

Morris K. Udall -- Selected Articles:

Where's the Welfare State? **by Morris K. Udall**

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In January the Bureau of the Budget published its annual best-seller, "The Budget in Brief," an analysis of federal spending plans for the fiscal year starting July 1, 1962. In this fiscal year it was estimated this nation's Gross National Product would reach \$570 billion. Federal receipts were to be \$93 billion and federal expenditures \$92.5 billion, or roughly 16 percent of the total value of all goods and services produced by individuals and corporations during the year. Today it appears the \$570 billion figure was overly optimistic and that the total will be about \$555 billion, a new high but not enough to save us from a loss of tax revenue and a deficit rather than a surplus.

The budget pamphlet explains where these tax funds will be spent. Going through the list of budget items, one can see rather quickly that the expenditures fall into two categories: (1) those which are caused by the needs of national security, including preparation for war (which we hope will never come) and paying the costs of *past wars*, and (2) all other expenditures.

National Defense - \$52.7 billion
(57 cents of the tax dollar)

Cost of armed services, ships, planes, missiles, atomic energy, military assistance, research activities. Military foreign aid is included here.

Space Research & Technology - 2.4 billion
(2.5 cents of the tax dollar)

Interest on Public Debt - 9.4 billion
(10 cents of the tax dollar)

Public debt jumped from \$1 billion to \$25 billion level after World War 1, to \$270 billion level after World War II. Our present public debt is almost wholly caused by involvement in two great wars, plus Korea and the "Cold War."

International Affairs & Finance - 3.0 billion
(3-1/4 cents of the tax dollar)

All the activities directed toward maintenance of peace and strengthening free world alliances. Economic aid of \$2.5 billion is included here -- the only really controversial item in the "national security" field.

Veterans' Services & Benefits - 5.3 billion
(6 cents of the tax dollar)

VA hospitals, rehabilitation, compensation and pensions to 4.5 million disabled veterans, widows, orphans and other beneficiaries.

TOTAL FOR DEFENSE, DIPLOMACY AND PAST WARS - \$72.8 billion
(79 cents of the tax dollar)

Now no one would suggest that government exists only to prepare for and fight wars. In fact, not even the outspoken critics of the "welfare state" object to most non-defense items.

General Government - \$2.0 billion
(2 cents of the tax dollar)
Congress, courts, buildings, FBI, etc.

Natural Resources - 2.3 billion

(2.5 cents of the tax dollar)

Reclamation, flood control, national parks, mineral resources, Indian Affairs.

Commerce & Housing - 3.4 billion

(3.5 cents of the tax dollar)

Post Office, Weather Bureau, aviation, Census, and FHA and VA housing loans -- loans which have enabled 60 percent of our people to own their own homes. This category also includes the funds for Urban Renewal and Public Housing -- subjects of some controversy -- but 90 percent of these expenditures are non-controversial.

Agriculture & Agricultural Resources - 5.8 billion

(6-1/4 cents of the tax dollar)

Price supports, Soil Conservation, Agricultural Extension, Forest Service, REA, etc.

Labor, Health, Education and Welfare - 6.6 billion

(7 cents of the tax dollar)

Here it is! This is the segment of the budget which produces nearly all the controversy over "socialism" and "welfare state" spending.

TOTAL FOR NON-DEFENSE EXPENDITURES - \$20.1 billion

(21 cents of the tax dollar)

Let me point out that if *all* expenditures included in that last 7-cent "welfare state" portion of the budget were eliminated, the person who paid \$1,000 income tax last year would pay \$930 next year.

Should they all be eliminated? No one suggests that. Should some reductions or economies be made? Here is how that 7 cents will be spent:

Aid to states for the aged, blind and disabled, and for fatherless children - \$2.9 billion

Health services and research -- the National Institutes of Health, aid for hospital construction, medical scholarships, etc. - 1.4 billion

Education -- federal aid for college housing and academic buildings, college scholarships, the National Defense Education Act, federal impact aid, the National Science Foundation, libraries and museums. - 1.5 billion

Labor and manpower services -- on-the-job training, unemployment compensation, policing labor unions, US Employment Service, etc. - 0.3 billion

School lunch and milk program - 0.3 billion

Vocational rehabilitation, etc. -- program returning about 110,000 disabled and handicapped persons to gainful employment - 0.2 billion

TOTAL "WELFARE STATE" EXPENDITURES - 6.6 billion

(7 cents of the tax dollar)

I hear it said from time to time that every year this country finds itself further involved in programs of a "socialistic" or "welfare state" nature. In fiscal 1963, I remind you, we will spend 7 percent of our federal budget (or 1.2 percent of our GNP) for programs that are often described in this manner. How does this compare with former years?

I had the Library of Congress dig out a copy of the fiscal 1939 budget. It was an eye-opener: In 1939 we spent, not 7 percent, *but 44 percent*, of our budget for labor and welfare programs. In 1939 we spent \$30 *per capita* on these programs.

In fiscal 1963, using the 1939 dollar to provide a fixed basis of comparison, we will spend \$16 *per capita* for these same programs. The brutal fact is that in the past 24 years "welfare state" programs have withered to little more than half their prewar level.

In 1939 this nation had 130 million people. Today we have 186 million. That we should be spending today less, in terms of 1939 dollars, than we spent 24 years ago is a startling revelation. Considering the 56 percent decline in the purchasing value of the dollar since 1939, we will spend this year, in 1939 dollars, slightly over \$3 billion for labor, health, education and welfare. In 1939 with 56 million fewer people, we spent nearly \$4 billion. A housewife with nine children isn't expected to keep her grocery bill to the level set by her neighbor with six children, and yet that is what we as a nation have been doing. We have actually cut back our total expenditures as our population has grown.

In 1946 our federal debt per person was \$1,900. Today it is down to \$1,600. In 1946 out of every thousand persons in the United States, 19 were civilian employees of the federal government. Today that number has dropped to 13, and six of these 13 are civilian employees of the armed forces.

A further indication that the federal government is *not* growing out of proportion to our population and economy comes to light when we compare the federal debt with state, local and private debt in the United States. I doubt whether many realize that between 1946 and 1960 -- the last year for which figures are available - the federal debt grew just 6 percent while state-local debt grew 328 percent and private debt 2.78 percent. Even more startling is the fact that, whereas private debt in this country was well below the federal debt in 1946, it now is more than double the federal debt.

One of the goals of traditional socialism is economic equality -- "from each according to ability; to each according to need." Thus, if we are approaching socialism we should see a general leveling of society. What's happening to personal income in this country? What part does our system play in equalizing income and impeding the accumulation of wealth? Here are some pertinent facts:

* The United States, with six percent of the world's population and seven percent of its land area has 35 percent of all its wealth - more automobiles, telephones and other luxuries than all the other countries of the world combined.

* Personal income totals over \$400 billion, with a median of \$5,700 per family. But the top five percent of US families receive 20 percent of all income, and the bottom 20 percent of families receive five percent of all income.

* The top nine percent of our population owns 46 percent of the nation's private assets.

* Federal, state and local governments own only 12 percent of the reproducible, tangible assets and 17 percent of the land in the United States. All the remainder is privately owned.

A traditional goal of socialism is public ownership of mines, factories, railroads, airlines and communications. All of these key industries are privately owned in our country, in contrast to many other free nations.

"It is evident," Walter Lippmann wrote some time ago, "that creeping socialism has not crept very far."

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Last update: June 3, 1996.

URL: <http://dizzy.library.arizona.edu/branches/spc/udall/welfare.pdf>