

SOCIALIZED INDIVIDUALISM¹

by ALBERT G. MILBANK

AT our meeting a year ago we took judicial notice of the fact that the social program of the world was menaced by a threatened collapse of the economic, political, and spiritual foundations upon which it had been reared. A few months later—in the month of June and again only recently—our country found itself peering over the precipice, hovering for a time on the brink, struggling to maintain its foothold, clutching at any means of rescue at hand, and terrified, saving itself—for the time being at least.

With the dramatic inaugural of President Roosevelt on the day when the entire banking system of the Nation ceased to function hope took the place of fear. Dread of what might happen gave way to relief that it had happened and courage among the people rose to meet the courage radiating from their new leader.

Up to then the prophets of gloom had held the center of the stage while the chirpings of the hopeful in the wings had been drowned out by dirge-like selections from Saul's Funeral March.

It seems to me that what has really happened is that we mistook the end of an old era for the beginning of a new. Industrialism after a marvelous, and on the whole beneficent, growth of nearly one hundred years began to develop the defects of its qualities. The competitive spirit and the rewards to the individual were powerful incentives to progress. But, when industry began to forge competitive weapons more ruthless and destructive than the instruments of war and

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when the rewards to the individual fostered an insatiable greed, the industrial era was threatened with destruction by the very forces that had given it life.

Vanity and greed became the fruits of the Tree of Industrial Knowledge.

The War obscured and halted, for a time, an appreciation of the direction in which we were traveling and then unloosed all the evil forces in one mad outburst of financial frenzy.

Vanity and Greed! England produced her Hatry; Belgium her Lowenstein; Sweden her Kreuger; and America—your imagination can supply at least one name.

What colossal corporate structures were reared by these modern Alexanders and Napoleons! But, if you will examine the motive in each instance, you will find it was either vanity or greed, or a combination of the two. Those motives are bound to result in self-destruction. The evil spirits which entered into the Gadarine swine, driving them into the sea, so that they were utterly destroyed, was probably no miracle at all but merely a whiff of especially luscious swill that stirred their greed and competitive spirit.

But someone will say that vanity and greed are inherent in human nature and someone else has said that "human nature is a unique institution in that it has never been abolished." We can accept both statements as true and yet not lose heart. History is replete with instances where people have changed their viewpoint as to what is of real value to them. At this moment a desire for security outweighs every other consideration—security for one's principal; security for one's income; security for one's job; security against the horrors of another war; security against the rising tide of organized crime; security against the growing indifference to the sanctity of contracts; security for health and happiness.

At no other time, during the past quarter-century, has

the desire for profits been so subordinated to the desire for security. Already this desire has begun to take tangible form. Never before in history could fifty-nine nations, possessed of incomparable machinery for war, have been persuaded to enter upon a Kellogg-Briand Pact in which war was renounced as an instrument of national policy. That covenant was not so much an expression of emotional or reasoned idealism as it was the product of a disillusioned human nature that had found to its cost that war did not pay. The Kellogg-Briand Pact may not, probably will not, prevent war but it does mark a complete reversal of national viewpoint in respect of the value of war as an instrument of national policy. Some time—perhaps before long—we will find that unrestrained competition and the overemphasis of the profit motive in industry not only do not pay but if carried too far will end in catastrophe.

It is only when men are faced by a common danger that they subordinate their selfish interests to achieving a mutual objective. During this period of stress I have seen in Wall Street the lion and the lamb lie down together. The lion, to be sure, was a bit mangy in spots and the lamb had been shorn, but the exigency of their common peril brought about an enforced entente. We will learn, in time, that a certain measure of cooperation is as helpful in good times as it is necessary in bad times.

Underlying the shriller notes of the radicals we hear the undertones of the conservatives who remind us that the economic laws are inexorable. Without challenging this premise it seems pertinent to point out that the Law of Supply and Demand is not of necessity predicated upon maximum profits as the sole purpose of industry. The industrial age, it is true, has fostered that idea so that we had come to regard it as axiomatic, but if men have begun to question

its validity, as in fact they have, just as they questioned the age-old belief that a successful war paid more than it cost, we are on the road to adopt for industry a Pact of Paris that will renounce, as instruments of industrial policy, greedy competitive methods to squeeze out the last drop of realizable profits.

So, also, when we are reminded of the immutability of the law of the survival of the fit, it is pertinent to remark that men will not permit that law to work out to its logical conclusion. If they were so disposed, why the frantic efforts to provide work and home relief? Why the Gibson Committee and the call for federal, state, county, and municipal aid to the destitute? It is because even those who preach rugged individualism have too much heart, when disaster comes, to stick by their intellectual convictions. Men shrink from letting the law of the survival of the fit become the law of the jungle. Hence, charity and the dole and a miscellaneous assortment of unproductive enterprises. But none of these methods suffices to furnish adequate relief and none of them goes to the heart of the trouble.

Charity enforced by high pressure campaigns loses its redeeming spirit of philanthropy. Moreover, you cannot get blood out of a stone—nor, by the same token, out of the stony broke.

A dole, however camouflaged, is a miserable confession of failure to adopt preventive and constructive measures that would make a dole unnecessary. It is very easy to step over the line of making payments to those who cannot work to paying those who won't work, which quickly degenerates into paying men not to work.

Creating enterprises of little or no economic or social value merely for the purpose of creating jobs may be justified on the ground of public emergency, but if the causes back of

the emergency remain uncorrected the emergency becomes chronic and the remedy will only aggravate the disease.

My own belief is that the new era started, not during the postwar prosperity but with catastrophic events beginning in the Autumn of 1929; that each of these events (and there may be more to follow) has been and will be evidence of the corrective processes which always work, unperceived, below the surface during a period of depression just as destructive processes are always at work, unperceived, below the surface during a period of prosperity; that economically the country has been purged of inflated commodity and security values; that the people have become more realistic and more social-minded and are beginning to see more clearly what is of real value and wherein lies their real happiness and well-being.

But, unfortunately, there are still clouds which hide the sun.

It must be confessed that these clouds still create a grave menace and may even yet nullify much that has been accomplished in the past three years. Sound currency, a reconstruction of our banking structure and practices, a drastic cut in the costs of government, a balanced budget, reduced taxation, tariffs and debts, a dependable exchange for international trade, relaxing the rigors of the anti-trust laws, subsidies to afflicted industries and to distressed groups, furnish a formidable array of controversial problems, all within the province of governmental action, that will challenge the wisdom and patriotism of the political leaders whom the people have chosen to give direction to their hopes for a better order.

Shall these hopes be realized by an obstinate refusal to face facts or by courageously facing conditions as they are? Shall they be realized by permitting the State to take an

ever-increasing part, both in the business and social life of the country, or by stimulating the individual to carry his share of responsibility and by clothing business with a new dignity and a new significance? Will business prove its capacity not only to produce and market useful commodities; not only to provide employment; not only to afford opportunities for profitable and safe investment; not only to bear its share of the revenues needed by the State to perform the necessary functions of government, but also to further the social as well as the material needs of the people? If the answer to these questions is that we will rely upon the State, then we may as well admit here and now that we are headed toward a form of State Capitalism with its accompanying feature of a regimentation of the individual. Starting from the opposite philosophical pole we will, if we insist upon calling upon the State to assume those obligations which individuals and organized groups of individuals ought to assume, qualify ourselves for inclusion among Russia's Soviet Republics.

There is no gainsaying the fact that these obligations cannot be avoided. Someone must assume them and the question is, shall we make the necessary provisions in times of plenty to provide for the lean years, or shall we squander our patrimony in riotous living and then depend upon the State, already weakened by the burdens we have placed upon it, to be resourceful enough to find a fatted calf to be slaughtered for the penitent prodigal? What we do now and for the next few years in choosing the course we will follow will have a profound effect on the future of the American people.

Americans are and always have been individualists. There is something essentially fine in their spirit of independence and self reliance. There is something inspiring in their gen-

erosity, ingenuity, and initiative. These are qualities well worth preserving. In our zeal for certain social reforms, we should take great care not to destroy these qualities and weaken the fiber of a great nation.

Now is the time to capitalize this well-nigh universal desire for security. The five major hazards of life are death, accident, sickness, old age, and unemployment. A well-rounded program of social insurance would cover them all. Such a program is not unattainable.

Already group life insurance has made tremendous strides. Workmen's Compensation Acts of the various states make reasonable provision for industrial accidents. Pensions and retiring allowances are common practice. The only risks against which little or no provision has been made in this country are the hazards of sickness and unemployment. Sickness insurance—or more precisely insurance against the costs of medical care—is needed. This, as you know, is recommended by the Committee on the Costs of Medical Care as a voluntary and local measure. But, in my opinion, such insurance will not produce the results contemplated unless the scheme is compulsory and at least state-wide in its scope. The creation of unemployment reserves to minimize, if not wholly insure against, the consequences of lay-offs, whether they be due to seasonal, technological, or cyclical causes would complete the social insurance program.

The question which immediately occurs to one is whether this is the time to ask the industrial goose to lay this golden egg when industry itself is numbered among the unemployed and is quite incapable of laying any eggs at all, much less one of the golden variety.

My answer is that this is the time to seek from the legislatures of the various states action that will commit the states to the principle of unemployment insurance to become

operative when business conditions improve sufficiently to make the plan effective. It has been suggested that the governors of the respective states be empowered to declare the plan operative when the indices of employment and of business activity have reached a point that indicates that industry can sustain the burdens incidental to the plan.

The states should also be asked to provide for the appointment of representative commissions which, through coordinated efforts, would work out a detailed plan of operation. I would like to see the new Secretary of Labor, with her unique experience and rare talents, act as the sponsor for a conference of such state commissions, if appointed, or of representatives of the states if such commissions are not appointed, to insure maximum uniformity and to insure a plan that will not only benefit labor but at the same time be helpful and not harmful to the general financial structure of the country. This plan, it seems to me, should be based on certain fundamental principles.

First, it should be reasonably adequate to meet the strain that will be put upon it.

Second, it should be on a contributory basis and, for the same reasons that the employee's contribution should be limited to a percentage of his wages when received, so the contribution by the employer should be limited to a percentage of profits when earned.

Third, the part to be taken by the State should be restricted to supervision and regulation.

Great care and thought must be given to the handling of the reserve funds as they accumulate in ever-increasing amounts during periods of prosperity—how will they be invested? How will they be made available when needed? What will be their effect upon the intricate financial structure of the country? All these questions present their difficul-

ties, but to my mind the difficulties are not insuperable and the benefits, social and economic, are so incalculable that given a will to solve them their solution may be taken for granted.

In conclusion may I again urge you not to forget the unsolved problems which rest in the hands of the public authorities. Interested as you are in new social reforms, keep constantly in mind the importance of preserving the social gains already won. You can do this most effectively by sustaining the hands of the President in restoring to a healthy condition an economic structure which is showing some signs of convalescence but which may yet suffer a serious relapse unless the treatment, thus far effective under his courageous leadership, is continued.

It is a time when social and labor leaders should make common cause with the leaders of business and finance to support the President in his efforts to solve these problems on sound principles and in a way that will preserve and not destroy those fine traits in American manhood which are essential to the future welfare of the Nation.

You have criticized, and often rightly so, the individualism of the industrialists with their scanty regard for the value of social objectives. We should take good care that we do not become so social-minded that we advocate reforms that will hamper the individual in the development of his own character.

In President Roosevelt's new book, "Looking Forward," which is published today, he makes a statement which heretofore has been associated in the public mind with Fourth of July orations but which, under his leadership, is very likely to become a very practical and realistic factor in the conduct of our affairs. He says:

"We must get back to first principles. We must make American individualism what it was intended to be—equality of opportunity for all, the right of exploitation for none."