H. B. Robinson
Steam-Electric Generating Plant
HARTSVILLE, SOUTH CAROLINA
Carolina Power & Light Company
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"Capitalism...Goes Hand in Hand With Political Liberty..."

who have apparently succeeded in instilling an apologetic feeling about capitalism in many Americans who would have no part of a “socialist party,” and who would stoutly deny a preference for communism or other socialistic systems.

It behooves us to understand why the “welfare state” approach is succeeding where the “socialistic party” approach failed.

The principal weapon of the socialist party approach is “nationalization.” In some countries, this approach has been successful. Possibly the examples of “nationalization” in other countries has served as a warning to Americans; for its adoption draws only slight political support to socialist movements. Nationalization lacks an appeal to Americans; for it seeks to change the form, as well as the substance, of our economic system. It is too open and aboveboard to compete with the obvious advantages of capitalism.

The welfare-state approach, on the other hand, is much more subtle. Indeed, nationalization is condemned by the welfare-staters. There is no need for a separate political effort; for its concepts can be rationalized into harmony with the platforms of existing political parties. This is possible, because the welfare-staters’ approach includes no change in the form of the capitalistic structure of our economic system. Instead, it utilizes a subterfuge, which, transparent though it may be, obviously deceives great numbers of people. Rather than attaining socialism through ownership by the state, the welfare-state concept achieves socialism through regulation and control by the state, while leaving the outward vestiges of ownership in private hands. Unfortunately, this system is equally as effective for the destruction of capitalism as is the outright ownership of property by the state which is accomplished by nationalization; and therefore, it is equally socialistic.

False Security

The appeal of the welfare-state concept is directed at the natural human desire for security. The advocates of this devious and deceptive system have found it relatively simple, while sailing under the flag of liberalism, to secure the support of many, and the acquiescence of others, for their insidious programs through promise of the fulfillment of material wants of the general populace. There are two basic fallacies in this approach which are successfully concealed from the consciousness of those who swallow the lure of the new style socialists.

The first fallacy is—or should be—the most obvious. All wealth or material goods are produced by individual human labor or ingenuity. The state itself can produce no wealth and whatever it supplies must be first taken from the fruits of the labor of the individual. The method by which the state acquires the property of the individual is, of course, taxation; and we are all quite well aware that our system of taxation is designed to take the most from those who have the most. This design of our tax system is used to screen the average individual from the fact that that which is offered him in the way of material benefits is first taken out of his pockets—not someone else’s pockets. The graduated income tax does not produce revenues from the higher level in nearly such appreciable amounts. matter of fact, the rates in excess of 20 per annually. The remainder of the income incomes which are taxed at the minimum of which we have so many, fall equally on those in higher income brackets. Truly, I seek to derive a greater portion from the is an insufficient amount of high incomes source. The truth of the matter is that eat the fruits of his own labors in order to s

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level in nearly such appreciable amounts as the welfare-staters would have you believe. As a matter of fact, the rates in excess of 20 per cent secure to the national government only $5 billion annually. The remainder of the income tax receipts—approximately $35 billion—is taken from incomes which are taxed at the minimum rate. Most of our other taxes, such as the excise taxes of which we have so many, fall equally on the individuals in the lower income brackets as well as those in higher income brackets. Truly, the welfare-staters would, if it were possible, ultimately seek to derive a greater portion from the higher incomes; but it is an economic fact that there is an insufficient amount of high incomes to produce any substantial additional amount from this source. The truth of the matter is that each individual, with few exceptions, must first contribute the fruits of his own labors in order to supply the wherewithal for the welfare-staters' bequests.

The second fallacy in the welfare-state approach is equally basic if somewhat less obvious. The physical needs of the populace which the welfare state proposes to supply do not and cannot provide security, for, indeed, security embodies more than the supply of our mere physical wants. The security which the welfare state offers, if carried to its logical conclusion, exists now for the inmates of our better penal institutions. These inmates are well fed, well clothed, normally well protected from violence and enjoy most substantial and weatherproof—as well as breakproof—shelter.

Both of these fallacies are readily apparent from the examination of the examples of the operation of the welfare-state system. Unfortunately, there is no scarcity of such illustrations in the current operation of our national government.

Government Control

On last Thursday night, June 16, the United States Senate considered and passed an omnibus housing bill. Omnibus, in this instance, is one of the most accurately descriptive words I have ever seen used. Almost every conceivable type of government control, regulation and participation in all fields of housing—and indeed many fields remote from housing—were included in that monstrosity of a bill. All of us, I am sure, are by now familiar with the national government's...
"Advance of the Welfare State
Can be Halted . . ."

participation in such things as public housing, urban renewal and other such programs of indirect ownership through control made possible by utilization of the spending power of the national government. To illustrate the degree to which the national government is participating in housing through the welfare-state approach, however, nothing is more demonstrative than the proposed, but fortunately deleted, so-called policy section of the latest omnibus housing bill. Under the terms of this proposed policy section, the President of the United States would be required to submit an annual report to Congress stating the minimum number of new housing starts which should be permitted in the United States by the national government in the succeeding fiscal year and also recommendations of the President for legislation to insure those housing starts. Had the socialist party approach been successful, the government through its direct ownership of property would have owned outright all housing, and, therefore, would have determined how many starts the government would make. Under the welfare-state system, which is in full force and effect at present with regard to housing, the national government, under the proposed provisions of the policy section which I have just mentioned, approaches a point where it assumes the responsibility for, and exercises the power for, controlling the number of housing starts in the United States, even though the government makes no pretense at having title to this property. It is a distinction without a difference.

Silent, Senior Partner

This is but one of thousands of examples that exist. No one engaged in business needs to be told that the national government is a silent, but senior, partner in each and every business. The principal element of control, although certainly not the sole element, is our complicated system of taxation. Certainly by this time, we should all be well aware that our tax system is geared, not only for the production of revenue, but also for the regulation of the economy and thereby the productive efforts that constitute our economy.

Ever increasingly are business decisions decided more on the basis of tax consequences than on the competitive considerations which stem from consumer needs and desires. Thus, what was impossible to accomplish in America by a bold stroke of nationalization is being successfully accomplished through the adoption of the insidious welfare-state proposals.

To be sure, the process is gradual. Unfortunately, this very graduality seems to have a tranquilizing effect, for the dangers inherent in this approach seem much less impressive in reaching the same goal than do the identical dangers of the more abrupt methods. Even those who profess to be aware of the steady growth of welfare-statism and who profess to be conscious of its destructive effects, appear to fight only a delaying action rather than make a do-or-die stand. The prevalent method of resistance to welfare-statism will inevitably insure the ultimate and total success of socialism. I think the defense action to which I refer could be characterized by the statement: "This proposal is unsound in principle but a little bit—or a little bit more, as the case may be—is all right, or at least not too bad." The American people will never be brought to a realization of the true dangers of welfare-statism or to a knowledge that the welfare state is substantially a socialized state, unless and until those of us who recognize the true nature of this deceptive concept base our defense on a clear and unequivocal stand on principle and cease to hinge our objections on the degree of the advance of the particular welfare-state proposals.

The advance of the welfare state can be halted and reversed. Our capitalistic economic system is still tough and strong and can be saved to serve both our physical needs and as a weapon for the protection of our political liberty. It can be done by awakening each and every American to the simple fact that any government big enough to give him everything he wants, must, necessarily, be big enough to take everything he's got, including his liberty.