I am going to discuss with you for a few minutes the insecurity of a great segment of the American people — probably one-third of the total population.

Then I am going to tell you what it seems to me this country can and should — and ultimately will — do about it.

You know as well as I do that the rugged individualists are in the middle of a tremendous nation-wide drive to discredit progressive social legislation. Last year they tried to poison the country by a pay-envelope attack on the Social Security Act. Four years ago they insisted that the whole question was a local one, and cried to high heaven against a federal dole. They’re still saying it’s a local problem, for one reason only. However they mask it, they always want as little as possible in federal outlay for social purposes.

I am no longer worried about the ultimate outcome of such campaigns. Times have changed. Last fall the American people, for the first time in our national history, voted the way that the reactionary leaders, almost as one man, told them not to vote.

Meanwhile, let us remember the changes that have taken place in just four years. Where were old-age pensions four years ago, or unemployment insurance, or collective bargaining, or federal aid for the jobless? Where was the farmer’s equal chance with industry? Where was any protection for the small bank depositor or the small investor?

Just ponder this sentence, pronounced this week by Mr. Justice Cardozo of the United States Supreme Court: “The hope behind this statute is to save men and women from the rigors of the poorhouse as well as from the haunting
that such a lot awaits them when journey's end is near."

How can anybody complain or quibble at the distance we have traveled since 1933?

The Brookings Institution has shown us what a small share the mass of the people had in our record prosperity of 1929. Even in that boom year, seven out of every ten families in this country got along on incomes of less than $2,500, four out of every ten on less than $1,500 and one out of every five on less than $1,000. If you take $2,000 as the minimum on which a family can be supported decently for a year, then 16,000,000 families, or nearly three out of every five, had to live below this standard.

Now where are we going? In my opinion, we are moving swiftly and steadily toward the day when the mass of the people will get enough of the national income to provide a minimum standard of living; and by that I mean decent housing, food, clothing, education and recreation. I do not mean a bare subsistence, in a country as rich as this. I mean a good living, and modern houses with bathrooms and electric lights, and perhaps an automobile. I mean enough education to want these things, enough income to buy them and enough leisure to consume them.

And indeed why not, if we have the wealth to do it? Mr. Edward Filene, the great Boston merchant, said recently that for forty years he has been using large-scale advertising to whet the appetite of the Boston masses for quality and style in clothing. Let me quote you what else he said:

"I don't know of any successful merchant or manufacturer of consumer goods in America who hasn't done the same thing. If the masses demand automobiles, the motor car companies surely have had something to do with it. I have read their announcements in our newspapers and magazines; and not once have they criticized our workers and farmers for aspiring to own a car. And if, in the last election, those masses did not vote exactly as our big manufacturers voted, they surely did vote in harmony with their advertisements." That is the end of the quotation.

Now why is big business constantly urging the people to live better, and providing them with time-payment plans so they can go in debt, and even eliminating the down-payment now and then?
Business is urging people to buy because modern business is mass production. Modern machines have made it possible, for the first time, for us to produce not only enough of the bare necessities, but also of a great many comforts and luxuries. And this is the point at which we have to change our basic thinking with regard to business.

At this point, increased buying power — a higher standard of living — becomes a business necessity. Much of Big Business has always fought the demands of labor unions for greater buying power through higher wages. It has fought the demands of farmers' organizations for equality with industry. But now it knows it needs these people as consumers of radios and automobiles and even air-conditioning.

These problems of business are also problems of those of us concerned with unemployment, because a man without a job neither produces anything nor buys anything. Industry today is producing almost at the 1929 level, yet we have four times as many unemployed as we had in 1929. That is often viewed as astounding, but it is quite simple. First of all, improved machine methods enable nine men to do as much work now as ten could do in 1929. Second, the population is growing steadily. Every year, about half a million more new people come into the labor market, largely among youth, than die or retire in the older brackets.

Obviously, more private jobs can be provided by increasing production and shortening hours. The experts say that, to reduce unemployment to the 1929 level, we would have to produce 20 per cent more goods than we did in 1929, our most prosperous year.

Of course this is all predicated on being able to sell the goods. We can get more foreign trade by intelligent negotiations, but the backbone of the system will always be the buying-power of the American people.

We have wealth enough to provide for all, even if we don't do it. If there are large sections of the population without sufficient income, we can get that income into their hands in one of two ways.

The first is in our traditional American fashion of jobs, perhaps supplemented by income from interest or profits or rent. The government can implement this method with appropriate legislation concerning wages and hours.
regulation of monopolies, encouragement of cheap power development, safeguarding of investors and, in the case of farmers, assurance of parity with industry. Many of these things can be safeguarded by the organization of workers into effective labor unions, and I do not mean company unions.

This is by far the best method in our democracy. And I do not doubt that large numbers now in distress will be able, under a far-reaching and liberal program designed to put people on payrolls, to regain their incomes in this way.

But we know that even then there will remain a large group, expanding or contracting according to economic fluctuations, which must receive all or part of its income through more direct methods -- through what we call a social security program. While we may not agree on the extent of such a program, I believe we can present a solid front on the contention that it is a matter of social justice.

When workers grow old and are discarded by an economic system which did not permit them to save enough for their declining years, the system owes them this pension or insurance or whatever you care to call it. For their contribution to society, they have a right to adequate and dignified assistance. Moreover, from a practical point of view, it will enable them to continue as consumers. More than 1,350,000 people are back in the buying market because of old age assistance. While we have taken the first important steps in old age security, I realize that on the one hand, the pensions are wholly inadequate in many states, and on the other, there must be substantial extension and revision of the old age insurance act before we finally develop a program to fully meet the problem.

Children in poverty are perhaps the greatest single group with which we must deal, and the Social Security act might well be extended to touch every child dwelling in a home where poverty exists. They, too, should be given pensions for a long or short period of time -- aid similar to the widows' pensions in many states. They have a right to a fair start in life. While other types of benefits, such as unemployment insurance, will help diminish the need among children, much will remain; and this type of assistance must be very broad in its terms. The Children's Bureau has made a substantial beginning. Already its maternity and child health programs are in operation in every state. This year
their benefits will total nearly $4,000,000, over twice the amount of last year. The Social Security work for dependent children already is reaching more than 360,000 of them. But in this vast country that is a small number indeed, and the amount of these benefits is far too meager in many states.

I am sure there is no need for me to repeat the importance of properly caring for the crippled, the blind, the handicapped and the mentally defective. We look forward to a continuing increase in public support for those particularly unfortunate persons who require the special shelter and guardianship.

We have developed the facts about many "sore spots" in the national economy, with men and women living on the verge of starvation under deplorable conditions. There is the vast drought area, and there are the tragic sections from which industry has moved away.

You know of many old mill towns where the situation is desperate, and where infinite toil will be required to restore an economic balance. Then there are rural areas like the Appalachian highlands, which have the largest natural increase in population of any section of the country. Many of the people used to move away, but the depression forced this excess to stay at home. It also forced many former residents to return. Farms were subdivided until they were too small to provide a living. The people had supplemented their income by lumbering and coal-mining, but these opportunities are gone. Meanwhile, unchecked soil erosion was washing away much of the productive soil. That's just one example of many.

The farmer must be able to sell his products and buy his goods on an equal basis with industry and with the man in the city. This is as important to industry as it is to the farmer himself, for the whole country can not prosper if any one large group of its people is held down to sub-standard conditions.

I think it is another great triumph of the last four years that for the first time in American history public assistance has been extended in substantial quantities to the people of rural areas. Nearly 1,250,000 of them were getting this help in 1935, and a total of 2,000,000 farm operators and laborers have been aided at one time or another during this depression.

The technical problems of the farmer are being attacked sanely and
intelligently by the Department of Agriculture in such fields as erosion control, crop control and farm credit. His human problems will be lessened by many features of the social security program, such as aid to dependent children and the handicapped and the aged. But an unceasing fight must be waged until those who own farms can keep them and those who have slipped back to the status of tenants can reclaim their lost heritage.

How much buying-power has the tenant farmer? We studied the eleven principal cotton areas of the South and found that tenants and farm hands are able to average a little over $300 a year per family. Farm laborers alone average $180 per family, which is $62 per person or about 17¢ a day. What sort of living is possible on that, and what hope has American industry to sell more goods in such a market? We must have as part and parcel of our whole Social Security program the means of assuring the mass of people in rural areas of a decent way of living.

One of the great causes of poverty is sickness. A way must be found to provide adequate medical care for that great mass of people who can not afford it. And not only this -- their income must be supplemented while they are unable to work because of illness.

The key to the question of what shall be done about the unemployed is the fact of unemployment. Any possible remedy is tied up with the nature and causes of their situation. I think we can say that in a highly industrialized system such as ours, unemployment is the major social problem, and there is obvious need for a permanent social policy not only to mitigate the evils of unemployment, but also to provide for those who are unable to find work inside the economic system. It doesn't do any good to try to wish away the problem, to say it isn't there, when millions of people are actually out of work. What is needed is some traditional American hard-headedness in recognizing the problem. It is high time that we started thinking about unemployment realistically, and working out remedies on a reasonably long-range basis.

To get a clear picture of what we are up against, we have to break down the unemployment problem into its various component parts. We
can't think intelligently on unemployment at large. We have to think in terms of types of unemployment and of groups of unemployed. We have to think in terms of the volume of it over periods of years, during both prosperity and depression. And, most important, we have to think of unemployment in terms of the duration that those people are out of work. It is only when we break down the problem in this way that we begin to think in a way which will lead to intelligent social policy.

I don't want to go into a great deal of detail which is familiar to most, if not all, of you. Unemployment has plagued this and every other industrial country for generations. Some estimates of unemployment in this country go back 40 years. For the period from 1897 to 1927 an average of 10 percent of the labor supply was out of work. In recent years it went as high as one third of the gainfully employed. At present, with industrial production back to 1929 levels, at least 15 per cent of the gainful workers are without jobs.

The problem of unemployment must be thought of in terms of major types. These major types suggest different forms of social policy. For example, unemployment insurance can effectively care for certain types of the jobless, while for other types such insurance isn't of much help.

The first type is that which is in and out of work regardless of economic conditions. Even in our most prosperous years there is an unemployed group. This unemployment is due to seasonal factors, to labor turnover, to minor interruptions in manufacturing and trade that are inevitable in any complicated economic system. This is a familiar type, and generally speaking it is a rather short-term problem. It is always there. But the unemployed making up this group are turning over pretty rapidly. The important feature here is that the duration is short -- most of this group are out of work a few weeks or a few months. From the standpoint of social policy, unemployment insurance would care for most of this group if the coverage of the program was broad enough.

The second large group of unemployed differs from the short-term unemployed. I refer to those thrown out of work by the recurrence of
depressions. This is cyclical unemployment. In all but the most prosperous years there is some unemployment because of these cyclical factors. In a certain sense this type is most spectacular, and accounted for a very large part of the mass unemployment during the depression period. During the minor recessions of business such as 1924 and 1927 this type of unemployment was not very serious because most of it was short-lived. During a major depression the problem is acute, as we all know from the experience of 1930 to the present time.

In the so-called long cycle of business activity, the duration of unemployment requires more than unemployment insurance to meet the problem of need. The duration of unemployment is the key to the social policy required for this type of unemployment.

A third general type of unemployment arises because of changes in technology, migration of industry from one part of the country to another, loss of foreign markets, the growth of new industries, the displacement of old industries, and other changes in the economic system. In a certain sense unemployment springing from these causes is more serious than the other types. It involves generally a loss in the occupational status of the worker. The need for his skills is frequently gone, and there is involved a pretty thorough need for readjustment and often migration of the worker. Moreover, unemployment for these reasons is a long-time proposition and frequently a permanent matter so far as the workers are concerned. Unemployment insurance aids these unemployed for a while, but with the exhaustion of benefits, other types of assistance must be provided.

The duration of unemployment found in these major types throws light on the sort of program we must establish in the future. One of the outstanding characteristics of unemployment in this country is the long duration of loss of work. In 1935 we made a number of studies of the unemployed on relief, and we found that one half of them had been unemployed for two years or more and about 20 percent for four years and more. In 1934 and 1935 a number of studies were made which show that about two-thirds
of the unemployed had been out of work for more than a year. We can say in general that the duration of unemployment in a so-called prosperity period is fairly short, but during a depression or during periods of important technological changes, it is much longer.

What is the significance of this duration factor? I think we can say that the duration of unemployment is the most important phase of the problem. Where unemployment is of long duration, the measures designed to aid the unemployed must provide for a long period of benefits. Long duration of unemployment places a serious limitation on unemployment insurance programs. For the short-period unemployed, unemployment insurance can be an effective means of helping them. But even most of those are out of work beyond the period of unemployment insurance benefits. And as soon as you deal with the bulk of those unemployed because of the business cycle, or because of changes in technology, migration of industry, etc., it becomes apparent that the duration of unemployment extends well beyond the benefit period of unemployment insurance.

This sounds like an indictment of unemployment insurance. I assure you that it isn't. I believe that unemployment insurance must be an integral part of a comprehensive unemployment relief program. But its chief significance will be to act as a first line of defense. It will be the means of giving the unemployed aid within a week or two after they have lost their jobs. Without employment insurance these unemployed would first have to go through a period of suffering which, with it, they are able to avoid. I believe that unemployment insurance is an effective and intelligent social policy. I don't mean to say this present law is the last word. It could well give broader coverage, and it may have to be altered in the light of experience. But, any unemployment insurance is a step forward, so long as we realize that it acts only as a first line of defense, and must be supported by additional means of helping the unemployed.
This leads to my central point. A comprehensive and well-integrated program for the unemployed must be established for the future. It must include the unemployment insurance program to care for the short-term type. I believe that the unemployed should be given some other form of public assistance as soon as their unemployment benefits run out, and that form of public assistance should be work. I believe that there will always be projects of a worth-while character to furnish work for the unemployed.

The basic elements in the proposed remedy are in existence and functioning. There is need to integrate and strengthen what is being done now in order that the unemployed will be assured the security they have the right to expect from their government.

Such a program should be carefully integrated from an administrative standpoint, both nationally and within the states, and it should be administered with the highest standard of public service. To attain this, I favor Civil Service.

Thusfar I have talked only about public agencies in attempting to visualize the great social program of the future. But I do not mean to imply in any way that any program can be so complete or so forward-looking that it does not need the contribution of great private agencies and the churches of America. Many of our problems can be handled best by those agencies, and certainly all of the services can be supplemented by them.

The question which we are really discussing here tonight is whether or not it is possible under our form of government for each family in the United States to have security and to be freed from poverty and want. We, as a people have faith that this can be done by patient, persistent effort - by the democratic process.

I get very tired of the prophets of despair and their talk of bankruptcy. We have coal reserves for 2,850 years, iron reserves for 330 years and enough lumber for 76 years if we grow no more. We know of enough petroleum for 12 years and we have about one billion acres of probable oil production not yet proven. With all of our growth, we have barely scratched the surface of our potentialities.