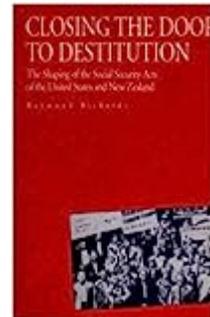


# H-Net Reviews

in the Humanities & Social Sciences



**Raymond Richards.** *Closing the Door to Destitution: The Shaping of the Social Security Acts of the United States and New Zealand.* University Park: Penn State Univ Press, 1994. \$57.95 (cloth), ISBN 978-0-271-01060-1.



**Reviewed by** Joseph M. Hawes (University of Memphis)

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Raymond Richards, who is Lecturer in History at the University of Waikato in New Zealand, presents a straightforward comparative study of the social security acts passed in the United States in 1935 and in New Zealand in 1938. Dr. Richards frames his study in the context of the recent historiography of the welfare state. His comparisons are quite thorough, beginning with the provisions of the acts themselves and proceeding through analyses of the precedents for the acts, the social, cultural and political characteristics of both countries, and the political process of drafting the legislation. He concludes with a postscript contrasting the legacies of each act.

The basic question Dr. Richards seeks to answer is why the two acts were (and are) so different. Why was the coverage of the U. S. act restricted in scope while the New Zealand act provided universal coverage? Why did the U.S. act depend on contributory funding, and that funding on a regressive tax system, while the New Zealand system was financed through general revenues? These questions lead him into other questions about how and why the two countries were so different. One major difference was scale. New Zealand is of course much smaller, and perhaps more significantly, had in the 1930s about the same number of people as Kansas. The political systems of the two countries are quite different, New

Zealand having abandoned a federal form of government in 1876. Richards argues that the New Zealand parliamentary system, because of its simplicity and directness, is more democratic than the system in the United States with its complicated sets of checks and balances. One sign of this is the high percentage of New Zealanders who have turned out for elections (about 80%), thereby giving the governing party a strong mandate, enabling it to resist special interests. By contrast Dr. Richards argues, special interests have dominated the political landscape in the United States.

The Social Security Act in the United States was limited in scope, Dr. Richards contends, because of the lobbying of insurance companies and the American Medical Association and also because of the power of southern Democrats who were opposed to benefits going to African American tenant farmers and domestic workers. New Zealand regarded aging workers as having earned Superannuation benefits by virtue of their contribution to the general well-being of the society as a whole, while American politicians, in his view, limited the scope of the American act as a result of political pressures. A majority of Americans favored publicly funded health care, he asserts, but the lobbying power of the American Medical Association successfully quashed that hope. By contrast the government in New Zealand was able to face down

the New Zealand branch of the British Medical Association and make free health care a part of the New Zealand Social Security Act, Prime Minister Michael Joseph Savage telling the representatives of the medical association that the government would import cooperative doctors if necessary.

Another important difference according to Dr. Richards is that in New Zealand ordinary people made policy; in the United States panels of experts and well-paid lobbyists determined the shape and scope of legislation. Dr. Richards' analysis of the differences and his comparative approach make for a clear and readable presentation. The final answer to the basic question with which he began his study is that the culture and traditions of the two countries are substantially different. In the United States there is more emphasis on individual freedom and therefore less on social equality. New Zealanders, by contrast, take a more communal approach to social issues, perhaps, Mr Richards notes, because their society is more homogeneous than the society of the United States.

For many students of American social policy Dr. Richards' analysis will seem a bit extreme. In his view the American Social Security Act was largely the product of the thinking of the Metropolitan Life Insurance Company, the American Medical Association and southern Democrats, seeing its limited scope as a coup against the American people. Dr. Richards quotes Franklin Roosevelt's famous quip, "no damn politician can ever scrap my social security program" (p. 137), pointing out that the special taxes gave the taxpayers a moral right to expect old age benefits, but he does not explore in any great detail the significance of Roosevelt's point. In discussing the precedents for both acts, Dr. Richards explains that

Americans would acquiesce to "earned" benefits such as those paid to Civil War veterans and their families, but most Americans objected to payments that might be defined as "welfare" or a dole. That there was substantial influence from pressure groups on the drafting of major legislation such as the Social Security Act is undeniable but also in the American political system, unremarkable. In New Zealand the British Medical Association wanted to have a varied set of charges for health care, but Prime Minister Savage would have none of this, being determined that there would be no stigma attached to the need for medical care. Similarly, most Americans could accept social security if they believed that they were, in effect, buying old age insurance with their social security taxes. This belief was (and has been) enough to remove the stigma from social security even though the media in the United States have made it abundantly clear that the Social Security Trust Fund is not actuarially sound and that today's benefits are being paid from today's contributions.

One of the primary purposes of comparative studies is to show the similarities and differences between two countries in bold relief. Dr. Richards has accomplished this task in a most excellent fashion. Anyone desiring to know more about the two social security acts could profit from a reading of this small volume. Scholars in the United States will find the account of the New Zealand Act fascinating; perhaps scholars in New Zealand will have a similar reaction to Dr. Richards' account of the Social Security Act in the United States.

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