

A RECENT news item reports that on an Hawaiian islet a few rabbits let loose by a passing ship have multiplied until when 1100 in number they devoured all the herbage and then all starved to death. A human colony, say on Pitcairn Island, makes a more intelligent provision for its continued exist-

ence. It is obvious that human societies, while subject to the basic natural conditions that frame their persistence, far surpass the longest existing societies of a lower biological order, such as the ants, not so much in adaptability to as in their progressive control of natural forces. The struggle for subsistence has always been the master problem; it has driven men to cooperation in societies and to their search for security. A precarious security for the early human groups was maintained only by the constraint of rigid custom imposed upon every individual. As security grew with the size and strength of organization, the members could with increasing impunity break the "cake of custom," and the widening range of individual initiative enriched the community's life. The history of the modern world from the Renaissance onward may be read in terms of the gradual liberation of the individual and his creative force in all fields of activity—political, social, and economic. As the movement reached its culmination, liberation became an end in itself, and its passionately convinced advocates, the liberals, dominated contemporary thought and legislation. The United States was founded and expanded under the impulse of liberalism, and its expansion further strengthened the liberal faith. The invigorating spirit and accomplishment of this faith have operated to make the nineteenth century outstanding and exceptional among historical periods in its immense material growth and in its advancement of scientific knowledge. Its work, though challenged, is by no means near its end.

The liberal faith was simple, dogmatic, and to its age convincing. The society which formed it and which it in turn reformed was so strong and vigorous that it could take security for granted. But its dogmas, essentially sound and stimulating as they were, were not axiomatic. The "inalienable right" of every individual "to life, liberty, and the pursuit of happiness" was not a "natural right." It was a social goal, based upon an older religious belief in the sacred value of a human soul. And the "pursuit of happiness" was an optimistic substitution for the earlier word "property." So also the maxim "laissez faire," that meant unimpeded liberty of action in the economic sphere, presupposed the guidance of Providence, a deity that ordered for social good the divergencies and apparent conflicts of self-regarding individuals. Again the dogma that men are created free and equal, often translated into equality of opportunity, is not a statement of fact but a combination of social aspiration and religious intuition. "When Adam delved and Eve span, who was then the gentleman" was one and an earlier expression; another springs from the answer to the question, "Am I my brother's keeper?" Liberalism furthered democracy and its most musical poet voiced the dream of the brotherhood of mankind, "The parliament of man."

SOCIAL SECURITY

Its Limiting Factors

By EDWIN F. GAY

Liberalism, engaged in its first great task of tearing down the restrictive regulations and hampering traditions of what is called an outworn age, and absorbed in its new-found vision of progress, overemphasized in good faith the right of the individual to pursue his private gain. But it soon found that harmony in the unrestricted play of

self-interest could not safely be left to divine providence. No sooner, for instance, were the older protective regulations on handicraftsmen removed, than labor in the new expanding factory system required an equally expanding legislation to prevent exploitation and other abuses. It was discovered that the economic motive could not be allowed to rampage, like a loose cannon on the deck of the ship of state. Other similar discoveries discouraged the too easy optimism of liberalism. It had minimized the state, the central creation of organized society. Liberalism as a political force gradually declined and the state in our time has reasserted its corrective and guiding power. The age-long problem has again emerged of adjusting the shifting balance between individual liberty and state control, and between the social aggregations operating in and under that control. That we are entering a new historical period is evident from the urgency of this problem.

An enhanced sense of social responsibility is also clearly apparent and witness to it is the spread of the movement known as social security. This is to replace or supplement by state conducted or aided insurance the relief, either private or public, which has long been given by charity to the needy and the unfortunate. With the rise of the modern state the duty of maintaining public order, of finding refuge and perhaps some work for the able-bodied poor, of suppressing vagabondage, of succoring the aged, was taken over by local authorities under command of state legislation. There was scant humanity in the execution of the early poor laws. The human refuse-heaps, a menace and an eyesore to the community, were brushed aside into poorhouses or dumped into another parish. But, however imperfectly, a social obligation was recognized by the state. The English liberals of the early nineteenth century were shocked by the mounting expense and the manifold abuses of the poor law system. They preached "self-help" and confined the poor more vigorously in bigger if not better poorhouses. They thought their new world of free enterprise and more abundant employment, together with their condemnation of poverty as a sin, would ultimately solve the problem. Again their concepts proved too shallow and inadequate. Population and employment, it is true, greatly increased; after the mid-century the wage level and the standard of living gradually rose, but the factories continued to cast out their used-up human wastage and the depressions of the business cycle periodically created involuntary idleness and widespread distress. Despite emigration, the derelicts of civilization still pullulated in the festering slums of the great cities. The giants, as Sir William Beveridge calls them, of want, disease, ignorance, squalor, and idleness were not yet vanquished.

On this side of the Atlantic the giants did not stalk so conspicuously. But the frontier of free land gradually

closed: huge industrial corporations and great factory populations arose; masses of men became more exposed to the repeated fluctuations of economic forces and more helpless in meeting them. To the American of the twentieth century, or even two or three decades earlier, the land of unlimited possibilities seemed increasingly a mirage. The common citizen amidst incessant change and risk longed more and more ardently for security. The government virtues of competition were no longer vaunted. In the depression and long downward swing of prices that followed the crisis of 1873, business men still paid lip-service to the old maxim, "Competition is the life of trade," but they added, "cut-throat competition is its death." They sought increasing protection, the manufacturer and trader in tariffs ever higher and higher against competition from abroad and in trade associations and combinations, ever greater and more inclusive, against competition at home, the workingman in steadily extending labor-union organization. Everywhere, indeed, the building of social dikes and ramparts went on apace, until in the interval between the two world wars, accentuated by a deep depression, it climaxed in a frantic search for security, in a throttling net of restrictions. To Sir William's five giants we must add a sixth. Restrictionism, in all its forms, national and international, and as practiced by both capital and labor.

In the meantime, the general quest for security has also taken other, less malign, forms. Humanitarianism, the twin of liberalism, arising from the sense of brotherhood implicit in democratic equality, has been intensified. It played its part in the abolition of slavery. It has animated such agencies of mercy as the Red Cross. The public conscience has become more tender, more aware of distress abroad and at home and more anxious to remedy wrong. Jacob Burckhardt, the Swiss historian, noted in 1870 that "the realization and impatience of suffering is visibly and rapidly growing." His remark was made not in praise but with regret if not with grim disapproval, for he was an admirer of the colorful but tough individualism of the Italian Renaissance. He hated the coming of the great state, which he foretold, and its domination over the soft-minded, subservient masses. This acute observer only confirmed the fact of a change in public attitude that soon affected the problem of want in the midst of increasing abundance. To the old practice of public relief of distress was now added the new principle of national insurance. The state began to take over and to extend the private industrial insurance that was already spreading through the efforts of labor unions and private insurance companies. The German Reich in the 90's led the way, perhaps supposing that accident, sickness, and old-age contributory insurance, as a measure of state socialism, could act as an antidote to Marxian socialism. In another two decades Great Britain swung into line, and step by step since 1911, in piecemeal fashion, a large proportion of its working population has been included in state schemes of insurance, widening from industrial accidents and sickness to old-age pensions and unemployment. Now Sir William Beveridge, under government auspices, has brought forward a notable plan for consolidating and enlarging all these services on a nationwide scale. The workers are to continue to contribute a share, that entitles them to relief not as a charity but as a legal right; the employers contribute in recognition of their special social obligation to those by whose labor they have profited; and the state, that is the body of taxpayers, takes over a greater proportion of the expenditure and the management. The benefits cover literally most of the practicable insurance risks from the cradle

to the grave, with grants to mothers for child-birth, to families for the rearing of children, to the workers for unemployment (limited after six months by the worker's acceptance of retraining for another occupation), to the aged for pensions, to relatives of the dead for funeral expenses, and to all a comprehensive health service.

Against criticisms of undue and demoralizing benevolence, Sir William Beveridge answers that "The proposed program is not a device to permit permanent retirement on a secured income or to induce idleness." The benefits are calculated to provide only a minimum of subsistence, a floor against the abyss of sheer want. It is not to provide an income for those who do not or will not work, but only for those who for any reason *cannot* work. Above that floor incentive remains and is reinforced for the exercise of self-help and initiative to attain the larger ends and amenities of existence. The floor provided by state-aided and controlled insurance leaves room for the added benefits of private insurance.

The modern plan is not like that of ancient Rome. It provides bread, but not wholly as a free gift, and it omits the circuses. But the familiar analogy is a reminder of the danger in a democracy that accompanies any state-aided benevolence. Political influences may attend its administration, and most to be feared is the pressure to increase the benefits. The operation of social security measures would then become not beneficent, but socially disintegrating. Therefore strict adherence to the rule of minimum adequacy is the main limitation to be observed. The rule, for public safety, requires the floor and nothing more.

Even this minimum, if applied to the United States, will call, it is roughly estimated, for an annual expenditure of at least twelve billion dollars. The more careful estimates of the Beveridge proposal put the initial cost for Great Britain at about four billion dollars. The present British government, while accepting the plan in principle, has, in view of the staggering war and post-war burdens and economic uncertainties, postponed its actual establishment. For the less unified and centralized conditions of this country much greater difficulties are to be met. Cooperation between the Federal government and the 48 states with their varying provisions for social security involves problems not as yet satisfactorily solved. And the sectional differences in standards of living and wage-levels, unless somewhat ironed out by war and postwar changes, cause further complications of adjustment. It would seem, therefore, to be the part of wisdom to push forward the study begun by the National Resources Planning Board, to make a more detailed plan for the necessary administrative integration and an estimate of the costs, but to defer the final adoption of a comprehensive measure to a period somewhat less abnormal than the present. State finance and the business community have still to learn how soon and how steadily after the war they may recover their balance.

Sir William Beveridge raises a further doubt as to the expediency of launching an ambitious program. It would be hardly worth while, he says, unless the state by appropriate measures maintains and guarantees "full employment." This guarantee would require, according to some prominent advocates of the proposal, not merely reliance on a policy of public works for temporary relief in times of depression, but a substantial intervention by the state in the sphere of private enterprise. Their simple theory ascribes depressions to the recurrent unbalance

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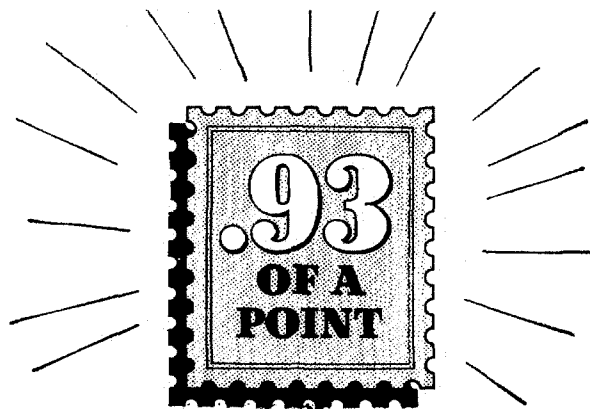
Social Security

(Continued from Page 10)

between investment and savings. To provide a constant balance in the flow of investment, public funds and management, we are told, must take up the recurring slacks of private investment. To one not yet fully adjusted to the great state nor completely confident in its beneficence and competence, this proposal for so great and so sudden an extension of its power seems both perilous and ultimately illusory. The provision of a floor of social security may, we may well believe, ease the impact of trade depression, but if it needs such props as only so large a transformation of our economic structure can give, then, it may be argued, we had better pause for fuller consideration. It is, however, open to question whether Sir William has not raised a needless stumbling block in making his social security plan dependent on attempts by government officials to apply an inadequately proved formula for control of the whole economic system.

In fact, despite all studies thus far made by economists and statisticians, we are a long way yet from a comprehension of the complex causes of these successive swings, both short and long, in the modern industrial and credit economies. Some of the results may be appraised and measured; it is more difficult to isolate and weigh the causes, social and psychological as well as economic. Speculations about "marginal propensities to consume" and the like may lead only to seductive fallacies. We cannot yet scientifically assess man's propensity to optimism, or the effect of mass suggestion in cumulative spasms of hope and fear. Lord Keynes, in his most recent book, stresses the inherent stability of our existing economic system. It oscillates about a middle position, "avoiding the gravest extremes of fluctuation in employment and in prices in both directions." He says that "full, or even approximately full employment is of rare and short-lived occurrence." It is permissible, therefore, to suggest that, before adopting any wide extension of social security, we wait until the elasticities of our richly productive economy become less tensely stretched, and our enterprise less weighted with restrictionism. In time, without pursuing the mirage of "full employment," we shall be able to take an additional measure of social security in our stride.

Security is a natural and necessary aim for the individual and for the nation, but, as experience has shown, like all good things, it may be sought too exclusively and thereby become self-defeating. The limiting rule of social insurance, "the floor and nothing more," applies also to security in the wide sense. It is indispensable as a necessary environment and starting point, but only so far as to make possible daring initiative and risk-taking. Aggression, not merely in warfare, is ordinarily the best defense. The principles of true liberalism, more deeply and understandingly applied, are still potent. The individual's welfare is still the yardstick, but an individual more aware of his social responsibilities. Competition remains an effective spur to progress, but experience has shown that there are areas that it does not automatically serve, such as those public services where there can be no adequate reward, or where a single regulated supplier can give more general satisfaction with greater economy. And the lesson has been emphasized that the unbridled pursuit of gain may lead to unbalanced power or other socially noxious consequences. But the point has not yet been reached where the flow of energy and initiative is so limited that the government must build and guard a whole sys-



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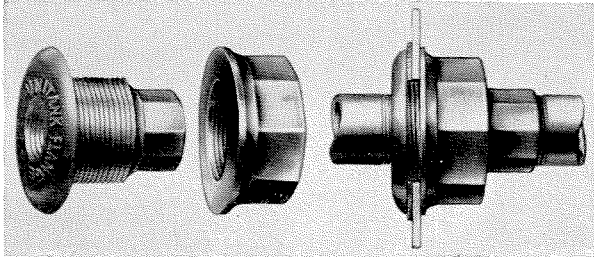
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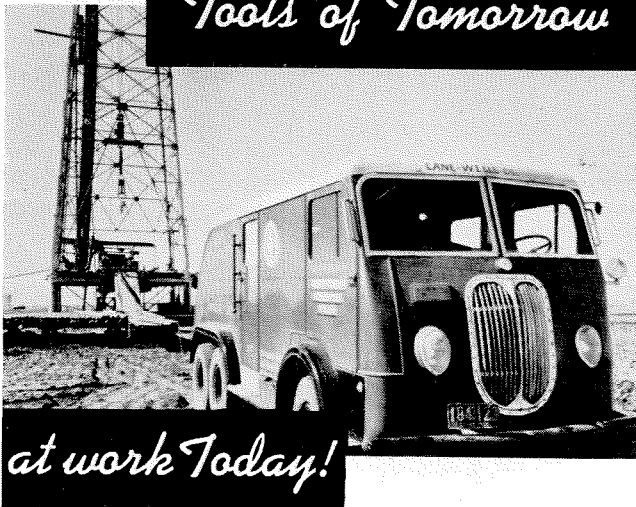
DR. G. D. McCANN has been awarded the American Institute of Electrical Engineers' 1942 national best paper prize in theory and research as co-author of the paper, "Shielding of Substations."



DR. G. D. McCANN

Dr. McCann received his bachelor of science degree from California Institute of Technology in 1934, his master of science degree in 1935, and his doctor of philosophy degree in 1939. He is now employed as transmission engineer at Westinghouse Electric and Manufacturing Company, East Pittsburgh, Penn.

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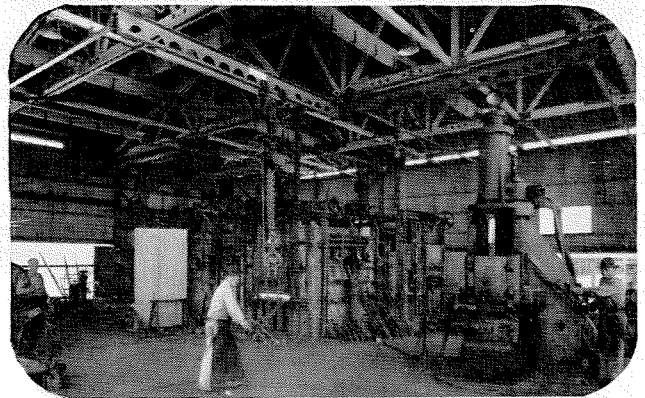
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