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**Franklin D. Roosevelt — “The Great Communicator”**  
**The Master Speech Files, 1898, 1910-1945**

**Series 2: “ You have nothing to fear but fear itself:” FDR  
and the New Deal**

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**File No. 763**

**1935 January 17**

**Statement summarizing Report of the President's  
Committee on Economic Security**

20 to the Congress:

*file*  
~~1-~~ DRAFT -  
~~SOCIAL~~  
ECONOMIC - SECURITY

In addressing you on June 8, 1934, I summarized the main objectives of our program of recovery and indicated broadly the objectives toward which our efforts should be directed. Among these major objectives was, and is, the security of the men, women and children of the Nation against the major hazards and vicissitudes of life. This purpose is an ~~indistinguishable and~~ essential ~~part~~ <sup>part</sup> of the task of recovery. I restated this purpose in my annual Message to you and promised to submit a definite program of action. That program I submit herewith in the form of a report to me by my Committee on Economic Security, appointed subsequent to my Message of June 8, 1934 for the purpose of drawing specifications for the enactment of ~~social security~~ <sup>legislation</sup> ~~legislation~~ <sup>work</sup>.

I am gratified with the ~~accomplishment~~ <sup>work</sup> of this Committee and those who have helped it, including the Technical Board on Economic Security drawn from various Departments of the government, the Advisory Council on Economic Security, consisting of informed and public-spirited private citizens and a number of other advisory groups, including a Committee on Actuarial Consultants, a Medical Advisory Board, a Dental Advisory Committee, a Hospital Advisory Committee, a Public Health Advisory Committee, a Child Welfare Committee and an Advisory Committee on Employment Relief. ~~Some of these groups are continuing investigations and~~ <sup>their</sup> all of those who participated in this notable task of planning this major legislative proposal are ready and willing, at any time, to consult with and assist in any way the appropriate Congressional Committees and members, with respect to detailed ~~and sometimes complicated~~ aspects of this ~~problem~~ <sup>question</sup>.

It is my best judgment that this legislation should be acted upon with a minimum of delay. Federal action is necessary to and conditioned upon the actions of States, ~~and~~ <sup>Forty-four</sup> legislatures are meeting or will meet soon. In order that the necessary action by the States may be taken promptly it is important that the

Federal government proceed without delay. The detailed report of the Committee sets forth a series of proposals that will appeal to the sound sense of the American people. ~~They~~<sup>It</sup> have not attempted the impossible nor have ~~they~~<sup>it</sup> failed to exercise sound caution and consideration for all of the factors concerned; the national credit, the rights and responsibilities of States, the capacity of industry to assume ~~any~~<sup>financial</sup> responsibilities and the fundamental necessity of proceeding in a manner that will merit the enthusiastic support of citizens of all sorts.

It is overwhelmingly important to avoid any danger of permanently discrediting the sound and necessary idea of governmental action for ~~social~~<sup>economic</sup> security by attempting to apply it on too ambitious a scale before actual experience has provided ~~the guide~~<sup>experience for the safe direction of such efforts</sup> as to the manner in which such efforts can be safely directed. The place of such an idea in our future civilization is too precious to be jeopardized now by extravagant action. *No H*

It is a sound idea. Most of the other advanced countries of the world have already adopted it and their experience affords the assurance that social insurance is a sound and workable project.

~~The plan which I am submitting, moreover, meets the major hazards of life except ~~health insurance~~.~~

~~Three principles are observed in this plan. It is, except for the funds necessary to initiate it, a self-sustaining system. It leaves the major part of the actual management to the States, subject to certain standards established by the Federal government. Finally, it provides for a sound financial management of the funds ~~in~~<sup>should be assumed</sup> by retaining Federal control over these funds ~~by~~<sup>through</sup> means of trustees in the Treasury of the United States.~~

*Second*  
*excepting in old age insurance*  
*and the necessary participation of the States in the action*

Miss  
re. C. F. Smith  
Riverside, Calif.

Jan 1935



Second, compulsory contributory annuities <sup>which</sup> will, in time, establish a self-supporting system for those now young and for future generations. Third, voluntary contributory annuities by which individual initiative can increase the annual amounts received in old age. It is proposed that the Federal government assume one half of the cost of the old age pension plan, which ~~will~~ later become self-sustaining *well be supplemented by the annuity plans.*

The amount necessary at this time for the initiation of unemployment compensation, old age security, children's aid and the promotion of public health, as outlined in the report of the Committee on Economic Security, is approximately one hundred million dollars.

The establishment of sound means toward a greater future economic security of the American people is dictated by a prudent consideration of the hazards involved in our national life. No one can guarantee this country against the dangers of future depressions but we can reduce these dangers. We can eliminate many of the factors that cause economic depressions and we can provide the means of mitigating their results. This plan for economic security is at once a measure of prevention and a method of alleviation.

We pay now for the dreadful consequences of economic insecurity -- and dearly. This plan presents a more equitable and infinitely less expensive means of meeting these costs. We cannot afford to neglect the plain duty before us. I strongly recommend action to attain the objectives sought in this report.

\*\*\*\*\*

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The amount necessary at this time for the initiation of unemployment compensation, old age security, children's aid and the promotion of public health, as outlined in the report of the Committee on Economic Security, is approximately one hundred million dollars.

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With respect to unemployment compensation, I have concluded that the most practical proposal is the levy of a uniform Federal payroll tax, ninety per cent of which should be ~~remitted~~ <sup>allowed as an offset</sup> to employers contributing under a compulsory state unemployment compensation act. The purpose of this is to afford a requirement of a reasonably uniform character for all states cooperating with the Federal government <sup>to estimate the amount</sup> and to afford unemployment compensation in states <sup>to the</sup> which ~~decide~~ <sup>do not</sup> to provide such laws. The ten per cent not thus ~~remitted~~ <sup>offset</sup> should be used to cover the costs of Federal and state administration of this broad system. Thus, states will largely administer unemployment compensation, assisted and guided by the Federal government. An unemployment compensation system should be constructed in such a way as to afford every practicable aid and incentive toward the larger purpose of employment stabilization. This can be helped by the intelligent planning of both public and private employment. <sup>Insert A</sup> Moreover, in order to encourage the stabilization of private employment Federal legislation should not foreclose the states

Insert <sup>"A"</sup> <sup>Sam</sup>

It can also be helped by correlating the system with public employment so that a person who has exhausted his benefits <sup>may</sup> ~~should~~ be eligible, ~~under certain circumstances~~, for some form of public work. <sup>as is recommended - in</sup>

<sup>Sept 1</sup>



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In the important field of security for our old people, it seems necessary to adopt three principles - first, non-contributory old age pensions for those who are now too old to build up their own insurance; it is, of course, clear that for perhaps thirty years to come funds will have to be provided by the states and the Federal government to meet these pensions.

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③ Three principles should be observed in legislation on this subject. In the first place, the system adopted, ~~should~~ ~~should~~ be except for the ~~funds~~ <sup>money</sup> necessary to initiate it, should be self-sustaining in the sense that the funds for the payment of benefits should not come from the proceeds of general taxation. Second, excepting in old age insurance, actual management should be left to the states subject to standards established by the Federal government. Third, sound financial management of the funds and protection of the credit structure of the nation, should be assured by retaining Federal control over these funds through trustees in the Treasury of the United States.

At this time, I recommend  
~~legislation~~ the following  
types of legislation looking  
to economic security.

(4)

1. Unemployment  
compensation.

2. Old age benefits.

~~3. Federal aid to state~~

assistance

~~now operating children's  
aid or as the more commonly  
known what are commonly  
known as mother's pension  
laws and in addition  
also federal aid~~

3. Federal aid to dependent  
children through grants  
to states for the support of  
mother's existing mother's  
pension systems and for  
services for the protection  
and care of homeless, neglected,  
and dependent children and  
crippled children.

4. Additional federal  
aid to <sup>state and</sup> local health  
public health agencies and  
the strengthening of ~~the federal~~ federal  
public health service. I  
am not at this time  
recommending the adoption  
of so called health  
insurance although  
groups representing the  
medical profession are  
cooperating with the  
federal government in the

further study of the  
subject.

(K5)

both respect to unemployment compensation. I have concluded that the most practical proposal is the levy of a uniform Federal payroll tax, with the ~~remission of~~ ninety percent of which should be remitted to employers contributing to under a compulsory state unemployment compensation act. The purpose of this is to afford a compulsion of a uniform character for all states cooperating with the Federal government and to afford unemployment compensation in states which do not provide such laws. The ten percent not thus remitted should be used to cover the costs of Federal and state administration of the system. Thus states will largely administer unemployment compensation, assisted and guided by the Federal government. An unemployment compensation system should be constructed in such a way as to be very practical and incentive toward the larger purpose of employment

stabilization and  
assurance. This can be  
helped by the ~~accomplished through the~~  
intelligent planning of  
public works programs  
employment. Moreover in  
(11) order to encourage the  
stabilization of private  
employment federal  
legislation should not  
preclude the states from  
establishing means for  
inducing industries to  
afford greater stabilization  
of employment.



(8) The amount necessary at this time for the initiation of unemployment compensation, old age security, children's aid and the promotion of public health as outlined in the report of the Committee on Economic Security is approximately one hundred million dollars.

The establishment of ~~these~~ sound means ~~for~~ toward the future economic security of the American people is dictated by a prudent consideration of the hazards involved in our national life. No one can guarantee this country against the dangers of future depressions, but we can reduce these dangers. We can eliminate many of the factors that cause economic depressions and we can provide the means of mitigating their results. This plan for economic security is at once a measure of prevention and a method of alleviation. We pay now for the dreadful consequences

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of economic insecurity,  
and dearly. This  
plan presents a more  
equitable and less  
expensive means of  
meeting these costs. I  
~~do not believe that~~  
we can<sup>not</sup> afford to neglect  
the plain ~~not~~ duty  
to before us. I strongly  
recommend prompt  
action upon the measures  
recommended in this  
report.