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UAW SOLIDARITY

INTERNATIONAL UNION, UNITED AUTOMOBILE, AIRCRAFT & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW

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"The simultaneous and identical actions of United States Steel and other leading corporations increasing steel prices by some $6 a ton constitute a wholly unjustifiable and irresponsible defiance of the public interest.

"In this serious hour in our nation's history . . . when we are asking reservists to leave their homes and families months on end and servicemen to risk their lives . . . and asking union members to hold down their wage requests . . . the American people will find it hard, as I do, to accept a situation in which a tiny handful of steel executives whose pursuit of private power and profit exceeds their sense of public responsibility, can show such utter contempt for the interest of 185 million Americans."

—President John F. Kennedy, April 11, 1962

★ ★ ★

". . . We compete as a company, as an industry and as a nation with better costs and better ways of production. Proper pricing is certainly part of that picture. And that is what is involved here, however it may be portrayed. For each individual company in our competitive society has a responsibility to the public, as well as to its stockholders, to do the things that are necessary price-wise, however unpopular that may be at times to keep in the competitive race. And that is all we have attempted to do.

". . . I have said a number of times over the past months that the cost-price relationship in our company needed to be remedied."

—Roger M. Blough, chairman of the board, U.S. Steel Corporation, April 12, 1962

DIFFERENT ADDRESS?

On the reverse side of this page is a label with your name, mailing address and local union number. If this is not correct, will you please fill ou this form and mail to UAW Solidarity, 2457 E. Washington St., Indianapolis 7, Ind. Be sure to leave the label attached on the other side when you clip out this form,

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Education CHECK LIST

"I love this union cause. I hold it more dear than my family or my life. I am willing to devote to it all that I am, have or hope for in this world."

These stirring words were uttered by William H. Sylvis, who organized the iron moulders into what was in 1865 the Nation's largest union.

A phrase from that statement has been taken as the theme for a 32-page pamphlet written around 24 of the oils painted by John Gelsavage for the UAW to portray the history of unions in the U. S.

"This Union Cause" contains reproductions of the 24 paintings, each one accompanied by a brief explanatory text. Its introduction outlines the reasons that have led millions of Americans to struggle for dignity and security for themselves and their families.

"This Union Cause" was prepared by the UAW Education Department with high school students in mind. The expectation was that local unions would find it useful educational material to place in schools and libraries for use by youngsters whose information about labor history is either too sketchy or misleading.

Priced at 25 cents a copy or 100 for $20, **"This Union Cause"** can be obtained simply by ordering it from the UAW Education Department, 8000 E. Jefferson, Detroit 14, Mich.

* * *

"Radical reaction is on the march in the United States.

"High-ranking military leaders and corporate executives are leading a crusade which has found support in thousands of communities across the land. In the name of 'total victory,' they urge a policy which leads straight toward World War III and nuclear holocaust."

With this blunt warning, a former trade unionist, Irwin Suall, begins an illuminating book, **"The American Ultras,"** that examines closely the extreme right wing movement, its membership, its strategy and its tactics.

As leaders of the trade union movement—which the right wingers would destroy—local union officers will find this book a helpful guide in recognizing where, when and how these groups rise in their communities.

"All of us who believe in the democratic process," wrote Suall, "must unite in a common endeavor. The American Ultras are not a fascist menace right now; but they are a sign of the gravity of the crisis, of the conflicts to come. We will ignore this evidence at our peril."

"The American Ultras," priced at 75 cents a copy, can be obtained by ordering it from the UAW Education Department, 8000 E. Jefferson, Detroit 14, Mich.

* * *

One of the most useful tools in promoting fair labor standards and decent living conditions all over the world is the International Solidarity Fund of the International Confederation of Free Trade Unions.

This fund is used to underwrite workers' education and union organization in the under-developed countries of the world. The fund has the financial support of the UAW and scores of other unions, as well as the AFL - CIO.

A large number of materials for use in informing local union members on the various aspects of world affairs and the role the International Solidarity Fund plays have been issued by the UAW Education Department .

A couple that can help stimulate interest in this project among the membership are International Solidarity Fund posters that can be displayed in the union hall and on shop bulletin boards.

One quotes a statement made by Abraham Lincoln in 1864: "The strongest bond of human sympathy outside the family relation should be one uniting working people of all nations and tongues and kindreds."

The second shows the International Solidarity Fund encircling the globe to promote "World Wide Brotherhood" and "Bread, Peace and Freedom," the official slogan of ICFTU.

Single copies of each poster can be obtained free and larger numbers ordered at a nominal fee from the UAW Education Department, 8000 E. Jefferson, Detroit 14, Mich.

MRS. JOHN B. SWAINSON, wife of Michigan's governor, is shown at left, being interviewed by Guy Nunn, director of the UAW radio department. Mrs. Swainson discussed what it is like being the wife of a governor and the interview was taped for showing on the UAW TV program "Telescope." The popular UAW program can be seen in the Detroit-Windsor area on weekday evenings at 11:20 over station CKLW.

Here's where you'll find EYE OPENER On your early morning dial!

	Station	K.C.	Time
California —Los Angeles	KHJ	930	6:00-6:30 a.m.
Connecticut—New Britain	WHAY	910	6:00-6:30 a.m.
Waterbury	WATR	1320	6:15-6:45 a.m.
Illinois—Aurora*	WKKD	1580	2:00-2:30 p.m.*
Chicago	WCFL	1000	5:45-6:15 a.m.
Indiana—Anderson	WHBU	1240	6:15-6:45 a.m.
Maryland—Baltimore	WCBM	680	6:00-6:30 a.m.
Michigan—Detroit	CKLW	800	6:15-6:30 a.m.
Flint	WAMM	1420	6:00-6:30 a.m.
Grand Rapids	WMAX	1480	6:15-6:45 a.m.
Muskegon	WKBZ	850	6:00-6:30 a.m.
Missouri—Kansas City	KCMO	810	5:30-6:00 a.m.
New Jersey—Newark	WJRZ	970	6:15-6:45 a.m.
Trenton	WTTM	920	6:00-6:30 a.m.
New York—Buffalo	WGR	550	6:00-6:30 a.m.
Ohio—Cincinnati	WLW	700	6:15-6:45 a.m.
Cleveland	WERE	1300	6:00-6:30 a.m.
Pennsylvania—Pottstown	WPAZ	1370	6:15-6:45 a.m.

*Program aired each Wednesday only.

Eye Opener

Sen. Gore Proposes Pricing Controls on Basic Industries

By GUY NUNN

There is more to the recent steel price crisis than a dramatic conflict between the national interest, spoken for by an indignant chief executive, and a cold-blooded assertion by a handful of steel magnates that they could pursue private purpose at whatever damage to the national economy.

The vigor and speed of President Kennedy's response—and the incredible clumsiness of the steel indusdtry bosses — combined to defeat the planned price gouge.

But the pricing problem remains, in steel and in all other basic industries. The industry's price advance — and its quick retreat from that advance in the face of the administration's counter-fire — has restored the status quo — but for how long?

Looking at the problem realistically, and considering what might reasonably be done, through the Congress, this year or next, Senator Albert Gore of Tennessee seems to have come up with something which could provide a rough and workable solution.

He has filed three bills — which even conservative Congressmen (if truly concerned with dealing with a national problem of the first magnitude) could vote for in good conscience.

One would amend the Sherman anti-trust act to make it easier and more expeditious for the courts to break up monopoly industries.

Another would amend the Taft Hartley Act to create presidential authority to impose an eighty-day delay in the application of general price increases in basic industries. (That act already gives the president authority — which has been frequently invoked — to impose an 80 day freeze on strike action in industrial disputes which touch on the national interest; the extension of such authority to delay price increases would be both logical and just. What ever reasoning justifies the one justifies the other.

Third, Gore seeks establishment of a quasi-public advisory board to examine and to publicize the pertinent facts behind proposed price increases in basic industries.

INTERNATIONAL STRIKE FUND FOR MARCH, 1962

TOTAL STRIKE FUND ASSETS, February 28, 1962	$40,242,203.47
INCOME FOR MARCH, 1962	1,380,993.20
TOTAL TO ACCOUNT FOR:	41,623,196.67
DISBURSEMENTS IN MARCH, 1962	1,189,078.60
TOTAL RESOURCES MARCH 31, 1962	$40,434,109.07

There were 18 strikes in effect at the time of this report, involving 7,500 members of the UAW.

Local 653 Wins UAW Pin Tourney

Winners of the UAW International Bowling Championship Tournament at Cleveland, Ohio were announced in Detroit by Olga Madar, director of the union's recreation department.

The winner in the always tough Men's Division was the Grand Prix team from UAW Local 653, Pontiac, Michigan. The winning team, with a handicap of 363, actually bowled 2860 giving them a grand total of 3024, Miss Madar said.

She noted that nearly 6,500 bowlers took part in 11 regional elimination tournaments.

The Women's Division had a record number of participants in this year's tournament, Miss Madar said, and the final winner was the Whatsits team from UAW Local 658, Springfield, Ohio. The team wound up with a total of 3024 after receiving a handicap of 636.

The winners in the popular Optional Singles Tourney were Charles Melton of Pontiac UAW Local 653, who compiled a total of 698 with a handicap of 109 in the Men's Division, and Peggy Cook of Springfield UAW Local 658 who scored 654 with a handicap of 123.

The Championship finals took place at the Cloverleaf Bowling Center in Cleveland during the weekends of April 7-8 and April 14-15.

Kathy Awaiting Peru Assignment

MILWAUKEE, Wis. — Katherine F. Schultz, the UAW's first Peace Corps representative, is eagerly awaiting the news that she is to begin training for her assignment.

Mrs. Schultz recently passed her physical examination but because of a slight heart murmur she will be assigned to a hospital in Peru instead of going to Bolivia as originally scheduled.

She has received nation-wide attention as the first member of the UAW to be accepted for Peace Corps assignment and has expressed the hope that she will not "let any of her many friends and well-wishers down."

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Four Fantastic Days:

Angry President, Outraged Public Make U.S. Steel Cancel Price Hike

Ever since the end of World War II the UAW has been trying, with indifferent success, to prove to the public generally that increased labor costs are not the cause of increased prices and the consequent inflation we have suffered during a part of that period.

What the UAW and the rest of the labor movement had not been able to accomplish in the area of public opinion, no matter how sound our arithmetic, was clearly and demonstrably proved in four action-packed, news-packed days beginning April 10 when the United States Steel Corporation tried to hoist steel prices $6 per ton and encountered the wrath of the Kennedy Administration and an enraged public opinion.

Most of this issue of Solidarity is devoted to the events of those four days, the actions of the Kennedy Administration and the contribution of the UAW.

But to sum up and bring up to date, here is a calendar of events:

APRIL 6—We go back to this date as the day on which United States Steel and Bethlehem Steel, the nation's two largest producers, signed with the United Steelworkers a contract widely hailed and accepted as "non-inflationary"—one which could not possibly justify a price increase because the increased labor costs involved were well within the average annual increase in steel productivity.

APRIL 10—Without any advance indication of their intentions, U. S. Steel announced a $6 a ton increase.

APRIL 11—Five other major steel companies, following the lead of U. S. Steel, largest producer and bellwether of the industry, announced identical increases.

—That same afternoon President Kennedy at his news conference, in what is probably the strongest and best justified criticism of big business shenanigans ever made by any U. S. President, attacked the companies for "irresponsible defiance" of the public interest and "ruthless disregard" of their duty to the nation (See text of President Kennedy's statement below).

APRIL 12—Roger M. Blough, chairman of U. S. Steel, weakly tried to defend his company's action before a televised news conference of perhaps the most universally critical and skeptical group of newsmen ever to interrogate an industrial tycoon.

—The UAW made public a letter from President Reuther warmly supporting President Kennedy's position (see Page 5 for text of letter) and submitting a detailed outline of legislation "To Require Hearings on Administered Price Increases in Order to Make Private Economic Decisions More Responsive to Public Need." (See text on Page 8).

—The Justice Department ordered a grand jury investigation of the price rises under the Sherman Anti-Trust Act.

—Several Congressional leaders proposed that various Congressional committees initiate hearings.

APRIL 13—Inland Steel and Kaiser Steel, neither of which had announced price increases, annouced they would not raise prices.

—Then Bethlehem Steel, second largest producer, rescinded its price increase.

—Late in the afternoon, U. S. Steel capitulated and rescinded its increase, being followed shortly by all other companies who had already announced increases.

Thus, in four short days, because of immediate and strong action by the President, an attempted assault on the welfare of American consumers was quickly and thoroughly routed and the long-time position of the UAW completely vindicated.

Kennedy Blasts Steel Barons In News Conference Statement

(Following is the verbatim transcript of President Kennedy's April 11 press conference statement on the steel price hike and questions and answers relating to it. — Ed.)

The PRESIDENT: The simultaneous and identical actions of United States Steel and other leading corporations increasing steel prices by some $6 a ton constitute a wholly unjustifiable and irresponsible defiance of the public interest.

In this serious hour in our nation's history when we are confronted with grave crises in Berlin and Southeast Asia, when we are devoting our energies to economic recovery and stability, when we are asking reservists to leave their homes and families months on end and servicemen to risk their lives—and four were killed in the last two days in Vietnam — and asking union members to hold down their wage requests at a time when restraint and sacrifice are being asked of every citizen, the American people will find it hard, as I do, to accept a situation in which a tiny handful of steel executives whose pursuit of private power and profit exceeds their sense of public responsibility, can show such utter contempt for the interest of 185 million Americans.

If this rise in the cost of steel is imitated by the rest of the industry, instead of rescinded, it would increase the cost of homes, autos, appliances and most other items for every American family. It would increase the cost of machinery and tools to every American business man and farmer. It would seriously handicap our efforts to prevent an inflationary spiral, from eating up the pensions of our older citizens and our new gains in purchasing power. It would add, Defense Secretary Robert S. McNamara informed me this morning, an estimated $1 billion to the cost of our defenses at a time when every dollar is needed for national security and other purposes.

It will make it more difficult for American goods to compete in foreign markets, more difficult to withstand competition from foreign imports and thus more difficult to improve our balance-of-payment position and stem the flow of gold. And it is necessary to stem it for our national security if we're going to pay for our security commitments abroad.

EFFORTS HANDICAPPED

And it would surely handicap our efforts to induce other industries and unions to adopt responsible price and wage policies.

The facts of the matter are that there is no justification for an increase in steel prices.

The recent settlement between the industry and the union, which does not even take place until July 1, was widely acknowledged to be non-inflationary, and the whole purpose and effect of this Administration's role, which both parties understood, was to achieve an agreement which would make unnecessary any increases in prices.

Steel output per man is rising so fast that labor costs per ton of steel can actually be expected to decline in the next 12 months. And, in fact, the Acting Commissioner of the Bureau of Labor Statistics informed me this morning that, and I quote, "Employment costs per unit of steel output in 1961 were essentially the same as they were in 1958. The cost of major raw materials—steel scrap and coal—has also been declining.

And for an industry which has been generally operating at less than two-thirds of capacity, its profit rate has been normal and can be expected to rise sharply this year in view of the reduction in idle capacity. Their lot has been easier than that of a 100,000 steel workers thrown out of work in the last three years.

The industry's cash dividends have exceeded $600 million in each of the last five years; and earnings in the first quarter of this year were estimated in the Feb. 28 "Wall Street Journal" to be among the highest in history.

RUTHLESSNESS IS CHARGED

In short, at a time when they could be exploring how more efficiency and better prices could be obtained, reducing prices in this industry in recognition of lower costs, their unusually good labor contract, their foreign competition and their increase in production and profits which are coming this year, a few gi-

(Continued on the next page)

Kennedy Blast . . .

(Continued from the previous page)

gantic corporations have decided to increase prices in ruthless disregard of their public responsibility.

The Steelworkers Union can be proud that it abided by its responsibilities in this agreement. And this Government also has responsibilities which we intend to meet.

The Department of Justice and the Federal Trade Commission are examining the significance of this action in a free competitive economy.

The Department of Defense and other agencies are reviewing its impact on their policies of procurement.

And I am informed that steps are under way by those members of the Congress who plan appropriate inquiries into how these price decisions are so quickly made and reached and what legislative safeguards may be needed to protect the public interest.

Price and wage decisions in this country, except for a very limited restriction in the case of monopolies and national emergency strikes, are and ought to be freely and privately made. But the American people have a right to expect in return for that freedom, a higher sense of business responsibility for the welfare of their country than has been shown in the last two days.

Some time ago I asked each American to consider what he would do for his country, and I asked the steel companies. In the last 24 hours we had their answer.

Newsmen Query The President

Q—Mr. President, the unusually strong language which you used in discussing the steel situation would indicate that you might be considering some pretty strong action. Are you thinking in terms of requesting or reviving the need for wage-price controls?

A—I think that my statement states what the situation is today. This is a free country.

In all the conversations which were held by members of this Administration and myself with the leaders of the steel union and the companies, it was always very obvious that they could proceed with freedom to do what they thought was best within the limitations of law.

But I did very clearly emphasize on every occasion that my only interest was in trying to secure an agreement which would not provide an increase in prices, because I thought that price stability in steel would have the

most far-reaching consequences for industrial and economic stability and for our position abroad, and price instability would have the most far-reaching consequences in making our lot much more difficult.

When the agreement was signed — and the agreement was a moderate one and within the range of productivity increases—as I've said, actually, there'll be a reduction in cost per unit during the year—I thought, I was hopeful, we'd achieved our goal.

Now the actions that will be taken will be—are being now considered by the Administration. The Department of Justice is particularly anxious in view of the very speedy action in other companies, who have entirely different economic problems facing them than did United States Steel—the speed with which they moved—it seems to me to require examination of our present laws and whether they're being obeyed by the Federal Trade Commission and the Department of Justice.

And I am very interested in the respective investigations that will be conducted in the House and Senate, and whether we shall need additional legislation, which I would come to very reluctantly.

But I must say the last 24 hours indicate that those with great power are not always concerned about the national interest . . .

Q—In your conversation with Mr. Roger M. Blough, chairman of the board of United States Steel yesterday, did you make a direct request that this price increase be either deferred or rescinded?

A—I was informed about the price increase after the announcement had gone out to the papers. I told Mr. Blough of my very keen disappointment and what I thought would be the most unfortunate effects of it.

And, of course, we were hopeful that other companies who, as I've said, have a different situation in regard to profits and all the rest than U.S. Steel—they're all—have a somewhat different economic situation — I was hopeful, particularly in view of the statement I saw in the paper by the president of Bethlehem, in which he stated—though now he says he's misquoted—that there should be no price increase—and we are investigating that statement— I was hopeful that the others would not follow the example, that therefore the pressures of the competitive marketplace would bring United States Steel back to their original prices—but the parade began.

But it came to me after the decision was made. There was no prior consultation or information given to the Administration.

Q—You mentioned an investigation into the suddenness of the decision to increase prices. Did you—is the position of the Administration that it believed it had the assurance of the steel industry at the time of the recent labor agreement that it would not increase prices?

A—We did not ask either side to give us any assurance, because there is a very proper limitation to the power of the Government in this free economy.

All we did in our meetings was to emphasize how important it was that the—there be price stability, and we stressed that our whole purpose in attempting to persuade the union to begin to bargain early and to make an agreement which would not affect prices, of course, was for the purpose of maintaining price stability.

That was the thread that ran through every discussion which I had, or Secretary Goldberg.

We never at any time asked for a commitment in regard to the terms—precise terms—of the agreement from either Mr. (David J.) McDonald (president of the United Steelworkers of America) or from Mr. Blough representing the steel company, because, in our opinion, that it—would be passing over the line of propriety.

But I don't think that there was any question that our great interest in attempting to secure the kind of settlement that was finally secured was to maintain price stability, which we regard as very essential at this particular time.

That agreement provided for price stability up to yesterday . . .

Q—In your statement on the steel industry, sir, you mention a number of instances which would indicate that the cost of living will go up for many people if this price increase were to remain effective. In your opinion does that give the steel workers the right to try to obtain some kind of a price—or a wage increase to catch up?

A—No. Rather interestingly, the last contract was signed on Saturday with Great Lakes, so that the steel union is bound for a year. And of course I'm sure would have felt—going much further if the matter had worked out as we had all hoped. But they've made their agreement and I'm sure they're going to stick with it. It does not provide for the sort of action you suggest, Mr. (Edward P.) Morgan (American Broadcasting Company).

Q—Still on steel, Senator (Albert) Gore (Democrat of Tennessee) advocated today legislation to regulate steel prices somewhat in the manner that public utility prices are regulated, and his argument seemed to be that the steel industry had sacrificed some of the privileges of the free market because it wasn't really setting its prices on a—on a supply and demand but what he called administered prices.

Your statement earlier and your remarks since indicate a general agreement with that kind of approach. Is that correct?

A—No, Mr. Morgan. I don't think that I'd stated that.

I'd have to look at—and see what Senator Gore had suggested and I'm not familiar with it.

What I said was we should examine what can be done to try to minimize the impact on the public interest of these decisions, but though we had of course always hoped that those involved would recognize that, I would say that what must disturb Senator Gore and Congressman (Emanuel) Celler (Democrat of Brooklyn)

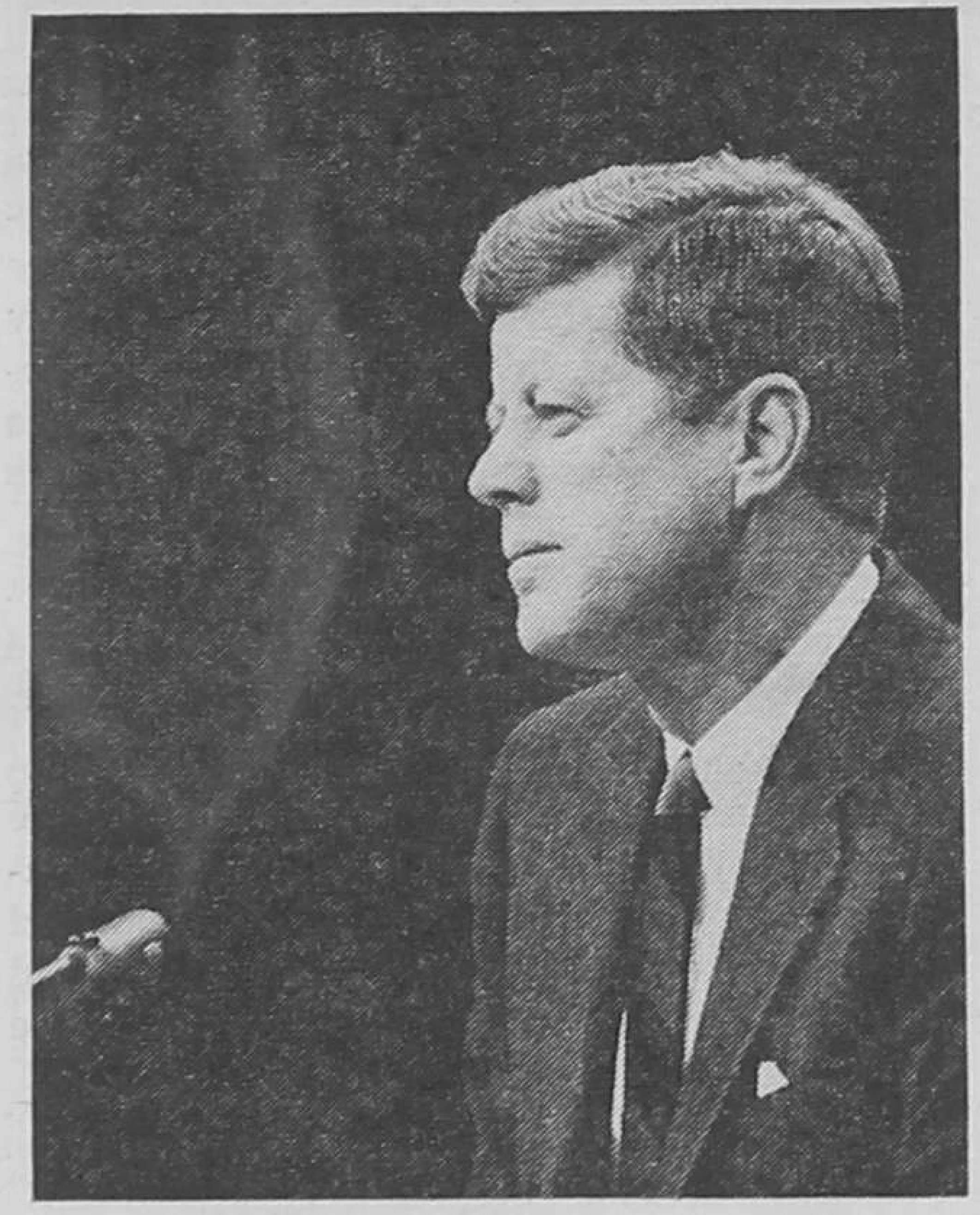
and others—Senator (Estes) Kefauver (Democrat of Tennessee)—will be the suddenness by which every company in the last few hours, one by one, as the morning went by, came in with their almost, if not identical, almost identical prices increases, which isn't really the way we expect the competitive private enterprise system to always work . . .

Q—Is there not an action that could be taken by the Executive Branch in connection with direct procurement of steel under the administration of the Agency for International Aid—I mean the AID agency? For example, I think the Government buys about one million tons of steel. Now, could not the Government decide that only steel—steel should be purchased only at the price, say of yesterday rather than today?

A—That matter was considered, as a matter of fact, in a conversation between the Secretary of Defense and myself last evening. At that time we were not aware that nearly the entire industry was about to come in, and therefore the amount of choice we have is somewhat limited.

Q—Too, on this thing, in case of identical bids, which the Government is sometimes confronted with, they decide to choose the smaller business unit rather than the larger.

A—I'm hopeful that there will be those who will not participate in this parade and will meet the principle of the private enterprise competitive system in which everyone tries to sell at the lowest price commensurate with the —their interests. And I'm hopeful that there'll be some who will decide that they shouldn't



go in the wake of U.S. Steel. But we'll have to wait and see on that, because they're coming in very fast.

Q—Mr. President, two years ago, after the settlement, I believe steel prices were not raised. Do you think there was an element of political discrimination in the behavior of the industry this year?

A—I would not—and if there was, it doesn't really—if it was—if that was the purpose, that is comparatively unimportant to the damage that—the country's the one that suffers. . . . If they do it in order to spite me it really isn't so important.

Q—To carry a previous question just one step further, as a result of the emphasis that you placed on holding the price line, did any word or impression come to you from the negotiations that there would be no price increase under the type of agreement that was signed?

A—I will say that in our conversations that we asked for no commitments in regard to the details of the agreement or in regard to any policies which the union or the company.

Our central thrust was that price stability was necessary and that the way to do it was to have a responsible agreement, which we got.

Now, at no time did anyone suggest that if such an agreement was gained that it would be still necessary to put up prices.

That word did not come until last night . . .

Q—Mr. President, the steel industry is one of a half-dozen which has been expecting a tax benefit this summer through revision of the depreciation schedule. Does this price hike affect the Administration's attitude?

A—Secretary (Douglas) Dillon and I discussed this morning, of course, all this. The matter is being carefully looked into now.

Reuther's Letter to President Expresses Warm Support

(Following is the text of the letter sent to President Kennedy by UAW President Walter P. Reuther, following the former's statement on the steel price hike.—Ed.)

April 12, 1962

The Honorable John F. Kennedy
President of the United States
The White House
Washington, D. C.

Your forthright and vigorous defense of the public interest against the reckless and shameful action of the U. S. Steel Corporation in raising steel prices $6 a ton has earned for you the thanks and appreciation of the American people who — too often, in the past—have been the victims of social irresponsibility on the part of giant corporations. By your courageous action you have forcefully demonstrated that you intend to defend the public interest which, of necessity, must transcend the private interest of any group in our society.

I am confident, Mr. President, that you have the full support of the American people behind your efforts to defend this nation against the sneak attack on price stability — the economic Pearl Harbor — perpetrated by the United States Steel Corporation.

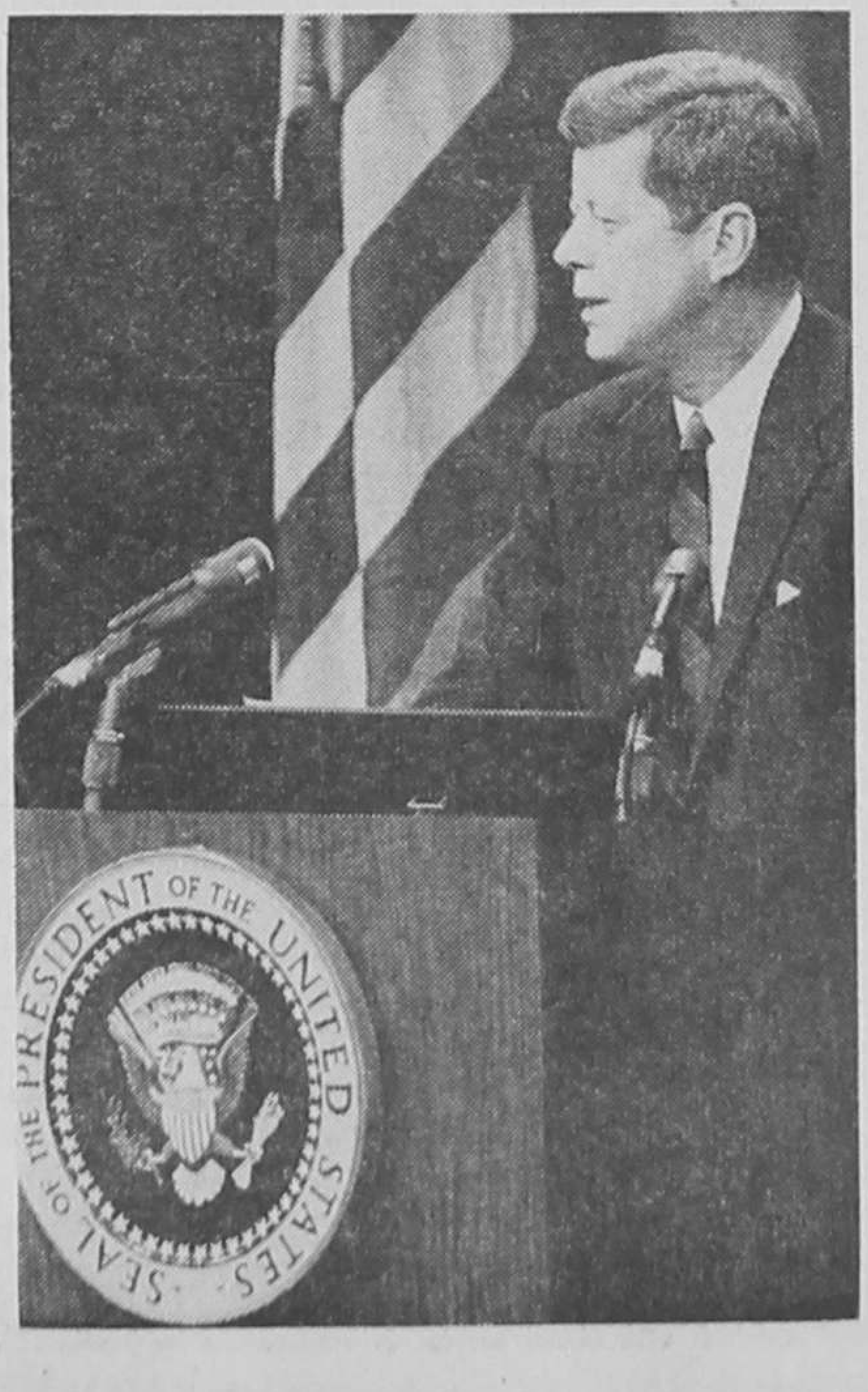
We share your view that in contrast "the Steelworkers Union can be proud that it abided by its responsibilities in this agreement" by moderating its demands in order to contribute to price stability.

U. S. Steel's action, shocking though it was, is in our opinion merely a symptom of a fundamental problem that the nation cannot afford to continue to ignore. We must face up to the economic facts of life as they confront us in the second half of the Twentieth Century. We must no longer delude ourselves that the consumer is protected against price-fixing abuses under the laws of the competitive market place that Adam Smith formulated nearly 200 years ago. Insofar as such giant corporations as U. S. Steel, General Motors, and General Electric are concerned, the law of supply and demand has been effectively repealed.

Prices charged by such corporations are set, as you said, by "a tiny handful of . . . executives." All too often they fit your description of men "whose pursuit of private power and profit exceeds their sense of public responsibility," and who act with "utter contempt for the interests of 185 million Americans." These men are under no effective restraints in making their price decisions. There is no mechanism to assure that the public interest will be taken into account as they make their private decisions.

RATE OF RETURN DOUBLED

In fact, the latest price increase by U. S. Steel provides another dramatic illustration in a long series that the price decisions of such



corporations, more often than not, are in direct conflict with the public interest.

Dr. Gardiner Means, a life-long student of administered prices, has shown that U. S. Steel revised its price policy between 1953 and 1959 so as to double its rate of return after taxes — from 8 percent to 16 percent — when operating at 80 percent of capacity. He has calculated that U. S. Steel's 1953 prices at then

prevailing costs meant a break-even point of close to 50 percent of capacity and that, subsequently, prices were raised so much in relation to wage and other costs that by 1959 the corporation could have broken even when operating at around 30 percent of capacity. At the same time the corporation, through a high-powered propaganda campaign, was attempting to shift the blame for its higher prices onto the backs of its workers.

Dr. Means has shown further that average wholesale prices for products other than steel and those made by the steel-using industries were no higher at the end of 1961 than in 1953 — that if it had not been for the steel and steel-using industries there would have been no inflation during those years. The 35 percent increase in steel prices during those years, he says, "stimulated the price rise in the steel-using industries partly by the direct increase in costs and partly by example."

Evidence is already appearing that U. S. Steel's irresponsible action may touch off a similar wave of inflationary price increases in other industries. The **Detroit Free Press** for April 11 carried a story headed "Steel Hike to Raise Car Prices" and reported in part:

> **"The increase in the price of steel announced Tuesday night is expected to boost 1963 car prices about $50 a car, industry sources said."**

Such a price increase, if put into effect, would be no less outrageous than the price increases in the steel industry since increased steel costs, if fully passed on, could not provide the basis for more than a $10 per car price increase.

The agricultural implement industry can be expected to use the steel price increase as an excuse for similar action, thus aggravating the plight of our already hard-pressed farm families. Consumers will probably be required to pay higher prices not only for cars but for household appliances and other products made in whole or in part of steel. Moreover, as has happened in the past, the inflationary psychology generated by U. S. Steel's action is likely to set off a massive wave of price increases throughout the economy, spreading to industries whose costs are affected negligibly or not at all by steel prices.

Dr. Means has pointed out, that inflated steel prices "contributed importantly to the imbalance in our international payments — if the recent decline in our steel exports and increase in imports could have been avoided in this last year, our gold loss would have been more than cut in half."

POWER TO RIG PRICES

There is no room to doubt any longer either the power of the giant corporations in certain industries to rig prices against the public interest or their readiness to do so. Both were amply documented in the hearings of the Senate Antitrust and Monopoly Subcommittee on administered prices in the drug, steel, and automobile industries, among others. Any lingering doubts that some might have entertained

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should have been dispelled by the guilty pleas in the recent antitrust case against the electrical equipment manufacturers. If the corporations involved in that trial — some of which rank among the largest and (formerly) most reputable in the country — are prepared, in direct violation of law, to conspire to rig prices on products sold to the government of the United States, only the most gullible would believe that they and leading corporations in other industries would hesitate to rig the prices they charge their private customers — especially when the latter can be done without running afoul of the law.

We confront a phenomenon anticipated neither by Adam Smith nor by our anti-triust laws — the phenomenon of "price leadership" in industries where prices are administered and not determined by market forces. Where one corporate giant dominates an industry, prices can be rigged at monopolistic levels without the necessity for an actual conspiracy that would involve a conflict with the law. The unseemly haste of U. S. Steel's "competitors" in following its lead did not necessarily require communication between the leader and the rest of the pack. The latter dare not set their prices higher than U. S. Steel's for fear of losing customers. They dare not set them lower for fear the giant will retaliate. They comfort themselves in these conditions of their existence by grasping eagerly the opportunities for higher profits that become available to them when the giant, by raising its prices, permits them to raise theirs.

Thus we have the fact of monopoly prices, set by a single corporation, without the overt appearance of actual monopoly. We have the effects which the antitrust laws were intended to prevent without the only causes — monopoly or conspiracy — that can set the machinery of the laws in motion. U. S. Steel has shown us once again that we need new legislation aimed at today's price leaders in administered price industries instead of at the obsolete concept of conspiracies which reflected

'To Celebrate Our Non-Inflationary Wage Contract!'

economic facts of past years — legislation drafted to meet the monopoly and conspiracy problems of more than half a century ago.

In your statement to yesterday's press conference you noted that Congressional leaders plan to explore "what legislative safeguards may be needed to protect the public interest" in situations of this sort. You went on to express your own belief in price and wage decisions "freely and privately made" with a sense of responsibility for the welfare of the country.

We in the UAW believe legislative safeguards are needed. We believe with equal conviction that price and wage decisions should continue to be "freely and privately made." We fear that if legislative safeguards are not provided soon to assure that price decisions will be made with consideration of and a sense of responsibility for the public welfare, abuses of the type that U. S. Steel has perpetrated repeatedly during the postwar period, and once again this week, will lead inevitably to abolition of the right to make such decisions "freely and privately" — will lead to price and wage controls.

Recognizing, on the one hand, that the public lacks the protection of the competitive market place in crucially important sectors of our economy and, on the other hand, that peacetime price and wage controls are abhorrent in a free society, we in the UAW have for some years advocated a mechanism which would preserve the freedom of private decision but assure that such freedom would be exercised within a framework of public responsibility. The heart of our proposal is the substitution of the restraining force of an informed public opinion for the restraints of the competitive market place which in administered price industries are lacking.

CALLS FOR PUBLIC HEARING

We have proposed specifically that the price leaders in major industries be required by law to give advance notice of proposed price increases and be required to produce all pertinent facts and records at a public hearing before such price increase could be made effective.

In advancing this proposal, we in the UAW have made it clear that we seek to impose no obligation upon industry that we are not prepared to accept ourselves. Our proposal contemplates that, when a corporation claims that union demands would require a price increase, the union concerned would also be required to defend its economic collective bargaining demands in such public hearings. No price or wage control would be involved. Upon expiration of the notice period the corporation involved would be free to raise its prices and the union involved would be free to pursue its collective bargaining aims. But both would do so with full awareness that the public was equipped with all the facts required to evaluate the degree of social responsibility — or the lack of it — involved in the price or wage action, and to fix full responsibility where it belongs for any price increase that may occur which is not justifiable in terms of public interest. The corporation would not be able in the face of public ventilation of the facts, to absolve itself of guilt by false and distorted propaganda blaming its price increases on its workers.

A detailed outline of this proposal is attached. (See Page 8).

Since the experience of the last few years indicates clearly that the inflationary pressures resulted from the administered price abuses by a handful of corporations in a few critical industries, this proposal would be limited in its scope and would only bear upon the activities of a relatively few giant corporations in the American economy.

This proposal provides a middle ground between rigid government control on the one hand, and reckless private action on the other.

The proposal would raise the level of public understanding of the underlying economic facts and would thus, through moral persuasion, discipline the voluntary process and tend to make private economic decisions in the field of prices, profits and wages more responsive to the public need.

The public interest demands that private economic decisions by private groups be based upon economic facts, and not be determined by economic power. Exhortation and appeals to self-restraint are not in themselves sufficient, as the irresponsible action of the U. S. Steel Corporation clearly demonstrates. Appeals for a greater sense of public responsibility must be backed up by a practical mechanism that can mobilize the power and persuasion of enlightened public opinion.

We in the UAW have nothing to hide and therefore we have nothing to fear from such a procedure. We have long been committed to making progress with the community and not at the expense of the community. We seek gains out of the profitability and the advancing productivity of the industries in which our members work. We have said, again and again, that we want not one red cent in wage increases or fringe benefits if it can be obtained only out of the pockets of consumers. Two hundred thousand of our members struck General Motors in 1945-46 for wage increases with-

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out price increases, offering to reduce their demands to whatever amount — to zero if need be — that the corporation could pay without necessitating an increase in its prices. In 1957, looking toward the following year's negotiations, we offered to confine our demands to what the corporations could pay after cutting car prices an average of $100 per car, if they would put such a price decrease into effect. We have repeatedly offered to arbitrate our economic demands, with the arbitrators bound in advance not to make any award that would necessitate a price increase.

None of these proposals was ever accepted because the corporations were bent on raising their prices to increase their profits, while using our members' economic gains as their public excuse for the price boosts. A large part of the public has, in fact, been led to believe that the wage gains of workers have been responsible for the inflation of the postwar period and for the exorbitant rigged prices of major corporations in such industries as autos and steel.

PICKPOCKET'S TACTICS

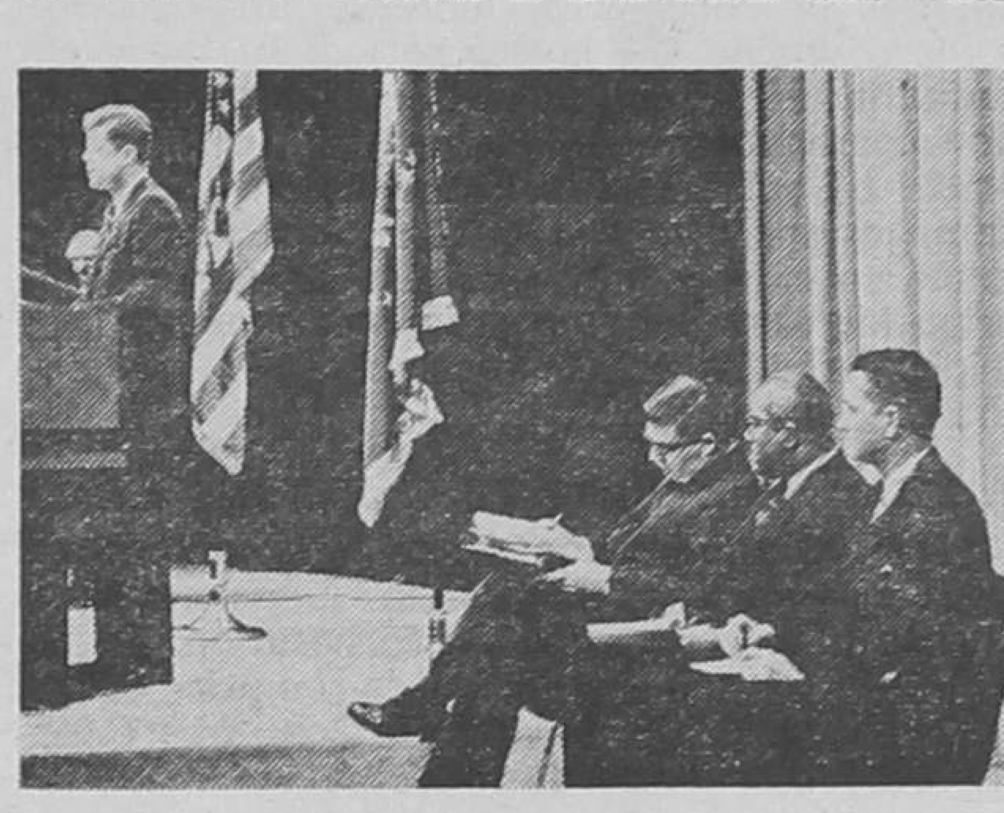
This is the tactic of the pickpocket caught in the act who shouts "stop thief" and points to his victim to divert attention from himself. It would be impossible under the price hearing procedure we propose. Both corporations and unions would have to take full responsibility for their actions by this procedure of public accountability. With all pertinent information available to the public, it would not be easy to create confusion by irresponsible propaganda wholly without foundation in the facts of the situation.

The existence of the price hearing procedure, we firmly believe, would effectively discourage abuse of pricing power. Even the officials of U. S. Steel, in all their arrogance, would have been given pause in connection with their latest price increase had they been faced with the necessity to attempt to justify it on the witness stand in public hearings with the facts as to costs, productivity and profits of their operations fully available to competent experts free to cross-examine them with respect to those facts. They would have found it necessary to consider the public interest and whether they would be able, in open hearings, to justify their price action as consistent with the public welfare.

The price hearing procedure would serve as a precentive of admiunistered price abuse. In that respect, it would be far more effective than the post-mortems which Congressional Committees have conducted in connection with previous unjustifiable price increases by U. S. Steel and other corporations. These hearings have been valuable and enlightening, but not as useful as they would have been if the subpoena power had been used to obtain information which the corporations chose to withhold in order to retain more freedom for the use of half-truths. But, in any case, such hearings, unfortunately, are largely forgotten by the public by the time the corporations involved are ready to make their next price move. Moreover, the public, knowing that the damage has already been done, pays much less attention to such hearings than it would to proceedings held in advance of a proposed price increase.

The preventive influence of the price hearing procedure would also avoid the necessity your Administration is now under to try to persuade U. S. Steel's executives to rescind their indefensible price increases. This, in effect, is to ask them to make publice confession of their guilt—something few men willing to do if they can possibly avoid it.

That U. S. Steel's top executives should have created the threat of another round of inflation is bad enough. Even more serious is the fact that they have called into question in many minds the wisdom of permitting price decisions to be made freely and privately. They have brought into jeopardy their own freedom and the freedom of economic decision by others as well. For freedom is indivisible and when freedom is curtailed for anyone it is to some degree diminished for everyone.



It is to preserve freedom for all—for free labor and free management—that we urge the establishment of a price hearing mechanism. By helping to prevent abuses of freedom it will protect freedom. For responsibility is the price of freedom, and free labor and free management cannot for long remain free if they misuse their power.

In the long run, only a growing sense of public responsibility commensurate with private power can assure that government compulsion will not erode and eventually displace the voluntary process in the determination of prices, profits and wages.

As you doubtless know, the idea of price hearings such as we propose is not original with us. Bills to implement the proposal were introduced in the Senate by ex-Senator O'Mahoney who saw earlier than most the need to avoid the kind of corporate abuse that has been dramatized for us once again this week.

"WELL, THAT WAS A HELL OF A SHORT DAY"

I hope you will give this proposal your earnest consideration and that you will conclude that it deserves the support of your Administration.

Mr. President, once again on behalf of the one and a quarter million members of the UAW and their families I want to express our deepest appreciation for your courageous leadership in defending the public interest in this situation. By your action you have again demonstrated your devotion to your public trust and your determination to defend the best interests of our nation and its people whether the threat comes from without or from within.

Kindest personal regards.

Sincerely and respectfully yours,

Walter P. Reuther

Walter P. Reuther, President
INTERNATIONAL UNION, UAW

Provisions of UAW-Proposed Bill To Require Price Hike Hearings

(The following is an outline of provisions of a UAW-proposed bill to require hearings on administered price increases in order to make private economic decisions more responsive to public need. — Ed.)

1. PURPOSE

To bring an informed public opinion to bear upon price policy in administered price industries as a substitute for the price-restraining influence of competition which is lacking in such industries.

2. ADMINISTRATIVE MACHINERY

(a) An Administered Price Board to conduct hearings on price increases proposed by certain corporations.

(b) A Consumer Counsel to represent the consumer and public interest in such hearings.

The relationship between the Board and the Consumer Counsel might be similar to that between the National Labor Relations Board and the General Counsel of the NLRB.

3. COVERAGE

The legislation should cover corporations in a position to act as "price leaders" in their respective industries. Specific and objective criteria should be devised to determine the corporations that fall into the "price leader" category. Total coverage should be limited to the minimum number of corporations required to accomplish the basic purposes of the bill. One possible criterion for coverage could be: all corporations accounting for 25 per cent or more of total sales in a major industry. (Such corporations could be identified from data in the files of the Census Bureau, the SEC and the FTC.) Under this criterion, only a limited number of giant corporations in major industries would be covered.

4. ADVANCE NOTIFICATION OF PROPOSED PRICE INCREASES

Covered corporations should be required to notify the Administered Price Board of intention to increase a price, and should be prohibited from putting such a price increase into effect for a specified minimum period (perhaps 60 or 90 days) sufficiently long to permit the Board to hold hearings on the proposed price increase and to issue its findings concerning such increase. The corporations should be required to supply the Board, simultaneously with their filing of the notice, all data which they consider pertinent to the proposed price increase. The Board should publish the fact that notice has been received and make available for examination by groups listed below under "Other Appearances" the data filed with such notice.

5. WAIVER OF HEARINGS

Upon analysis of the data submitted with the notice, and after a reasonable time has been allowed for examination of the data by all interested parties, the Board, with the consent of the Consumer Counsel, should be empowered to waive hearings and permit the proposed price increase to go into effect immediately. In such cases, however, the Board should be required to publish promptly a report setting forth the reasons for so doing.

6. EMERGENCY PRICE INCREASE

Upon a claim that an increase in production costs creates an emergency requiring the corporation to raise its prices prior to expiration of the notice period, the corporation should be permitted to raise its prices within that period. In such case, however, the Board, in addition to its other findings, would be required to make a finding as to whether or not such an emergency in fact existed and whether or not the price increase exceeded the amount required to meet increased production costs. If it found that the claim of emergency was not supported by the facts, the corporation would be required to rebate to every customer who paid the price increase damages equal to three times the amount of such price increase for products shipped during the notice period. In the event the ultimate purchaser of the products in question could not be ascertained, the corporation would be subject to a fine equal to the triple damages specified above. If an emergency was found to exist but it was also found that the price increase exceeded the cost increase, the triple damages rebate or fine would apply to the excess.

7. PRICE REDUCTION HEARINGS

The Consumer Counsel should be empowered to initiate hearings when, in his judgment, there is reason to believe that a corporation subject to the legislation should reduce the price of any of its products. (Endowing the Consumer Counsel with this power is necessary to meet the argument that the proposed legislation would deter price reductions that would otherwise be put into effect for fear that a subsequent increase in prices of the same products would involve the corporations in the hearings process.)

8. SUBPOENA POWER

The Consumer Counsel would have power to subpoena witnesses, to examine them fully, and to require production of all pertinent books and records.

9. INVOLVEMENT OF UNIONS

If a corporation claims that its proposed price increase would be required as a result of granting union demands, the Consumer Counsel would be empowered to subpoena and examine representatives of the union. Union and corporation representatives would be permitted to cross-examine each other.

10. OTHER APPEARANCES

Representatives of unions, of consumer organizations, of corporations purchasing products affected by the proposed price increase, and of interested government agencies (federal, state, or local) should be allowed to participate in the hearings voluntarily, subject to permission granted by the Board. Such voluntary witnesses would be required to submit to cross-examination and would be permitted to cross-examine corporation witnesses. All testimony taken at the hearings would be under oath.

11. OPEN HEARINGS

All hearings should be open to the public, the press, and radio and television.

(The matter of possible "confidentiality" of certain types of data should be considered in drafting the proposed legislation. It should be kept in mind in this connection, however, that the legislation is premised on the absence of price competition in the industries affected; that, therefore, there are not apt to be genuine "competitive secrets" related to costs and prices; and that the public interest is as deeply involved as in public utility rate hearings in which all pertinent facts are publicly available. If, nevertheless, it should be decided that certain types of information required for purposes of the hearings should be treated as "confidential" the Board might be empowered to go into executive session while such information was being presented and considered with the participants in such executive sessions subject to penalties for public disclosure of such information.)

12. FINDINGS

The Board should make findings of fact only, and should not pass on the merits of or justification for proposed price increases (or union demands). Each party to the hearings — the corporation, the Consumer Counsel, and the union, customer corporations, consumer organizations and government agencies, if any are involved—should submit to the Board at the conclusion of the hearings a list of its contentions, and the Board should state its findings of fact with respect to each of such contentions. The findings should be published before the expiration of the notice period.

13. PENALTIES

Penalties should be provided for failure to give the required notice of a proposed price increase, for failure to respond to subpoenas, for taking reprisals against any person who testifies, and for perjury. The penalties should be severe enough (particularly in the case of failure to give notice) to deter violations. In the event of failure to respond promptly to subpoenas or to requests for production of books, records, etc., or if the corporation is found to be engaging in other dilatory tactics, the Board should be empowered to extend the period during which no change in prices would be permitted.

14. NO PRICE OR WAGE CONTROL

Regardless of any finding of fact that the Board may make, upon expiration of the notice period (or any extension of it), the corporation would be free to determine its own prices (to the extent specified in its original notice or to any lesser extent), and the union would be free to pursue its demands. The only restraint on the corporation and the union would be the restraint of enlightened public opinion.