Race and Social Welfare Policy: The Social Security Act of 1935

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Recent years have seen an outpouring of scholarship devoted to the origins of United States social policy, much of it focusing on the alleged underdevelopment and bifurcated character of the America welfare state. One group of social scientists has developed what Theda Skocpol calls a "polity-centered" approach, according to which the policy decisions and institutional legacies of one era condition and constrain subsequent policy making.[1] A second group of scholars has highlighted the role that gender distinctions, and challenges to those distinctions, played in shaping welfare innovations and backlashes during the formative years of the welfare state.[2] And a third cluster of social scientists has pioneered an approach that centers on the racial politics of welfare.[3]

It is with this third group that the present article is concerned. That the politics of race and the politics of welfare are intertwined in contemporary America is incontestable, and it is equally apparent that their interrelationship today has to be understood in historical context. Scholars such as the sociologist Jill Quadagno

[1] See introduction to Theda Skocpol, *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States* (Cambridge, MA: Harvard University Press, 1992); Margaret Weir, *Politics and Jobs: The Boundaries of Employment Policy in the United States* (Princeton, NJ: Princeton University Press, 1992); and introduction to Weir, Ann Shola Orloff, and Skocpol, eds., *The Politics of Social Policy in the United States* (Princeton, NJ: Princeton University Press, 1988).

[2] See, for example, Mimi Abramovitz, *Regulating the Lives of Women: Social Welfare Policy from Colonial Times to the Present* (Boston: South End Publishing, 1988); Linda Gordon, *Pitied But Not Entitled: Single Mothers and the History of Welfare, 1890–1935* (Ithaca, NY: Cornell University Press, 1994); Gwendolyn Mink, *The Wages of Motherhood: Inequality in the Welfare State, 1917–1942* (Ithaca, NY: Cornell University Press, 1995).

[3] See next paragraph.

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and the political scientist Robert Lieberman have, therefore, opened up a promising and important line of inquiry as they explore the way in which race has informed the politics of social policy during the period since the federal government first entered this arena in a big way in the 1930s.[4] Other contributors to this debate include social scientists, such as Mimi Abramovitz, Linda Gordon, and Gwendolyn Mink, whose primary interest is in gender but who also have been attentive to the racial context of social policy making.[5]

Quadagno believes that race has played a crucial role in undermining federal social policy agendas for over sixty years, and that this persistent pattern can tell us much about the politics of welfare today. Accordingly, while her recent book *The Color of Welfare* is primarily concerned with the fate of Lyndon Johnson's War on Poverty, she is also concerned to place its rise and fall in a broader historical context: "The motor of American history has been the continual reconfiguration of racial inequality in the nation's social, political, and economic institutions. It is this characteristic that has impeded the development of a comprehensive welfare state."[6]

Quadagno believes that the relationship between race and social provision first became important during the New Deal. Franklin Roosevelt extended new "social rights" to the industrial white working class; but the price for this advance was paid by African Americans, who were consistently discriminated against in New Deal programs and agencies. But New Dealers did more than capitulate to white racism. In addition, they set in place programmatic and institutional legacies that widened the existing racial division within the working class, dimming prospects for future social innovation.

Linda Gordon sees the Social Security Act of 1935 as the beginning of a forty-year process via which the United States developed the stratified welfare system that we know today:

> [I]n 1935, Social Security excluded the most needy groups from all its programs, even the inferior ones. These exclusions were deliberate and mainly racially motivated, as Congress was then controlled by wealthy southern Democrats who were determined to block the possibility of a welfare system allowing blacks freedom to reject extremely low-wage and exploitive [sic] jobs as agricultural laborers and domestic servants.[7]

The same claim undergirds the recent work of Lieberman and Quadagno. They argue that the Roosevelt administration, though it initially favored a comprehen-

[4] See Jill S. Quadagno, *The Color of Welfare: How Racism Undermined the War on Poverty* (New York: Oxford University Press, 1994); Robert C. Lieberman, "Race, Institutions, and the Administration of Social Policy," *Social Science History* 19 (Winter 1995): 511–542; and Lieberman, "Race and the Organization of Welfare Policy" in Paul E. Peterson, ed., *Classifying by Race* (Princeton, NJ: Princeton University Press, 1995), 156–187.

[5] See sources previously cited.

[6] Quadagno, *Color of Welfare*, 15.

[7] Gordon, *Pitied But Not Entitled*, 5.

sive, racially-inclusive system of social supports, capitulated to southern racists upon whom it was politically dependent. The Committee on Economic Security (CES), which drew up the administration proposal, had favored coverage of almost all workers under the old-age insurance and unemployment compensation provisions of the act. This was to be expected, given the president's universalist conception of social security. Congress, however, chose to exclude agricultural and domestic workers, thereby depriving most African Americans of coverage.[8] The same "compromise with racism," to use Abramovitz's phrase, occurred in the case of public assistance. Having first envisioned strong federal standards in the old-age assistance and aid to dependent children (ADC) programs to ensure adequate and equitable benefits, Roosevelt again bowed to southern pressure, agreeing to a highly decentralized program that perpetuated discrimination in the South.[9]

Our primary concern in this article is with these claims about the initial passage of the Social Security Act, but it might also be worthwhile to summarize the broader historical claims to which they lead, given their contemporary relevance. Gordon argues that although growing numbers of women and African Americans were incorporated in the federal welfare state between 1935 and the 1970s, they tended to be consigned to increasingly stigmatized public assistance programs, particularly ADC (later Aid to Families with Dependent Children, or AFDC). With social security becoming more generous and popular during this same period, the bifurcation that had been present at the outset grew more acute, reaching fruition in 1972 with the passage of Supplemental Security Income, which "left only AFDC as a maligned 'welfare' program."[10]

Lieberman sees both the initial bifurcation and its subsequent evolution rather differently. In his view, social security began as a program that excluded blacks, but the facts that it was centrally administered and that federal administrators were relatively color blind meant that it had from the outset the potential to include African Americans, to the extent that the act was amended or occupational patterns changed. This has in fact happened, and Lieberman believes that social security today is "perhaps the closest thing to a race-blind social program that the United States has ever known."[11] With ADC/AFDC, the picture is quite different; the divisive politics of race have been fanned by discretionary, decentralized administrative arrangements: "potentially the most inclusive part of the Social Security Act, [it] has invited racial discrimination and has developed toward retrenchment and endless controversy."[12] In the 1960s a powerful welfare rights

[8] Many white persons were also excluded by this decision. Nine percent of the United States population in 1930 was African American, while 21.4 percent of employed persons were in agricultural occupations. U.S. Bureau of the Census, *Historical Statistics of the United States, 1789–1945* (Washington, DC: U.S. Government Printing Office (GPO), 1949), 25 (Series B 13-23) and 63 (Series D1-10).

[9] Abramovitz, *Regulating the Lives of Women*, 317.

[10] Gordon, *Pitied But Not Entitled*, 5.

[11] Lieberman, "Race, Institutions, and the Administration of Social Policy," 513.

[12] Ibid.

movement challenged this dichotomy between old-age insurance (OAI) and ADC, demanding a federally guaranteed income for all Americans. However, it was unable to "overcome the New Deal legacy of institutional fragmentation, and it ultimately foundered on the turbulent politics of racial conflict that continues to haunt American social policy."[13]

Quadagno also sees the 1960s as a decade when the limits of New Deal social policy were boldly but unsuccessfully challenged. Lyndon Johnson's War on Poverty, launched in 1964, was a response to the problem of "how to reorient the nation's social policy agenda so that it could eradicate, rather than reinforce, racial inequality."[14] But this bid to create an "equal-opportunity welfare state" was foiled by the very institutional legacies from the New Deal era that it sought to surmount. Moreover, the political value of exploiting rather than ameliorating racial difference came to the fore after 1968 with the Nixon Southern strategy; and the demise of Johnson's Office of Economic Opportunity in 1973 "wiped the inner cities off the legislative agenda for the next twenty years."[15] Regarding the racial politics of social policy in the 1990s, Quadagno is pessimistic. Even social security, pacé Lieberman, remains a racially conditioned program if one examines coverage and benefit levels: "Rather than transferring income from rich to poor, it transferred income from African Americans to whites."[16] Looking to the future, and highlighting the stark economic divisions between the races today, Quadagno warns that "A comprehensive welfare state that enhances the rights of citizenship cannot be erected on the foundation of racial segregation."[17]

Having provided just a brief introduction to the way that a number of able scholars have explored the link between race and welfare policy, in the remainder of this article we will take a closer look at their central claims about the origins of the American welfare system. If race-based accounts of American welfare state development do not yet represent the conventional wisdom, they clearly do constitute an important strain of recent scholarship. Our main purpose here, however, is to suggest the formidable limitations of racially deterministic approaches to United States policy. The following explanation focuses initially upon the passage of old-age insurance, and then on the public assistance provisions of the Social Security Act.

Old-Age Insurance: The Historical and Institutional Context

According to Lieberman, "The Old Age Insurance provisions of the Social Security Act were founded on racial exclusion." He continues:

[13] Ibid., 537.
[14] Quadagno, *Color of Welfare*, 10–11.
[15] Ibid., 57.
[16] Ibid., 160. Quadagno attributes this pattern to the shorter life expectancies of African-Americans
[17] Ibid., 186.

> In order to make a national program of old-age benefits palatable to powerful southern congressional barons, the Roosevelt administration acceded to a southern amendment excluding agricultural and domestic employees from OAI coverage. This provision alone eliminated more than half of the African Americans in the labor force and over three-fifths of black southern workers. The systematic exclusion of blacks through occupational classifications was crucial to the passage of the act.[18]

This version of events is perhaps intuitively reasonable, and considerable evidence can be mustered in its support. First, it is true that agricultural and domestic employees were excluded from OAI despite having been included in the administration proposal, and that a majority of black workers were thereby initially barred from coverage. Second, many other countries by 1935 did include these same groups, implying that the practical obstacles to their incorporation were not insurmountable. Third, southern legislators played a crucial role in rewriting the administration bill in committee. Fourth, the National Association for the Advancement of Colored People (NAACP) saw these actions as racially based at the time: its general counsel, Charles H. Houston, pondering both the social insurance and public assistance provisions of the bill, observed that "from a Negro's point of view it looks like a sieve with the holes just big enough for the majority of Negroes to fall through."[19]

Finally, if one considers other New Deal legislation, it becomes clear that it frequently left loopholes that permitted discrimination against blacks. Walter White, secretary of the NAACP, was protesting in 1935 against "widespread color discrimination under the New Deal."[20] He was referring in particular to the Agricultural Adjustment Act, but Quadagno's book reveals a broader and consistent pattern of discrimination: labor legislation, house-financing arrangements, the state employment services, and the public housing program all tolerated blatant racism.

Nevertheless, if one takes a closer look at the rationale for excluding agricultural and domestic workers from social insurance, the waters become muddied in ways that cast serious doubt on a race-based explanation. Quadagno and Lieberman each refer to the international context, the latter claiming that "More than half of the other countries with compulsory, contributory old-age insurance systems covered farm workers and domestics."[21] This may be true, but the point also needs to be made that these groups had characteristically been excluded from coverage at the outset. Indeed, the legislators who revised the administration's bill in committee were told by Abraham Epstein, director of the American Association

[18] Lieberman, "Race, Institutions, and the Administration of Social Policy," 514–515.

[19] U.S. Congress, Senate, *Economic Security Act*, Hearings before the Committee on Finance, 74th Cong., 1st sess. (1935), 641.

[20] "Bias Against Negro Laid to New Deal," *New York Times*, 8 January 1935.

[21] Lieberman in Peterson, ed., *Classifying by Race*, 163. Quadagno refers to the same evidence in "Welfare Capitalism and the Social Security Act of 1935," *American Sociological Review* 49 (October 1984): 645.

for Old Age Security, that "No other country on earth . . . dared to try to include the agricultural workers and the domestic servants at first."[22]

In Britain, the Asquith government's 1909 pension plan had eschewed the insurance principle altogether and had done so in part on the grounds that its adoption would require setting up a complex administrative machinery.[23] And when the same Liberal administration did decide to take the plunge in 1911, unemployment insurance coverage was initially restricted to just seven skilled trades employing little more than two million workers. Some critics asked Home Secretary Winston Churchill why coverage should not be made universal, given his extravagant praise for the insurance principle. In response, he told the House of Commons that his actuaries were unable to furnish adequate information on other workers. It would be futile, however, to wait for the results of additional research: the only way to demonstrate the feasibility of comprehensive coverage was to make a start, and he had selected "a definite group of trades which will admit of steady and practical observation." He told his critics that "Those . . . who demand . . . an immediate universal system of compulsory unemployment insurance are in fact as much the enemies of compulsory insurance as those who are opposed to it in toto."[24] Correspondingly, those who counseled caution were the best friends of universal coverage. Churchill, placing himself in this latter category, assured an audience at Manchester's Free Trade Hall that if the modest beginning he proposed "proves a success the attempt and the system will not stop there. It will be extended, and in proportion as experience and experiment justify its extension, in proportion as the people of this country desire its extension, it must eventually cover, in course of years, the whole of our great industrial community."[25]

Clearly the administrative and actuarial obstacles to universal insurance applied as much to old-age provision as to unemployment, and the problem exercised even the most fervent advocates of the contributory principle. In the United States, Abraham Epstein outlined one particular objection to universalism in his book *Facing Old Age*: "It is evident that it can only be made to apply to persons who are in regular employment. It is next to impossible to collect contributions from persons who are irregularly employed, from agricultural laborers, from those who are their own employers, from women who work at home not for wages, from small merchants, and so forth."[26]

[22] U.S. Congress, House of Representatives, *Economic Security Act*, Hearings before the Committee on Ways and Means, 74 Cong., 1 sess. (1935), 559.

[23] Jose Harris, *William Beveridge: A Biography* (Oxford: Clarendon Press, 1977), 101.

[24] *Parliamentary Debates*, 5th Series, House of Commons, vol. 26, 497.

[25] Churchill's enthusiasm for universal coverage was nowhere more apparent than in this speech. He went so far to say that: "If I had to sum up the immediate future of democratic politics in a single word I would say 'Insurance'." Winston Churchill, "The Budget and National Insurance," Speech at the Free Trade Hall, Manchester, 23 May 1909, reprinted in Churchill, *Liberalism and the Social Problem* (London: Hodder and Stoughton, 1909), 311.

[26] Abraham Epstein, *Facing Old Age* (New York: Knopf, 1922), 221.

Related to the question of administrative capacity was the issue of "actuarial soundness." Social insurance was based on a range of prior private and voluntarist schemes—trade union funds, friendly societies, private insurance companies. Although the inadequacy of such schemes had prompted state intervention in the first place, social insurance enthusiasts were wont to embrace some core assumptions of the old order, even as they called for risk pooling, flat-level benefits, and broadened coverage. For one thing, these private economic interests remained politically important: were "social insurance" to appear more akin to general assistance than to scientific actuarial principles, its political standing would be greatly diminished. For another, British New Liberals, like American Progressives, were attracted by the notion that social progress could be achieved through the cool, rationalistic approach of new knowledge, and social insurance seemed to exemplify the intellectual advance that underpinned the new activism. Moreover, the British experience with unemployment insurance confirmed the fiscal dangers of breaking too dramatically with the actuarial practices of the private sector: the program became bankrupt in the 1920s in the wake of its politically popular but financially insupportable extension to workers outside of the industrial workforce. Even these extensions, incidentally, had not gone so far that agricultural and domestic workers were included. Influenced by this unhappy experience with blending the social insurance and general assistance principles, a 1934 Royal Commission insisted upon their firm separation, and the dichotomy remained evident in the comprehensive welfare state that the Attlee government introduced in Britain after 1945.

But perhaps a more useful international comparison would be with Canada, which like the United States was a latecomer to the social security scene; its federal unemployment insurance law was not passed until 1940.[27] Here too, agricultural and domestic workers were excluded from coverage, along with hospital workers, teachers, and government workers: only 42 percent of the labor force was included.[28] In addition to the two factors of administration and actuarial soundness, two further issues contributed to this highly cautious approach. Both had to do with federalism, and each has obvious relevance to the debate over social policy south of the 49th parallel. First, the Canadian provinces, like the American states (and not just the southern states), were worried about the implications of social innovation for their labor markets. An inevitable product of a decentralized and economically variegated polity, this concern existed quite independently of the peculiar racial dynamic in the American South. Second, the degree to which the federal government in each country had the constitutional authority to introduce nationwide social assistance programs was unclear. In 1935, the Conservative government of R. B. Bennett had claimed that the general welfare clause of the British North America Act, together with the taxation power,

[27] Canada did not adopt old-age insurance until 1951.

[28] Leslie Pal, *State, Class, and Bureaucracy: Canadian Unemployment Insurance and Public Policy* (Kingston and Montreal: McGill-Queen's University Press, 1988), 39.

permitted the federal government to introduce nationwide social insurance. The Canadian Supreme Court, however, had declared the Employment and Social Insurance Act to be unconstitutional, and the Privy Council upheld the ruling in 1937.[29]

In the United States, it was the striking down of the National Industrial Recovery Act and the Agricultural Adjustment Act that called into question the constitutionality of the entire New Deal. Frances Perkins, the Labor secretary, suggested in 1946 that it was "difficult now to understand fully the doubts and confusions in which we were planning this great new enterprise in 1934." In 1997, it is perhaps still more difficult to do so, but it may be useful to bear in mind her recollection that "The problems of constitutional law seemed almost insuperable."[30]

Old-Age Insurance: The Debate of 1934–1935

These comparisons suggest that the conservatism of the Social Security Act of 1935 when it came to social insurance may have reflected a lot more than racism. It is highly misleading to say that the "Roosevelt administration acceded to a southern amendment excluding agricultural and domestic employees from OAI coverage."[31] As Lieberman himself acknowledges elsewhere in his *oeuvre*, the initiative came not from Congress but from Secretary of the Treasury Henry Morgenthau, whose conservatism was fiscally rather than racially based, and whose Bureau of Internal Revenue had warned that social insurance simply would not work if these two groups were included within OAI.[32] The train of events was as follows: CES staff members followed precedent in excluding agricultural and domestic workers on administrative and actuarial grounds, but were overruled by Perkins and Harry Hopkins, members of the CES, both of whom wanted to get as close to universal coverage under social insurance as was legislatively possible, as did the president. Once Morgenthau had been apprised of the implications of this decision, he urged the House Ways and Means Committee to adopt an amendment that *he* suggested, excluding the two groups on traditional grounds.[33] The agreement of the southerners in his audience no doubt reflected racial factors, but the initial suggestion was not based on race.

[29] Frank Strain and Derek Hum, "Canadian Federalism and the Welfare State: Shifting Responsibilities and Sharing Costs" in Jacqueline S. Ismael, ed., *The Canadian Welfare State: Evolution and Transition* (Edmonton: University of Alberta Press, 1987), 357.

[30] Frances Perkins, *The Roosevelt I Knew* (New York: Viking Press, 1946), 286.

[31] Lieberman, "Race, Institutions, and the Administration of Social Policy," 514–515. (This is part of a larger quote that was reproduced above.)

[32] For the relevant portions of Morgenthau's testimony, see House Hearings, *Economic Security Act*, 901–902.

[33] Edwin Witte, *The Development of the Social Security Act* (Madison: University of Wisconsin Press, 1963), 152; Perkins, *The Roosevelt I Knew*, 297.

Moreover, committee members seem to have believed that they were following the will of the president as well as the Treasury secretary in amending the bill, although neither Morgenthau nor Roosevelt acknowledged as much. The *New York Times* reported that Morgenthau's suggested amendments "were generally thought to bear the stamp of the administration." Committee members wanted clarification on this matter and were worried that if they passed the administration bill unaltered, the president would accept sweeping amendments in the Senate in a way that would embarrass both the committee and the House as a whole. This had happened on a number of recent occasions.[34]

But even if it had been southerners whose initiative removed agricultural and domestic workers from the administration's bill, it might be misleading to interpret this as an important defeat for the administration. From the outset, administration witnesses demonstrated a strikingly relaxed attitude toward the text of their Economic Security bill. Perkins, Morgenthau, and the executive director of the CES, Edwin E. Witte, were among those who encouraged legislators to give it the most careful scrutiny and make whatever changes seemed necessary, so long as they were congruent with the basic philosophy of the measure. Perkins outlined the CES's philosophy in the following terms: "This committee has felt . . . that it was primarily the duty of those who are elected by the American people to determine the policy of the American people."[35] And on the opening day of House hearings, Witte emphasized that the CES had "no thought that this program as presented should necessarily be passed without any changes":

> The Committee [on Economic Security] intends to present to you honestly the entire problem. It expects and desires the cooperation of the Congress in working out this problem. If, in your judgment, any parts of this program should be changed, of course, that is your privilege. That is what we expect. Our purpose primarily is to give you information, to serve you and assist you in every manner that we can.[36]

This flexibility brought big dividends in the view of Paul Douglas, a strong supporter of comprehensive social insurance. Writing in 1936, he noted that the bill had "emerged in a much clearer and more logical fashion after having been revised by the committee."[37]

The administration's flexibility is nowhere more apparent than with the thorny question of agricultural and domestic workers. It was not just racists and not even just fiscal conservatives who nourished doubts regarding the desirability of including agricultural and domestic workers in the 1935 bill. Witte told the Finance Committee that "We recommend that they be included . . . but, frankly, the administrative difficulties cannot be disregarded and you may wish to exempt these groups at the outset."[38] The most outspoken critic of the proposed inclusion

[34] "Put Security Bill Up to Roosevelt," *New York Times*, 6 February 1935.
[35] House Hearings, *Economic Security Act*, 173.
[36] Ibid., 8–9.
[37] Paul Douglas, *Social Security in the United States* (New York: McGraw Hill, 1939), 99.
[38] Senate Hearings, *Economic Security Act*, 198.

of these two categories was Epstein, scarcely an exemplar of southern racism. Addressing the Finance Committee, he told a respectful audience of the dangers of inclusion. Farmers and domestic workers obviously needed help "as much and even more so than industrial workers," but legislators must be aware of the "terrifically difficult" logistical problem that they posed. Starkly predicting that "You are not going to collect it," Epstein feared "an administrative problem which will become a fizzle and therefore react ultimately against the whole plan." He had an alternative suggestion: "Let us wait at least a couple of years and we will see if the administration can really properly take on the job, and we have acquired some experience, and the farmers themselves see that it is good for them, and then we will take them in. . . ."[39]

In light of these points, Congress's exclusion of agricultural and domestic workers from OAI and unemployment coverage is eminently unsurprising. To summarize the nonracial factors that contributed to the decision: legislators had been told that these groups had always been excluded from new social insurance programs, and that the Treasury was not capable of administering the CES bill; the most active private advocate of social insurance had told them that the inclusion of these groups might endanger the long-term prospects of the entire social security program; Roosevelt was suspected of favoring the Morgenthau amendments; and administration officials, at pains to appear deferential, emphasized that their bill could only benefit from careful congressional scrutiny. If race contributed to the enthusiasm of southern legislators for revision, then it was joined with these other factors.

Moreover, the creators of social security in the United States did not see these exclusions as permanent, but rather as temporary expedients. Also excluded from social security in 1935 were the self-employed, seamen, and employees of churches, colleges, hospitals, and charities, not to mention all government employees. These decisions were based not on race but on a range of other considerations that apply equally well to agricultural and domestic workers: the familiar administrative difficulties, perceived actuarial obstacles, and the belief that many members of these groups would not desire to be included in this new scheme of compulsory taxation. Roosevelt viewed the 1935 act as a foot in the door and publicly anticipated the day when social insurance would be universalized and the dole vanquished. During the next two decades the principle of social insurance was embedded and popularized just as he had hoped, and consequently extended to new groups, including, in 1950, agricultural and domestic workers.

The Politics of Public Assistance in 1935

The evidence for the influence of race is stronger for public assistance than for social insurance, but still considerably less strong than racial interpretations suggest. We will assume with other analysts that the crucial event was Congress's

[39] Ibid., 514–515.

refusal to include as a condition of grants-in-aid that the states pay "a reasonable subsistence compatible with decency and health." But it is worth mentioning that if the Roosevelt administration had seriously intended to confine the discretion of the states and create a national program, it would have had to address eligibility as well as benefit levels. This it did not do, except to limit residence requirements and set a standard of age (at least 65 years) for old-age assistance.

The most strenuous objections to the "reasonable subsistence" language came from southern legislators, notably two Virginians—Harry F. Byrd in the Senate, who invoked the doctrine of the states' sovereignty, and Howard W. Smith in the House, whose testimony before the Ways and Means Committee was surprisingly forthright in the matter of race. Lieberman and Abramovitz tell us that this southern resistance to federal standards was driven by the desire to keep blacks in their place. Lieberman believes that grand rhetoric about state sovereignty such as Byrd used was "merely a stand-in for racial supremacy." Abramovitz concurs that "beneath the states' rights argument, southern states . . . feared that such a federal standard would require equal treatment of whites and blacks."[40]

In some respects, the contemporary record supports this explanation for defeat of a national standard of need and assistance. Witte, who testified before committees in both houses and attended their executive sessions, wrote that Byrd was "supported by nearly all of the southern members of both committees, it being very evident that at least some southern senators feared that this measure might serve as an entering wedge for federal interference with the handling of the Negro question in the South."[41] And then there was Smith, saying that "Of course, in the South we have a great many colored people. . . ." Earlier he had remarked that $30 per month for the average farm laborer in a rural area "would be affluence." "To put him on a pension at age 65 of $30 a month is not only going to take care of him, but a great many of his dependents, relatives, and so on, who could much better be employed working on a farm."[42]

Our account will put the southerners' position in the larger context of the interstate political economy and argue that for them to accept the administration's bill would have been irrational, irrespective of race. Although southerners led opposition to the decency and health standard, within Congress only Senator Robert F. Wagner of New York explicitly supported it. With ample reason, southerners argued that the bill was biased in favor of the wealthier states. Most of them reacted by striving to protect the autonomy of their states. Others, whom

[40] Lieberman, "Classifying by Race," 168; and Abramovitz, "Regulating the Lives of Women," 317.

[41] Witte, *The Development of the Social Security Act*, 143–144. See also Thomas H. Eliot, *Recollections of the New Deal: When the People Mattered* (Boston: Northeastern University Press, 1992), 110–111. As counsel to the Committee on Economic Security, Eliot drafted the administration's bill. He recalls southern opposition to detailed grant-in-aid conditions, but does not link it to race.

[42] House Hearings, *Economic Security Act*, 976, 974. Much of Smith's testimony is ambiguous in regard to race. He could be referring to impoverished white persons as well.

the advocates of a racial interpretation overlook, reacted by calling for a wholly national program of aid.

In contrast to the proponents of a racial interpretation, who tend to focus on Aid to Dependent Children (ADC) because of its putative association with race, we will focus on old-age assistance (OAA). The association between ADC and race had yet to be established in 1934–1935. Mothers' aid, the state-level program on which ADC was built, was concentrated in the urban North, which at that time was largely white. A study of caseloads in 1931, covering approximately half of recipients nationwide, showed that 96 percent of the mothers were white, 3 percent Negro, and 1 percent "other." Mothers' aid hardly existed for women who were divorced, deserted, or never married. It was often called "widows' aid," because that is what it was. As of 1931, 82 percent of the families receiving mothers' aid for which the mother's marital status had been determined were families of widows. Nothing in the administration's bill in 1935 would have changed standards of eligibility; the bill did not address marital status, nor did the CES report hint at any such thing. Southerners may have detected a threat of federal intervention, beginning with pressure, in the form of grants proffered, to create programs that were not yet well established in the region. Alabama, Georgia, and South Carolina had not enacted mothers' aid laws, while Arkansas and Mississippi did not have them in operation even though enacted.[43] But the threat to create a racially inclusive program at this point was more speculative than immediate.

We choose to focus on OAA, because that is what Congress did in 1934–1935. In the Depression-era politics of poor relief, ADC was the tail to the elephant of OAA. The report of the Committee on Economic Security, which was the charter for social security legislation, recommended the decency and health standard only for OAA. It is not mentioned in the section on aid to dependent children. The administration's bill applied it as well to ADC, but this was an afterthought. ADC grant conditions were modeled after those for OAA, except that the matching formula was less generous—one-third rather than one-half of the states' spending. Congress behaved similarly, reaching decisions for OAA after extended consideration, and then with little further thought replicating them in ADC.

During the Depression the aged mobilized politically on a massive scale, bringing intense pressure on both state and national officeholders to act on their behalf. At the extreme, represented by Louisiana's Senator Huey Long, some political figures endorsed national pensions for all elderly persons without regard

[43] For descriptions of the program prior to enactment of the Social Security Act, see *Social Security in America: The Factual Background of the Social Security Act as Summarized from Staff Reports to the Committee on Economic Security* (Washington, DC: GPO, 1937) 236; Winifred Bell, *Aid to Dependent Children* (New York: Columbia University Press, 1965), chap. 1; and Christopher Howard, "Sowing the Seeds of 'Welfare': The Transformation of Mothers' Pensions, 1900–1940," *Journal of Policy History* 4 (1992): 188–227.

to need. But the responsible, moderate position, defined by President Roosevelt and embraced by Democratic committee chairmen in the House and Senate, was for a shared federal-state program confined to the most needy. It would use federal grants-in-aid to the states, a method that was expected to contain and distribute costs by diffusing the pressure from the aged.

Consistent with a common pattern of policy making in the federal system of the United States, the administration's bill borrowed from the law and practice of leading states in order to create a standard for the rest. The "decency and health" language was contained in the old-age assistance laws of New York and Massachusetts.[44] The bill would have required all states to enact it in order to qualify for aid. Similarly, the bill promised to pay half of the cost of each individual recipient's pension, up to a maximum federal payment of $15 per month, a figure deduced from the fact that the most generous state-level programs were paying maximums of $30 per month.

The effect of the federal law would have been to relieve the most generous states, which were also typically the most wealthy, of half of the cost of their old-age assistance programs. In the twenty states that had no such programs as of 1935, which included all of the Deep South states, the federal law was designed to induce their enactment. These states would have had to begin raising revenue for old-age pensions, and if they wanted to maximize their federal grant, they would have had to pay pensions equivalent to those of the most wealthy states.[45]

Southern states protested that they could not afford to meet the standard that was being set, which was a standard of the North and West. Per capita income in 1929 ranged from $269 per year in South Carolina to $1,164 in New York; per capita tax collections in 1939 ranged from $12.83 in Mississippi to $36.39 in California.[46] Representative Smith opened his argument before the Ways and Means Committee by claiming that if half of the Virginia population over 65 qualified for pensions, and if the state's share for each were $15 per month (enough to match the federal offer), the state would have to raise an additional $10 million per year. This approached Virginia's annual total of general revenue, which Smith put at $12 million.[47] Other southern states made comparable claims. The Arkansas legislature, formally pleading its inability to raise the matching funds that federal grants would require, begged Congress not to require them.[48]

Furthermore—and this was what outraged Byrd—states faced the prospect that if federal administrators judged their programs to fall below a standard of

[44] Senate Hearings, *Economic Security Act*, 67.

[45] Characteristics of the old-age pension laws of the states as of 1934 are summarized ibid., tables 14 and 15, p. 50.

[46] Erik W. Austin, *Political Facts of the United States Since 1789* (New York: Columbia University Press, 1988), 425; Tax Foundation, *Facts and Figures on Government Finance* (Baltimore: Johns Hopkins University Press, 1988), 24th ed., 248.

[47] House Hearings, *Economic Security Act*, 974.

[48] *Congressional Record*, 79, 15 April 1935, 5707.

"decency and health," they would be denied federal grants altogether. Federal "bureaucrats" would be empowered to tell the states how much they must spend.[49]

This prospect was no figment of the Virginians' imagination; it was what the framers of the act frankly intended. This was evident from the testimony both of Senator Wagner, who sponsored the administration's bill in Congress and was the lead witness before the Finance Committee, and of Witte. Wagner implied that $40 per month was the correct standard of health and decency, and he tangled with one senator—Daniel Hastings, a Republican of Delaware—whose state was spending only $9 per recipient. They had the following exchange:

> Senator Hastings. You are expecting us to contribute as much as $15 and I have a notion that you would expect us to contribute as much as $25 if we are going to participate in this at all.
>
> Senator Wagner. I think Delaware can afford it, can it not?
>
> Senator Hastings. That is what I supposed.
>
> Senator Wagner. In spite of the fact that you can afford it, you have contributed only $9 per month.[50]

Wagner and Witte faced deeply skeptical questioning from other members of the Finance Committee even before Byrd opened his defense of state sovereignty, charging that the federal administrator of aid would be the "dictator of State legislation."[51] Witte pointed out that if the committee did not like giving federal administrators discretion to determine when a standard of "decency and health" had been met, it could choose to set in monetary terms an explicit nationwide standard of need and assistance, or it could remove from the bill the authority for federal administrators to withhold grants as a means of enforcement. Witte defended federal administrative discretion on the ground that "it would permit adjustments for all portions of the country," but with customary tact and deference added that the decision "is entirely for your determination."[52]

Congress defined its own course. Following the lead of the Ways and Means Committee, within which the administration's bill was thoroughly recast, Congress dropped the decency and health standard as a grant-in-aid condition, and instead provided that grants should be given "for the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State. . . ."[53] The administration's bill had attempted an extraordinary degree of intrusion into state policy making and finance; the outcome, presumably in reaction to this attempt, was an emphatic assertion of the states' independence. Besides this phrase in the law, the committee reports and the statements of the committee chairmen on the floor were explicitly reassuring to the advocates of

[49] Senate hearings, *Economic Security Act*, 72–78.
[50] Ibid., 14.
[51] Ibid., 72.
[52] Ibid., 81–82.
[53] *U.S. Statutes-at-Large*, vol. 49, 620, 627.

states' sovereignty. "[The bill] does not vest dictatorial powers in any Federal officials," the Ways and Means Committee report said.[54] "[Grant-in-aid conditions] do not involve dictation by the Federal Government, but only establish standards which will make it reasonably certain that the States are honestly trying to meet the problem of the dependent aged. The administration of the pension grants is left to the States, as is their amount."[55]

To suppose that this action is to be explained simply on grounds of white southerners' defense of racial superiority requires one to ignore or discount very heavily the economic interest of all of the poorer states in maximizing their gain from the new offer of federal grants; the interest of all states in maintaining autonomy in budgeting and finance; the widespread animosity toward central administrators, as manifested in the remarks even of so loyal and liberal a Democrat as John W. McCormack of Massachusetts;[56] and the great practical difficulty of imposing a national standard at a time when social, economic, and cultural differences among states were far greater than they are today. It should also be noted that Congress did not adopt the extreme states' sovereignty position that Witte hypothetically put to it; it did not eliminate from the bill authority for the federal administrative agency to withhold grants as a means of enforcing grant conditions.

In debate on the House floor, the central argument of southerners and also representatives of other poor states[57] was that the bill discriminated against the aged in the poorest states by requiring of all states, regardless of fiscal capacity, the same 50 percent level of matching funds. Southerners typically reacted by asking that the matching requirement be reduced or even eliminated.[58] The southern position received little support from representatives of wealthier states.

A few populist southerners were to be found among those members of Congress who favored a purely national program. Representative John McClellan of Arkansas, for example, went beyond the position of his state's legislature to argue that the responsibility of the federal government was "direct to every Amer-

[54] "The Social Security Bill H. Rept. 615," 74th Cong., 1st sess. (1935), 16.

[55] "The Social Security Bill S. Rept. 628," 74th Cong., 1st sess. (1935), 6.

[56] "I do not want professional social workers of the Federal Government coming into Massachusetts and dictating to the old people of my State. . . . The law shall be administered by local hands, responsible to local public opinion." *Congressional Record*, 79, 16 April 1935, 5978.

[57] See, for example, the remarks of Representative Harold Knutson of Minnesota, who presumed to speak for states in addition to his own. Citing North Dakota and West Virginia in particular, he complained that the old-age assistance program would "work a great injustice in a number of states that are bankrupt or nearly so." *Congressional Record*, 79, 10 April 1935, 366. Per capita income in North Dakota in 1929 was $365; in West Virginia, $460. Austin, *Political Facts*.

[58] For example, see the amendments offered by Representatives William M. Colmer and Aaron Lane Ford of Mississippi, *Congressional Record*, 79, 18 April 1935, 5969–5970. For a scholarly argument that the federal public assistance program imposed unequal financial burdens on different regions and should be revised to allocate grants-in-aid according to a principle of equalization, see Clarence M. Heer, "Financing the Social Security Program in the South," *Southern Economic Journal* (1937): 291–302.

ican citizen who comes within the class to be benefited, irrespective of State citizenship. . . . State boundary lines should not be regarded."[59] Representative Aubert C. Dunn of Mississippi argued that "This bill should be amended so as to definitely assure our people who reach the age of 60 years and are in need that they will be comfortable and will not be compelled to depend upon local politics to give them that which is righteously theirs."[60] It is quite conceivable that the South would have accepted a wholly national program of means-tested public assistance, but there is no way of knowing, because no responsible national office holder proposed one. Onerous grant-in-aid conditions that applied to the states' own programs were more threatening to states' sovereignty than purely national programs.

Writing on the fiftieth anniversary of the Social Security Act, Wilbur Cohen, one of its architects, judged the omission of the decency and health standard "the most significant long-range loss."[61] However, even had the language been included in the act of 1935, it would have been hard to implement in a substantial way for at least a generation. Ironically, many states proceeded to incorporate the decency and health standard in their own laws even after Congress dropped it.[62] That is what the authors of the administration's bill intended them to do—and that is probably as much as the federal executive branch would have been capable of compelling them to do in the short run. Without support from Congress and the federal courts, it would have been very hard to force poor states to meet a particular monetary standard of assistance through the use of executive discretion. Most likely, the language would have begun to bite only in the late 1960s, when the welfare rights movement developed and turned to the courts to attack the welfare policies of the states. Then, the language would have given the litigators something to pin their cases on.[63]

The Influence of Race: A Summary

Race appeared furtively in the discussions of 1935. Witte seems to have been surprised by his encounter with it: "The fact is that it had never occurred to any person connected with the Committee on Economic Security that the Negro

[59] *Congressional Record*, 79, 15 April 1935, 5706.

[60] Ibid., 5671.

[61] "The Social Security Act of 1935: Reflections Fifty Years Later" in *The Report of the Committee on Economic Security of 1935 and Other Basic Documents Relating to the Development of the Social Security Act* (Washington, DC: National Conference on Social Welfare, 1985), 9.

[62] Richard Sterner, *The Negro's Share* (New York: Harper and Brothers, 1943), 272–274. Sterner reported that in the early years of the old-age assistance program (1937–1940), Negroes in the South received benefits out of proportion to their share of the population but that the degree of their overrepresentation was very likely less than what need would have dictated.

[63] R. Shep Melnick, *Between the Lines: Interpreting Welfare Rights* (Washington, DC: The Brookings Institution, 1994), chaps. 4 and 5; Martha Davis, *Brutal Need: Lawyers and the Welfare Rights Movement, 1960–1973* (New Haven: Yale University Press, 1993).

question would come up [in connection with conditions for old-age assistance]."[64] On the floor of the Senate, Huey Long brought the subject up defiantly, with a demagogue's brute candor: "The colored people are among the poorest people we have. . . . How many of them will ever get on the pension rolls? . . . That may seem like cheap demagoguery, but I am not afraid to say it."[65] Before the Ways and Means Committee, Howard Smith betrayed a casual, artless racism by asking that the states be allowed "to differentiate between persons."[66]

Only two witnesses before the Ways and Means Committee addressed the subject directly, the NAACP's Houston, who asked for coverage of agricultural and domestic workers under social insurance, and one from the department of race relations of the Federal Council of Churches of Christ in America, who asked that Congress prohibit racial discrimination in programs shared with the states. Neither elicited sympathetic questioning, let alone support.[67]

Unable or unwilling to engage the subject of race directly, policy makers engaged it, if at all, indirectly through decisions about the locus of government responsibility. Insofar as policy was nationalized, the potential for racial fairness increased. The crucial questions are how far nationalization was carried in the Social Security Act, and, insofar as nationalizing measures failed of adoption, to what extent the failure was attributable to the white South's desire to perpetuate a racial caste system.

Title II, which created social insurance for retired persons, was of immense significance – a breakthrough in the nationalization of American social policy. As such, it met no significant southern opposition. Whether the failure to cover agricultural and domestic workers in 1935 was racially motivated is problematic. We tried to show that the evidence for such an interpretation is less than compelling. In any case, the temporary omission of such workers was less significant than was the creation of a new, wholly national program of retirement insurance.

Had the decency and health standard been enacted in the public assistance titles, that too would have represented a nationalizing breakthrough, though of uncertain effect in the short term. Southern opposition to it was undoubtedly made more intense by racial motives, but we have tried to show that a purely racial interpretation of the Southern position, let alone Congress's acceptance of it, is drastically oversimplified. Southerners had ample economic motivation to oppose the terms of the administration's bill.

Moreover, to stress what Congress took out of the public assistance titles overlooks what it left in. The Social Security Act made poor relief a public responsibility and delocalized it by requiring state financial participation and mandatory statewide operation of relief programs. This was a major step toward more generous social provision – "quite at variance with our past record and

[64] Witte, *Development of the Social Security Act*, 143–144.
[65] *Congressional Record*, 79, 14 June 1935, 9294.
[66] House Hearings, *Economic Security Act*, 974.
[67] Ibid., 796, 597.

history," Senator Pat Harrison of Mississippi, chairman of the Finance Committee, observed in floor debate.[68] In the past, the needy aged had received help from private charitable organizations or from county or city governments, with or without state participation. This major step, which used the national government's money and power to lever the state governments' money and power, was taken despite numerous pleas from southern congressmen that their states could not afford to participate. Members of Congress raised no objections to the requirement of mandatory statewide operation, which administrative planners judged to be crucial. On the contrary, when Witte suggested that federal administrators might conclude that "reasonable subsistence" could vary as between urban and rural localities, Senator Thomas P. Gore of Oklahoma objected that this would lead to unacceptable inequalities.[69] If southerners had wanted to discriminate between counties more and less heavily black, presumably they would have objected to the requirement of mandatory state-wide operation.

The Social Security Act also limited the states' use of residence requirements, a significant step toward nationalization, and opened the way for federal supervision of administration by stipulating that state plans must "provide such methods of administration . . . as are found by the [Social Security] Board to be necessary for the efficient operation of the plan." Proponents of a racial interpretation have attached significance to the fact that Congress in 1935 specifically exempted from federal supervision the "selection, tenure of office, and compensation of personnel."[70] Strained to begin with, this interpretation overlooks the fact that only four years later Congress reversed itself and explicitly authorized the requirement of merit systems of personnel administration.[71]

No more than Congress was the president prepared for a wholesale nationalization of social policy. Roosevelt never advocated any such thing. His administration sought to bring old-age assistance programs into being in the twenty states where they had not been enacted yet and to make sure that state programs were effectuated as such. He took the centrality of the state governments in domestic affairs as a given, and he wanted them to bear their share of the financial burden. When in 1939 liberals tried to introduce federal minimum grants of $7.50 per month per recipient, which would have substantially increased benefits in the poorer states, Roosevelt protested. "Not one nickel more," he said. "Not one solitary nickel. Once you get off the . . . matching basis the sky's the limit, and before you know it, we'll be paying the whole bill."[72]

[68] *Congressional Record*, 79, 17 June 1935, 9440.

[69] Senate Hearings, *Economic Security Act*, 82.

[70] Lieberman, "Race, Institutions, and the Administration of Social Policy," 520.

[71] For an account of how federal requirements were applied in one northern state, see Martha Derthick, *The Influence of Federal Grants: Public Assistance in Massachusetts* (Cambridge, MA: Harvard University Press, 1970).

[72] James T. Patterson, *The New Deal and the States: Federalism in Transition* (Newport, CT: Greenwood Press, 1981; copyright 1969 by the Princeton University Press), 93. Patterson attributes the quotation from Roosevelt to Arthur J. Altmeyer, *The Formative Years of Social Security* (Madison: University of Wisconsin Press, 1966), 112.

To accept the fundamentals of federalism may have implicitly acknowledged the importance of race, depending on how much weight one gives to southern exceptionalism as an underpinning of the institution itself. Accurately to weigh the significance of race in social policy making would require taking the analysis to this deeper level, at which the very form of governing institutions is explained. However, even without going to that deeper level, the case can be made that race had a latent influence on the politics and policy outcome of 1935. According to this argument, it would be the very absence of race from the deliberations that most eloquently attested to the impact of discrimination on New Deal policy making.

Had there been more than one African-American in Congress, had there been any from the South, or black voters in the South in numbers sufficient to influence white Congressmen, or had the NAACP enjoyed greater influence—in short, had African-Americans been admitted to full political participation—then debate over social security might have proceeded very differently. Issues of racial fairness might have surfaced explicitly, producing at least a clearer revelation of motives if not substantively different policy choices. More pressure would have existed to include agricultural workers and domestics, no matter what the administrative difficulties.[73]

In 1935, the existing form of federalism per se had a powerful influence on policy. In choosing to have shared programs for public assistance, the president and Congress were building on precedent. In creating federal grants-in-aid for public assistance, they were planting a familiar institution of intergovernmental relations in new policy terrain. With southerners in the lead, Congress limited the scope of the proposed innovation, but did not for one moment consider defeating it in defense of state and local autonomy. To what extent Congress acted proximately out of racial motives is necessarily obscure, because a discriminatory political system artificially suppressed consideration of race. But it is precisely this caveat that should make contemporary social scientists cautious in asserting the primacy of racial motivation in retrospective analysis, the more so since the range and probable weight of nonracial factors become so obvious when one takes the trouble to reconstruct the political debate of 1935.*

[73] We are indebted to Richard M. Valelly for urging us to develop this point. The lone African-American in Congress was Arthur W. Mitchell of Chicago. His remarks on the floor indicated sympathy for the southerners' position on public assistance: "I do not think it means much for us to pass a law that will help Illinois, my State, because it might have resources to meet the requirements of the bill; and Massachusetts, that has already met them, and a number of other States, while the State of Alabama and the State of Mississippi and the State of Minnesota, and other poor States could not meet the requirements." *Congressional Record*, 79, part 5, 15 April 1935, 5692.

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