

President John F. Kennedy Address at the Convention of the United Auto Workers Atlantic City, May 8, 1962

President Reuther; distinguished Governor of the State of New Jersey, my friend, Governor Hughes; Emil Mazey; Leonard Woodcock; our visitor from Washington, Jack Conway; Mr. Potofsky; distinguished guests; ladies and gentlemen:

Last week, after speaking to the Chamber of Commerce and the presidents of the American Medical Association, I began to wonder how I got elected. And now I remember.

I said last week to the Chamber that I thought I was the second choice for President of a majority of the members of the Chamber; anyone else was first choice. But it is a source of satisfaction to me that I was the first choice, after the convention, of this organization. And it is a source of satisfaction to me to come to this convention again as President of the United States. Because this organization and this union has not interpreted its responsibilities narrowly. You have not confined yourselves to getting the best possible deal at the bargaining table, but instead year after year you have worked to strengthen the entire United States and the free world. And your action, taken at this convention, of spending over a period of 2 years over \$1,400,000 per year in order to build strong, free trade unions around the world, is an example of public service that this union has rendered. And I commend you.

These are matters which cannot be left to the Government. This is a fight for freedom which involves us all. No greater service to the cause of the free world could possibly come forward than the development of effective, liberal, free trade unions in the newly emerging countries. These are the areas where the Communists concentrate. If they are able to have a great mass of people living in misery and a few in luxury, it suits them to a tee. And the way that progress can be made over a wide spectrum for the great majority of the people is by having an effective labor movement. And, therefore, your commitment to this cause, your willingness to assist unions to organize, to assist them with techniques, to bring new trade union leaders from Latin America and Africa and Asia to your union headquarters all over the country, to show them how a free and effective and progressive trade union functions – that is a public service of the highest quality. And I want to express my thanks to you.

But on a whole variety of ways – employment, education, the fight for equality of opportunity for all Americans, regardless of their race and their color – these are the things for which America stands, and for which this union stands. And that is why I flew longer – and this will go down in the history books – that is why I flew longer in a helicopter than any President of the United States to come here today. That is the kind of forward-looking administration we have. It was an extremely hazardous flight – but we are here. And I am delighted to have a chance to say a few words about this administration's policy, which has been the subject of a good deal of discussion, acrimony, and controversy on wages and prices and profits.

Now I know there are some people who say that this isn't the business of the President of the United

States, who believe that the President of the United States should be an honorary chairman of a great fraternal organization and confine himself to ceremonial functions. But that is not what the Constitution says. And I did not run for President of the United States to fulfill that Office in that way.

Harry Truman once said there are 14 or 15 million Americans who have the resources to have representatives in Washington to protect their interests, and that the interests of the great mass of other people, the hundred and fifty or sixty million, is the responsibility of the President of the United States. And I propose to fulfill it.

And there are those who say, "Stay out of this area – it would be all right if we are in a national emergency or in a war."

What do they think we are in? And what period of history do they, believe this country has reached? What do they believe is occurring all over the world?

Merely because vast armies do not march against each other, does anyone think that our danger is less immediate, or the struggle is less ferocious?

As long as the United States is the great and chief guardian of freedom, all the way in a great half circle from the Brandenburg Gate to VietNam, as long as we fulfill our functions at a time of climax in the struggle for freedom, then I believe it is the business of the President of the United States to concern himself with the general welfare and the public interest. And if the people feel that it is not, then they should secure the services of a new President of the United States.

That does not mean, nor have we ever suggested, that we seek to control by statute prices and wages and profits. This is a competitive economy. We believe that this is the way this country should move ahead. We believe it has served us well, the free enterprise system.

But on the other hand, I believe also that the deliberations which take place on these matters, particularly in the great industries, do have a public impact. If the United States is not competitive, if the United States is not able to earn at least \$3 billion more each year through foreign trade than it takes in – \$3 billion which we spend for national security commitments around the world – then what is the President of the United States to do? Keep pouring out gold? And there is an end to that. Or begin to withdraw his defense commitments, and begin to withdraw the United States from the great arena of the struggle which is now taking place?

This is not a matter which involves a few people who may live in one or two cities, in New York or Pittsburgh, who can meet in a room, without recognizing that their decisions involve the public interest. That is all I am suggesting. When they go to the table of the executive committees of great corporations, or when you negotiate labor and management, I think it is incumbent upon all of us to consider the general welfare and the public interest, because the public interest is your interest, and it is the responsibility of the President of the United States not to seek to compel, but to seek to at least be sure that the parties who are involved in these great decisions are aware of the effect of these decisions upon the national interest and the national security.

No President of the United States should do less – and I intend to meet my responsibilities.

I say all this to you because this is a responsible union. I speak as President of the United States with

a single voice to both management and to labor, to the men on both sides of the bargaining table, when I say that your sense of responsibility, the sense of responsibility of organized labor and of management, is the foundation upon which our hopes rest in the coming great years.

This administration has not undertaken and will not undertake to fix prices and wages in this economy.

We have no intention of intervening in every labor dispute.

We are neither able nor willing to substitute our judgment for the judgment of those who sit at the local bargaining tables across the country. We can suggest guidelines for the economy, but we cannot fix a single pattern for every plant and every industry.

We can, and must, under the responsibilities given to us by the Constitution, and by statute and by necessity, point out the national interest. And where applicable we can and must and will enforce the law – on restraints of trade and national emergencies.

But we possess and seek no powers of compulsion, and must rely primarily on the voluntary efforts of labor and management to make sure that their sense of public responsibility, their recognition of this dangerous and hazardous world, full of challenge and opportunity, that in this kind of world, fulfilling our role, that the national interest is preserved.

Fortunately, a sense of this public responsibility is not foreign to this union, its membership, or its leadership. You have recognized it, as I've said, in your efforts to assist unions abroad, to assist your members at home, to speak for the public interest in a whole variety of questions under the leadership of your distinguished president, Walter Reuther.

He and I do not always agree – he is happy to say, and I am not reluctant to say. But he has a proposal; his suggestions are not negative. If they are not accepted then he moves on because he recognizes the necessity and the responsibility of good will prevailing – and he recognizes that I must meet my responsibility as he does his.

And that is the spirit which I believe should govern the relations which must exist between all the great groups in this country. And regardless of what the attitude of some may be, I propose to continue to try to develop and maintain that relationship with all those who are concerned with the welfare of their country.

You've recognized this in your historic fights against prejudice and poverty, and neglected old age. And I remember attending a meeting near Detroit of those members of your union who had retired and who still consider themselves active participants in the United Auto Workers, even though they are now living all around the great city of Detroit, but yet they came and participated in a great Sunday afternoon where I was present.

You demonstrated your responsibility in the resolution which you adopted yesterday, reaffirming your intention, and I quote, "to seek wage increases and improvements in fringe benefits out of the fruits of advancing technology, and not through price increases." And you recognized it in your 1961 contract with the automobile industry, contracts which have contributed to price stability. For the responsible outlook demonstrated by that agreement which served your members and the community, the industry and this union deserve a vote of thanks from the country.

But your task, like mine and the American people, is never done. The same responsibility for a noninflationary and peaceful settlement applies both to you and to management in your forthcoming negotiations in the aircraft and missile industries. I am confident that you will meet that obligation, exercising the restraint and responsibility which will, in the end, reward you as it rewards the country. For I do not believe it is necessary to remind this audience that neither you nor I believe in the philosophy that what is good for one company or one union is automatically good for the United States.

I believe, instead, that what is good for the United States, for the people as a whole, is going to be good for every American company and for every American union. And that is why I am confident that this union will join me in the fight against inflation.

What good is it to get an increase in wages if it is taken away by an increase in prices?

What counts is the real increase in wages, which comes from increased productivity and technology. And that, I am glad to see, has been recognized for many years by this union.

We have two tasks in economic policy: to create demand so that we will have a market for all that we can produce, and to avoid inflation.

To return to a policy of halting inflation by curbing demand would be self-defeating – but to expand the forces of demand by feeding the fires of inflation would be equally dangerous and delusive.

While individual adjustments may have to be made to fit the previous patterns in individual industries, in general a wage policy which seeks its gains out of the fruits of technology instead of the pockets of the consumers is the one basic approach that can help every segment of the economy.

This idea was not invented by this administration. It is a simple, inescapable, economic truth that increases in productivity, in output per man-hour – they set the outer limits of our economic progress. This country has the world's highest real wages and living standards simply because our output per man-hour is the highest in the world. No financial sleight of hand can raise real wages and profits faster than productivity without defeating their own purpose through inflation. And I need not tell the members of this union, with its constructive history and policies, that unjustified wage demands which require price increases, and then other demands and then other price increases, are equally as contrary to the national interest as unjustified profit demands which require price increases. But when productivity has been raised – by the skills of better management, the efficiency of labor, and the modernization financed by investors – all three groups can reap the rewards of that productivity, and still pass lower prices on to the consumer.

I don't call for higher productivity in a vacuum. Our great challenge in the 1960's is to do what they have done in Western Europe, where in the last 8 or 9 years wage rates percentage-wise have increased faster than they have in the United States since 1953 – over 58 percent, in France and Germany, higher than here in the United States. And yet while we have had an 11 percent increase in our price index, their price index has remained the same because they have modernized and increased their productivity per man-hour to maintain the cost constant of the productivity per unit, even though the wages have gone up.

We must achieve what they have achieved, which is full employment, in which automation and

employment go hand in hand. Our economic policies must stimulate both investment and consumption. The great market is here in the United States. I recognize that when we talk of foreign trade we are talking of \$20 billion, and we have a gross national product of \$50 or \$60 or \$70 billion. The great market is here. But there is also a vital market abroad because this is the means by which we protect our national security investments in those countries. And I do not want capital to leave this country and go behind the Common Market curtain and leave us with jobless people who should be working. We seek full plant and labor capacity for all the various parts of our economy, and our national policies and international policies are bound together as never before. That is why this issue has become so important.

I am sure you must wonder why so much emphasis is now put on this. It is because this matter vitally affects our national security. We lost, from 1953 and '54 till now, \$5½ billion in gold of ours, \$5½ billion in new claims on the gold we now have. Our gold is now reserved \$16½ billion, of which \$12 billion are tied to our currency, so that if we continue to lose capital and gold, as we have in the past, there will be no alternative to the President of the United States, whoever he may be, than to begin to cut and withdraw, as other countries have done.

This goes, as I have said therefore, to our security. For all these parts, therefore, are tied together. There can be no lasting increases in wages without industries making a profit. There can be no lasting profit on plants when they are producing less than capacity. And that has been the great problem of the American economy since the end of 1957.

When they talk about the profit squeeze it has been because we have been operating in basic industries at 60 or 70 or 75 percent of capacity, in the steel industry as low as 38 to 40 percent. No wonder there has been, under those conditions, a squeeze on employment – on employment and on the ability to build up capital for reinvestment.

And there can be no increase in sales abroad and at home, unless our prices and costs are competitive as a result of plant investment and modernization and increased productivity in a prosperous economy heading towards full employment.

I do not believe that our tasks are done. There are proposals which we have put forward which we believe will be of assistance in moving this economy toward that full employment which all of Western Europe has achieved for over a period of 15 years, and we are asking Congress for a program that will make this full employment a reality. By stimulating plant modernization and reinvestment so that our productivity will go up, through our investment tax credit; to increase our markets through trade expansion so that capital does not leave us, but instead manufactured goods. To broaden the base of our economy we have proposed a program of \$600 million in capital improvements to be allocated this year to the areas of heaviest unemployment; to give new skills to those who are joining the labor force we have proposed a program of youth employment opportunities.

Seven to eight million of our sons and daughters will leave, in this decade, school before they finished. One out of every four under the age of 20 today are unemployed. Every analysis looking to the future – and this involves your sons and daughters – shows that the great needs will be, in the sixties, for those with skills and those with education. The great lack – the most difficult places to find work in the sixties will be for those boys and girls without a good education and without training. And we want to make sure that every American has a chance to develop his talent. Education is basic to the preservation of a democracy. Imagine in this rich country of ours, eight

million children leaving before they finished the 12th grade – one out of four today out of work!

And I hope a program of youth employment opportunity, so strongly worked for by Secretary Goldberg and others, will finally come out of the Rules Committee so the Members of the House can vote on it.

We need a permanent unemployment insurance program so that those who want to work and can't find a job will not be shifted and living on a marginal income without hope for themselves. These are things which other countries in Western Europe did 30 or 40 years ago. Great Britain – and we regard ourselves as a progressive society – had these provisions at the time of the First World War. And yet this is suggested as a most radical proposal.

I believe that this country has an obligation to those who want to work and can't find it, to make it possible for them to maintain themselves and their families. In 1956 I offered that as an amendment on the Senate floor and got 20 votes. We are going to do better. We may not get it this year, but we are going to get it, because it is fair.

We must increase our investment in higher education. Every one of you who has sons and daughters wants those children to be as well educated as possible. A college education gives a child an opportunity in life which is marked in his income for the rest of his life.

We are going to have twice as many of our sons and daughters trying to get into college in 1970 as tried in 1960. We have to, in the next 8 years, build as many school buildings as we have built in our entire history, in our colleges. And yet we have found it extremely difficult to secure support for this vital program. And I believe that this is the kind of matter which the people of the United States wish to support.

These are some of the things which we still must do. We must eliminate racial barriers. There is no reason why if your skin is colored you have twice as much chance to be unemployed, about a half as much chance to own your house, about a half or a third as much chance of your son or daughter going to college. This country is a free society, in which everyone can succeed or fail based on what they have inside of them, not what they have outside.

We have done some things: area redevelopment; the most comprehensive Federal housing program, upon which your former associate Jack Conway is second in charge; an increase in the minimum wage, accompanied by the first, even though still limited, increase in protection since the act was passed. Why it is so difficult to secure passage of a minimum wage paying somebody in interstate commerce a dollar or a dollar-ten and fifteen cents, I do not understand, but it is regarded in some circles as highly radical and highly inflationary.

I think that this country must pay people adequately. How else are we going to be able to buy the cars and the refrigerators and the television sets which we produce in such mass?

For the first time, unemployed men can retire at 62. For the first time, and I do not regard this as a particularly radical proposal, dependent children can receive aid for the first time in our history without the wage earner deserting his family. In the old days, before this act was passed, if a child was undernourished it was necessary for the wage earner to desert his wife and family in order that those children should qualify for assistance. But last year that was changed, and I think it's high time.

And this year, we shall pass, I believe – we shall pass medical care for the aged tied to social security. And I am confident that the great majority, in fact all doctors, will treat those who may be covered by this national program.

Our hospitals have been supported under the Hill-Burton Act for years. The Federal Government is the great contributor to financing research and grants under the Institutes of Health. We are suggesting additional programs to develop more doctors and nurses. We cannot leave the 17 million people who have retired, and who may become ill – if they have no money, under the legislation now on the books, they have a chance to receive some as indigents. But that is not the way we believe it should be done. And if their son happens to have some money in the bank they do not qualify, and he goes and pays out. And it may break him at a time when he has responsibilities to his children.

The ones who are most adversely affected, in fact, are not necessarily those over 65, but those in their forties, whose parents live, and who must educate their children. And they do not want to have to make a choice – and they should not have to.

We have a long way to go. Every year brings new problems, every year continues old problems that are unsolved. Our basic task here at home is to attempt to develop an economy which is not subject to the violent fluctuations where we saw the recession of 1958 and the recession of 1960, and even today have too many people unemployed.

We have suggested three programs to give us standby power: tax reduction, the public works, and others; so that if we see the economy turning down we can move quickly without having to wait till it runs its course over a period of months. This is the great challenge. When Mr. Khrushchev talks about coexistence it is because he believes that the economy of the Soviet Union has enough vitality that over a period of time he can pass this country. And when he does, as he has said, the hinge of history will move.

All of us remember the impact which was seen around the world because this formerly backward country was first in space in the fifties. Well, we are not convinced that they will be in the sixties, because we are going to make a determined effort.

But I can imagine nothing more disastrous to our cause than to have a country which had a gross national product a third of ours, or 40 percent of ours, suddenly pass this great country. That's the problem which involves the interests of all of us. That is why everything that we have talked about, with which you've been living for years, also involves the interests of all the people and the national security.

And that is why I felt it a privilege to come here and talk to you about these problems, because this involves us all. And if we succeed then all of us succeed; and if we fail all of us fail. And in this great time, when this country is fulfilling so many great responsibilities, I believe this union made up of nearly one million, five hundred thousand people, who have been in the forefront of every fight – I believe this union's commitment to the public interest is such that it can be a trailblazer in these great economic and social areas, as it has been in the past.

Marshal Lyautey, the great French marshal, in the twenties, went out one day to his garden and asked his gardener to plant a tree. His gardener said, "Why that tree won't flower for a hundred

years.” He said, “In that case plant it this afternoon.”

Well, our trees may flower sooner than a hundred years, in 7 or 8 months, or over a period of several years. But whatever time it may take, we want to plant it and begin it this afternoon.

And I ask the United Auto Workers of America to once again help move this country forward.

The President spoke at Convention Hall in Atlantic City. In his opening remarks he referred to Walter P. Reuther, President, United Auto Workers; Richard J. Hughes, Governor of New Jersey; Emil Mazey, Secretary-Treasurer, UAW; Leonard Woodcock, a vice president of UAW; Jack T. Conway, Deputy Administrator, Housing and Home Finance Agency; and Jacob Potofsky, President, Amalgamated Clothing Workers.