9. Social Security: *A Safety Net for Americans*

Franklin D. Roosevelt signs the Social Security Act, one of the most enduring accomplishments of his presidency, on August 14, 1935. Flanking FDR are some of the people who helped make it happen: from left to right, Robert Doughton, the North Carolina congressman who introduced the bill in the House; Robert Wagner, the senator from New York who was instrumental in drafting it; Michigan congressman John Dingell, who helped pass Social Security and would go on to be the chief advocate of what many considered its logical follow-up, a national health insurance program; Secretary of Labor Frances Perkins, who headed Social Security's drafting committee; Senator Pat Harrison, who shepherded the bill through the Senate Finance Committee as chairman; and Representative David J. Lewis, the former Maryland coal miner who sponsored the bill along with Senator Wagner. LOC

On August 14, 1935, after years of national controversy and eight grueling months of congressional hearings and debate, Franklin D. Roosevelt put his name to the Social Security Act. "If the Senate and the House of Representatives in this long and arduous session had done nothing more than pass this Bill," he told the nation, "the session would be regarded as historic for all time."

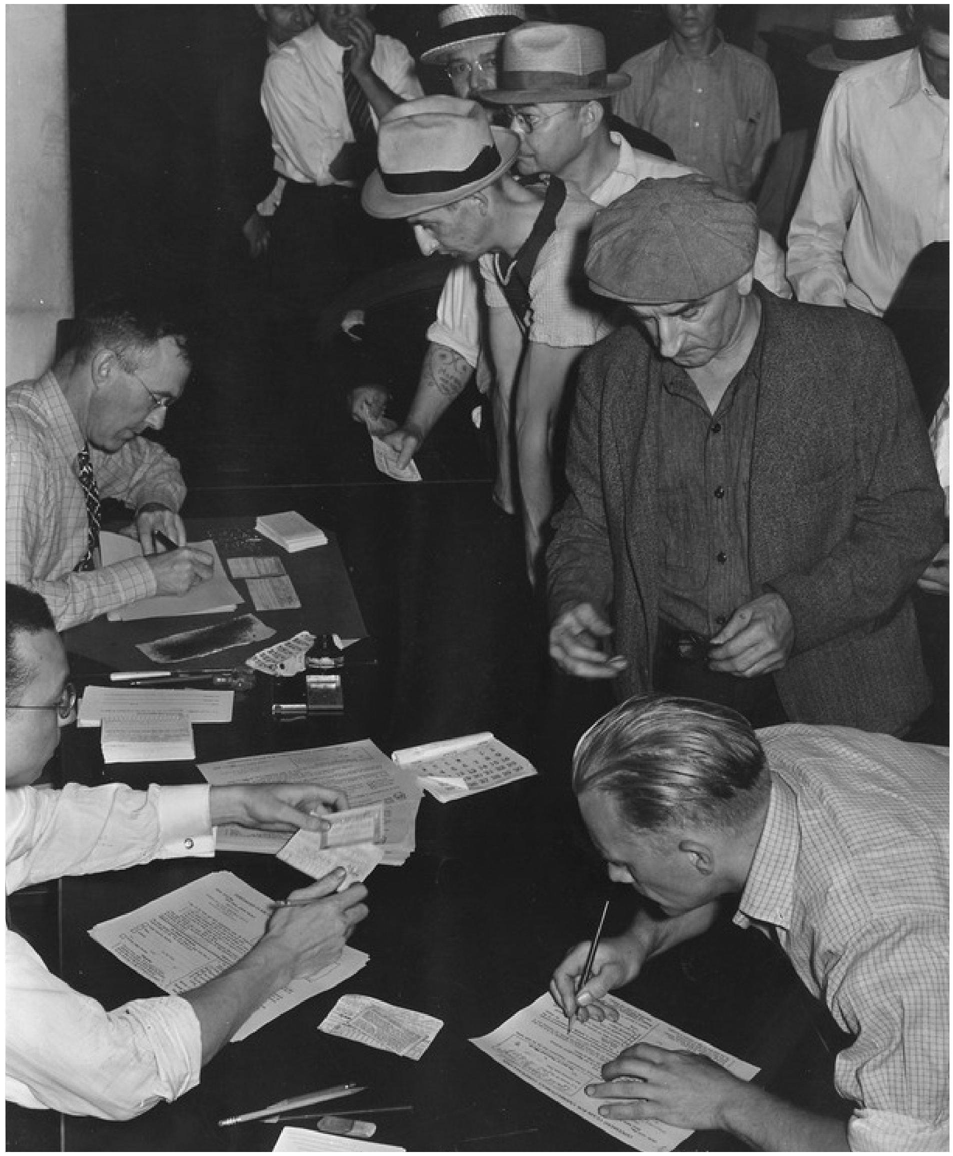
Indeed, the law he signed that day may represent FDR's most lasting legacy. It established two programs that generations of Americans would regard as fundamental benefits of citizenship: the Social Security payments they receive in old age, funded by payroll taxes on workers and their employers; and the unemployment insurance that partially replaces income in the weeks following involuntary job loss, also paid for through employer taxes. The Social Security Act of 1935 also provided federal grants to help states extend assistance and services to the blind, the indigent elderly, mothers and infants, crippled and homeless children, and children at home but impoverished by a parent's absence

In the past, aside from large-scale undertakings like the military and the postal service, the United States government had played a very limited role in American life. Now, this government would use its considerable might to give Americans a small hedge against what FDR called the "hazards and vicissitudes" of modern life—perils that had become all too evident in the calamitous suffering of the Great Depression.

or inability to work (later known as Aid to Families with Dependent Children, which Congress replaced with a more restrictive temporary assistance program in 1996).

By assembling the rudiments of a social safety net, the law achieved nothing less than to remake the relationship between the American people and their federal government. In the past, aside from large-scale undertakings like the military and the Postal Service, the U.S. government had played a very limited role in American life. Now this government would use its considerable might to give Americans a small hedge against what FDR called the "hazards and vicissitudes" of modern life—perils that had become all too evident in the calamitous suffering of the Great Depression.

The concept of social security—the idea that government, as a representative of its people, should undergird the basic requirements for their well-being—is one FDR had pushed as governor of New York and in his campaign for the presidency. "I assert that modern society, acting through its government, owes the definite obligation to prevent the starvation or the dire want of any of its fellow men and women who try to maintain themselves but cannot," he said in a 1932 campaign address. "To these unfortunate citizens aid must be extended by the government, not as a matter of charity but as a matter of social duty."



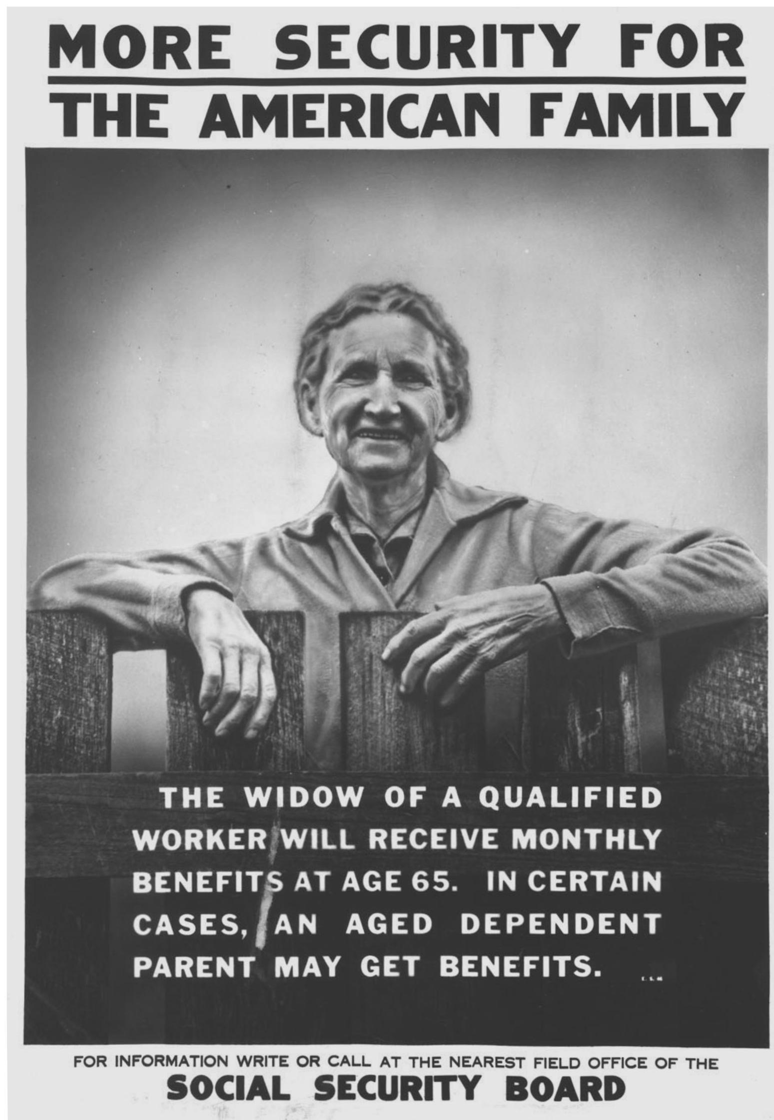
Jobless workers sign up for unemployment benefits after the passage of the Social Security Act. Only one state had enacted unemployment insurance when the federal law passed in 1935, spurring the creation of unemployment compensation plans in all states. The plans initially covered less than two-thirds of the country's wage and salary workers, but today nearly all these workers are eligible for jobless benefits. LOC

(A)

In the Shadow of the Poorhouse, 1880–1932

For most of its history, America treated the needs of those unable to sustain themselves by gainful work as a local issue best handled by the extended family or private charities. Charities and local governments insistently divided the needy into two groups—the deserving and the undeserving poor—each of which received different benefits, dispensed with different levels of compassion. Society judged widows, children, the disabled, and the sick as "deserving" of help. But it demanded that charities treat unemployed men, including those temporarily laid off from steady employment, as unworthy. Some localities required out-of-work men to forfeit their right to vote and swear they would never marry as a condition of receiving food.

Even those considered the innocent victims of circumstances—elderly folk too feeble to continue their labors, widowed mothers, disabled children—often paid a terrible price for sustenance, forced to leave their families and communities for institutional life in the poorhouse, old-age home, or pauper's hospital.

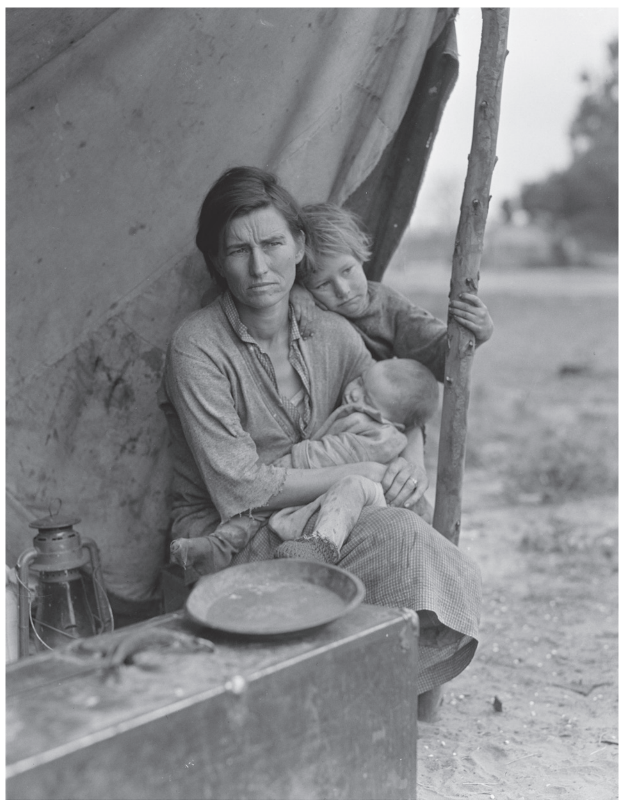


Top: The Bowery Mission in New York City dispenses free coffee to jobless men, January 1908. During this period of severe economic contraction, the needs of the unemployed overwhelmed local charities. LOC

Right: A poster promoting the Social Security program, reflecting changes in 1939 that extended benefits beyond the covered worker to include a beneficiary's dependents and survivors. This meant a new security for the American family after decades in which the death or old age of a breadwinner could split families and send dependents to the poorhouse. FDRL

B

The Crucible of the Depression



Above: In this 1934 image of a park in Haddon Heights, New Jersey, both poverty and despair are implied in the caption "Depression." As people lost their jobs and had nothing to fall back on, economic activity had ground nearly to a halt. In January 1935, Franklin D. Roosevelt would tell Congress, "We pay now for the dreadful consequence of economic insecurity—and dearly." LOC

Left: Dorothea Lange's famous photograph of a migrant agricultural worker and her children in Nipomo, California, February 1936. The shocks of the Great Depression helped create the political momentum required to pass Social Security. But the 1935 law was not an emergency aid measure so much as a long-range reform aimed at insuring the American worker against common hazards and protecting the U.S. economy from future shocks. Benefits did not begin until 1940 and agricultural and domestic workers were not included until 1950. LOC

Even before the onset of the Great Depression, Americans were debating the merits of old-age pensions and unemployment insurance. In 1929, when Franklin D. Roosevelt became governor of New York, eleven states had pension programs for the elderly (albeit so underfunded and riddled with loopholes that only a thousand older Americans received assistance). In 1930 FDR became the first governor to endorse unemployment insurance. By then, most states also offered "mothers' pensions" for families lacking a male wage earner (though benefits varied and were generally paltry).

But the Depression brought a new urgency to the scene. By its peak in 1933, the labor market was in utter collapse. A quarter of the American workforce was idled, bringing destitution to workers and the families that depended on them. Unemployment spiked among the elderly in particular, with more than half out of work. Savings had evaporated as banks failed, the stock market plummeted, and property lost value or was taken in foreclosure.

The needy in their dramatically increased numbers overwhelmed local charities. In Pittsburgh, for example, a million-dollar relief fund raised by Heinz and Mellon heirs went bankrupt by June 1932; nearly a hundred thousand families were turned away. With no federal or state aid in sight and their own tax revenues slowing to a trickle, some cities tried to take out loans to feed their citizens. After reviewing the cities' budgets, most banks refused.

The awful breadth of the Depression's impact blurred the distinction between deserving and undeserving poor. The very institutions of capitalism had failed. People without work couldn't buy anything; prices fell; produce rotted in the field; companies foundered. Bing Crosby's recording of "Brother, Can You Spare a Dime?" became the best-selling record of the day.

In short, all America was sinking under a single monstrous wave. This provided an effective rallying cry for New Dealers intent on establishing Social Security measures. By bolstering the security of individual Americans, they argued, charities and municipal treasuries could be spared, consumption sustained, and the effects of any future depression blunted. "We pay now for the dreadful consequence of economic insecurity—and dearly," FDR told Congress in January 1935. "This plan presents a more equitable and infinitely less expensive means of meeting these costs."

C

Frances Perkins

Apart from Franklin D. Roosevelt himself, no one was more instrumental in getting the Social Security Act passed than Frances Perkins, the country's first female secretary of labor and its longest-serving one. Before agreeing to take that post in 1933, Perkins had secured the new president's commitment to old-age pensions, unemployment benefits, and assistance for people with disabilities and families with dependent children. Perkins went to Washington, she would later observe, "to work for God, FDR, and the millions of forgotten, plain common working men."

Raised in an upper-middle-class home in Massachusetts, Perkins's common cause with working people was one she discovered early and pursued all her adult life. Inspired by reading Jacob Riis's chronicle of urban poverty *How the Other Half Lives* while an undergraduate at Mount Holyoke College, Perkins went on to work in settlement houses and workers' rights organizations in Chicago, Philadelphia, and New York, work that brought her into the homes and workplaces of laboring people. She witnessed the 1911 fire that tore through the Triangle Shirtwaist Factory, forcing dozens of young stitchers to leap from its windows to their deaths. In 1929 FDR, then governor of New York, appointed Perkins state industrial commissioner; she studied and tirelessly advocated for unemployment and old-age insurance. In 1933 she joined FDR in Washington as his secretary of labor.

Little more than a year later, the president tapped Perkins to head the Committee on Economic Security, a group of close advisors charged with studying myriad economic-security schemes and drafting a bill. To this job she brought her deep knowledge of social policy as well as a pragmatic, can-do style. Only days before the committee's Christmas 1934 deadline for completing its work, Perkins summoned members to her house at 8 p.m., locked the doors, turned off the phone, placed a bottle of Scotch before the assembled planners "to cheer their lagging spirits," and informed them they would "sit all night if necessary, until we had decided the thorny questions once and for all."

Labor Secretary Frances Perkins prepares to testify before the House Ways and Means Committee on the Roosevelt administration's proposed Social Security program, January 22, 1935. LOC

D

What Plan for America?

In the mid-1930s, architects of a new economic-security system for the United States had no shortage of ideas to consider.

Many European nations had adopted old-age, unemployment, or health benefits years earlier. In some cases, these were fixed benefits distributed only to the needy and paid in part out of general revenues. In other cases, they were more like insurance plans funded through dedicated payroll taxes.

In the United States itself, many states had some form of pension program for the elderly poor. The country's first state unemployment-insurance law, passed by Wisconsin in 1932, was an influential model; it varied an employer's tax rate according to how many layoffs it generated, with the goal of encouraging companies to stabilize employment.

Dr. Francis Townsend displays the presidential pardon that will spare him from serving a thirty-day jail sentence, April 18, 1938. Townsend had been convicted of contempt of Congress after he walked out of a 1936 hearing in which lawmakers were questioning Townsend about his reform movement and the old-age pension plan it promoted. Townsend proposed a generous $200 monthly stipend for all Americans age sixty and older, purportedly to be funded by a national sales tax. Even after the passage of Social Security in 1935, he continued to assail the federal program as inadequate. LOC

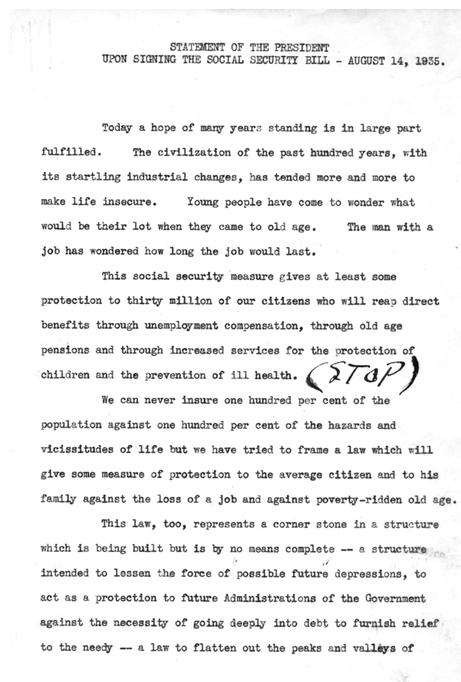
The agony of the Depression spawned a burst of new proposals. A few gained extraordinary popular followings, even if economists deemed them unworkable.

Most important among these was the Townsend Plan, introduced by physician Francis Townsend in the autumn of 1933. Broke and out of work at age sixty-six, he'd become outraged at the spectacle of women digging in the garbage for food behind his Long Beach, California, home. Under his plan, the federal government would impose a national 2 percent sales tax to finance a monthly $200 pension to every American aged over sixty. The money would have to be spent right away, a requirement meant to stimulate buying (and thus increase tax revenue).

Huey Long's "Share Our Wealth" plan was another contender, introduced by the charismatic, populist, and notoriously corrupt Louisiana senator early in 1934. Long wanted to tax away individual fortunes in excess of $50 million and pour the resulting revenues into public-works programs and "household estates" of $5,000—enough, Long insisted, to buy a house, a car, and a radio—distributed to every American family.

Such "fantastic schemes," Franklin D. Roosevelt complained at a White House–sponsored conference in November 1934, had "aroused hopes which cannot possibly be fulfilled." But their broad popularity provided an important political counterweight to conservative and business arguments against the administration's far more modest proposals. "The dangers are manifest," Alfred Sloan, president of General Motors, said of the bill introduced in January 1935. "With unemployment insurance no one will work; with old age and survivor benefits no one will save; the result will be moral decay and financial bankruptcy." FDR's legislative agenda would "Sovietize America," as a U.S. Chamber of Commerce official put it.

FDR was adamant on one point: both retirement benefits and unemployment insurance should be self-financed, "earned benefits" paid for by contributions from employers and workers—and clearly distinguished from "the dole," or relief to the indigent. This, he thought, would give the programs fiscal soundness and political staying power. "Unemployment and old-age insurance," he said, "ought to continue as a permanent part of our economy."



STATEMENT OF THE PRESIDENT
UPON SIGNING THE SOCIAL SECURITY BILL - AUGUST 14, 1935.

Today a hope of many years standing is in large part fulfilled. The civilization of the past hundred years, with its startling industrial changes, has tended more and more to make life insecure. Young people have come to wonder what would be their lot when they came to old age. The man with a job has wondered how long the job would last.

This social security measure gives at least some protection to thirty million of our citizens who will reap direct benefits through unemployment compensation, through old age pensions and through increased services for the protection of children and the prevention of ill health. (STOP)

We can never insure one hundred per cent of the population against one hundred per cent of the hazards and vicissitudes of life but we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age.

This law, too, represents a corner stone in a structure which is being built but is by no means complete -- a structure intended to lessen the force of possible future depressions, to act as a protection to future Administrations of the Government against the necessity of going deeply into debt to furnish relief to the needy -- a law to flatten out the peaks and valleys of

Franklin D. Roosevelt's statement on signing the Social Security Act, August 14, 1935. FDR saw the law as a beginning.

Eleanor Roosevelt visiting a Civilian Conservation Corps work-relief camp in Yosemite, California, 1941. Though born to privilege, ER and Franklin D. Roosevelt traveled widely and made a point of talking to ordinary Americans. They could see that industrialization and urbanization had broken up extended families and made life far more insecure for anyone who could not earn a steady living wage. National Archives

E

Eleanor Roosevelt on Old-Age Pensions

Addressing Washington, DC, social-work organizations in January 1934, Eleanor Roosevelt employed her signature combination of human warmth and skillful rhetoric to argue for old-age pensions.

Every Election Day, she said, she and Franklin D. Roosevelt had been in the habit of swinging by a farm near their Hyde Park, New York, residence to drive the neighbor family to the polls. Recently, after an absence of a few years, ER had arrived at the farm to discover a dispiriting scene. She found one old woman crying, waiting to go to the poorhouse. Her elderly sister had left; a brother had died. That day the surviving brother had been taken to the insane asylum. "The worry of how they were going to get enough to eat and to pay their taxes had finally driven him insane," ER said.

"All their lives they had done what good citizens should do," she went on, "and they simply had never been able to save. There had always been someone in the family who needed help; some young person to start; somebody who had gone to the city and who needed his rent paid."

"An old age security law," ER concluded, might have allowed the elderly family members to stay together in their home; it would not only end this "bitter situation," but also "cost us less in the end."

Left: An employee reviews individual Social Security accounts at an Ohio field office, 1937. By the time the Supreme Court ruled to uphold the Social Security Act in May 1937, the federal government had already begun collecting payroll taxes for the program and had issued twenty-six million Social Security numbers. LOC

Above: Supreme Court Justice Owen Roberts, appointed in 1930, was a key swing voter who broke from four conservative justices in a 1937 decision to uphold a Washington State minimum wage law. LOC

F

Constitutionality

As Franklin D. Roosevelt's Committee on Economic Security labored to grind out a Social Security package in 1934, one of members' most pressing worries was how to structure programs so they would survive any legal challenges in the country's highest court. "The legal committee soon broke into a row because the legal problems were so terrible," committee chair Frances Perkins would later recall. "The constitutional problem was the greatest one. How could you get around this business of the State-Federal relationships? It seemed that couldn't be done."

The U.S. Supreme Court was widely viewed as hostile to any reform that would regulate the economy, with four justices (the "Four Horsemen") consistently rejecting federal powers not expressly granted in the Constitution, three liberal justices, and two swing votes. Indeed, in its 1935–36 session, the court would strike down eight New Deal provisions.

FDR's advisory committee arrived at a constitutional rationale for Social Security—Congress's right to levy taxes on one hand and, on the other, to spend funds for the general welfare—after receiving advice from two of the court's liberal justices, Louis Brandeis and Harlan Stone. Years later, Perkins would recount how Stone, at a tea given by his wife, had leaned over and murmured to her, "The taxing power, my dear, the taxing power. You can do anything under the taxing power."

After FDR's landslide reelection in 1936, the president, in what many historians have called a serious misstep, tried to restructure the court by introducing legislation allowing him to appoint an additional justice for every justice over the age of seventy. The public recoiled at this seeming usurpation of power, and the bid failed.

In the meantime, though, the court began ruling more favorably on New Deal measures, with swing-vote justice Owen Roberts changing his position to support their constitutionality.

In May 1937, Roberts joined the majorities that upheld retirement and unemployment benefits against three separate challenges. In their opinions, the justices pointed out that the Depression had revealed job loss and impoverishment in old age as common ills the states could not effectively address alone.

G

A Large and Important Project

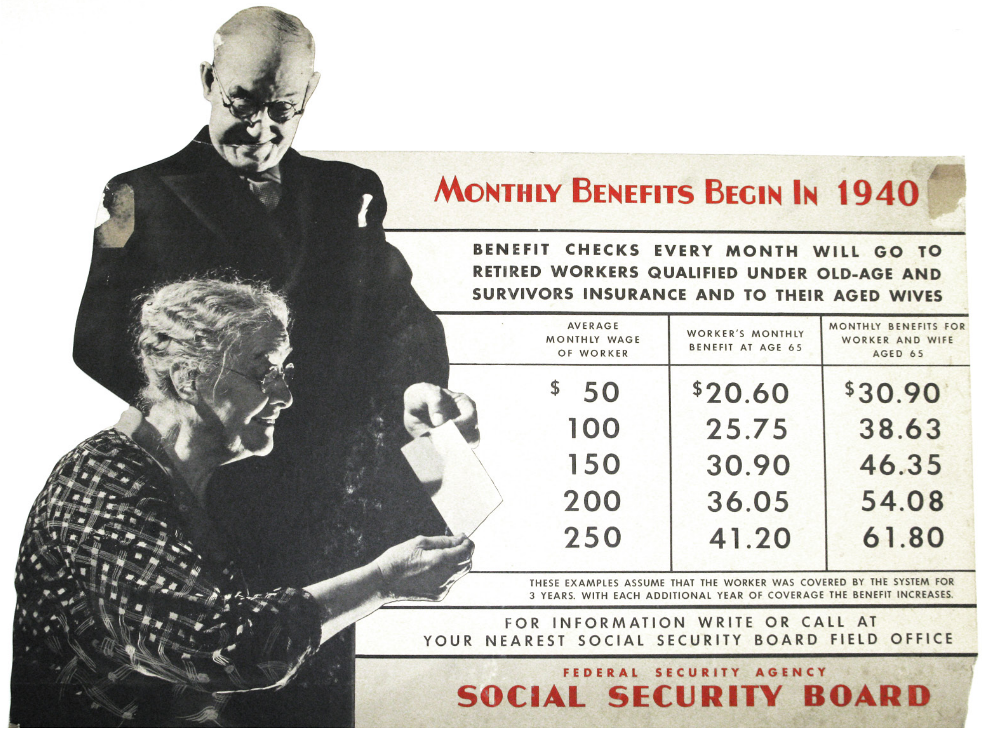
The Social Security Act of 1935 was a hard-won beginning for retirement and unemployment benefits. But changes to the programs in ensuing decades greatly expanded their reach. In 1962 Frances Perkins, who as secretary of labor in the Roosevelt administration had been a major force behind the Social Security legislation, remarked that "the Act had to be amended, and has been amended, and amended, and amended, and amended, until it has now grown into a large and important project."

In 1939 Congress made workers' children, spouses, and survivors eligible for Social Security (old-age) benefits. In 1950 coverage was expanded to include additional categories of employees, including the agricultural and domestic workers whose exclusion in 1935 had disproportionately affected women and African Americans. In 1957 workers with disabilities became eligible.

After the Social Security Act of 1935 spurred the creation of state unemployment-compensation programs in all states, these programs covered less than two-thirds of the nation's wage and salaried workers. Today, after a series of changes extending coverage to smaller firms and more types of employees, nearly all wage and salary workers are eligible.

"We should be constantly seeking to perfect and strengthen it in the light of our accumulating experience and growing appreciation of social needs."

FDR on the Social Security program in 1938.



This placard was produced in 1940 to encourage Americans to enroll in Social Security. The first check under the program had gone out January 31, 1940, to a Vermont legal secretary named Ida May Fuller. Congress had already approved changes to the program, including the addition of a supplementary benefit for an elderly spouse. FDRL