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I want to express to you my deep appreciation for the opportunity to visit your State -- the birthplace of democracy -- and to meet with you here in Richmond. I know that frequently it is difficult for those of you who live in Virginia to realize with how much awe and respect those of us from other sections of America look upon your native state. I well remember my school days as a youngster in a small town in South Dakota, reading about Monticello and Mt. Vernon, and studying the lives of Thomas Jefferson, James Madison, George Mason, Patrick Henry, and the many other illustrious figures in American history. I remember my sisters and my brother and myself talking about those early days and about the great state of Virginia with my father. Later, as a young man in Minnesota and as a student and a teacher of Political Science at the University there, the picture of Virginia as the birthplace of Presidents took shape more clearly. During my first visit to Washington not so many years ago, I remember that in my mind I looked forward as much to visiting Virginia -- the cradle of our great American tradition -- as I did to visiting our nation's capitol.

In many ways, therefore, it is with deep sincerity that I say how pleased I am to be with you tonight and to talk with you about affairs of state -- problems of our democracy.

I was invited here tonight to participate in a debate with your senior Senator. I welcomed that opportunity and accepted that invitation, because I realized that whatever differences of political philosophy we may have, and whatever differences we may have about our interpretation of current trends, all of us share a common belief in the democratic process and in the importance of free discussion to our democratic way of life. One of the most essential parts of the American tradition is a respect for differences of opinion honestly held, and a recognition that a society without these differences of opinion is not a free society.

I also accepted the invitation to debate here in Richmond, Virginia because I was conscious of the vital historical role which the public debate has had here in your own state and in the early development of our country. I need merely to mention the name of Henry Clay to illustrate that role.

I assume that the officers of the Virginia Commonwealth League and the representatives of the affiliated organizations sponsoring this meeting invited me here because I had the occasion in recent months to make clear and public my opposition to some of the activities of your senior Senator. Most particularly, I took issue with the activities of a Committee of which he is Chairman. It is the merits of my proposal to abolish that Committee which was assigned as the topic of this evening's discussion.

I regret very much that the senior Senator from Virginia found it impossible to be here tonight, and to accept your invitation. I do feel that under the circumstances it would not be proper or courteous for me to debate that question in his absence. I do hope that we will have an opportunity to do so soon.

In the spirit of free discussion, however, I want to take this opportunity to discuss what I consider to be one of the most significant new developments in our American political scene. I refer to the growing participation of people in politics.

At the outset, before I begin to tell you what I have to say, let me make very clear what I do not intend to say. If your Virginia newspapers quote no other portion of my remarks tonight, I hope they will quote me to the following effect:

I am not going to discuss your state and local affairs. In spite of the fact that the state of Virginia and the state of Minnesota are both states with approximately 3 million population, and with the same proportion of rural and urban population, and with many of the same problems, I fully appreciate that it is impossible for me, a citizen of Minnesota and a former mayor of Minneapolis, to attempt to tell you here in Virginia and in Richmond how you ought to run your government affairs. I shall not attempt to do so. I know that you, the people of Virginia, are fully able to make whatever changes may be necessary in your own way, in your own time and in accordance with your own judgment.

We in America have passed through a very interesting period in our political history. There was a time not so long ago when it was possible for an American citizen to live his life, with but few exceptions, relatively free from direct contact

and association with his government. Ours was a simple society. Yes, we paid taxes, but not too much of that.

Affairs of government therefore were frequently and in many states a concern of the few. In the early days it was the concern of those who owned property. In the latter days it was the concern of those who had a business interest to advance through participation in government. Let us not forget that not too many years ago, only those who owned property and were considered "men of means" had the legal right to vote. There are only a few states in our nation today who have any remnants of those undemocratic and aristocratic practices left. And even in those states, certainly in your own state, the poll-tax requirement is on the road to oblivion.

It was, therefore, quite understandable that with only the few participating in the political process, only the few were cared for through the political process.

Here is one of the greatest problems our democracy had to face. Democracy is based on the principle of majority rule. The great teachers of democracy have taught us that the judgment of the majority of the people is a far better judgment to follow than the judgment of any single minority, whether it be the few who own property or the few who control wealth. They had that faith because democracy to them meant participation by all the people in the political process. And the political process to them meant that the people would rule through their votes, after becoming informed and intelligent through debate and discussion and a free expression of their views.

The development of American history since that early day has been one of broadening and extending democracy. It has been a continuous striving to attain that goal so beautifully described by Abraham Lincoln when he said that ours was to be a "government of the people, by the people and for the people". It was striving to make a political reality out of the immortal idea created and championed by that noble Virginian Thomas Jefferson, when he said "all men are created equal, and are endowed by their Creator with certain inalienable rights".

That tradition of human equality, of human brotherhood, and of increasing democracy has been championed in the 20th Century by Theodore Roosevelt, Woodrow Wilson, Franklin Roosevelt, and Harry Truman. It is receiving its greatest expression today in the program and political life of the New Deal and the Fair Deal.

This, my friends, explains the intensity of the opposition faced by the Fair Deal and the New Deal. The people are beginning to express themselves and as they express themselves the few and the privileged who have looked upon political activity and politics as their business and only their business are fighting to maintain their power and positions of privilege.

Make no mistake about it. The programs of the New Deal and the Fair Deal have helped business. Profits are at the highest level that they have ever been in the nation's history. The New Deal and the Fair Deal have been good to them at the same time as those programs have provided for our welfare -- yours and mine -- and the millions of American farmers, workers and small businessmen.

There is only one logical reason for their opposition and their bitter hostility to the New Deal and to the Fair Deal. It is their realization that with the New Deal and the Fair Deal they no longer make the decisions; it is the people who make the decisions.

Nevertheless, it is good constantly to re-evaluate the principles of the New Deal and the Fair Deal and subject that program to criticism and constant debate. I would personally far prefer to discuss the issues represented by the New Deal and the Fair Deal rather than the slogans which the opposition has seen fit to repeat. But, I am prepared to discuss the slogans too.

I was amused recently to read in the New York Herald Tribune that Governor Dewey delivered a lecture at Princeton University in which he said that it must have been "some clumsy Republican" who first used the slogan of the "welfare state" to label the Truman Administration. You and I know of course that it is not only the Republicans who have used that label, but a great many who call themselves Democrats and who use that title behind which to hide their Dixiecrat and Republican ideologies.

In the election of 1948 the Fair Deal program of the Democratic Party faced the opposition not only of the Republican Party but also of the so-called Dixiecrat Party and its allies, many of whom did not have the courage to call themselves Dixiecrats. That Republican Dixiecrat coalition failed in 1948 to take away from the American people the benefits of the New Deal and the Fair Deal, and they will fail again.

You in Virginia know what I mean. All around you you see the signs of a well laid plan to combine the Republican and Dixiecrat Parties into a secret alliance to defeat the National Democratic Administration and place in power a program and philosophy which would overthrow the principles of the Fair Deal and the New Deal, which we and the majority of the American people believe in and voted to support.

For many years now those of us who call ourselves liberals or New Dealers or Fair Dealers have been accused of trying to change our form of government and our form of society. Our critics say we are trying to create a "welfare state" or a "socialist state". In my opinion the use of these slogans is an attempt to confuse the issues and to escape facing the issues. It is an attempt to frighten the American people with words by repeating those words over and over again.

I would not deny that there is some merit to the Republican claim that the Fair Deal Program seeks the Welfare State as an objective. The Welfare State is a legitimate objective -- one that is perfectly consistent with our traditions and with the current wishes of the American people. A state which is devoted to the welfare of its members, a state which looks upon man and his welfare as an end in itself, is one I support and urge you to support.

The United States began as a Welfare State when its Constitution charged the government with the responsibility of the "general welfare" of its people. In a sense this was one of the great differences between this new country which was born and the tired nations of Europe in the 18th Century.

From that day until this day the history of the American development has been a history of providing greater welfare for its people.

As early as 1806 Thomas Jefferson of Virginia as President of the United States asked Congress to approve a donation of lands for a "National Establishment for Education". It is fair to characterize this step as one of the earliest forms of government subsidy, since land was a financial asset. The use of land during that early period played an important role in developing the concept of government subsidies. Our government eventually granted 250 million acres of land for various "welfare purposes": for education; for wagon roads so that everyone, not only the rich, could travel easily; for canals and levees; for public buildings; for railroads.

Let us not forget too the significant role played by the Homestead Act of 1862 in developing our nation and in bringing it to a position of power and responsibility in the world. For those who were not able to make an adequate living in the industrial areas of the East, Congress gave away vast areas of public lands to individual families. Today the federal government no longer gives land grants. The modern expression of that program, however, is legislation in behalf of unemployment insurance and social security. Today the method of payment is changed. But land or money, income producing property or income, there is no change in principle.

To provide financial assistance for welfare programs has always been a part of America's tradition. Furthermore, I issue the challenge tonight that it is an American tradition which even the opponents of the Welfare State want to preserve. The only question which remains an issue is the question of "whose welfare".

As early as 1791 Secretary of the Treasury Alexander Hamilton -- the symbol of conservatism -- made a plea before the House of Representatives for Federal subsidies to manufacturers.

During the 19th Century the United States government gave to the railroads a total of 179 million acres of land.

At this very moment the Reconstruction Finance Corporation and the Export-Import Bank assists private industry financially. I suggest that Mr. Guy Gabrielson, himself one of the leading exponents of reaction in America and spokesman for the Republican Party, is in favor of continuing that form of government subsidy since the Carthage Hydrocol Corporation, which he heads, has received the total of more than 18 million dollars in loans from the Reconstruction Finance Corporation.

In this connection I have one further observation to make. I am a member of the Senate Post Office and Civil Service Committee. In our Committee is a bill to raise postal rates. The same magazine and newspaper publishers who daily attack the Fair Deal as a Welfare State and oppose government subsidies for the American people are daily in my office and before our committee, insisting the government postal subsidy to their business be maintained. Last year the newspaper and magazine publishers of America received a subsidy upwards of 200 million dollars.

Many of these government subsidies to business are desirable. But if they are desirable to help profits, they are desirable to help people!

Those of us who would advance proposals for welfare legislation do so because we are striving for a more perfect democracy in which the American people through their government can build a constantly improving society.

Abraham Lincoln said in 1854, "The purpose of government is to do for the people what they cannot do for themselves or cannot do so well for themselves." That is philosophy which the New Deal and the Fair Deal represent and which I today represent.

What we strive for can best be put in the phrase "economic democracy." That phrase means a system which preserves the political fabric of democracy and the freedoms traditionally associated with it at the same time as it searches for increased economic freedoms.

A wise man once said, "hungry stomachs do not make good political advisors". It is our objective to use the great wealth, the greater resources, and the great genius which is ours toward strengthening the establishment of a society free from economic insecurity.

We are moving into the second half of the 20 Century, a century which has seen America's productive strength grow beyond the dreams of even the most visionary of our national founders. Today we have the natural resources and the technical knowledge to open up a new vista. President Truman's recent messages to Congress have demonstrated the possibilities that are open to us. Merely by continuing our past rate of growth we can within five years increase in production 20%, which would mean increasing the average family income by about \$1,000 a year. Within our grasp in the next 50 years we can treble today's standard of living which would mean average family incomes of \$12,000 a year.

We have an opportunity for the first time in the world's history to establish a society in which every family can have a decent standard of living and in which luxury living will be available to an increasing number of our citizens. It can be a society in which all have enough without unduly limiting the rewards available for the more industrious and the more able.

Yet as these possibilities come to mind, there also comes to mind the increasing complexity of our society.

In the not too distant past opportunity was open to all. If a man was willing to make the effort he could have the richest land and the richest resources for the asking. Today millions of families are dependent on jobs that may disappear tomorrow with no others available. Millions of families live on tiny worn out farms eking out a bare subsistence. Many of them live right here in Virginia.

In this the land of plenty -- in this the century of progress -- we in America still have almost 10 million families, or about one quarter of our population, trying to get along on less than \$2,000 a year. Many of them live right here in Virginia.

Here is the crisis we face. Here is why we need a Fair Deal program working toward an increasing welfare program working toward greater economic democracy.

There are some who feel that the realization of the dream which is before our eyes cannot be achieved without sacrificing the free enterprise system -- and they prefer the free enterprise system.

They are of little faith. I believe in the free enterprise system -- I am not a socialist. No other system could have made the progress we have made in the past 150 years. But the free enterprise system in America as we have seen it has always been one receiving encouragement, stimulation, and protection from government activity -- from government welfare programs.

Let us not forget that the protective tariff, the darling of big business for so many years, was one of the most flagrant examples of governmental interference in behalf of business.

The greatest threat to the free enterprise system in America is not social security, minimum wage, aid to education, rural electrical programs, and the like. The greatest threat to free enterprise in America is growing monopoly in America.

There are those who would have us believe that an unbalanced budget spells the end of free enterprise in America. That is nonsense. I am more concerned about the fact that the Federal Trade Commission recently reported to Congress another half a dozen industries which are dominated by 4 to 6 companies making a total of 19 highly concentrated industries out of 26 studied. I am more concerned that 3 companies control 95.3% of the tin cans and other tin ware industry; that 3 companies control 92.1% of the linoleum industry; that another 3 companies control 88.5% of the copper smelting and refining industry. In this connection Anaconda Copper alone controls almost half the capital assets of the whole industry and another quarter of the capital assets of the copper industry is controlled by Kennecott Copper Corporation.

I am concerned about the future of the free enterprise system when I learn from the Federal Trade Commission reports that 113 companies, all with assets of more than 100 million dollars, own almost half of the manufacturing plant and equipment in the whole of our United States.

The free enterprise system is in danger but the danger does not arise from welfare programs. The danger arises from the fact that from 1940 through 1948, according to the Federal Trade Commission, more than 2450 formerly independent firms in the manufacturing and mining industries alone disappeared as a result of merger and acquisitions. The asset value of these firms amounted to about 5.2 billion dollars or nearly 5% of the total asset value of our manufacturing corporations in America. Moreover, nearly one-third of the companies merged were absorbed by the very largest corporations, those with assets exceeding 50 million dollars.

It is monopoly which threatens a free America. I do not consider unbalanced budgets to be desirable objectives. Unbalanced national budgets, however, are not indications of the basic health of the American economy. The Republicans would balance the budget but they would do so I suggest at the expense of unbalancing the American economy. I remember well the days of the balanced budget under Ogden Mills, Andrew Mellon, and Herbert Hoover, and I remember that those balanced budgets spelled unbalanced family life for millions of Americans. I am more concerned with balancing the daily lives of Americans and their families so that they have full employment; so that they can enjoy the fruits of their labor; so that they can participate in the good life which is possible in our society.

You in Virginia have clear evidence of the effect which the New Deal and the Fair Deal have had on your state and the welfare of your citizens during the past fifteen years. Let me address myself for a few moments to those of you who are farmers or who are interested in agricultural problems. I know what I am talking about. I grew up in a farming community in South Dakota. I was a young man in South Dakota when the depression and the drought combined to play havoc with the farm families. I learned a great deal about agricultural problems from first-hand experience -- as much as some men learn in the ivory towers of state colleges. I know what it means to own a farm or try to live on a farm with declining farm prices, with mortgages past due, with poor soil conservation and soil erosion, and with big debts.

In 1932 the cash income of farmers in Virginia was 70 million dollars; in 1947, after fifteen years of the New Deal, the cash income of the Virginia farmers was \$413 million -- an increase of five times. This is the welfare state of which you are to be frightened. In 1929 nearly \$92 million in mortgages was outstanding in Virginia; in 1947 these debts had been reduced to \$72 million, in spite of the fact that the value of the dollar decreased. And this is the welfare state of which you are to be frightened!

Since 1933 the Farm Credit Administration has given assistance to nearly 12,000 Virginia residents to buy farms through loans of approximately \$29 million. This has encouraged and made possible the ownership of family size farms. This has strengthened the institution of private property and free enterprise in Virginia. This is the welfare state of which you are to be frightened!

Today more farmers are able to produce their own food by their own labor and on their own land than ever before. Here is the essence and the finest expression of free competitive enterprise that this or any country could offer. This was made possible through the program of the New Deal - through the welfare state, if you please!

Is it economical? I ask, could we afford to do anything else? The investment of approximately \$29 million to help Virginia farmers has done more to preserve free enterprise and the American way of life than any other single investment of like amount that I can think of. The alternative is a land system under which the banks, absentee landlords and gentlemen farmers in the city own all the good farms.

But I must confess to you that in addition to promoting family farm ownership, the Roosevelt and Truman welfare programs are guilty of another grievous sin insofar as the farmer and his family are concerned. Do you know what they have done? They have very nearly destroyed the market for kerosene lamps on Virginia farms! Now, isn't that awful? Yes, through the REA Virginia farmers, acting together to form cooperatives, have strung in the first 12 years of the REA 14,555 miles of rural lines. They have brought service to 50,000 farms which never enjoyed the benefits of electricity before. When the REA was set up in 1935 less than 8% of the Virginia farmers had electric lights. I am told that today that percentage is in excess of 80%. I now fully understand why the Virginia citizens voted for Harry Truman and Alben Barkley in 1948, even though they did not receive encouragement from within their own state to do so.

More than two-thirds of Virginia's farmers are participating in the agricultural conservation program of the Production and Marketing Administration. Soil has been conserved and restored. Farms have been improved. Farmers have been enabled to obtain fair prices for their crops. Farm mortgages have been reduced. Tenants are now able to buy farms and make rented land their own. Farmers and farm people appreciate the benefits of electricity as much as you and I in the city. Today the farmers of Virginia are able to get telephone service through the use of REA funds by cooperatives. Incidentally, this market for telephones and electrical appliances will compensate the city folk many hundreds of times over the kerosene lamp market.

Let me go on with a few additional direct examples of how the Fair Deal program affects the residents of Virginia. In 1947 nearly 115,000 Virginia residents received direct benefits from the Federal Security Agency in old-age pensions or unemployment insurance or child care. In 1947 alone more than \$13 million went to Virginia for these programs which benefited every resident of your state through improved health, education, vocational rehabilitation and social security. You should have received more, and more was available to you from the federal government. But more than 41,000 residents of Virginia received unemployment benefits in 1947.

I have already made it clear that the Fair Deal and the New Deal programs have helped all the people - and that includes the bankers - the bankers who forget the year 1932 when banks were closing and bankers were committing suicide. In 1933 nine Virginia banks with deposits of \$879,000 failed and closed their doors. Today there are deposits of \$1,800 million in 314 banks in Virginia. None of these banks have closed and all of these deposits are insured by the Federal Deposit Insurance Corporation. We still have many problems to concern ourselves with, but the closing of savings banks is not one of them. I thought all of you bankers in the audience would like to know that.

Let me say a few words about the education of your young boys and girls. It might be that the State of Virginia doesn't need federal funds for education - I don't know. It might be that Virginia has the finest set of schools anywhere in the country - I don't know. But you did receive \$105,448,147 in federal funds for education during the first 16 years of the New Deal beginning in 1932. Furthermore, in 1947 the Veterans Administration spent \$30,769,778 to educate the veterans of World War II in Virginia.

This is the welfare state of which you are to be frightened!

In the dark days of 1938 President Franklin Delano Roosevelt warned the American people. He said: "Democracy has disappeared in several other great nations, not because the people of those nations disliked democracy, but because they had grown

tired of unemployment and insecurity ... In desperation they chose to sacrifice liberty in the hope of getting something to eat. We in America know that our democratic institutions can be preserved and made to work. But in order to preserve them we need ... to prove that the practical operation of democratic government is equal to the task of protecting the security of the people."

Yes, this program and these principles which I state have international implications as well. America must prove to the peoples of the world that political democracy and political freedom is not synonymous, as the Communists would have them believe, with industrial anarchy, growing unemployment, and the monopoly state. American democracy must prove that political freedom and political democracy can bring about an economy which is a healthy economy - one which is concerned for the welfare of the people. In fact, political democracy and economic oligarchy are incompatible and there can be no lasting political freedoms so long as economic control is in the hands of the few and so long as economic security is missing in our society.

America has a responsibility in international affairs. It is a responsibility to preserve democracy in the world. It is a responsibility to preserve the peace of the world.

In a speech in the First Continental Congress in Philadelphia on October 14, 1774, the great Virginian Patrick Henry said, "I am not only a Virginian; I am an American."

We today have a responsibility to say "We are not only Americans; we are citizens of the world." If we are indeed sincere about preserving democracy as a way of life for us and for our children, we must understand that democracy has to be protected all over the world. Those who would oppose assistance to the peoples of Europe - striving to keep their heads above water - are opposing efforts to preserve democracy. They are performing a great disservice; not only a humanitarian disservice, but a great disservice to our own interests and to the interests of our children.

In conclusion, my friends, I make a plea for a rational rather than an emotional approach to the problems of government. I make a plea that we respect the facts.

It is difficult for the American people to understand when Mr. Alfred P. Sloan, Jr., Head of the Board of General Motors, makes a statement on January 15, 1950: "In recent years economic incentive has been weakened by the ever-increasing take of government. I fear the effect is beginning to be felt on the economy". And then for General Motors to announce that it had earned \$600 million dollars profits in 1949 - more than any other company has ever made in the history of American industry. I suggest this is not a rational approach to discussing political issues.

Since the war American big business according to the Federal Trade Commission has been making approximately 20 percent profit on its invested capital after taxes. This compares with about half that figure before the war.

If our political opponents wish to label the program we stand for as a Welfare State - then let it be so. Call it what you will - one fact, however, stands out in bold relief. This program has raised the living standards of the American people. It has given a modicum of security to all areas of our population. It has provided a floor on living standards. It is furnishing relief from the apprehensions and anxieties which lead men to surrender their freedom. It is providing minimum protection against the hazard of old age and unemployment. It will provide prevention from catastrophe of sickness and disease. It is giving decent shelter to more and more of our people. It is putting a floor under wages. It will provide federal aid to education so as to give every boy and girl equal educational opportunities so that none will remain the slaves of ignorance.

These programs are strengthening the ring of freedom that centuries of struggle has drawn around western man.

These programs are providing the incentive and will set the example which will underline totalitarianism wherever it may be.



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