The United Automobile Worker

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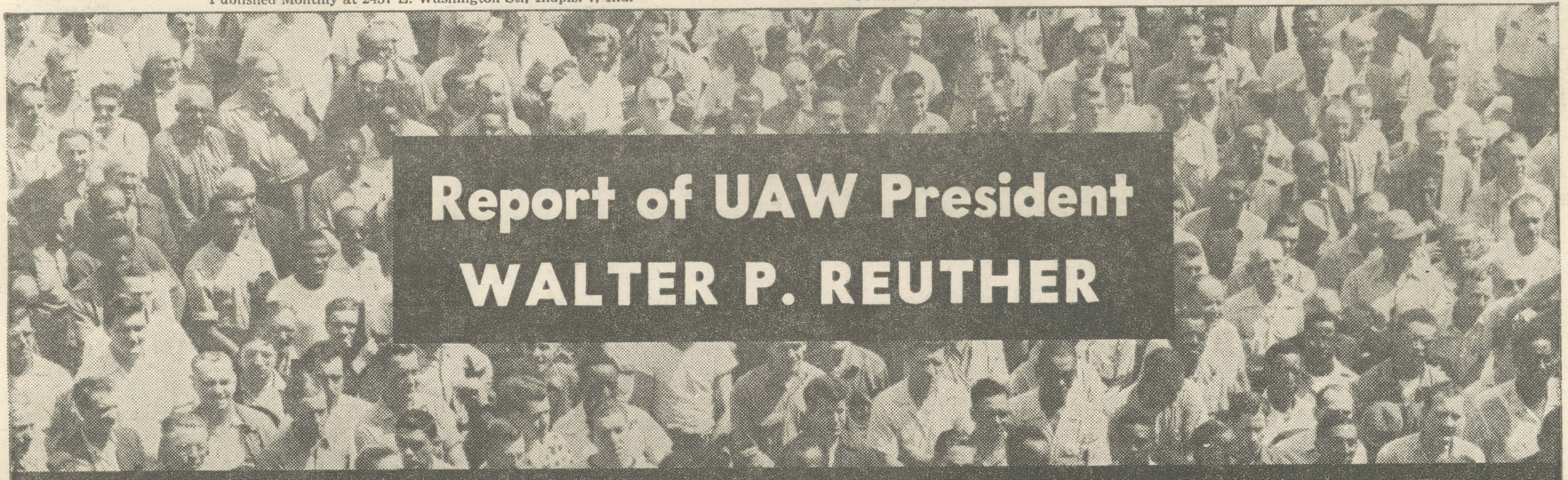

Report of UAW President WALTER P. REUTHER

UNITED TO WIN AT HOME AND IN WORLD

PEACE FREEDOM JUSTICE BROTHERHOOD

U A W

1½ MILLION STRONG

TO THE 16TH CONSTITUTIONAL CONVENTION

Atlantic City, N. J. April 7-12, 1957

Report to the Membership

To the Delegates, Sixteenth Constitutional Convention, United Automobile, Aircraft and Agricultural Implement Workers of America (UAW-AFL-CIO):

Greetings:

This report is submitted to UAW members as our Union prepares for its Sixteenth Constitutional Convention, which opens in Atlantic City on April 7, 1957.

The Sixteenth Constitutional Convention opens a few weeks short of 21 years from the date on which the First Constitutional Convention was held in the last week of April of 1936 in South Bend, Indiana. The 21 years of UAW history have brought great change into the lives of UAW members and their families. We have won higher wages, better working conditions, paid vacations, overtime and night shift premium, call-in pay, seniority and job security, pensions, hospital-medical care programs, the beginning of the Guaranteed Annual Wage, and many other economic gains.

These economic gains and the higher living standards and the greater material comforts which they made possible are impressive and they were necessary. They are, however, not the most important change that the UAW has brought into the lives of its members.

Twenty-one years ago workers in the automotive and agricultural implement industries—aircraft was in its infancy—were nameless, faceless clock card numbers with no rights, no privileges and no status as industrial citizens. In these 21 years, through solidarity and sacrifice and struggle, corporate wealth has yielded to human rights, and workers are no longer faceless clock card numbers whose labor is bought and sold in the market place just as though people were commodities.

ONE OF THE HIGHLIGHTS of the UAW's 20th Anniversary celebration in 1956 was the presentation of this plaque at South Bend, Indiana, where, 20 years before, the Union's first Convention had taken place. Here (left to right), Secretary-Treasurer Emil Mazey, President Walter P. Reuther, Vice President Richard Gosser and Region 3 Director Ray Berndt show off the handsome plaque.

This is the great achievement of the UAW. Through the solidarity of human brotherhood, workers have won a new freedom in the factories, a sense of worth, a sense of belonging, and a sense of human dignity on the job.

We have come a long way in these 21 years, but there still remains much unfinished work in the vineyards of American democracy before we can say in truth that every person shares fully the richer life and greater economic security, made possible by developing technology, and enjoys the improved social and spiritual status that reflects full and equal membership in a free society.

The UAW has grown in numbers, its ranks have multiplied from a few thousand in 1936 to one and one-half million in 1957. These greater numbers, however, are not the important source of our greater strength. Our strength is the spiritual strength that grows out of the common dedication of free people in the pursuit of common ideals and common objectives. The UAW, as an organization, is important because it is about people—about their problems and their needs, about their hopes and their aspirations, and about their dreams of a better tomorrow in a better world. Throughout the centuries, people have dreamed of a better world. The UAW is historically significant because it has dared to work and build and, where necessary, to fight to bring our dreams of a better tomorrow in a better world to fulfillment.

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"PEACE . . . FREEDOM . . . JUSTICE . . . BROTHERHOOD" will be the theme of the 1957 UAW Convention. These four words encompass the hopes and the dreams of UAW members as well as the hundreds of millions of people who make up the family of man.

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Peace

A just and lasting peace between nations and men has been man's ancient dream. Yet, tragically, the pages of human history are filled with the record of man's war against man, of man's inhumanity to man. The H-bomb has now increased man's physical ability to inflict even greater inhumanity upon man to the point of total destruction. Peace, unconditional peace, a full, honorable and lasting peace has now become an absolute condition of human survival. As individuals, each in our own way, we pray that mankind will be blessed by a just and lasting peace so that our children can grow and live happy and useful lives and avoid the tragedy of being reduced to radioactive ashes.

We, in the UAW, will continue to work with the free labor movement of the world and with men of goodwill everywhere in the building of a world community in which the new tools of science and technology can be used to uplift and enrich human life in peace, rather than inflict destruction upon man in a war.

Freedom

Human freedom is our most priceless possession, and because it is an indivisible value, we must act in the knowledge that it will never be made secure until it is first made universal so that all men everywhere can be free.

The UAW can be proud of the fight that we have made, and which we shall continue to make in cooperation with the people of the United States and Canada and free men everywhere, in meeting the threat of Communist tyranny and totalitarianism in all forms which would enslave the human spirit. We shall use the strength and the resources of our Union in our continuing efforts to extend the frontiers of human freedom at home and in the world, so that all men may share the blessings of human freedom.

Justice

The right to a job at decent pay, the right to live and learn and grow, the right to share fully in the fruits of our developing technology—these and many other things make up the substance of economic and social justice.

The UAW was born in the struggle for economic and social justice and against the wrongs of the past. Economic and social justice, however, is not a fixed value. The worth of a man's labor is not the same today as it was 10 or 20 years ago. Economic and social justice is an ever-expanding value. It is represented by a growing and equitable share of the fruits of our common labor in cooperation with others. With our new technology, automation, atomic energy, and all of the other tools of economic abundance that science and technology offer, economic and social justice takes on new and more promising dimensions. There are no limits to the frontiers of human progress, no limit to the dimensions of greater economic and social justice, if we learn to work together as free men in the cooperative effort of creating and sharing economic abundance.

We in the UAW welcome automation, atomic power and the new tools of science and technology, but we insist that these new tools of economic abundance be used with social and moral responsibility in terms of the needs of all the people, so that our increasing material wealth can be reflected in human values and our developing technological progress translated into human progress, human happiness and human dignity. As a free people, we must develop economic programs and social policies that will insure that atomic energy and automation will be used to raise the standards of living of the many and not be used to inflate the standards of luxury of the few.

Brotherhood

In these 21 years, the UAW has not only preached brotherhood, but we have tried to put it to practice. On a day-to-day basis, in terms of practical everyday problems, we have tried to give the concept of human brotherhood substance and meaning in the lives of people. UAW members of all races, creeds, nationalities, of all colors have worked together in the common effort to solve common problems. We have tried to judge the worth of each individual person not by the color of his skin or the place of his birth or his religious creed. We have accepted each other in the belief that we are all children of God and that people should be judged by what they do.

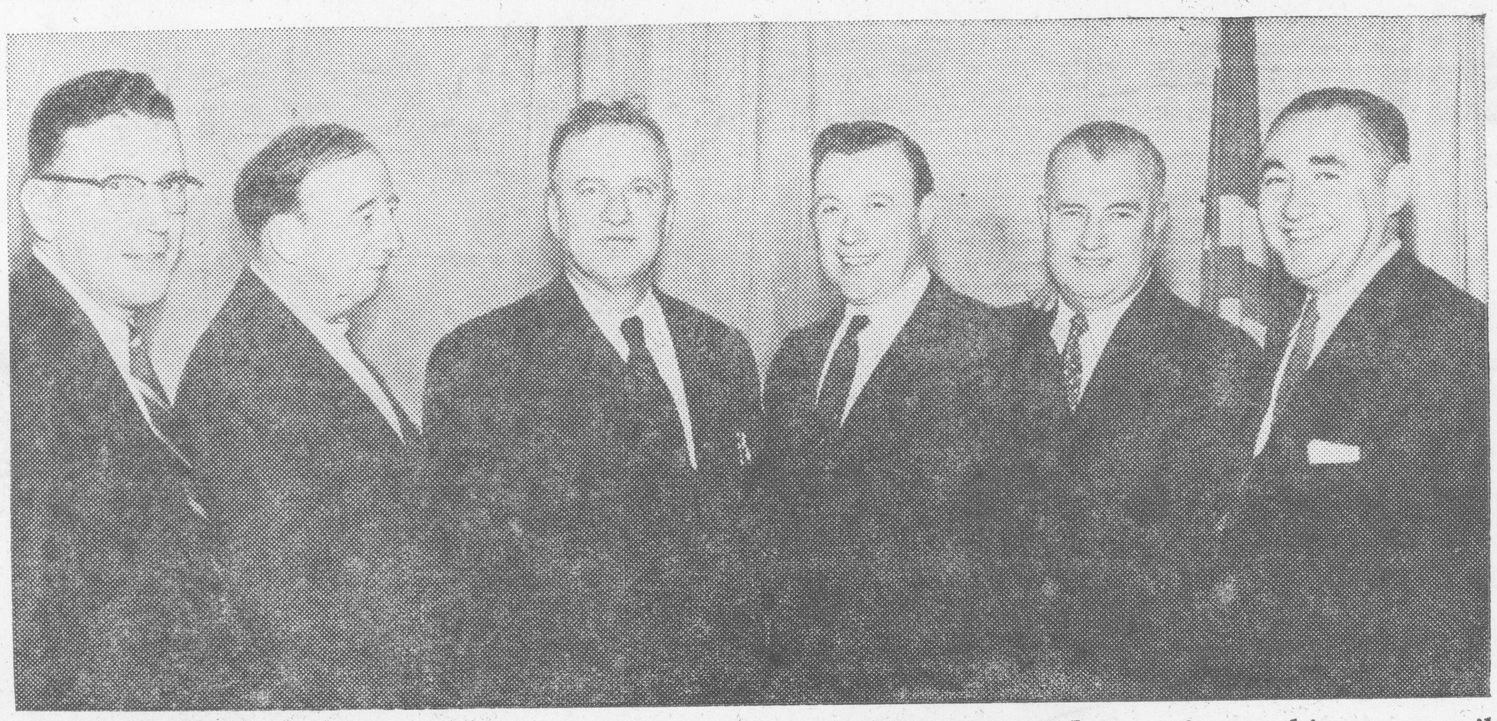
In the search for peace, freedom, justice and brotherhood, man's humanity to man and man's morality to man will be the decisive factor, for the crisis in the world is neither political, economic, or military. It is essentially a moral crisis which reflects man's failure in relationship to himself.

Unfortunately man's unprecedented progress in the physical sciences has not been matched by comparable progress in the human and social sciences. We have learned a great deal more about working with machines and materials than we have learned about working with man. In a broad sense, the work of the free labor movement of America and of the world is the practical everyday job of trying to narrow the serious moral and cultural gap between man's progress in the physical sciences and his lack of progress in the human and social sciences.

It is the practical job of trying to match our developing scientific and technical production know-how with a comparable human, social and moral know-why.

The UAW is actively engaged in this task of equating the progress of machines to the progress for man. We have fought hard and moved steadily ahead, because we have always tried to keep uppermost in our mind that the only thing that counts is people—that in truth there are no real values excepting as they are related to people, to their economic and spiritual well-being, to their health and happiness, to their security and dignity. These are the values that motivate the UAW and guide our policies as we fight together at the bargaining table and in the legislative halls.

In the report that follows, I have set forth the achievements of the UAW since the last Convention and have outlined in broad terms our new goals.



THIS WAS the team of officers elected by the 1955 Convention: left to right, Vice Presidents Leonard Woodcock, Richard Gosser and John Livingston; President Walter P. Reuther, Vice President Norman Matthews and Secretary-Treasurer Emil Mazey. When Livingston was asked by the newly-merged AFL-CIO to become its Director of Organization early in 1956, he was replaced as a vice president by Pat Greathouse (left), then Region 4 Director.

Collective Bargaining

An increasing portion of the time and energy of the UAW at both the local and International level must be devoted to preparing the Union and mobilizing the membership for our 1958 collective bargaining negotiations.

The year 1958 will be decisive in the history of UAW collective bargaining efforts. Major contracts in the automotive, aircraft and agricultural implement industries will terminate and we face the responsibility of translating this opportunity at the bargaining table into tangible achievements for our members and their families in terms of higher living standards, greater economic security and a fuller measure of leisure to enjoy the blessings of a good life.

The UAW can be proud of the progress that we have made to date. We have built our Union strong and we have fought hard at the bargaining table for the fuller measure of economic and social justice to which our members were entitled. We have pioneered in many vital areas of collective bargaining and we have pointed the way for still greater progress. But we have made only a beginning. Greater progress, higher living standards and further enrichment of the lives of our members and their families are within our reach as we share with others the fruits of economic abundance made possible by our developing technology.

We have made progress in the face of powerful opposition of America's largest and wealthiest corporations. We have overcome the advantage of their great wealth through the power of dedication and devotion on the part of hundreds of thousands of UAW members, united by the solidarity of human brotherhood in the common search for a richer and fuller life for themselves and their families. The UAW has always acted in the knowledge that we can make progress as a part of our free society only as we work with other people in solving the common problems of the whole of our society. We have not acted like a narrow, economic pressure group trying to make progress at the expense of our neighbors. Three basic principles have guided our approach to collective bargaining.

1. **We have tried to formulate demands which were economically sound, morally right and socially responsible.**
2. **We have tried to promote a broad understanding of these demands among our membership so that the power of our Union at the bargaining table is a reflection of the understanding, the dedication and the determination of the rank-and-file workers in support of their demands.**
3. **We have tried to equip the Union, both at the International and the local level, with effective tools with which to work in the implementation of our collective bargaining demands.**

AN INVINCIBLE COMBINATION

We believe that when demands are economically sound, morally right and socially responsible in terms of the needs of our total society and we have mobilized behind these demands an enlightened membership, with the Union effectively prepared to implement the demands, we have brought together an invincible combination that will bring success at the bargaining table.

The demands that we will present to the various corporations in 1958 will come out of the democratic processes of our Union through discussion in thousands of shop and local union meetings and through conferences at the regional and International levels of our Union. In the past, the International Union, as a part of our preparatory work to collective bargaining, has convened representative national conferences on our collective bargaining program.

SPECIAL 1958 CONVENTION

In connection with the 1958 negotiations, the officers and International Executive Board are recommending that the 1957 UAW Convention should adopt an appropriate enabling resolution calling for the convening of a special convention to be held in January, 1958, for the purpose of adopting the basic collective bargaining demands which will be processed at the bargaining table in 1958.

We are recommending that this Special Convention deal with the formulation of broad economic demands and take action making our strike relief program more adequate. We recommend that strike benefits be paid on the basis of right rather than on the basis of need when our members are compelled to strike by the refusal of management to grant them the measure of economic justice to which they are entitled.

Following the Special Convention, the formulation of additional demands and the application of the broad demands to a particular company or industry will be worked out by the local unions and through the corporation and industry councils involved.

While it is too early to attempt to detail our collective bargaining demands for 1958, certain goals are already clearly marked out and which I should like to set forth briefly so as to invite your thoughtful consideration on these matters.

WAGES—INCREASED TAKE-HOME PAY

A major item of our bargaining effort in 1958 must be the increase in the take-home pay of our membership to provide the much-needed purchasing power necessary to provide a mass market for the abundance of a mass production economy.

Automation and other forms of technological progress make it possible now for us to look forward realistically to simultaneous gains in both leisure and abundance. As we reduce the work week it should be possible for us, at the same time, not merely to maintain existing weekly pay but to increase it.

The growth of output made possible in the years ahead by our new technology will make it imperative that we advance rapidly to higher living standards even as we reduce hours of work in order to absorb the abundance that our factories and farms will be capable of producing.

We in the UAW have a special reason for putting major emphasis on wage increases in 1958 negotiations. Over the years the task of pioneering, on behalf of the entire labor movement, into new areas of collective bargaining has fallen to our Union. It was we who won the first collective bargaining contract, providing for an actuarially sound pension plan guaranteeing benefits through a trust fund, from any major industrial corporation. It was we who established the principle of the cost-of-living escalator clause and annual wage improvement factor. It was also our Union that led the way in broadening hospital-surgical and insurance protection, not only for workers but for their families as well. Most recently, it was our Union's historic bargaining that established the principle of SUB.

Had we not undertaken the responsibility for pioneering in these areas as well as others, it is likely that neither our members nor workers elsewhere would have them today.

Pioneering, however, is always a difficult task. Employer opposition is always more bitter and determined in the face of demands that break into new areas than it is to the improved implementation of established principles. Thus, while the brunt of the struggle has often fallen on our Union, others have won the same principles with much less effort, enabling them to concentrate more of their energy on wages. **As a result, wage increases in our industries, although substantially in advance of those for manufacturing industries generally, have fallen behind the level where they should be.**

The matter of winning substantial wage increases—over and above the amounts required to maintain weekly pay in the face of reduced weekly hours of work—is therefore one to which we will have to give most serious attention in 1958 negotiations.

SHORTER WORK WEEK

The last Convention voted "to place the winning of the shorter work week at the top of our Union's collective bargaining agenda after the Guaranteed Wage has been achieved." The foundations of guaranteed employment have been well laid and the principle soundly established in our SUB agreements. The time is now at hand to prepare for the next major advance in labor's historic progress toward greater leisure.

The age of automation makes it possible to achieve both greater abundance and greater leisure for the enjoyment of that abundance. In fact, we are advancing so rapidly in learning to produce more goods with fewer hours of work, while our national—and particularly our business—leadership learns so slowly to distribute properly what we can produce, that our only real choice may lie in the form in which we shall take our

increased leisure. **The only realistic alternative to the involuntary and barren idleness of widespread unemployment is the voluntary and constructive leisure that flows from a rational reduction in the hours of work.**

To minimize the dangers of unemployment and to obtain more free time for a richer and fuller life for our members and their families are the purposes behind our demand for the shorter work week.

In advancing the demand for a shorter work week, American labor will again be confronted by the opposition of the same powerful and selfish economic forces which historically have opposed and attempted to block every forward step as labor has sought to win a fuller and richer life. There was a time when man worked for his daily bread from sunup to sundown. The hours were long, but the living standards were low.

We have made progress from those dark and dismal days when labor was treated as a commodity in the market place. Technological progress has given us the opportunity to lift the physical burden of work from the back of man, and through organization and struggle labor has succeeded in reducing the hours of work from 16 to 12 and to eight hours a day.

When American labor raised the banner for an eight-hour day the powerful industrialists of that day—men with large bank accounts but with little social vision—cried out against and vigorously opposed labor's demand for an eight-hour day. Their opposition was powerful and brutal but justice prevailed and American labor won the eight-hour day.

History has proved American labor to be right and the men of little faith and little vision wrong. The men of little faith and vision who opposed the eight-hour day said that it would seriously reduce our living standards and that more free time for working people would lead to moral degeneration, crime and all kinds of dire social consequences. They were wrong yesterday and they will be wrong today when they try to block labor's right to share more fully in the fruits of our advancing technology through a further reduction in the work week. **The eight-hour day did not reduce our living standards. Instead, our living standards and material comforts have increased beyond undreamed of levels during the time men were working 12 and 16 hours a day.**

We can have both a shorter work week and at the same time enjoy higher living standards if we will but intelligently and responsibly utilize the tools of abundance, automation, the peaceful harnessing of the atom and the other productive tools that science and our developing technology will afford us in the days ahead.

It would be dangerously unrealistic to talk about a reduction in work hours with the same take-home pay. We must win a shorter work week with increased take-home pay, for only thus can we create the greater purchasing power needed to balance our greater productive power.

It would be foolish to set now an ultimate goal for reduction of the work week. The process of technological change will continue into the indefinite future and no one can predict now how few hours of work it will take some generations in the future to provide man with all his material needs. **Economists generally, however, and even such reactionary politicians as Vice President Nixon, accept the goal of a four-day work week as feasible within the relatively near future.**

The timing of reduction in work hours is not an arbitrary decision that either management or labor can make. It must of necessity flow from the economic facts as they relate to our technology. In some industries where technology advances more rapidly, the reduction in work hours will come more quickly.

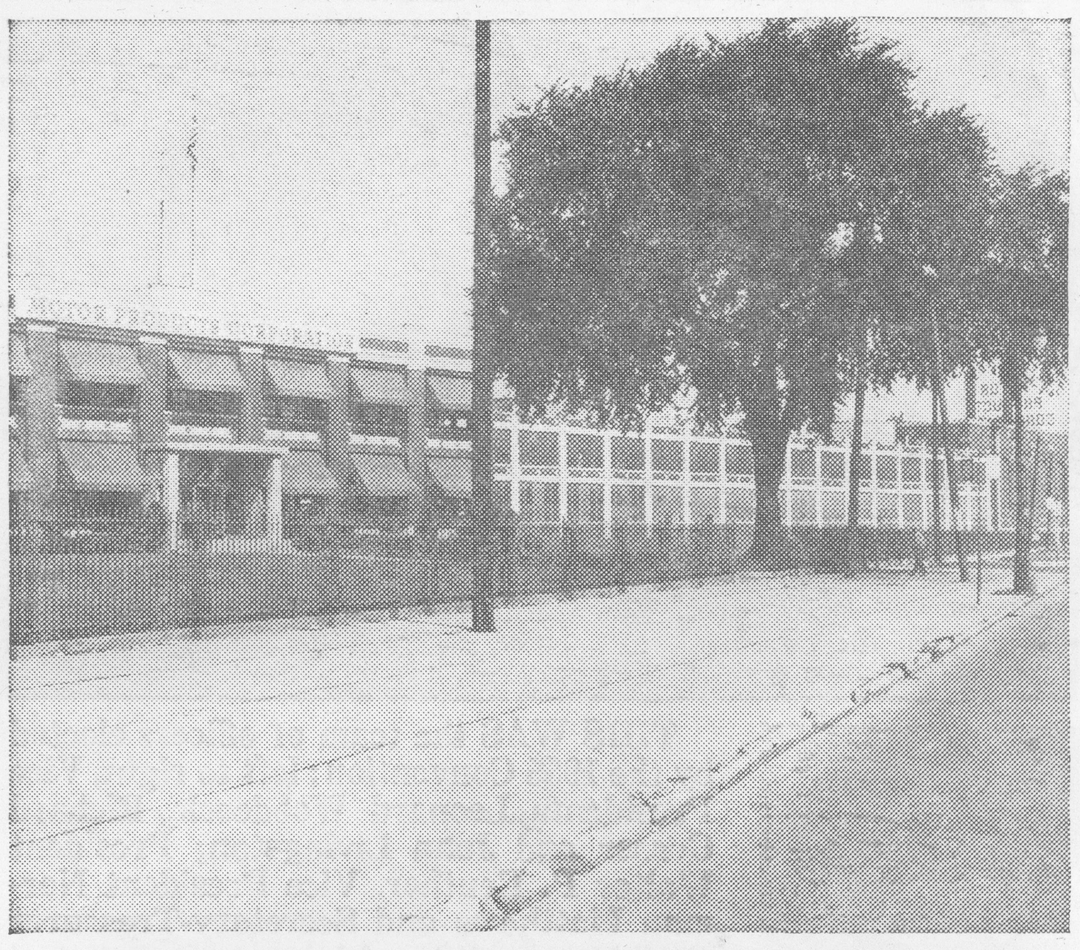
The reduction in hours of work will take many forms and will vary from industry to industry. Workers will need to make the decision on how they prefer to have their hours reduced and how best they feel that they can share their greater leisure in a fuller and richer life with their families. This decision in the UAW will be made by the rank-and-file workers.

In the discussions to date among UAW members, the trend is in favor of approaching the problem of reducing hours through a shorter work week rather than through a shorter workday. There are obviously many variations of how this goal can be achieved and all of us must discuss and explore the problem together at every level of our Union.

We must determine how rapidly it is practicable to approach whatever goal we set ourselves. We must have answers to the difficult problems of scheduling that will arise as we reduce the work week. The schedules must be such as to permit full utilization of existing plant and machinery. Otherwise part of the gains in productivity that we seek to realize in greater leisure will be diverted to enlargement of existing plants and the provision of more machinery. These are, by no means, all of the many matters we must think through before we actually present our shorter work week demand in negotiations.

Despite the difficulties in the way and the many problems that must be faced and solved, I am confident that our Union has the resources of wisdom, solidarity and militancy to add, in 1958, the shorter work week to the many other gains that we have pioneered not only for ourselves but for American workers generally.

Apart from our responsibilities at the bargaining table, we have a broad responsibility as citizens to work as part of the democratic community to advance community programs that will enable workers and people generally to have access to facilities and activities that will enable them to constructively utilize the greater



WITHOUT ADVANCE PLANNING to ease the hardships involved in relocating workers, industrial relocation results in empty plants and lost jobs.

leisure that we are striving to win. As our developing technology more and more denies the worker any creative expression in the productive processes, we need to develop other activities during leisure hours for creative individual expression.

Historically, culture has been the product of leisure, but in the past the struggle for economic subsistence has been so great that only the few shared fully in the cultural life of a nation. For the first time economic abundance enables us to meet the material needs of all the people and affords everyone an opportunity to share more fully in the cultural and social activities of our community.

PROTECTION AGAINST PLANT RELOCATION AND SHIFT IN WORK

Recent years have brought to the foreground an element of insecurity affecting our members which, although always present, has tended to grow increasingly serious. This is the matter of unemployment resulting from plant relocation. Spurred on by the desirability from the efficiency standpoint of installing automation in new rather than in old plants, and seeking to bring production closer to market outlets, many corporations have added to their capacity much more rapidly than their markets have grown. In some cases old plants have been abandoned. In others production has been increasingly concentrated in new facilities at the expense of employment in older plants remaining in operation. This is the decentralization process so widely discussed within our Union.

Decentralization decisions today are based on the narrow profit-seeking objectives of the corporations. They are made without regard to the moral obligations which these corporations have to workers who have contributed many years of their lives to creating the wealth out of which the new plants are built. They are made without consideration for the over-all economic costs involved including those borne by the workers, their families, and their communities when jobs are moved from one area to another.

These costs can hit with crushing impact. They include travel and moving expenses for workers who must search for jobs in areas far from their homes. Real estate values in the community deserted by the relocated plant may collapse with the result that workers who are forced to sell their homes to take jobs elsewhere can recover only a fraction of their value. Public relief may have to be provided for many workers' families for long periods of time before they are able to find new jobs. Local businesses, dependent on the workers' paychecks, may be forced to close their doors. The deserted community's tax base is reduced and its investment in community facilities may be largely wasted as the local population shrinks.

If such costs were taken into consideration, it would often be found that they far outweigh the gains from relocation to the corporations that move their plants. Thus, to the extent that we can cause more of the total costs involved in plant movement to be reflected on the books of the corporations, it would become financially desirable for them to find ways to continue operations in existing locations, even if that involved some outlays for modernizing or reconstructing obsolete plants.

We recognize, however, that science and technology and changes in the geographical distribution of our nation's population make some plant movement inevitable and unavoidable. But the full impact of plant relocation must not be permitted to fall on the workers and their families. It is entirely proper that adequate protection for them should be considered as one of the costs of operating a business.

The problem of protecting the equity of workers and their families in situations where work is shifted from plant to plant is a matter that re-

quires increasing attention and action by the International Union, the local unions, and the UAW membership. We must demand that management act in a more responsible manner and do sufficient advance planning to facilitate the factoring into our industry of technological improvements on a basis and time schedule that will not victimize workers and their families nor penalize the communities in which existing plants are located.

The protection of the equity of the worker is the paramount responsibility of management and this responsibility transcends any responsibility that management has to the stockholders because human rights and human values are obviously superior to property rights and material values.

We cannot and we will not tolerate a continuation of the attitude demonstrated by certain companies who would assert that the "right to manage" gives management a blank check to do anything they want—to move work and to relocate plants with callous indifference to the impact of such movements upon the equity of workers and their families.

To meet this problem, the International Executive Board of the UAW has adopted a program to be recommended to the 1957 Convention for consideration and adoption and for practical implementation at the bargaining table.

OTHER COLLECTIVE BARGAINING OBJECTIVES

There are many other areas of collective bargaining, of course, in which we must seek substantial progress in 1958 negotiations.

SUPPLEMENTARY UNEMPLOYMENT BENEFITS

Our present SUB agreements as indicated elsewhere in this report reflect only the beginning of the kind of employment security to which our members are entitled. Further, we must stabilize employment through the principles we established at the bargaining table in 1955 and win more adequate protection for workers and their families against the hazards and hardships of layoffs and unemployment.

PENSIONS

Our pension programs although vastly improved over the original plans negotiated in 1949 and 1950, still require substantial strengthening and improvement both with respect to the level of benefits and the rules of eligibility before we can consider that we have achieved that measure of economic security and human dignity to which every retired worker and his wife are entitled.

HOSPITAL-MEDICAL CARE

Our hospital-medical insurance protection still falls far short of meeting our members' health security needs. In this area, we face one of our most difficult tasks because of the barriers to adequate health security imposed by the existing system of medical economics. We are determined, however, to press forward and to use our collective bargaining power to win comprehensive protection for our workers and their families against the hazards of sickness and accidents through a program of fully paid medical care that will meet the cost of medical care both in the hospital and in the home.

In another section of this report, I deal with this problem in greater detail and report on the efforts that the UAW is making at the Detroit community level in sponsoring a comprehensive hospital-medical care program.

Many others of our economic gains of past years imperatively require further development. In addition, certain major and longstanding policy objectives of our Union, such as elimination of discrimination at the hiring gate, are still to be achieved in the major corporations. Moreover, substantial though our contract gains have been since the signing of our first one-page agreement with General Motors 20 years ago, much further strengthening of our contractual provisions is required before our members attain full citizenship inside the plant walls.

We must remain ever conscious of the fact that the purpose of the Union is not solely related to the achievement of greater economic gains for workers and that a vital and important function of the Union must be performed on a day-to-day basis in the factory and on the assembly line by meeting on a satisfactory basis the day-to-day shop problems of workers. In a real sense, the important activities of the Union are not performed in the International office but in the factory and only if we have a strong and active Union that functions day in and day out in terms of the needs and problems of the worker can we say that the Union is really meeting its prime responsibilities. One of these prime responsibilities requires eternal vigilance on the part of the Union to protect workers against speedup and unfair production standards. I deal in greater detail with this question of production standards in another section of my report.

SHORTER CONTRACT DURATION

The accelerating rapidity of the march of technological progress requires also that we work for agreements shorter in duration than the three-year contracts that presently cover the major part of our membership. We must remain free to move more frequently in collective bargaining in response to the changes taking place so rapidly in our technology and our economy.

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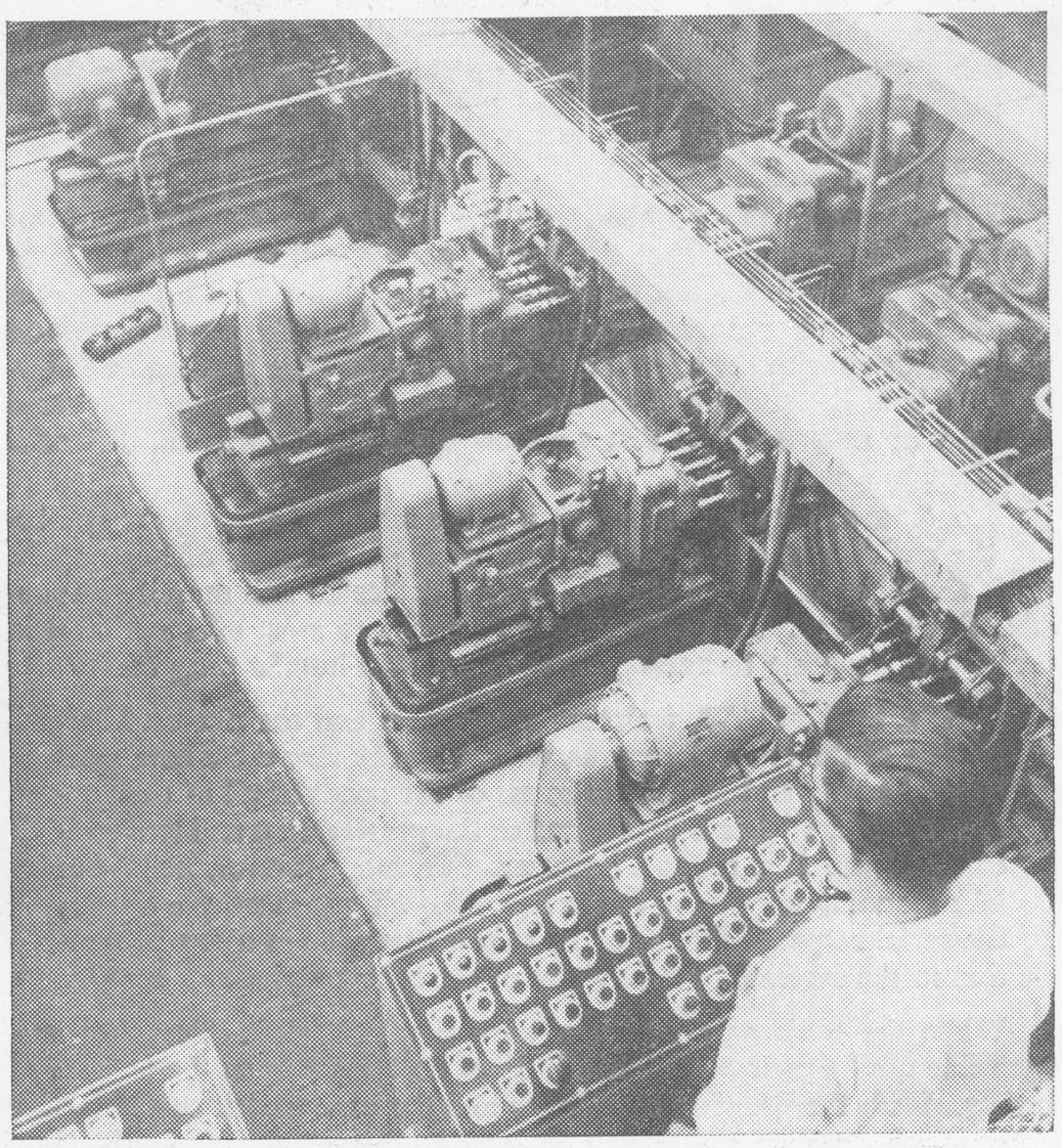
As we look to 1958 negotiations, we must recognize that they will not take us over the threshold of Utopia but will be merely another step—a long step up—along the historic road of labor's progress.



THIS IS AUTOMATION: Instead of workers on machines, just one worker and a row of buttons for a row of machines.

No single collective bargaining effort ever achieves the ultimate in labor's goal. Collective bargaining is a continuing effort in which labor attempts to win an ever-fuller measure of the fruits of its labor. We must begin now carefully to prepare ourselves to gain from the 1958 negotiations the maximum that we can possibly win. We must, however, approach these negotiations realistically, for in collective bargaining wishful thinking does not yield practical results.

Between now and the time of the proposed Special Convention next January, all of us share the responsibility through democratic discussion at all levels of our Union of formulating a practical, realistic and manageable package of demands which reflect the needs of our membership and behind which we can mobilize the full strength of our Union and the solidarity of our ranks. I am confident that our membership has attained sufficient experience and maturity to approach this task responsibly and intelligently, selecting for 1958 those demands which are most urgent and important.

I am equally confident that with careful preparation, teamwork in the leadership and solidarity in the ranks, our 1958 negotiations can bring us greater gains than any we have thus far been able to achieve in any other bargaining situation.

Automation and the Second Industrial Revolution

We have crossed the threshold of the Second Industrial Revolution and automation. The peaceful harnessing of the atom and the new developments in science and technology will be affecting our lives in increasing measures.

To workers in the automotive, aircraft and agricultural implement industries and the citizens generally, the new revolutionary technology with automation, electronics and the new sources of power and energy released from the mystery of the atom, offer a compelling challenge and a glorious opportunity for unprecedented human progress and human betterment.

As the history of human civilization clearly reflects, man historically in his struggle to keep body and soul together has wrestled with the problem of dividing up economic scarcity. There was always the problem of too little food and too many mouths to be fed, too little clothing and too many naked bodies to be kept warm, too few good shelters and too many families to be housed. This has been the problem throughout the ages.

The new tools of economic abundance can now free man from this ancient struggle for material survival and replace scarcity, poverty and human despair with economic abundance and the good life for all. The new tools with their potential and unprecedented economic abundance will enable mankind to solve his ancient problems of providing food, clothing and housing. Having achieved the ability to satisfy his material needs, man can devote more time, more energy and greater resources in advancing the

non-material aspects of human civilization of enabling each human being to achieve his full growth as a social, cultural and spiritual being.

THE MORAL KNOW-WHY

The answer to the problem and the key to the fulfillment of the promise of a more abundant life for all people will not be worked out by the scientist with his test tube nor by the engineer with his slide rule. The scientists and engineers working in the fields of the physical sciences will provide us with the scientific, the technical and the production know-how. It is in the social and human sciences, in the equating of material wealth with human values that we must work out the human, the social and the moral know-why.

Economic activity is not an end, it is the means to an end, the end being the enrichment and the fulfillment of the aspirations of human life. Collective bargaining and the power of a dedicated and morally responsible free labor movement are among democracy's most effective tools in the task of equating technological progress with human progress.

We, in the UAW, welcome automation and the peaceful harnessing of the atom. However, we shall insist that these new tools be used sanely and morally in terms of the needs of all of the people. American labor is committed to the preservation and strengthening of our free economic system. We can, however, make our free economy responsive to the needs for all of the people only as the social responsibility of ownership is increased in direct proportion to the increased productivity of the tools of production.

When the tools of production were simple, their reckless and irresponsible use by their owners had little or no impact upon the balance of society. With the growing complexity and the unprecedented productive potential of automation, atomic energy and other phases of our developing technology, a narrow, selfish and anti-social use of these new tools of production can create serious economic dislocation in the whole of our society. This confronts ownership in our free economy with social and economic responsibilities of new and greater dimension.

The UAW will work at the bargaining table and in the legislative halls in cooperation with other groups in an effort to assure that the fruits of automation, atomic energy and the new technology will be geared to raising the standards of living of the many rather than inflating the standards of luxury of the few.

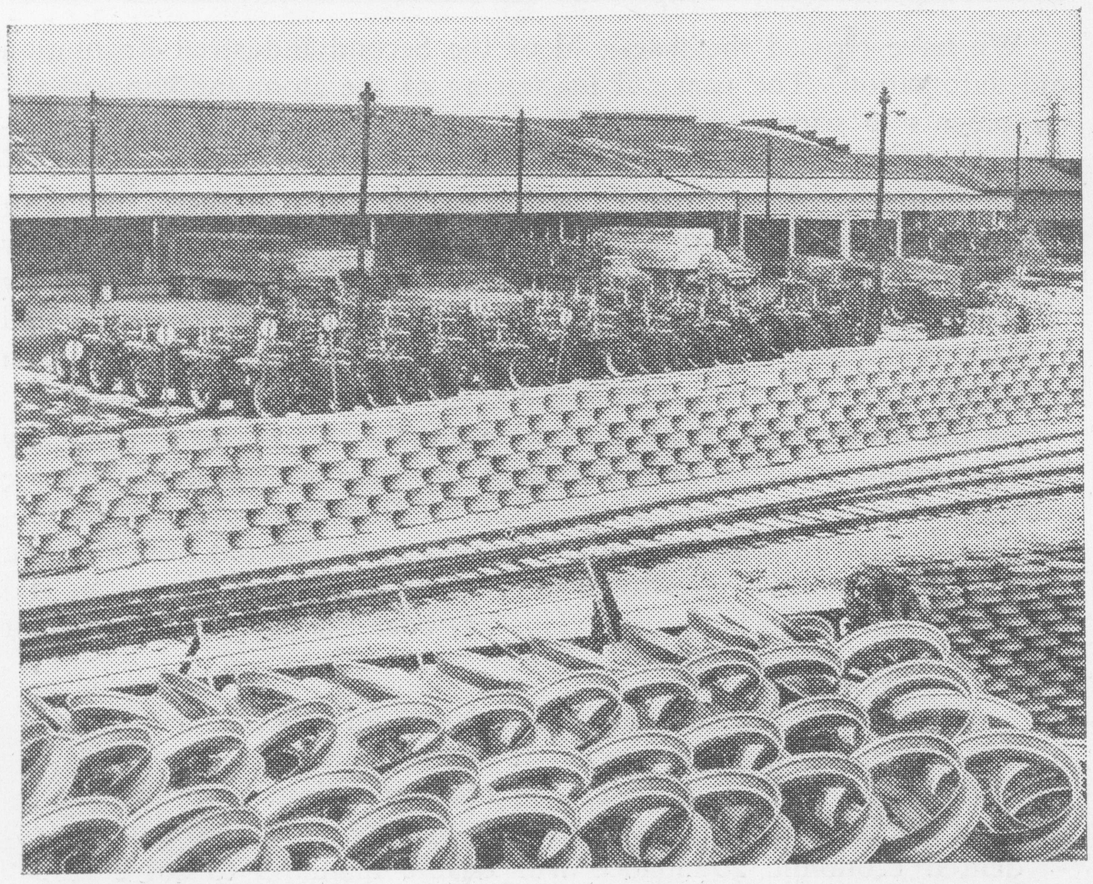
Since our last Convention, the International Union has been following closely new developments in the field of automation and other significant technological advances. We have been working with Congress and continuing to press our efforts to have Congress create a technological clearing house which would enable the government, industry, labor and all other groups to be kept posted on all the new developments in technology so that planning can be done far in advance of the new problems which will arise so that we can minimize the dislocation when the problems occur.

As Chairman of the Economic Policy Committee of the AFL-CIO, I have set up a subcommittee to deal with the broad policy problems related to automation and atomic energy, and as President of the Industrial Union Department of the AFL-CIO, I have established a special committee of competent technical personnel from a large cross-section of unions more directly involved in the problem of automation and atomic energy for the purpose of coordinating our collective bargaining efforts as they relate to this matter.

Since we met last in Convention, technological progress in the American economy has been extremely rapid.

EFFECTS OF EISENHOWER POLICY

It has been accelerated by the economic policies of the Eisenhower Administration which, on the one hand, have provided new "incentives" to business to invest and, on the other hand, have restrained the growth of consumer purchasing power. The latter factor has meant that new investment has been very heavily concentrated in so-called "modernization" rather than expansion. The emphasis has been placed on the installation of new and more productive equipment to serve the existing market, thus displacing workers, rather than on an increase in the total amount of productive facilities which would employ additional workers to serve a growing market.



THIS IS THE RESULT of the Eisenhower Administration's farm and general economic policies: lots of unsold farm machinery.

In 1956 business investment in new plant and equipment was 22 per cent higher than in 1955. The facilities created by this investment are only now starting to come into operation. **The months ahead will reveal whether consumer purchasing power is expanding rapidly enough to absorb the output of these new facilities and still provide sufficient new employment opportunities to balance out growth in the labor force, or whether we will have a creeping rise in unemployment resulting from the fact that the new plants and equipment can produce with fewer workers all the goods that consumers can afford to buy.**

The growth in the importance of automation in our economy is evidenced in a recent pamphlet distributed by the U. S. Information Service which says:

". . . More than one thousand firms are engaged wholly or partly in making automatic equipment. During the last few years such devices have been installed in some 100,000 plants. Automation has proved its value to such industries as chemicals, telephones, steel casting and petroleum. In 1955, 15 per cent of the amount spent by the oil-processing industry for capital improvements went for automatic equipment. In 1956, the aircraft industry put one-fifth of all its funds for equipment into self-operating machines. A third of the automobile makers' investment for equipment in 1956-57 will go for automatic machine tools.

"And yet these orders represent only a fraction of all possible applications . . ."

FORD PLANT ALREADY OBSOLETE

So rapidly are new developments taking place in automation that the Ford Cleveland Engine plant, which since 1951 has been regarded as the classic example of automation, is already obsolete. According to *Business Week* magazine:

". . . Three-fourths of the plant's original machinery is being moved out. . . . The remaining equipment will be so modified that its resemblance to the original will be almost coincidental."

The primary reason for replacing the original equipment, estimated to have cost about $30 million, is explained as follows by the magazine:

". . . Essentially, the new production machinery will do what the old did—manufacture engines. But it will do it better, with less effort, and most important of all, with even less manpower."

The rapid spread of automation, and the perhaps even more rapid progress in the techniques of automation, striking though they are, represent only one phase of the Second Industrial Revolution through which we are living. Another major factor in this Revolution is the enormous increase in research expenditures by industry and government.

Alfred North Whitehead, the British philosopher, once said, "The greatest invention of the nineteenth century was the invention of the art of inventing." We might add that one of the great developments of the twentieth century has been to change inventing from an art to a standard business procedure. The research department is now a fixture in every important corporation, while the needs of government, especially in national defense, have added to the numbers of research workers, many of whose discoveries are readily applied to industry.

As a result, the flow of what may be considered "routine" technological innovations—new production methods, new materials and machines applicable only to specific processes or industries—and improvements in work-flow—has been greatly accelerated. Harlow Curtice, president of General Motors, noted recently that "new products, new processes are coming off the drawing boards of the engineers and out of the laboratories of the scientists at an ever faster pace."

PRODUCTIVITY MUSHROOMING

This great expansion of industrial research, and the flood of "routine" technological innovations it produces, have been sufficient, alone, in recent years to boost the rate of rising productivity to the extent that past notions of what were "normal" productivity increases are already obsolete. Technological improvements of this sort, and on an increasing scale, can be expected to continue. By themselves, they would pose serious problems of adjusting our economy so as to provide sufficient purchasing power to absorb the steadily accelerating flow of goods which can be produced with every manhour of labor.

Beyond these "routine" technological improvements, however, we are now confronted with the potentially explosive impact of automation, and we can be sure that this new technology, too, will grow by leaps and bounds.

In discussing the rapid advances of technology, David Sarnoff, chairman of the Radio Corporation of America, stated in a pamphlet entitled the *Fabulous Future:*

"The quantity of new powers and products and processes at man's disposal is important; but even more important is the increasing speed at which these things have come. It is not a case of

continued increase but of continued acceleration of increase. We need only project the trend into the future to realize that we are merely on the threshold of the technological age."

Summing up the potential impact of the new technologies, Mr. Sarnoff says:

"The very fact that electronics and atomics are unfolding simultaneously is a portent of amazing changes ahead. Never before have two such mighty forces been unleashed at the same time. Together they are certain to dwarf the industrial revolutions brought about by steam and electricity."

In addition the research laboratories of industry and government are bringing us a host of new metals and new synthetic materials. The large scale industrial use of atomic energy is already technically feasible and may soon be economically practicable even in our fuel rich country. Progress is being made in exploring the possibilities of solar energy.

BENEFICIAL OR HARMFUL?

All these developments in combination confront us with mighty forces whose impact on our economy can be vastly beneficial or vastly harmful depending on whether we succeed or fail in achieving economic and social progress that will keep pace with advancing technology. The direction in which these forces take us will depend in major part on how well we prepare ourselves to deal with them. One of the essentials of a strong and effective democracy is that we have leaders who attempt to anticipate situations which may arise and prepare in advance to deal with them.

Too often in the past, nations have been surprised unnecessarily, by economic and social dislocations. In the eighteenth and nineteenth centuries, for example, the First Industrial Revolution brought untold hardships to millions of families in Great Britain, partly because Britain at that time lacked both the economic knowledge to understand and control the forces at work and the democratic institutions of government through which the people could have called attention to their needs.

In our own country, had we understood the economic forces that were eating away at the base of our apparent prosperity in the 1920's, we surely would have been able to build safeguards into our economy that could have protected us from the collapse that followed.

CONGRESSIONAL HEARINGS

To prepare to meet the problems of the new technology we must have information on its impact. It was for this reason that our last Convention called upon Congress to "investigate and to report upon the present and prospective impact of technological developments on our economy." Congressional hearings were held by the Subcommittee on Economic Stabilization of the Congressional Joint Committee on the Economic Report. I appeared before the Subcommittee in October, 1955. The hearings produced much useful information but, unfortunately, not the kind of information that could be of the greatest value. Instead of presenting the down to earth facts on the impact of automation within their respective plants, many of the corporation witnesses came before the Subcommittee with elaborate public relations handouts.

There is still need for an investigation which, in the language of the CIO resolution quoted in our own 1955 Convention resolution, will undertake "to determine the extent to which such developments have already caused displacement of manpower in industry; to obtain from employers information as to their plans for further installation of new processes and new machines designed to increase productivity, and their plans, if any, to insure that such increase in productivity is accompanied by expanded purchasing power; to determine the extent of further displacement of manpower that may be anticipated within the next several years and the geographical and industrial sectors most likely to be affected; and based on their findings, to make recommendations to ensure full production and full employment in peacetime."

The growing importance of such information has made it clear that more is needed than a one-shot Congressional investigation. We must find means to keep fully abreast of the impact of technological advances as they develop. Our Union therefore proposed to the conferences we convened last year of mayors of the auto and agricultural implement communities, respectively, that there be established a Permanent Commission on Technological Changes composed of representatives of labor, management, the farmers and government:

". . . to keep under constant review developments in automation, atomic and solar energy and other innovations of the era of the Second Industrial Revolution and to make appropriate recommendations to Congress and the President to assure that the fruits of technological advance are fairly shared and full employment achieved and maintained."

MANAGEMENT BLINDNESS

Unfortunately, management groups would prefer to brush under the rug the problems posed by the new technology. One of their favorite devices is to deny that automation and related developments present any serious problem of worker displacement. They rationalize this position by resorting to the narrowest possible definition of "displacement," and by ignoring the fact that displacement may take other forms that the pushing of workers out of one door of the factory at the moment new equipment is brought in through another door. In the nature of things, this type of displacement, although there are many examples of it, will tend to be relatively rare. Automated equipment will be installed, for the most part, by prosperous firms whose expanding markets will make it possible to minimize or avoid layoffs. Other companies, less fortunately situated, may not be able to afford automation.

It will be in the latter firms, however, that displacement of workers will occur as their competitors automate. We have already felt the heavy impact of this kind of displacement in the auto industry. Automation in Detroit and elsewhere by the Big Three has produced unemployment in South Bend, and the other cities in which the independents operate. Moreover, automation of parts production by the major auto producers has forced to the wall, or forced out of the automobile parts business, many independent parts producers. The idle factories on the east side of Detroit stand as stark proof of this kind of displacement.

HIDDEN DISPLACEMENT

In addition, we face the danger of a hidden form of displacement which would destroy job opportunities that would have opened up if not for automation. Even if all the corporations that automated should not lay off a single worker, the fact that the workers they do employ are able with automation to turn out a vastly increased volume of goods could, in the absence of a sufficient rise in consumer purchasing power, mean a rapid growth of unemployment as young people in their millions enter the labor market each year.

There is still another kind of displacement which, though less drastic than those described above, nevertheless, takes its toll in personal frustration and human tragedy. This is the displacement that occurs within a plant as automation is introduced, depriving workers of skills that they acquired over the years and compelling them to try to adapt to new jobs for which they may be unsuited. The *New York Post* illustrates this type of displacement in a story about one of our Union's members in the Ford Rouge Plant. Said the *Post:*

OUR COUNTRY does not have to have long lines of unemployed workers like these, who lost their jobs because of mad production races, lack of advance planning for plant relocations and automation, and Republican fiscal policies.

"Then there are workers who can't keep up with automation. Such as Stanley Tylak. Tylak, 61 and for 27 years a job setter at Ford, was shifted from the River Rouge foundry machine shop to the new automated engine plant. He was given a chance to work at a big new automatic machine.

"Simply, straightforwardly, he told his story: 'The machine had about 80 drills and 22 blocks going through. You had to watch all the time. Every few minutes you had to watch to see everything was all right. And the machines had so many lights and switches—about 90 lights. It sure is hard on your mind.

" 'If there's a break in the machine the whole line breaks down. But sometimes you make a little mistake, and it's no good for you, no good for the foreman, no good for the company, no good for the union.'

"And so Stanley Tylak, baffled by the machine he couldn't keep up with, had to take another job—at lower pay."

The forms of displacement that many employers would prefer to ignore are far more serious and far more dangerous in their potentialities than the single type of displacement upon which most attention has been focused to date. It is these forms of displacement that we must prepare to deal with as well as layoffs resulting from automation in the same plant.

Yet another employer argument is that automation presents no problem because it has come along just in time to save us in the United States from the consequences of a severe labor shortage. It is claimed that the nonworking portion of the population will grow faster than the numbers available for work.

This argument was apparently first developed by Peter Drucker, formerly, and perhaps still, a consultant to the General Motors Corporation. Because it so conveniently fits management ideology and complacency in the face of automation, it has been widely accepted and repeatedly parroted by management spokesmen. It would be comforting, if true.

FACTS BELIE DRUCKER THESIS

Unfortunately, however, it is belied by the population and labor force projections of the Census Bureau. The Bureau's figures show that if, as is reasonable to expect, recent trends in labor force participation rates (the proportions of men and women at various ages who work or seek work) continue in the years ahead, there will be practically no change from now to 1965 in the percentage of people working as against those not working; and by 1975, a larger proportion of the population than at present will be in the labor force. The census figures show that in 1955, for every 100 persons in the labor force, there were 140 persons not working or seeking work. By 1960, the latter group is expected to increase to only 142 for every 100 workers. By 1965, it will be back to 140. By 1975, it will be down to 136.

Thus, Mr. Drucker's comforting notion provides us with no sound basis for ignoring or for failing to prepare to meet the problems presented by the new technology.

Attempts to minimize the potential impact of automation also take the form of denials that the rate of advance in productivity is accelerating. Secretary of Labor Mitchell, for example, testified that "the average postwar gain in productivity does not appear to be extraordinarily high." Such statements are in conflict both with other government pronouncements and with official statistics. For example, a pamphlet designed primarily for distribution in other countries rather than the United States by the U. S. Information Service both recognizes the acceleration in the rate of productivity advance and quotes with approval a statement that I made, pointing to the possibility of still further acceleration. This pamphlet says:

> ". . . Output per manhour in the United States increased at an average of about three per cent per year before World War II. Since the war it has risen to four per cent. Walter Reuther, vice president of the American Federation of Labor—Congress of Industrial Organizations (AFL-CIO), has predicted that, spurred by automation, the annual increase in production 'may reach five to six per cent or more . . .'
>
> "Already chemical companies, steel mills, manufacturers of light bulbs, radios, aluminum products and a host of other industries have watched their output rise at a speed greatly above normal."

Preliminary estimates of the Bureau of Labor Statistics show an increase in productivity in manufacturing industries amounting to 10 per cent from 1953 to 1955. The alleged slow-down in productivity advance during 1956 is in part a statistical illusion and, in part, a reflection of the failure of the economy to grow as fast as it should have during that year. The statistics are distorted by the fact that production levels fell in certain industries, including automobiles and agriculture implements, where output per manhour is higher than average. Thus the composite figure for all industry was depressed. Moreover, even this statistical aberration was shortlived. The Federal Reserve Bulletin for November, 1956, noted that since the middle of the year "output per manhour apparently has been rising again" and looked for further gains in productivity "as new and improved productive facilities are brought into operation as a result of the large volume of plant and equipment expenditures."

Employment Security and Supplemental Benefits

In years to come, historians of the labor movement may well consider the winning of SUB agreements and the establishment of the GAW in our 1955 negotiations one of the most important collective bargaining achievements of all time.

For the first time in history, major corporations were compelled, through collective bargaining, to recognize and to implement their moral responsibility to provide income for their laid-off workers, and to accept financial penalties if they failed to stabilize employment in their plants. We have made a beginning at eliminating the difference between workers, who hitherto could be cut off at a moment's notice from their source of livelihood, and corporate executives, bondholders, stockholders, landlords and similar groups who have always had substantial assurance of continued incomes, at least for a period of time, even when their businesses or properties were operating at low levels or were completely idle.

We have thus won a major victory against another long accepted double standard that meant insecurity for those who most needed security and a high degree of security for those who had the least need for it. In so doing, we have at the same time added an important new stabilizing factor to the economy as a whole. As the SUB plans spread, as the benefits provided under them are increased in future collective bargaining, they will reduce the danger of a repetition in the future of the cycle of layoffs, curtailed spending by those laid off, resulting in further curtailment of spending, and further layoffs, etc.

ROADBLOCK TO RECESSION

As the SUB plans grow to their full stature, they will become a major roadblock on the route to spiraling recession. As such they will bring benefits not only to the workers directly covered by them but to all whose incomes and welfare are jeopardized by economic instability.

> **Moreover, reactions from abroad make it evident that our victory in winning these agreements in 1955 has given new heart to the free trade union movement throughout the world. Our fellow trade unionists in other nations have been given renewed faith in the potentialities of free collective bargaining as a means to winning security and dignity for workers. To the Communists in other lands, who feed on the insecurity of workers, these agreements have meant a new setback. They at first tried to minimize their significance and then, as a result of the reactions of the rank-and-file workers, were forced, at least verbally, to include the winning of similar agreements in their own trade union programs.**

Historic though they are for the principle involved, our 1955 SUB agreements require great improvement in their substance if they are to serve their purposes fully. We were aware of the defects of these agreements while we were negotiating them. But we were realistic enough to know that we could not hope to achieve our ultimate objectives during the first round of negotiations on this matter. We still have a long road to travel, in fact, before we will be satisfied with the implementation of other collective bargaining principles which we first established long before our 1955 negotiations.

FIRST SUB BENEFIT CHECK brings smiles to the face of this laid-off UAW member and his wife because extra dollars will help them bridge "the lean weeks." Said Anthony Mannino: "When you're laid off, even fifteen extra dollars look like a thousand bucks." Since Mannino got that first check in June, 1956, more than $4,874,500 in SUB benefits have been paid out to laid-off UAW members by the companies with which we have SUB agreements.

The foundation provides a sound basis on which to build a solid structure of security and we have already begun to build. In Allis-Chalmers negotiations, we improved significantly on the plan negotiated with Ford; and the Allis-Chalmers improvements have been picked up in a number of other UAW negotiations.

IMPROVEMENTS NEEDED

But there is still much progress to be made before any of our SUB agreements can be described as satisfactory. The benefit payments must be substantially improved. The maximum duration of benefits must be lengthened from 26 to 52 weeks. Adequate protection must be provided against short work weeks. Eligibility provisions must be considerably liberalized and must provide, in particular, that workers disqualified for state benefits under unduly restrictive provisions of the state laws will be paid their full benefits out of the trust funds. The needlessly complicated administrative procedures must be simplified so as to minimize the reporting burden now placed on the worker. The powers of the joint boards of administration must be enlarged.

In addition, it would be desirable to simplify the needlessly complex language of the present agreements so that workers will have less difficulty in understanding them; and to eliminate a host of technicalities that now give rise to problems in the administration of the plans.

> **The basis for substantial improvement of the benefit and duration provisions of our present SUB agreements already exists in the present financing provisions of those plans. During negotiations with Ford we offered to submit to the judgment of an impartial arbitrator the question of whether or not the financing mechanism of the plan would support a higher level of benefits. We are confident that we will be able to demonstrate conclusively in 1958 that it can.**

Establishment of the principle of employment security proved the value of careful preparation for achievement of a major collective bargaining objective. We spent four years within our Union developing the details of our proposals for what we then called a Guaranteed Employment Plan. We tested our conclusions out on a Public Advisory Committee composed of eminent experts in the field. We brought before the public the moral and economic reasons that supported and justified our demand that the industries employing our members assume responsibility toward providing steady employment for their workers, or failing that, income for those they lay off.

To the extent that our resources permitted, we answered the irresponsible distortions of and attacks upon our proposals emanating from such sources as the NAM and the Chamber of Commerce as well as much of the press and, unfortunately, a number of individuals who parade themselves as impartial scholars. We worked hard to make sure that the rank and file understood clearly how the proposals developed by our internal study committee would meet their long expressed need for employment security.

CAREFUL PREPARATION BY UNION

Knowing that negotiations on this subject would be extremely complex, we urged the corporations with which we deal to set up joint study committees to explore the problems involved. In the face of their negative response, we published the essential elements of our proposals so that they would have the clearest possible understanding of what we wanted. Had we been faced with companies totally ignorant of the nature of our demands in this field, it is almost a certainty that we could not have worked out the details of a plan within the 60-day period normally devoted to negotiations. **Almost inevitably we might have been compelled to hammer out the details while the membership walked the picket lines.**

As a result of the advance work on our proposal and skillful strategy at the bargaining table, supported by the united and determined will of our membership, we were able to establish the principle of the Guaranteed Annual Wage in Ford without a strike. The essential features of the plan worked out in Ford negotiations conform remarkably closely to those we had proposed. The plan includes an incentive to stabilize employment, provision for integration with unemployment compensation, a trust fund, joint administration, limited liability for the company, a flexible maximum limit on the size of the trust fund based on changes in employment, and even such details as the one-for-two ratio for accumulation of benefit rights.

BASIC STRUCTURE SOUND

The essential structure of our present plans is therefore a sound one. The shortcomings in substance and machinery, outlined above, are matters that we will be able to correct within the framework of the present plans.

Before the plans were negotiated, it was widely believed, as a result of misleading employer propaganda, that it would be impossible for us to obtain our objectives because integration of benefits paid under the plan with those paid under the state unemployment compensation laws would not be permitted. Our own analysis of the state laws convinced us otherwise.

That we were correct is now borne out by the fact that integration has been approved by thirty states and the District of Columbia as well as the federal government of Canada. As this is written, only four states have prohibited integration, Virginia (by amending its law), North Carolina, Ohio and Indiana (both by administrative ruling and legislation). We are continuing to work in these states for reversal of existing adverse rulings or legislation.

In the event that our efforts are unsuccessful, we shall have to find alternative means for providing our members in those states with the employment security to which they are entitled. A number of our agreements provide specifically for alternative benefits to be paid in such situations.

The significance of our achievement in winning the principle of employment security is underlined by the fact that the NAM, the Chamber of Commerce and similar reactionary groups, having lost on the collective bargaining front, turned to the state administrators, the state legislatures, and the state courts to block or overturn favorable rulings on integration. We were compelled to fight them in the courts after favorable rulings were obtained in Connecticut and Illinois. We were successful in both states. A case is now pending in the appeals machinery of the California unemployment compensation agency where we are again engaged in a contest with reactionary employer groups to maintain the favorable ruling issued in that state.

More serious, perhaps, than the effort to block integration are the attempts being made by the same groups, plus some employers with whom we have SUB agreements, to prevent improvement of the present plans by getting the state legislatures to set ceilings on the total amount of the benefit that a worker may receive from the state and from the plans combined. The purpose is to prevent improvement of our present plans. Those engaged in this effort are seeking to enlist the state legislatures as collective bargaining agents of the corporations. By so doing, of course, they emphasize the importance of political action by workers to maintain collective bargaining gains and to keep the way open for further progress.

OPPOSITION NOT SOLID

Fortunately, there is not a solid employer front behind this effort. The steel companies put the major auto companies to shame by testifying before the legislature in Ohio against ceilings on SUB benefits. They, unlike the auto corporations, apparently recognize the inconsistency of calling on the one hand for a governmental hands-off policy in collective bargaining and crying to the legislatures on the other hand to come to their aid by restricting the bargaining rights of the unions representing their workers.

Efforts to obtain legislative ceilings reveal how little many employers understand of the dynamics of democracy. Given the vote and the right to bargain collectively, it is inevitable that workers will fight for and ultimately win an adequate measure of employment security. No group of free workers will tolerate forever a situation under which they and their families can be plunged into hunger and want because a corporation decides to lay them off. Recognition of these facts would reveal the total futility of legislative efforts to set ceilings on the benefits laid-off workers will be permitted to obtain. If workers are unable legally to obtain security by one route, they will inevitably seek and find another.

Our Union is already working on plans to assure the payment of adequate benefits in the event any state should set a ceiling on the level of benefits permitted to be integrated with state unemployment compensation.

PRINCIPLE SPREADING

Efforts to overturn existing SUB agreements or to block their future improvement grow increasingly ineffective as the application of the principle spreads. As of now, more than two million workers are covered by such agreements as a result of the pioneering achievements of our Union in 1955 negotiations. The principle has spread from autos to agricultural implements, to the can, rubber, steel, aluminum, maritime and railway industries, and it is still spreading.

As increasing numbers of workers receive benefits under the plans and as increasing numbers of employers commit themselves in good faith to the principle involved, the opponents become a dwindling and weakening minority. Within a short time, these plans will become an accepted feature of American industrial relations just as pension plans, which faced similar ideological opposition, have become since 1949 when we first won pensions in Ford.

One of our major objectives in seeking employment security through collective bargaining was to create leverage for the improvement of the provisions of the state unemployment compensation laws. Adequate protection against unemployment, we have always recognized, is important not only for our Union's members and for those in their families who may work in other industries but also for the entire economy as a means to sustain purchasing power and to prevent spiraling recession when workers are laid off.

Even before the Ford SUB agreement was negotiated, it became apparent that our drive for employment security was having its effect on the state legislatures. During 1955, 32 states and territories increased the maximum primary benefits payable under their laws and seven increased maximum duration.

This year, all but a few of the state legislatures are in session. Already there are hopeful signs of progress toward further improvements in the state laws, although no state has yet met or appears likely to meet even the inadequate benefit and duration standards proposed by President Eisenhower. Nevertheless, once again, as in the case of the pensions, we are demonstrating that it is possible, through collective bargaining, to contribute to the achievement of legislative objectives that benefit not only our own members but the whole community.

As this is written, our major plans have been in effect for ten months, or less. A number of them, particularly those in the auto industry, came into operation under adverse conditions. Many workers were laid off too early in 1956 to qualify for benefits when the plans began payments. Nevertheless, from June, 1956, through February 3, 1957, the plans in operation in the automotive Big Three paid out $4,312,000 in benefits. The major agricultural implement plans, most of which did not come into operation until September, 1956, had paid out an additional $562,500 through January 27, 1957.

The average benefit paid has varied from plan to plan depending on the level of state benefits in the states where workers were laid off. In Ford, the average from June through December, 1956, was $15.08 per week. This is not nearly enough but it represents a 50 per cent addition to the $30 a week maximum state benefit that is fairly typical throughout the nation. It is almost 56 per cent of the average benefit of $27.07 paid by all states during the first 11 months of 1956.

Based upon the results achieved to date, we can look backward with satisfaction to our accomplishment in establishing the SUB principle in 1955 negotiations. At the same time, we must look forward to and prepare ourselves for the new battles ahead of us to clear the way for the payment of benefits in states where they are still blocked, to prevent legislative restrictions on improvements of the existing plans, and to win the full measure of employment security to which our members have a just claim.

Health Security and Insurance

The UAW has made progress at the bargaining table in an effort to provide protection for our members and their families against the hazards of sickness and accidents. However, we still have a long way to go before we will have won the full and comprehensive protection that is so vitally needed. We have bargained effectively and have secured sizable economic concessions from employers as payments towards the cost of hospital and medical services, but unfortunately, the present lack of proper economic and social organization of hospital and medical care services has not enabled the worker to secure his full value for the monies expended.

Vast and growing sums of money continue to be paid out under UAW-negotiated health security and insurance programs to protect members against wages lost because of disability, to meet the costs of health services and to provide workers' families with some resources in the event of the death of the family breadwinner. In the two years since our last Convention, total benefits paid out for hospitalization, temporary disability insurance, survivors' benefits and surgical-medical care reach approximately $396 million allocated as follows:

Hospitalization	**$145 million**
Temporary Disability	**104 million**
Survivors	**85 million**
Surgical-Medical	**62 million**

These sums are impressive evidence that through collective bargaining we have made substantial progress toward easing the financial hardships of sickness and death and removing economic barriers to medical, surgical and hospital care. Less than ten years ago, a worker becoming seriously ill could count on a weekly temporary disability benefit of perhaps $15 to help meet his family's living expenses. If he or a member of his family were hospitalized, he could expect to pay a good share of the bill from his own pocket—or the entire bill if he was one of the fairly substantial number who had no insurance coverage. In any case, it was almost certain that he himself paid all of the cost for what little insurance protection he did have.

RECENT PROGRESS CITED

Against a background of this kind, our present standards for health security and group insurance look impressive by comparison. Typically, the UAW member now has protection that covers (1) practically the full cost of hospitalization for himself and his family; (2) part of the costs of surgical care and medical treatment in the hospital; (3) for a period up to 26 weeks, replacement of about 60 to 65 per cent of gross wages lost because of disability; and (4) life insurance equal to about one year's earnings. Usually the employer pays from half to two-thirds of the net cost, and in many cases the entire cost.

UNSATISFACTORY STATE OF PRESENT HEALTH INSURANCE

This picture looks distinctly less rosy, however, when we consider that, with all too rare exceptions, the prepaid health plans in which UAW members are enrolled are proving largely unsatisfactory. Most UAW members and their families get only the type of health care that is generally available in the community, usually financed through Blue Cross, Blue Shield, and commercial insurance. But Blue Cross, Blue Shield and commercial insurance plans are failing in their responsibilities because:

1. **Although virtually all UAW members and their families are now** covered by prepayment plans, they are usually left, at the time of illness, with substantial bills for services they thought were covered. These plans, at best, generally cover only about one-third of the average family's expenses for health services.
2. **Premium charges have been continually rising.**
3. **There has been little sound development in extending areas of coverage.**
4. **Existing plans have demonstrated no concern and accepted no responsibility for the quality of care.**

Our experience has established beyond any doubt that the system of indemnity payments for physicians' services is not a satisfactory method of paying for health services. Indemnity allowances have all too frequently constituted merely a base to which substantial out-of-pocket charges are added. It is important to note, too, that though it has been generally assumed that attempts by Blue Shield to provide service benefits within income limitation present a satisfactory answer to this problem, our experience shows that this is not the case. In many areas, Blue Shield provides only indemnity insurance and has no income-ceiling service scheme. In other areas, ceilings are ridiculously low. The UAW's major 1955 collective bargaining agreements specify a family income ceiling of $6,000 for service benefits. In states where the bulk of UAW members live—even in Michigan—Blue Shield has not yet made this coverage available. We are not at all sure that such coverage will become generally available at reasonable cost. In Buffalo, where Blue Shield has developed a $6,000 ceiling plan, an unreasonably high premium is being asked.

> **Even when income-ceiling service plans are offered, their service provisions are often not uniformly enforced. In 1955 the UAW Social Security Department conducted a survey of charges to workers covered by Blue Shield under the $2,500 and $5,000 family income-ceiling plans in effect in Michigan. The study was designed merely to give some indication of the effectiveness of the income ceiling, rather than statistically accurate results. It was found that roughly two-thirds of the workers covered by the $5,000 ceiling plan had additional charges to pay to the physician, and that this proportion was approximately the same for those workers reporting an income of under $5,000 as it was for those reporting an income of more than that amount. While Blue Shield and organized medicine were critical of the study, they have neither conducted a more exhaustive review nor taken effective means to correct abuses.**

Our Union has been more successful in securing full payment of the hospital bill. Most of our members who are covered by Blue Cross, as well as some commercial insurance, have a service program. Commercial carriers providing full service pay whatever is charged. Under most Blue Cross plans, hospitals are reimbursed for cost. However, neither of these schemes for reimbursing hospitals furnishes incentives toward economy and efficiency.

The emphasis on hospitalization and surgery in prevailing plans and the absence of substantial out-patient benefits have raised a host of problems,

THIS YOUNGSTER may not like it, but polio shot will keep him well. Earlier generations were not so lucky. The UAW will continue to fight for improvements in the health security clauses of our contracts, to provide for more liberal benefits at less cost, and will continue to seek the highest quality of medical care at the most reasonable cost.

an important one of which is unnecessary hospitalization. A study made by Michigan Blue Cross, in cooperation with the Michigan State Medical Society, in 1954, indicates that as much as 19 per cent of the hospital bed care in 15 representative Michigan hospitals could not be considered medically justified.

Factors such as these pyramid prepayment costs. While indemnity programs sometimes keep premiums low by continually reducing benefits, Blue Cross has regularly and steadily increased premiums. Rapidly rising premiums are caused not only by justifiable improvements in hospital wage levels and working conditions and by better technical facilities as is often contended, but also by inadequate concern for the operating efficiency of hospitals, unwillingness to enforce legitimate controls and a reluctance to experiment with new ideas. Our recent public concern about rate increases has been directed at these built-in inefficiencies, and not at justifiable increases in cost. The Union made this very clear in testimony before the Michigan Governor's Study Commission on Prepaid Hospital Care Plans in March of last year. We said then:

> **"Our opposition to the recent rate increase should not be construed as unwillingness to pay the proper cost of prepaid care. We, and other subscribers, want a high standard of prepaid hospital and medical care and are willing to pay a reasonable and appropriate price for it."**

Faced with the problems of rising costs and consumer dissatisfaction, neither the commercial insurance companies nor Blue Cross and Blue Shield are dealing realistically with the tough fundamental problems involved. Instead, they are standing pat or even retreating from the principles on which they were founded.

Commercial insurance companies offer coinsurance and deductible programs and so-called major medical coverages in an attempt to maintain or broaden benefits and, at the same time, to meet the problems of increasing premiums. Some Blue Cross and Blue Shield plans, too, are looking

upon these devices as an easy way out. Such measures are a retreat from the whole concept of prepayment; they shift more of the burden of illness from the group to the sick individual. To the extent that they are effective, they constitute a barrier to needed medical care. These economic control techniques operate with no medical discrimination. And, the devices of co-insurance and deductible coverages can provide only temporary relief from continually increasing prepayment costs. They do absolutely nothing to solve the basic defects of our voluntary programs.

QUALITY OF MEDICAL CARE

Labor people, and other representatives of the consumer, have been voicing these objections for years. But there is developing a change of focus in what labor demands from health insurance. In the past we have stressed complete prepayment for a limited range of covered services—primarily those given in the hospital. We have worked for comprehensiveness of benefits and extension of services. But, while we have recognized that quality of care is important, our emphasis has not been on quality. We now realize that in order to obtain care of high quality at reasonable cost, we must address ourselves to medical care itself—its organization and quality—and not just to the methods of financing such care. Our objectives, then are:

1. **Complete prepayment for medical care. Economic controls like** coinsurance and deductible conflict with medical considerations.
2. **Comprehensive benefits. Benefits must include prevention,** diagnosis and rehabilitation in addition to treatment for illness and injury, and must cover services in the office and clinic, as well as in the hospital. Only if the range of health services is complete will the individual's health needs be effectively and economically met.
3. **Rational organization of medical services. The complex nature** of modern medicine requires effective organization of the personnel providing services and an efficient environment for them to operate in.
4. **Direct attention to quality. While complete prepayment and** the comprehensiveness of benefits have important quality implications, consideration must also be given to providing a systematic and continuous review by competent medical authorities of the quality of medical care. Certain quality controls must be built into medical care programs.

Only if these objectives are met—if there is complete prepayment for medical care, if the range of covered health services is comprehensive, if medical services are rationally organized and if direct attention is given to quality—only then will the individual's health needs be effectively and economically met.

COMMUNITY HEALTH ASSOCIATION

The existence of comprehensive prepaid medical care plans such as the Health Insurance Plan of Greater New York and the Kaiser Foundation Health Plan in California have demonstrated that the goals of our Union are attainable. We have supported Kaiser and HIP where we could. We have secured under collective bargaining agreements the right of a worker to elect coverage in the Kaiser Plan, HIP and similar programs. In the absence of such programs in areas where the UAW has most of its membership, the Union has begun to encourage the development of new programs, modeled on HIP and the Kaiser Plan.

Today the UAW is spearheading a move to make this kind of community-wide plan available in Detroit. We recently called together a group of interested community leaders to form the Community Health Association, which will set up a comprehensive prepaid medical program open to everyone in the community—not just our own members. We anticipate that medical care under the new plan will be provided through doctors practicing in groups. Wherever possible the groups will be associated with hospitals. The details of the program are yet to be worked out, but the CHA is planning to make available to its members and their families all essential health care, including diagnostic, preventive, health maintenances and rehabilitation services, as well as treatment for illness.

The nature of our industries, the fact that auto, aircraft, and agricultural implement workers are not geographically separated from other concentrations of working people but live in industrial areas throughout the land; the ever-increasing cooperation between labor unions which has made possible such developments as the multi-union AFL Medical Center in Philadelphia; the growing awareness all over the country of unmet health needs and of the need for action—these were among the factors which resulted in the UAW's decision to work with the rest of the community to develop this plan and to open enrollment to all groups in the community when feasible.

It is because of the serious deficiencies in prevailing prepayment plans, because of the lack of evidence that they will be able to make the needed substantial improvements, because of the continuing increase in the cost of solo practice and of prepayment based on it, because of the fundamental logic of group practice, because of the economic pressures which make group practice the only economical and efficient way to provide medical care, because this idea is no longer a radical innovation but rather a mode of practice that is becoming accepted as the superior way of practicing modern medicine, because prepayment cannot be limited to few segments of medical care but must spread to cover most of the average family's health service needs—for all these reasons comprehensive direct service medical care plans appear to furnish the valid answers to the medical care problems that now face us. Through the development of the Community Health Association, we will be able not only to provide access to high quality medical care for UAW members in the Detroit area, but also to create an example and demonstration project that can be followed in other communities.

This is a vital front on which we in the UAW shall continue to work with other people in the community in an effort to find a more satisfactory answer to the medical needs of both our members and people generally. In this effort, we shall work both at the bargaining table and on the legislative front.

Pensions and Retirement Security

The UAW has continued to win further gains on the pension front since we first broke through and took the first step forward in winning economic security and human dignity for workers when they were too old to work and too young to die. This was a front on which we had experienced calloused indifference on the part of management and a double standard of morality under which high-paid corporation executives were receiving fabulous pensions while denying them to low-paid hourly workers.

In the period since the 1955 Convention, the UAW program of retirement security has maintained the dynamic qualities which have been typical of the program since our Union's initial drive for pensions in 1949. The foresight which prompted us to base the program on an actuarially sound pension trust-fund as a fundamental principle has paid dividends and enabled our program to continue to expand both in coverage and number of beneficiaries and to provide assured benefits for retirees and older workers of employers who have closed down or moved their plants.

FOR RETIRED WORKERS, a chance to sit in the sun, play cards and enjoy their twilight years . . . thanks to UAW-negotiated pensions.

Our policy of integrating our privately negotiated pension plans with Federal Social Security benefits was a practical demonstration of our policy of making progress with the community. It provided us with an effective leverage to move Social Security legislation, which for 12 years had been frozen on dead center, and, thereby, win greater security for all of America's aged citizens through the improvement of Social Security legislation in 1949.

The interval since the 1955 Convention was one in which we, along with the rest of labor and other liberal forces, again were successful on the legislative front in winning further improvements in Social Security benefits in the law that became effective in 1956.

COLLECTIVE BARGAINING GAINS

During the last two years we have made solid progress in building our foundation of retirement security through collective bargaining. The most important developments were a major break-through on pensions in the aircraft industry, the extension of pension plans to small establishments and the improvement of the older negotiated UAW pension plans.

For several years following the adoption of pension plans in the auto and agricultural implement industries, most major aircraft producers continued to refuse to accept responsibility toward meeting the needs of their workers who were "too old to work and too young to die." This almost solid opposition was cracked only when the two major unions representing workers in the aircraft industry—our own Union and the International Association of Machinists—agreed that progress in collective bargaining depended upon cooperation between the Unions. There can be little doubt that the joint programming of demands and coordination of strategy and bargaining by UAW and IAM were major factors in winning pensions in the aircraft industry.

Since 1955 the number of separate UAW pension plans has nearly doubled. From a total of 260 such plans in February, 1955, the number had grown to approximately 500 by February, 1957. The growth in the number of workers covered was less spectacular—from approximately 1,100,000 in 1955 to 1,250,000 in 1957. What is more significant in these figures, however, is the indication that pension plans are becoming common not only in large scale enterprises but also in firms with fewer than 100 employes. And with the notable exception of the new plans in the aircraft industry, most of the growth has come from new plans in the smaller establishments and the addition of approximately 75 small companies as participants in the previously established multi-employer area plans. There are now about 200 different employers signed up in these area plans.

EXISTING PLANS IMPROVED

These two years past also proved to be a period of marked improvement for the already existing UAW-negotiated pension plans. The most important of these gains, which were won for previously retired workers as well as those who would retire in the future, included the following provisions:

1. **Improved benefit formula raising the typical normal retirement** benefit from $1.75 to $2.25 per month for each year of service and the disability benefit from $3.00 to $4.50 per month per year of service.
2. **Removal of the 30-year limit on credited service.**
3. **Deferred vested pension rights at age 65 for workers leaving** their jobs after age 40 with 10 or more years of service after age 30.

These improvements, when taken with Social Security, make possible a monthly income of $230 or more for an elderly couple.

RETIRED MEMBERS ON CURRENT PENSION ROLLS

By February of 1957 the total of workers retired under UAW-negotiated pension plans had reached 77,000. Of this number, approximately 64,800 were still living and drawing benefits. Most of these—56,300, or 86.9 per cent—were normal retirements after age 65. An additional 3,800 between ages 60 and 65 were drawing early retirement benefits and approximately 4,700 below age 65 were beneficiaries who had retired because of permanent and total disability.

NUMBER OF WORKERS CURRENTLY DRAWING BENEFITS UNDER UAW-NEGOTIATED PENSION PLANS AND TOTAL NUMBER RETIRED TO DATE AS OF FEBRUARY 1, 1957

Employer	Normal Retirement	Early Retirement	Disability Retirement	Total
American Motors	2,193	432	95	2,720
Bendix Aviation	665	14	21	700
Budd of Detroit	301	3	8	312
Caterpillar Tractor	455	3	44	502
Chase Brass & Copper	410	22	20	452
Chrysler	4,702	138	333	5,173
Electric Auto-Lite	564	24	75	663
Ford	11,021	187	831	12,039
Ford of Canada	724	9	16	749
General Motors	13,329	1,020	1,493	15,842
International Harvester	1,883	63	233	2,179
Kaiser Motors	351	34	4	389
Kaiser-Willys	796	69	17	882
Glenn L. Martin	116	0	5	121
Scoville Manufacturing	328	12	5	345
Studebaker-Packard	2,505	241	168	2,914
Number Currently Drawing Benefits Under Above Plans	40,343	2,271	3,368	45,982
Estimated Total Currently Drawing Benefits Under All UAW Plans (Including Above)	56,300	3,800	4,700	64,800
Estimated Deaths and Other Terminations Under All Plans to 2/1/57	11,300	400	500	12,200
Estimated Total Retired to 2/1/57 Under All Plans	67,600	4,200	5,200	77,000

According to estimates of the UAW Social Security Department, the number of living retired members will continue to increase in the immediate future at a rate of approximately 1,000 per month. Based on these projections, therefore, we can anticipate about 75,000 living retired members by the end of this year and as many as 90,000 at the time of our 1959 Convention.

To guarantee the benefit rights of present and future retirees, reserves are accumulating in our pension trust funds which are conservatively estimated to hold assets valued in excess of $1.1 billion. During the lifetimes of those members who are now retired, it is estimated that a total of more than $490 million will be paid as benefits to them from these funds.

We in the UAW can be proud of our contribution to the security and the happiness and dignity that tens of thousands of our retired workers are presently enjoying. Because of the efforts of our Union, tens of thousands of other workers who will be reaching retirement age in the near future can look forward to living out the autumn of their lives without fear and uncertainty. While our progress has been great, we need to realize that we have made but a beginning and that there is still much to be done before we have provided retired workers with all the benefits and protections to which they are entitled, and which our productive economy makes possible.

THIS RETIREE is preparing to show a film to fellow pensioners at a UAW Activities Center for Retired Workers. Union is now planning an even more ambitious program for retirees.

We need to increase the level of benefits, to liberalize the eligibility rules, to increase vesting rights and to facilitate their transfer when a worker changes jobs and, perhaps most of all, we must make provisions to provide fully-paid comprehensive hospital and medical care for retired workers either at the bargaining table or through appropriate changes in the Social Security law.

A Program for Retired Workers

At the last Convention, I advised the delegates that the International Union would develop a program for retired workers and would submit such a program to the 1957 Convention for consideration and action. We are now prepared to do this.

Our program is the result of a joint effort of the International Union in cooperation with a National Public Advisory Committee which the International Union created, composed of leading people in this field from throughout the United States.

The Public Advisory Committee was extremely helpful in working out the broad outlines of the program which we shall submit to the Convention. A number of important political and philosophical considerations shaped our basic recommendations:

1. **We felt that it was not enough in itself to provide a retired** worker with economic security at the end of a useful and productive life. We believe that it is equally important for a retired worker to continue to have the sense of worth and dignity which alone is possible if he is able to live under circumstances where he is a useful and an accepted part of the community.
2. **We believe that our program for retired workers should be** worked out as a part of a broad community program and not as a narrow trade union program. In effect, this means that our Union at both the local and International level will be committed to working with other groups in the community in trying to develop community-wide programs available to all retired people.
3. **We shall recommend the development of pre-retirement** educational programs so that we can begin to prepare workers for the change that retirement will bring into their lives so that they

can make the emotional adjustment and be able to live a useful and happy life making full use of the new leisure which their years of productive work have earned for them.

4. **We are proposing that the Union build a model retired** workers center as a model demonstration project around which greater experience can be had with respect to servicing the needs of retired workers and providing consultation and advice on Social Security, health, housing, and community services problems and to provide helpful recreation and social activities as a part of a balanced community program.

5. **Our recommendations include the creation of a department** in the International Union to coordinate and direct the activities of our Union in this important field and for the creation of standing committees in all of our local unions for the purpose of implementing the program at the local union level. A broad leadership training program would supplement this organizational structure at the International and local level.

6. **We further recommend that the UAW program for retired** workers be financed by earmarking one cent of the locals' general and administrative funds and one cent of the International's general and administrative funds for this purpose.

Further details and recommendations will be presented to the Convention for consideration.

Our Union has an opportunity to perform a great service to our own retired workers and to older people generally by providing leadership on the community and national level in this important area in which American democracy must devote greater attention and resources.

Speedup

To the UAW, collective bargaining is a year-round activity embracing far more than the periodic negotiation of new contracts. It is a daily struggle to win for each worker in his plant a measure of dignity on the job, a voice in the matters that affect his welfare and protection against being forced by his company to work at a pace injurious to his health and well-being. Ever since the birth of our Union, the fight against speedup has occupied a central place in this daily struggle and in the attention of both the local unions and the International Union.

The UAW was born out of the early struggles against the immorality and inhumanity of the speedup system for which the automotive industry was notorious and which exploited workers, endangered their health and safety, and shortened their lives in the corporations' selfish drive for more production and greater profits.

Workers in our plants are faced constantly by management pressure for increased production based on intensified human effort. Prosperous firms maintain the pressure out of greed for larger profits than those they already enjoy. Firms in a shaky financial position use that fact as an excuse to demand that the workers produce more than they properly should. Firms in difficulties because of inefficient management or obsolete equipment attempt to impose speedup on the workers to make up for managerial deficiencies.

With the intensification of the competitive struggle among the corporations in our industries, financial and managerial weakness become more clearly apparent and the speedup problem is aggravated. We have therefore had occasion frequently since the last Convention to apply the policy of speedup spelled out by the International Executive Board on April 28, 1949, in the following language:

The UAW is unalterably opposed to and will fight against any attempt by employers to endanger the health and safety of workers by forcing them to perform an unreasonable workload. One of the major reasons that our Union came into existence was the revolt of workers against the inhuman speedup that existed in the automobile industry before it was organized.

New model changes in the automobile industries have historically created disputes over the question of production standards. These problems have been further complicated by efforts on the part of certain corporations and plants to improve their competitive position by trying to cut costs at the expense of the workers.

The UAW fully recognizes and supports the idea that the standard of living of the people can be raised only by reducing unit costs and making available more goods at lower prices.

However, we insist that reductions in the unit cost of production must be made possible by improved technology and production processes and by efficient engineering and management, and not by placing an unfair workload on workers. While supporting efforts to reduce unit costs on the sound and legitimate basis of technological advances, we stand uncompromisingly opposed to, and will resist with all our strength, any efforts on the part of management to reduce costs and expand profits by speeding up the workers.

It is our policy to authorize strike action in any plant, large or small, big corporation or small shop, when the facts show that an employer is attempting to drive his workers to make them produce more than a fair day's work.

The readiness of the International Executive Board to authorize strike action in production standard disputes when requested by any local union membership through the democratic channels provided by the UAW Constitution has, in itself, acted as a restraining influence on corporations tempted to increase their profits by speeding up their workers. On many occasions, however, it has been necessary for local unions to go through the process of taking strike votes before management could be persuaded to abandon its efforts to increase profits through speedup. Where the strike votes alone were insufficient pressure to bring about satisfactory settlements of production standard disputes, the International Executive Board has not hesitated to authorize strikes and to give them effective support when they occurred.

Official authorization of a strike by the International Executive Board serves in effect as the Union's last warning to the company involved that if it fails to work out fair and acceptable production standards it will face strike action.

During the past year, thousands of production standard disputes have been worked out through day-to-day collective bargaining at the plant level. The International Union has, based upon local union membership requests, authorized 74 strikes on production standard disputes, of which 17 were in GM plants, five in Chrysler plants, and one in a Ford plant. Many additional requests for authorization were made by local memberships, but the issues were settled without the need for authorization. **In accordance with the established policies of the International Union, strike authorization is always granted whenever the membership, through secret democratic vote, as provided for in the Constitution of the UAW, requests such strike authorization and the issues in dispute on production standards are not resolved satisfactorily.** Not one single strike authorization request, made as a result of a secret democratic rank-and-file vote, has been denied by the International Union where the production standards in dispute were not worked out satisfactorily.

The International Union's policy with respect to strike authorization in production standard disputes has, of course, been uniformly applied in both large and small companies. Our Union is one of the few unions that insist on retaining the right of workers to strike even during the life of the contract on matters such as production standards which could not be properly arbitrated. **We do not accept the view that an arbitrator, even if he had the wisdom of a thousand Solomons, can in our complex industory establish a sound basis for determining how hard any worker should work on his job.**

The policy of the UAW relating to the right to strike on production standards is based upon the broad concept that workers should receive a fair day's pay for performing a fair day's work. The policy provides that the decision as to how hard a worker should be required to work for his wage is not a matter that can be decided arbitrarily by either an engineer with a stop watch, or an official of the corporation, or of the Union. What constitutes a fair day's work is a matter to be worked out through collective bargaining at the plant level by the people directly involved.

To make this policy effective, the engineers on the staff of the Research and Engineering Department devote a major part of their efforts to educational activities designed to equip the local union leadership to protect the rank and file against the varied speedup tactics of the so-called "scientific management" experts employed by the corporations. Our Union has always recognized that the fight against speedup is one that requires constant vigilance and an alert and active membership supported by the local and International leadership. The educational efforts of the International Union in this field are designed to maintain that vigilance and to prepare the local union leadership to take aggressive action whenever the threat of speedup appears.

Such vigilance and aggressiveness at the plant level are the key elements in the fight against speedup. The International Union, as such, has no means of detecting speedup where it occurs and of initiating action against it. The initiative must come from the local union level. The militancy and solidarity of the membership must be mobilized in the defense of the workers directly victimized by the speedup. With that solidarity expressed in strike votes taken under the machinery provided in the Constitution, full support of the International Union is assured. The International Union has never hesitated to provide all the support and assistance in its power to bring about satisfactory settlement of speedup disputes.

The leadership of the International Union shall continue to cooperate with the leadership and the membership of the local unions in carrying out this realistic and effective policy on the basis of firmness and militancy so that we can protect our workers against speedup in any and all forms.

New Tools, Tactics, Techniques for Collective Bargaining

During the twenty-odd years of the history of the UAW, we have learned that we were able to make progress only as we were able to unite workers and to pool their collective strength and determination at the bargaining table. The complete failure of craft unions to protect and advance the interest of workers in the mass production industries and the success of the industrial unions in this respect offers conclusive proof that workers in

these basic industries, whether production, skilled trades, office workers, technicians or engineers, can best solve their problems and advance their common individual interests only as they stand and act together through the instrument of a single powerful industrial union.

In the early period of the UAW, all of the workers stood together in the elementary struggle to win recognition of the right to bargain. Our first collective bargaining agreements were simple one-page documents, limited essentially to the recognition of our right to bargain. During the past 20 years collective bargaining has become more complex and our collective bargaining agreements now cover many phases of industrial relations.

Collective bargaining will continue to be more complex as the technology in our industries becomes more complex. Our Union has the responsibility of finding new and effective tools, tactics and techniques for dealing with these new and increasingly complex problems. The Union is a living body and collective bargaining is a living process. Nothing is static and progress is possible only in terms of change. What represented an effective approach to collective bargaining at the beginning of our Union is no longer realistic or effective for new approaches must be made to new problems.

Without in any way weakening or compromising the principles of industrial unionism, which is the source of the strength and the solidarity of our Union, we must find ways to refine the principle of industrial unionism in order to meet new problems, to meet the problems common to all the workers in our Union and yet at the same time to be able to deal satisfactorily with special problems within our Union. No member of our Union has a right to special privilege, but every member of our Union, who may have a special problem because of the nature of his work, has a right to have this special problem dealt with effectively.

STRONGER BARGAINING POSITION

To achieve this balanced approach to our problems, the International Executive Board is recommending certain refinements in the collective bargaining policies of our Union which will put us in a stronger position at the bargaining table and enable us to better advance the interest of all our members and, at the same time, deal with certain special problems. This approach which further refines the principle of industrial unionism enables our Union to take to the bargaining table the combined collective power of all the workers while providing the Union with special leverage which will improve and strengthen our bargaining position.

I have personally participated in most of the major negotiations in our Union during the past 21 years, and I know as a matter of practical experience that the policy that we are recommending will put us in a stronger position and enable us to do a better job for all the members of our Union. This policy will further unite and solidify the ranks of our Union and represents an application of a refinement and a maturing of the industrial union principle in our kind of basic industry.

DIRECT REPRESENTATION

In essence, our policy suggests that we make provisions in the structure of our collective bargaining machinery to assure that skilled trades groups, office workers, technicians and engineers, in plants in which there are sizable groups of workers in these classifications, be permitted direct representation in the negotiation and administration of our bargaining agreements and with the negotiation of supplementary agreements dealing with their special problems on which they have the right to act.

This policy would not be applied mechanically. It would be carried out only in those local unions where there are sufficient numbers of workers in these categories to make it workable and practicable.

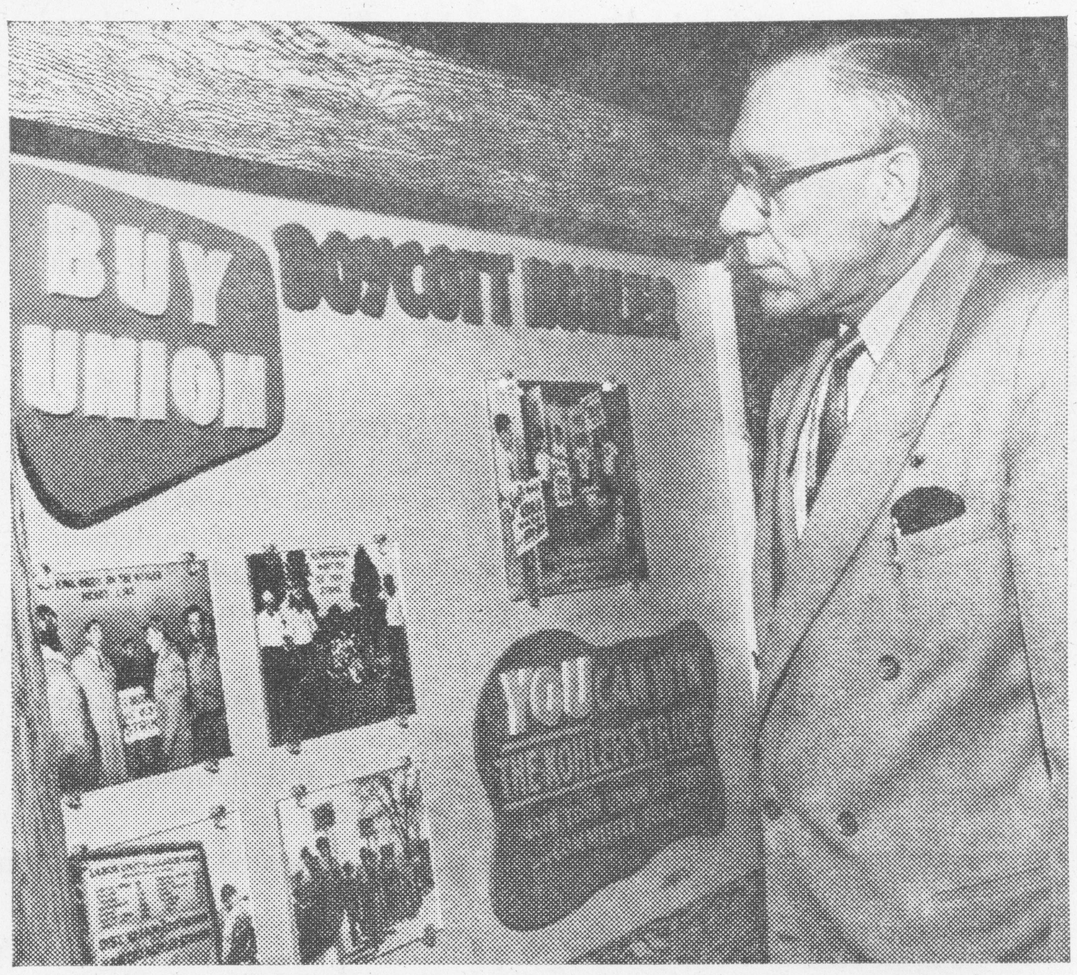
This policy, in addition to giving us the basis for solidifying our ranks and mobilizing maximum solidarity at the bargaining table, will also enable the Union to meet the problem of raids by craft unions under the current policies of the National Labor Relations Board and also will enable the Union to carry out more effectively the task of organizing unorganized workers, the white collar and clerical field and the thousands of technicians and engineers working in industries under our jurisdiction.

I am confident that in practice the new collective bargaining tools, tactics and techniques that our policy makes possible will further strengthen the structure of our industrial Union and will make possible greater collective bargaining gains for all of our members.

Skilled Trades

The strength of an industrial union is always to be in a position to utilize its full advantage in whatever section of the industry that advantage may be. This is the superiority in a mass production industry of the industrial union form of organization over the separated efforts of various groups which have never been and can never be successful.

In order to increase the effectiveness of our Union and to mobilize the full efforts of the apprenticeable skilled trades and related groups in behalf of themselves and the remaining members of the Union, and looking toward the very real advances which can be won for all UAW members in 1958, the International Executive Board advanced the following program for consideration by the 1957 Convention for incorporation in the demands of 1958:



REGION 10 DIRECTOR Harvey Kitzman looks over the new "Boycott Kohler" display in the lobby of the UAW's Solidarity House in Detroit. Strike of Kohler Local 833 is now entering its fourth year, and the UAW's boycott of scab-made Kohlerware becomes more effective every day.

1. That the merit spreads as they now exist in the tool-die, maintenance and other related skilled trades classifications be eliminated and that the present maximum rates of these classifications be considered the starting point of negotiations. There shall be a demand that added to this old maximum rate shall be a very substantial wage increase taking into account the tremendous forward progress of the industry and with particular reference to the inequities and disparities which now exist in such magnitude in the various skilled trades classifications. This demand would not be at the expense of the remaining members of the Union, but consistent with the efforts the Union must make for major economic advances in wage and other matters for all of our people. The new rates then established as a result of the demands and the negotiations would be a minimum rate guaranteed to all in the classification and beyond which advances could be made but with no maximum limit.

2. In order to fully mobilize apprenticeable skilled trades and related groups for themselves and to the common objectives which will be formulated for all, we urge that upon application to and approval of the International Union with regard to any specific location the following become a matter of constitutional right:

(a) Apprenticeable skilled trades and related workers, members of our Union, shall be permitted separate voting on matters pertaining only to their trades and classifications. They would continue to vote in the general unit on matters common to all of the workers. In similar fashion, production workers, office workers, engineers and technicians would decide those questions which affected only themselves.

(b) Since employers quite often are not influenced simply by voting, it is also necessary to provide that under prescribed circumstances skilled trades workers be permitted the right to strike action in accordance with constitutional provision and the approval of the International Union.

3. In order to make meaningful the rights expressed in paragraph 2, it will be necessary to provide that skilled trades workers shall have direct representation of their own choosing as part of all local shop bargaining committees and of all national bargaining committees. Provision must be made that these representatives are elected by and from the appropriate skilled trades groups.

4. One substantial threat to the continued forward progress of American industry is the lack of sufficiently expanded programs for apprenticeship training. It is also necessary to take into account that over the years the nature of certain trades has changed; some being now more complex and demanding; others, by virtue of technological change, being less so. Accordingly, it is proposed that apprenticeship training schedules be reviewed and brought into a realistic relationship with the trades for which the apprentices are being trained. In order to meet the pressing demands, it is also necessary to review and revise the apprenticeship ratios.

In this connection, it is necessary, in order to utilize the skills that are available among the ranks of the other members of the Union, to revise the age limits governing the acceptability of apprentices. We, therefore, propose the present age limit be continued for those apprentices who are coming into the industry from the outside, but that a special provision be made establishing higher limit for apprentice applicants who are employed in other capacities within the industry itself, with due evaluation of the work experience already obtained.

In this fashion the nation and the industry can obtain more fully trained and qualified mechanics in greater number and at a faster pace. Since the proportion of apprenticeable skilled trades workers is increasing in the industry as a whole as a result of technological change, it will also permit the retraining as qualified mechanics of present production workers and their allocation to skilled trades jobs. Only with such a program as this can present demands for journeymen be met.

5. With the full implementation of this program, it will also be possible to exercise the full strength of the apprenticeable skilled trades workers for the solution of many pressing in-plant problems with which they are presently contending. Included among these are the important items of the crossing of trade lines, the question of outside contractors, and many other unsettled matters.

In the aircraft industries, special emphasis will have to be placed on the problem of training for the skilled trades and related occupations, particularly the new occupations associated with the advanced technological field of electronics. The UAW has established a committee of local union representatives for aircraft local union and staff members of the Aircraft Department who are already working on this project. This has been made a high priority item in the work of the Joint Standing Coordinating Committee in the aircraft and guided missiles industries recently established by the UAW and the IAM (International Association of Machinists).

Keeping Labor's House Clean

The recent headlines about corruption and racketeering in certain unions has saddened every decent person in the American labor movement. We in the UAW can be proud of the record of our Union and the continuous and courageous fight we have waged to free our Union of Communist influences and to keep it free of corruption and racketeers. We have worked in the belief that leadership in the free labor movement is a sacred trust and that no one should be tolerated in a position of leadership who betrays that trust to the membership and who exploits his position of leadership for personal gain.

When the present Congressional investigation was initiated by the Permanent Standing Committee of the Senate, the leadership of certain unions refused to testify. Knowing that this matter should properly come before the meeting of the AFL-CIO Executive Council which was to convene during the last week of January, 1957, I raised the question at a special meeting of the UAW International Executive Board on January 18, 1957.

The Board voted unanimously to urge the AFL-CIO Executive Council to give consideration to the advisability of urging Congress to authorize an appropriate Congressional committee to conduct an exhaustive investigation into corruption and racketeering in all phases of American life, and to expose, without fear or favor, corruption in labor and in industry.

It also urged the Council to assure the Congress that if such a committee conducted a fair and objective investigation, it would receive the full cooperation of the AFL-CIO and its Ethical Practices Committee.

In accordance with the UAW Executive Board's recommendation, I urged action by the AFL-CIO Executive Council, and the Executive Council did adopt a forthright declaration clearly committing the united labor movement to full cooperation with any Congressional committee or appropriate public body investigating corruption and racketeering.

It is not easy to overcome, in a short period, the corruption and erosion of basic values of morality and human decency which has taken place over many years in the organized labor movement. In cooperation with responsible public agencies of government, we must work at the job with courage and conviction and must meet the challenge without fear or favor until the job of cleaning labor's house is effectively completed.

Recently, Senator Joseph R. McCarthy of Wisconsin launched a characteristically false and irresponsible attack against the UAW. To set the record straight, I immediately sent a letter to Senator John L. McClellan, chairman of the Special Senate Investigating Committee, in which I pointed out that McCarthy's charges of corruption in the UAW were as false as his earlier reckless charges of Communist sympathies against such outstanding Americans as Paul Hoffman, General George C. Marshall, U. S. Supreme Court Justice Earl Warren and others.

I assured Senator McClellan, however, that if the Committee found any reason to check the affairs of the UAW or its officers, he would have our fullest cooperation, and that any and all of our officers would appear before the Committee voluntarily and answer all questions. "We in the UAW," I told the Senator, "are justifiably proud of our record" in keeping crooks and Communists out of our ranks.

Proposed Review Board

The UAW is both democratic and clean and we intend to keep it that way. For some time, however, we have been giving consideration to providing a new step in the Union's internal trial machinery and of reviewing the trial procedure at the local level in an effort to insure the fullest possible protection of the democratic rights of each individual member.

The International Executive Board will make recommendations in this respect for the consideration of this Convention.

1. **We are recommending that the local union trial machinery be improved** to provide among other things for the selection of the members of the Local Union Trial Committee by lottery at a membership meeting, rather than by election as presently provided.

It is felt that selection of the members of the Local Union Trial Committee by lottery will be more democratic and therefore will not be subject to the pressures of electioneering, which has occurred in certain cases where the Trial Committees were elected.

2. **We are recommending that a member of our Union, having an** appeal from the decision of the local union and then from the decision of the International Executive Board, have an alternate route.

At the present time a member having an appeal from the decision of the International Executive Board may appeal to the International Convention. We propose that we retain this provision intact but add an alternate step by creating by constitutional amendment a Public Review Board, composed of approximately seven outstanding public citizens whose integrity and general acceptance are beyond question.

We are recommending that this Public Review Board be given the constitutional authority and the needed staff and office personnel to conduct investigations, hold hearings, and to make decisions on cases appealed to it by any member of the UAW.

The Public Review Board would have the constitutional authority to uphold, modify, or reverse the decision of the International Executive Board on any appeal, and the decision of the Public Review Board would be final and binding upon both the International Union and the member.

The membership of the Public Review Board would be submitted for approval at each future convention of the UAW.

The UAW is not perfect, but I think it can be said in all good conscience that we have tried to the best of our ability to make decisions, with respect to appeals within the trial procedure of our Union, on the basis of fairness and honesty. **The leadership of the UAW, while we have had no complaints on the conduct of the appeals procedure, does feel, however, that more and more the leadership of the labor movement must be prepared to have their stewardship and conduct of the affairs of the Union under their leadership subject to public review.** The leadership of the UAW is prepared to have its stewardship reviewed, and we are proposing the creation of a Public Review Board for this purpose and to further strengthen and refine the internal machinery of our Union to insure that the justice which comes from the Union's internal appeal procedures, meets the standards of fairness and honesty consistent with public standards in a free society.

The leadership of the UAW will propose further to the coming Convention that the authority of the Public Review Board be broadened to include the additional responsibility of acting as a public watchdog in our Union to strengthen our efforts in our determination to continue to conduct the affairs of the UAW in accordance with the high ethical and moral standards for which the UAW has stood.

We propose specifically that the Public Review Board be given the constitutional authority to conduct investigations and hold hearings and make findings on any matter which is a violation of, or in conflict with the ethical codes adopted by the AFL-CIO or any additional codes which may be adopted by the UAW as they relate to the conduct and activities of any officer or staff member of the International Union, local unions or any subordinate body of the UAW.

The Public Review Board would be required to issue periodic reports to the membership of the UAW and to the public on its findings both as they relate to the internal trial procedure of the Union and the broad question of ethical and moral practices.

The leadership of the UAW makes the above proposal because it is prepared to have the Public Review Board, composed of outstanding public citizens, review the conduct of UAW affairs and report its findings to the UAW membership and to the public at large. In a free society the voluntary acceptance and discharge of moral and social responsibility is the only effective alternative to government intervention and government compulsion. We believe that to the extent that the free labor movement develops and implements proper internal machinery to provide effective safeguards of the democratic rights of each individual member and provides further for an appropriate public review of the Union's affairs as they relate to high standards of ethical and moral conduct, to that extent free labor will preserve its voluntary character and will minimize the necessity for government interference and the justification for government compulsion. We shall urge affirmative action on these proposals at this Convention for we believe the UAW can make a valuable contribution in this area by pointing the way for other labor groups to follow.

Continuing Fight for Full Employment

The UAW continues in the forefront in the fight to protect workers and their families against the hardships of layoff and unemployment. The will and the spiritual power that launched our Union and carried it through the early and hectic years of struggle were borne out of the dedication and determination of thousands of workers to put an end to the inhumanity and immorality of the boom-and-bust policies of the automotive and related industries which used a worker for a few months to crowd out production of new models and then callously threw him on the street to shift for himself and his family.

We have stated repeatedly that no self-respecting worker expects his economic security to be served on a silver platter. We do not believe that economic security is a matter of right. We do, however, insist that the opportunity to earn economic security for one's family is a basic right in our free society, and the UAW will continue to fight for a full employment-full production economy so that America can afford every worker, able and willing to work, that opportunity—the right to a job, the right to earn his economic security.

The price of human progress has always been paid for in sweat, tears and sacrifice. It has required bold thinking and militant action. It has required social vision and eternal vigilance. In this struggle, the UAW is providing both muscle and morality.

We have made some progress in trying to minimize the problem of unemployment by stabilizing production schedules in an effort to build a sound economic basis for full and steady employment for the workers in our industries. At the time of the 1955 UAW Convention, employment in American industry generally was high and the auto industry, in particular, was enjoying the peak of its greatest production boom with both production schedules and employment at correspondingly high levels. Despite the fact that the sales executives of the automotive industry, wearing their best rose-colored glasses, continued to predict a future unlimited for the automobile industry, the UAW warned the industry that the insane competitive struggle being waged among the Big Three, if not checked, would result in problems of serious dislocation and unemployment in 1956. Unfortunately, our warnings went unheeded and the workers and their families and the communities in which the automotive industry is primarily located paid the price in 1956 through wide-scale layoffs and unemployment.

Since the beginning of the industrial revolution, when the system of wage payments for labor performed was originated, workers have searched for answers and have fought to win economic security and a measure of human dignity of full employment with a steady job and a regular paycheck each week, year in and year out.

GAW BEGINNING

Since the UAW pioneered and established the principle of the Guaranteed Annual Wage in 1955, it has been incorporated in many other collective bargaining contracts in other basic industries. More and more unions are following the lead of the UAW and are building upon the principles we establish.

We have pointed out repeatedly that the Guaranteed Annual Wage was more than a matter of economic justice to the wage earner and his family—that it was a matter of economic necessity to the health and well-being of our national economy. Our basic economic problem is the achievement of a dynamic expanding balance between our growing productive power and the achievement of comparable purchasing power in the hands of the people.

In short, our difficulties reflect the fact that our know-how in making things far exceeds our know-how in distributing things. When a worker is laid off, while he and his family feel the economic impact directly and immediately, the economic impact is not isolated to the worker for ultimately it affects the whole economy. When a worker is laid off, if his wages are not guaranteed his income is reduced and his purchasing power is drastically cut and, as a consumer, his active demand for goods and services is currently curtailed. Under these circumstances, unemployment breeds further unemployment. The worker, who would have produced the goods or provided the services which the first worker would have purchased had he not been laid off, is also laid off and his income is reduced and his purchasing power curtailed. Thus, we get a snowballing and a compounding of the negative economic factors in which unemployment breeds more unemployment.

OUTLOOK UNCERTAIN

As we meet in Convention in the early part of April, 1957, the general economic outlook is uncertain and the economic outlook for the automobile and agricultural implement industries is even less reassuring. The tight money policy of the present Administration, higher prices, resulting primarily from excessive profits of giant corporations and a lack of purchasing power on the part of millions of American urban families and continued decline in farm family income give reason for concern about the future. A repetition of the 1929 full-scale depression is not likely, but credit is not due to the foresight or the sense of responsibility of Big Business or their agents in government. The progress that we have made toward greater over-all economic stability is due primarily to the legislation adopted under the New Deal of Franklin Delano Roosevelt and in the growth of the collective bargaining power and the achievements at the bargaining table on the part of our free labor movement. Despite the progress made, there still remains an undue and totally unnecessary degree of economic instability in the industries under our jurisdiction, which bears with exceptional force upon the major segments of our membership.

There are signs, reflected repeatedly in business publications, that our SUB agreements, rudimentary though they still are, are already impelling management to put greater emphasis than ever before on stabilization of employment. Despite this, during 1956 and continuing down to the present, our members in the auto industry continue to suffer from the consequences of the mad production race staged in the industry in 1955 when the auto corporations forced their dealers to accept cars in far greater numbers than the market was ready to absorb. In order to preserve their liquidity, the dealers made sales at prices and on credit terms that borrowed heavily from their future market. Many consumers are still making instalment payments on cars bought during 1955 and will not be ready to buy new cars for some time to come. In the agricultural implement industry, our members have been suffering since 1951 from the consequences of depressed conditions in the farm areas.

As the early months of 1956 wore on, it became apparent that the usual spring upturn in auto sales would not be forthcoming. Accordingly, early in May, 1956, our International Executive Board, after carefully reviewing the situation in our industries, decided that the time had come again, as it had so often during the postwar period, to take up the fight for jobs for our members. By April 21, 1956, the auto industry had already laid off 123,000 workers in seven states since the beginning of the year. The situation in the agricultural implement industry was similar.

UAW PROPOSED CONFERENCE

Accordingly, as President of the UAW, I directed letters to the automobile and agricultural implement companies proposing industry-wide conferences in their respective industries at which we and they could consider together all relevant aspects of the situation.

My letters pointed out that the corporations had a responsibility not only to their workers but to the communities in which they operate and, ultimately, to the nation as a whole for dealing effectively with the unemployment problem. Since the affected communities had such an important stake in the solution of the unemployment problem, we suggested that the mayors of communities, in which there was sizable unemployment in the industries under UAW jurisdiction, be invited to participate in the proposed conferences.

With practically no exceptions, the corporations refused to step up to their responsibilities and either ignored or rejected the suggestion for conferences.

As unemployment continued to grow with increasingly adverse effects on the auto and agricultural implement communities, we decided to go ahead with the conferences despite the attitude of the corporations. On June 8, 1956, a conference was held in Detroit which was attended by some 40 mayors, city administrators and supervisors from automotive communities, the Governor of the state of Michigan, the presidents of UAW local unions from those same communities, and the leadership of the International Union.

At this Conference, our Union presented an analysis of the unemployment problem in the industry, together with a comprehensive program for dealing with it. This program may be summarized as follows:

The Union favors the establishment of minimum federal standards of unemployment compensation, and higher benefits to be paid by the states; a federal moratorium on home mortgage payments for workers during layoffs; increased personal income tax

ILLINOIS' SENATOR PAUL DOUGLAS meets with a UAW Task Force committee to discuss unemployment problem in the farm implement industry. Task Force was set up to restore full employment to that industry.

Delegates to National GM Council Conference discuss workers' problems. The leading role played by the UAW in the battle to restore and maintain full employment was discussed, too.

exemptions and the removal of some excise (sales) taxes, such as the one on automobiles; more defense contracts and increased public construction for distressed areas; an industrial rehabilitation program to be undertaken by cities, states and the federal government; and higher minimum wage, together with more extended coverage.

The UAW also favors a stepped-up public works program, including housing, in all areas; a commission to study and report to Congress on technological changes and their implications; and a federal scholarship program to train the skilled workers and scientists of tomorrow.

In addition, it seeks the development of a new long-range farm program. In the meantime, however, it favors, as short-term measures, restoration of farm price supports at 90 per cent of parity and the use of farm surpluses at home and abroad.

This Conference set up a Task Force composed of a representative group of mayors, the Governor of Michigan, Secretary-Treasurer Mazey, Vice President Woodcock and myself. In addition, the Conference invited the five automobile companies to designate representatives to serve on the Task Force, which was to follow through with action designed to relieve the unemployment situation.

INDUSTRY'S FALSE PROMISES

When the Task Force met on June 19, representatives from Ford, Chrysler, General Motors and American Motors appeared in response to the invitation that had been sent to them jointly by Governor Williams, Mayor Cobo of Detroit, and myself. It soon became apparent, however, that they were participating only as a public relations gesture. In order to minimize controversy, we presented a minimum program to which the industry could have no reasonable objections. Nevertheless, the corporation representatives made it clear that they would not cooperate. Instead, they stepped up their opposition against liberalization of unemployment compensation and made promises of no further layoffs that soon turned out to be completely false. In fact, employment of production workers in the auto industry fell steadily from 574,000 in June, 1956, when the Task Force met, to 504,000 in September. (It had been 796,000 in December, 1955.)

A conference of the mayors of the agricultural implement communities was convened in Rock Island on July 12. This conference also set up a Task Force. This Task Force, with the active participation of Vice President Greathouse, Director of the UAW Agricultural Implement Department, has continued actively to work on the unemployment problem and in late January of this year met in Washington with Congressional leaders to solicit their support for its program.

We believe that much more can be done than has been done thus far to stabilize employment in the auto and agricultural implement industries. As indicated, there are signs that progress is being made under the stimulus provided by our SUB agreements.

Harnessing the Atom

The same scientific knowledge and experience, the same technical skill which unleashed the horrors of atomic and hydrogen bomb warfare have at the same time opened up the prospect for the greatest material and cultural advance in the history of the world.

Peaceful and careful use of this new source of energy cannot only raise American living standards to heights never before dreamed of but can banish poverty, hunger, disease and ignorance from the entire world.

Harnessing the atom for peacetime purposes confronts the entire labor movement with the responsibility of making a most important contribution to the most rapid development possible of the atom's industrial, agricultural and medical uses consistent with safety and in accordance with an orderly process that will distribute evenly its great potential benefits throughout mankind, avoiding the enrichment of a favored few at the expense of dislocation and hardship for the many.

I regret to have to report to this Convention that so far neither government nor private enterprise has measured up to the requirements which the discovery of nuclear fission imposes upon all of us. It has happened throughout history, since the first significant advances in modern science began, that we have always had a moral and cultural lag between the progress we make in the physical sciences and our failure as a free society to make comparable progress in the human and social sciences. Certainly in the field of the atom the people who are dealing with the mysteries of nuclear fission in terms of harnessing its power, its potential in terms of peaceful application, are in their laboratories and their test tubes, much in advance of the problems we are wrestling with in trying to catch up with them and translate their progress into the human sciences in terms of basic legislation, collective bargaining and all of the other things essential to insure our use of the new found tools that the atom makes possible, with a sense of responsibility toward the needs and the problems of the total community.

Each time a frontier of technological information and knowledge has been extended, the labor movement in cooperation with other groups has tried to develop the economic and social measures necessary so that new technical progress is reflected in basic human progress. I believe the peaceful harnessing of the atom is the greatest challenge we have ever had, because the problems are more complex and more difficult, and at the same time, if we meet them successfully, the rewards will be that much more fruitful.

It was my opportunity during 1955-56, as a member of the Citizens' Panel on the Peacetime Uses of Atomic Energy, set up by the Joint Congressional Committee on Atomic Energy, to get a close view of the great beneficial potentialities of nuclear fission and, I am sorry to say, of the deficiencies in our own program of its development for peacetime uses.

SLOW PROGRESS AND INDIFFERENCE

These deficiencies may be divided mainly into two parts: unnecessarily slow progress in developing peaceful uses of the atom and a frightening indifference on the part of responsible officials toward needed precautions against the many and some still unknown hazards of nuclear radiation.

The facts compelled me to file with the Joint Congressional Committee a Separate Opinion as a member of the Civilian Panel, although I joined in the majority report of the Panel because I subscribed to their general conclusions. I simply felt they did not go far enough in some aspects of the problem.

The fact is, as I pointed out in the Separate Opinion, the United States is failing to demonstrate the outstanding leadership in releasing atomic energy for peaceful purposes which it demonstrated in putting the atom to work for war.

For many years after the war no really significant beginning was made to apply the atom to peaceful uses. Finally, in 1955, the AEC invited private enterprise to submit proposals for participating in the development of atomic reactors for the generation of electric power. It was not, however, until 1956 that three companies applied for construction permits and, as yet, none of these plants is anywhere near operation.

The construction of one of these three, the proposed fast breeder reactor plant being built by the Power Reactor Development Corporation at Lagoona Beach near Monroe, Michigan, is being contested by three unions—the UAW, IUE and the Paperworkers—because it is one of the cases where the safety factor has been ignored by the AEC.

The one large-scale reactor now nearing completion is the AEC demonstration reactor at Shippingport, Pennsylvania. The sobering fact is that, more than 11 and a half years after the end of the war, there is no American reactor, publicly or privately built, producing power for commercial use. One government experimental reactor, of the so-called "boiling water" type, at the Argonne Laboratories in Illinois, is in operation and producing 5,000 kilowatts of electric power.

For two years the USSR has had in operation a small-scale pilot model delivering electric power.

The British Government completed on schedule and put into operation its first full-scale power reactor delivering electric current on October 17, 1956.

NUCLEAR POWER ESSENTIAL TO ECONOMIC GROWTH

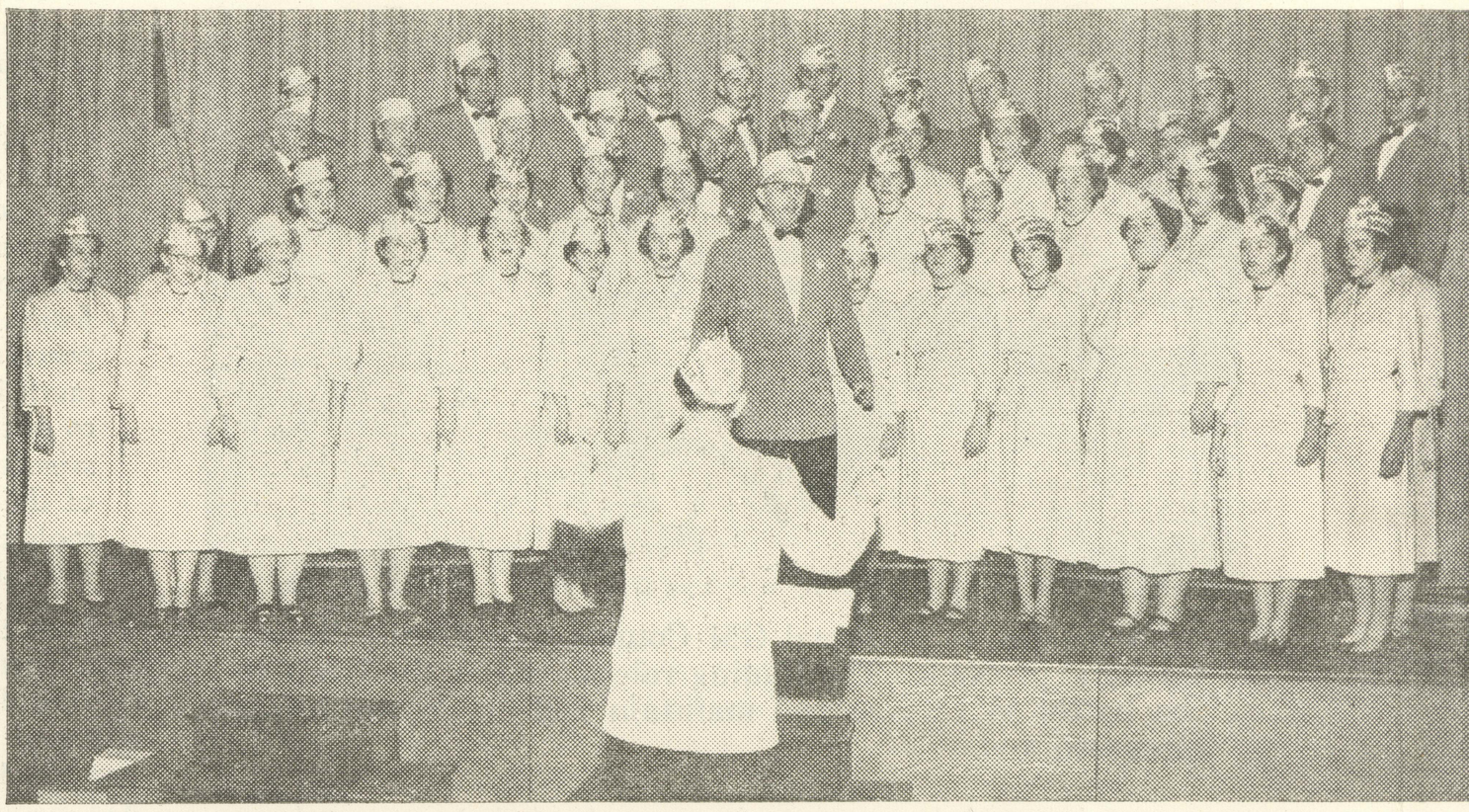
The need to develop atomic energy as a practical source of power for use in the United States is urgent. There are power-hungry areas in our country today. There are other areas where the high cost of power retards economic progress and is encouraging the flight of industry to other parts of the country.

Total power requirements in the United States will expand at a tremendous rate over the next 25 years. We shall need nuclear power to meet those requirements. I cannot accept the comfortable assurance that our conventional fuel resources will meet all our power needs for another 20 to 25 years.

No power ceiling should be imposed upon the normal and necessary expansion of our economy. Of that we must make sure. We must develop every source of energy we have, including atomic energy.

Why UAW Members Seek S

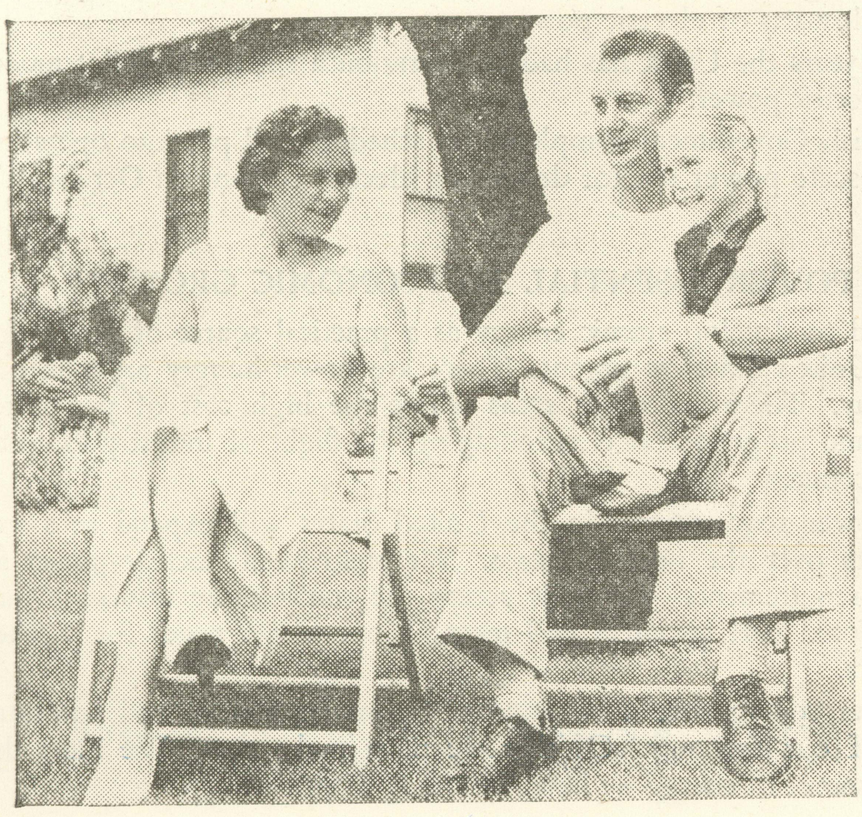
A SHORTER WORK WEEK will allow workers who must spend many hours doing repetitive, monotonous work more time for leisure and the things they LIKE to do . . . like this UAW member, who's taking his best girl horseback riding through the fields.

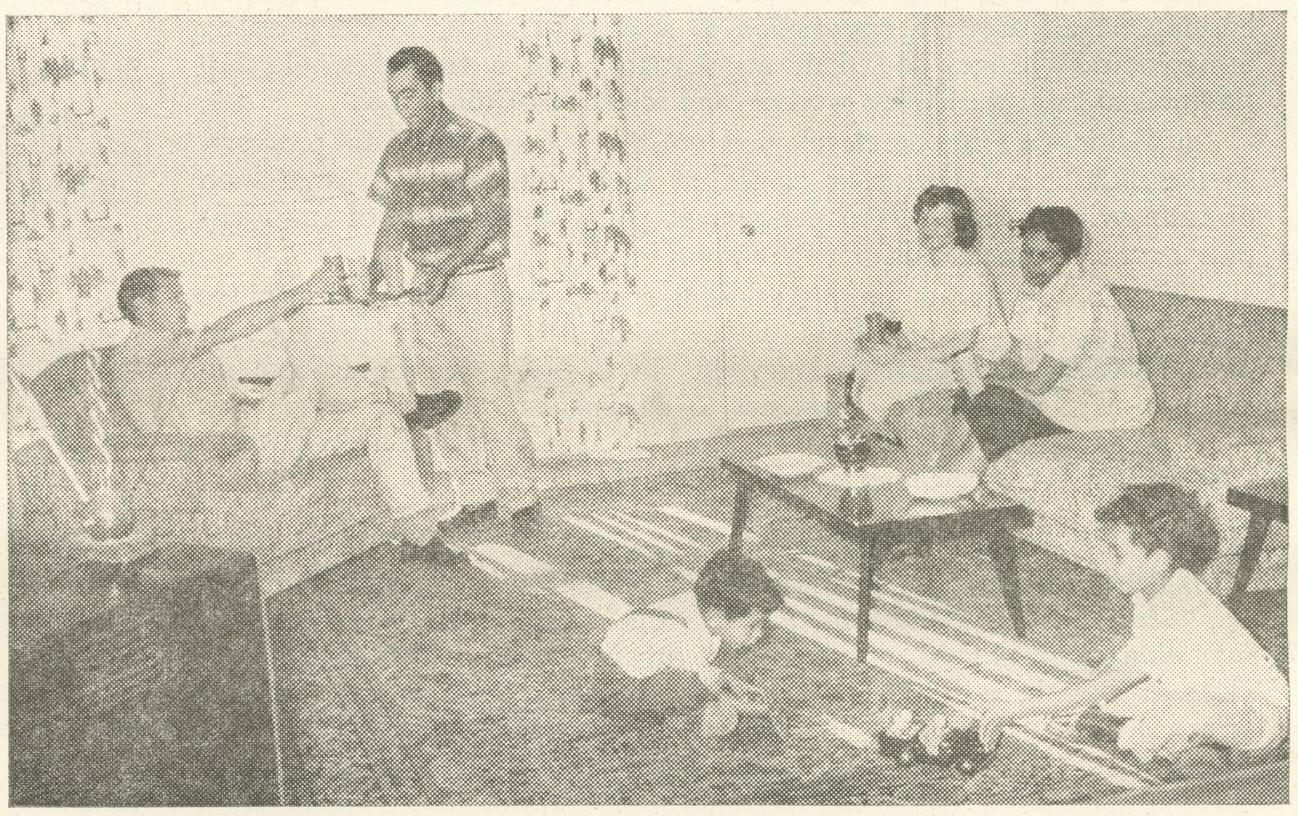


MORE LEISURE TIME FOR WORKERS would permit them to spend more time in artistic and cultural pursuits, give them a chance for creative individual expression, something they often cannot do in their work. These UAW members belong to a well-known chorus. Leisure-time music and song can enrich the lives of many, provided they get the time for it.

They Want a Longer, Richer, Fuller Life—

QUITE A FEW UAW MEMBERS are interested in having a little extra time to spend with their wives and children around the house (see photos above and below), fixing up their homes and lawns. The UAW member in the photo above is too tired on week days to do much lawn mowing, so he's showing his wife how it should be done, to the amusement of his neighbors. He'd just as soon do it himself, though—if he could get to spend more time at home.

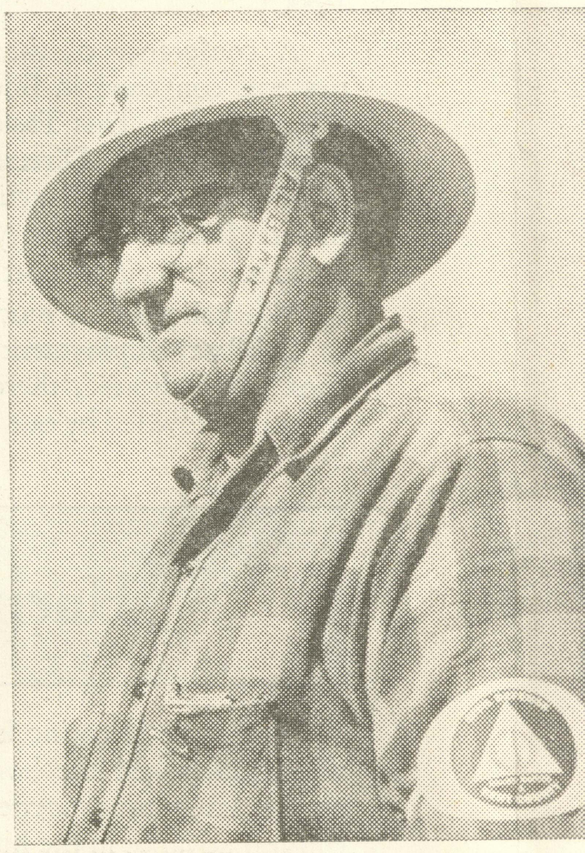




SHORTER WORKING HOURS can also mean more time with family and friends, more time to relax and enjoy your own home—whether it's watching your kids play, looking at TV or having your next-door neighbor over for refreshments and a friendly chat.

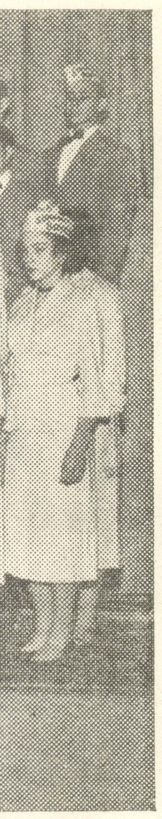
PLAYING CASINO WITH your neighbor and your kids in your own back yard is one form of leisure-time activity workers could enjoy if they had a shorter work week. Sightseeing trips, family picnics, helping the children with their home work or going to school yourself to train for a higher-skill job—all these can be possible when you work shorter hours.

They Want to Sha



WORKERS WITH MORE TIME on their hands can also participate more fully in civic, community and charitable work like this UAW Civilian Defense volunteer. The whole community would gain from a shorter work week.

k Shorter Work Week:



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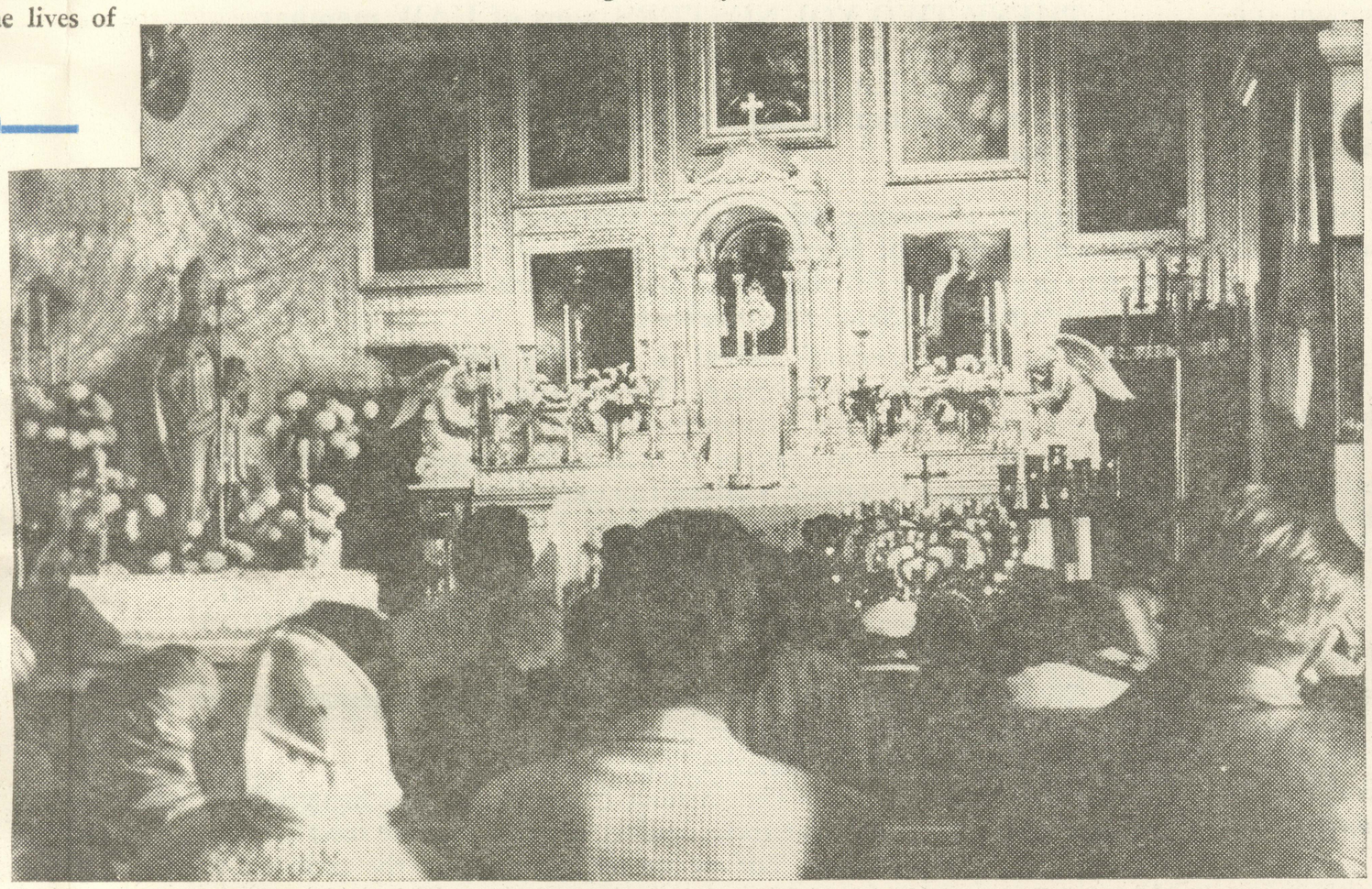
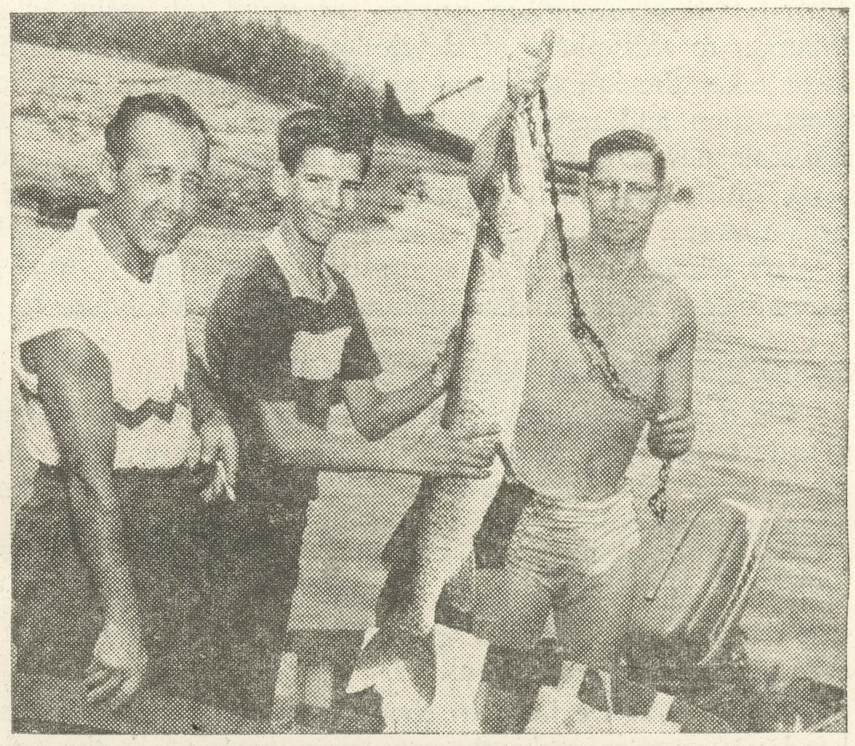
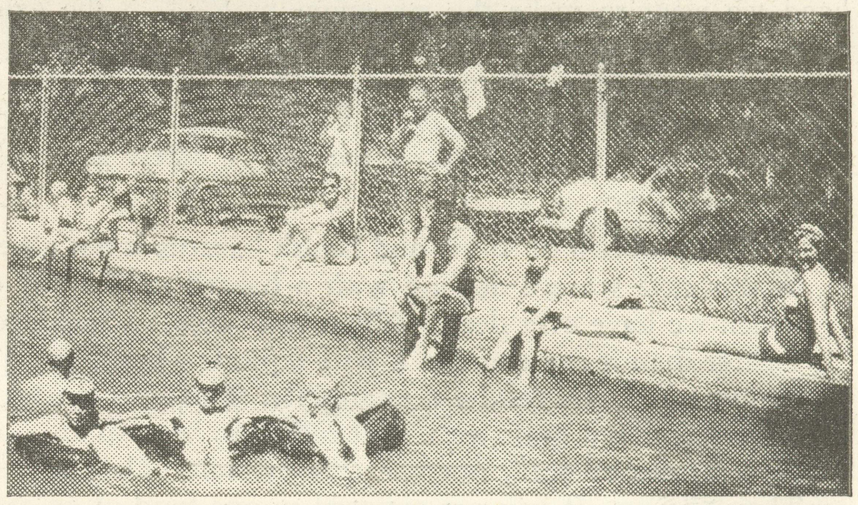
MORE TIME FOR RELIGION, at home and in the church, would be one of the blessings of shorter working hours—like the UAW member above, reading the Holy Bible to his family, or those in the photo below, left, going to church more.

UAW MEMBERS ARE almost unanimous in wanting a shorter work week by 1958. Above and below are good reasons why. There's no question but that bowling, fishing and swimming are among the most popular leisure-time activities of our membership, and a shorter work week will permit a lot more of these—as well as other forms of recreation, thus creating more jobs in service industries.

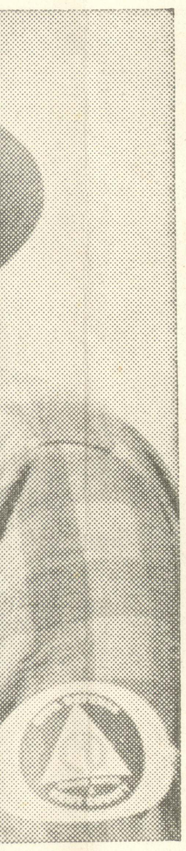






More leisure time and more time for cultural and religious pursuits, as depicted above, are not the only reasons a shorter work week is needed. It's an economic necessity, too. As technology increases and makes possible greater production in fewer manhours, it's imperative that consumer purchasing power be expanded to provide markets and that leisure time be increased to permit all to share benefits of increased production.

Share the Fruits of Improved Technology—



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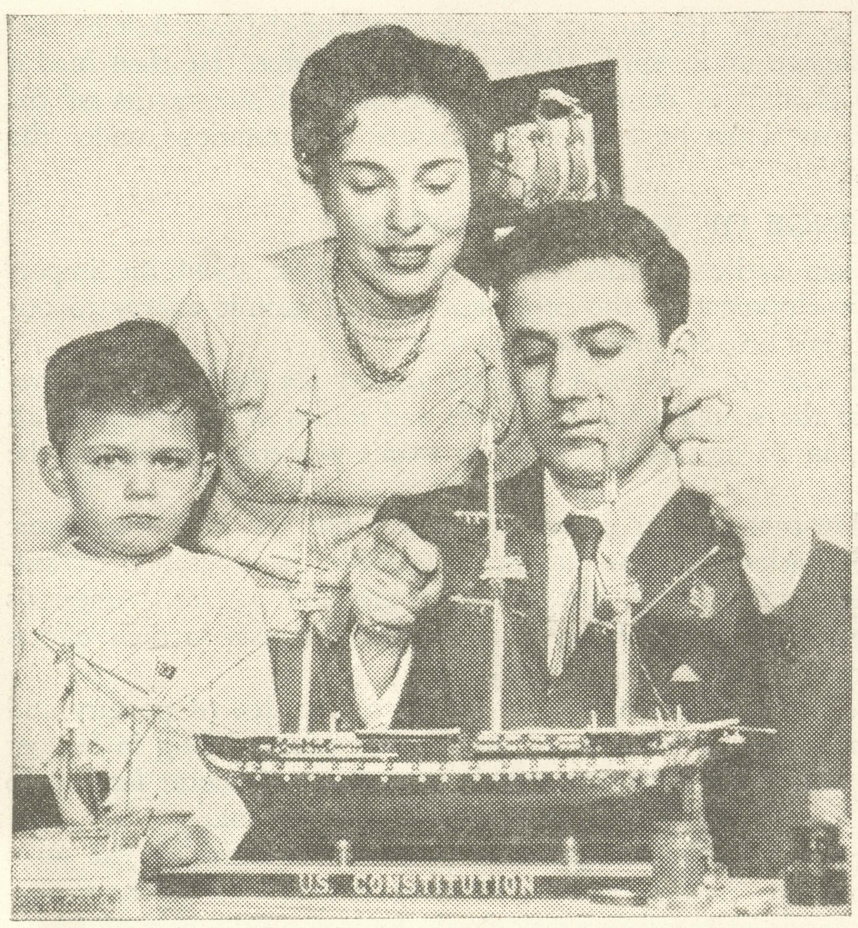
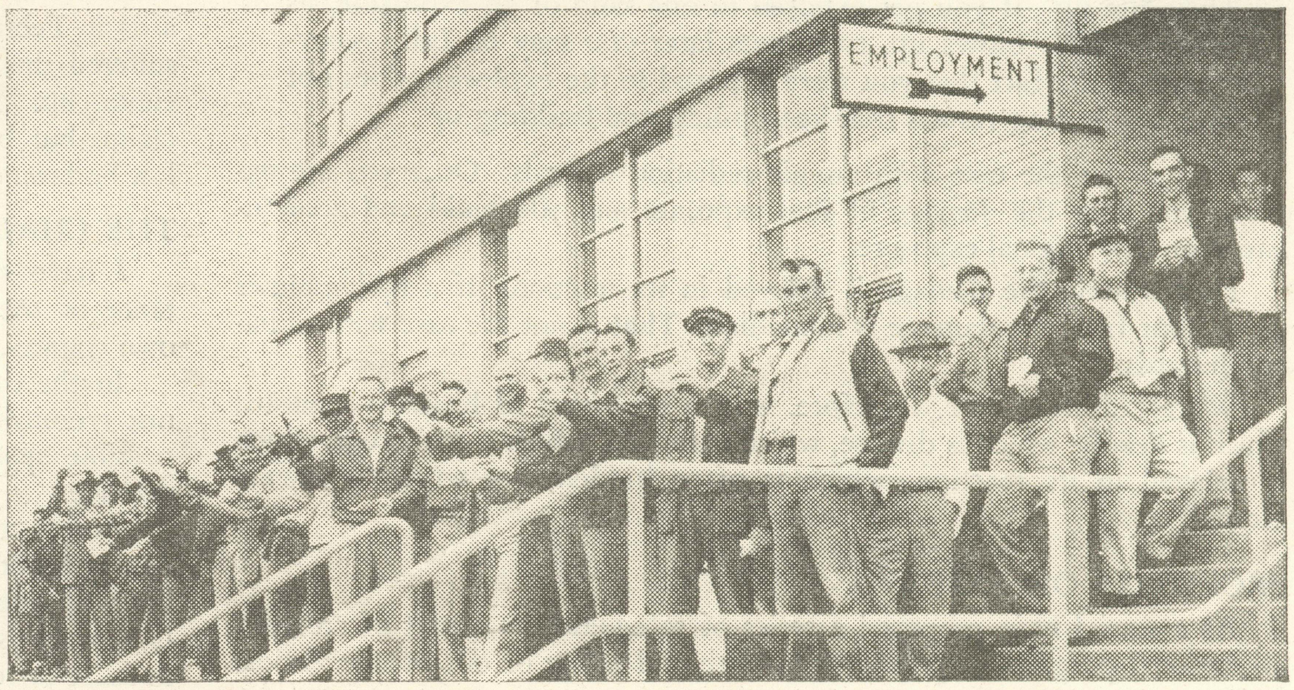




WHETHER IT'S PURSUING a hobby, as the UAW member in the photo at left is doing, or spending your time on a camping trip, or "doing-it-yourself" at home, your leisure time activities themselves will create more jobs in the industries which cater to and service such activities—the hobby shops, the motels, hotels and cottages, the auto industry which will sell more cars to workers going to more places, the gasoline dealers and highway builders, and so on . . . but even more important, the shorter work week will mean more jobs in the plants where we work.

They Want Full Employment and a Higher Standard of Living

HOW BEST TO GET THE JOB DONE

To meet the challenge and to realize the opportunity of the peaceful uses of atomic energy, we must mobilize all our forces and enlist the active participation of every segment of our economy. We must make full use of the capabilities both of government and of private enterprise. Only by drawing upon the special contributions of each can we make satisfactory progress toward our objectives—fortifying the strength of our nation, advancing the welfare of our people and discharging our world responsibilities.

The technological barriers ahead of us are formidable. Enormous investments are required. The financial risks are great. But all these difficulties can be overcome by a united, determined and coordinated effort.

It would be tragic to destroy this great opportunity for national achievement and world leadership by dissipating our strength in ideological warfare over the respective roles of government and private enterprise. That is a sure-fire formula for standing still here in the United States while the rest of the world moves forward in the practical application of atomic energy to human needs.

The opportunities for government and private enterprise to make their special contributions in this new field will arise out of the particular problems encountered at each stage of development. Both will have a vital part to play throughout, but the character and degree of their responsibilities will change as we make progress in mastering the new technology.

The early research and experimental phases of the program are primarily the government's responsibility, it is generally agreed. The development and construction of small-scale power reactors is also primarily a government responsibility.

I share the point of view that the productive know-how and managerial skill of American private enterprise can make an important contribution to this phase of development, providing, however, the government takes the initiative and assumes the financial risks involved in the construction and testing of these full-scale reactors. Building these first full-scale power reactors is an extension of the research and experimental work which only the government is capable of performing under present circumstances. Accordingly, I have urged that the AEC policy of placing primary reliance on private enterprise at this stage of development be subjected to early review and re-appraisal by the Joint Committee.

SAFETY PROBLEM ALREADY WITH US

We must recognize that the problem of safety is already with us on a scale much broader than most people who are active in labor or who are part of the general public realize. Already 1,500 plants in America are using atomic materials in one form or another, which means that in 1,500 establishments workers are already exposed to the hazards of atomic radiation. This is not a problem that is far down the road. This is a problem that is already parked on our doorstep, and tomorrow it will assume even more serious proportions.

In this field we have to choose between relative values. On the one hand we want to make the maximum progress in the extension of economic frontiers, so that we can find a way to extend and expand the application and use of the atom to meet peaceful needs. But while we are trying to expand the frontiers of human knowledge and extend the use of the atom, we have to protect the health, safety and well-being of the American people.

The problem of safety and health hazards is not a new one, but in this case we are dealing with a hazard unlike any other with which we have ever dealt. When you subject a boiler to pressures greater than it can contain, it will explode—but that explosion can be measured. Its results are tangible. They are much more easily understood and dealt with. But radiation hazards are not tangible; they cannot be seen, nor can they be felt. They are cumulative. They pile up. If you get exposed to one kind of an explosion, as when a boiler blows up, two years later you may be fully recovered, and the fact that you were exposed to the explosion does not have any lasting results that keep piling and building up.

That is not the case with atomic radiation hazards. Once you are exposed you keep the damage of that exposure and you build and accumulate upon that original exposure.

Furthermore, the damage is delayed in its reaction. If a boiler blows up in your face, the damage is immediate. That is not the case with radiation hazards.

We are dealing here, therefore, with a new kind of hazard—a hazard which is deadly, which is diverse, which is unseen, which is persistent, which is delayed in its reaction, which is often hidden, but which is always eternal.

PROPOSALS ON SAFETY

As a start I have proposed a series of safeguards as a part of an overall national program to protect the health and safety of our people against radiation hazards and exposure:

1. **I subscribe to the National Academy of Science's proposal that an** individual record be kept of every citizen, so that he will always know, and the medical profession will know, and people dealing with collective bargaining problems will know, just to what extent each individual has been exposed and the point at which his exposure begins to take on dangerous proportions.

2. **Both the Atomic Energy Commission and the National Bureau of** Standards have worked out standards designed to protect people against radiation exposure. It is significant that their standards provide for a much higher percentage of exposure than those recommended by the National Academy of Science. I think that until more is known on this matter, the more rigid and more cautious standards of the National Academy of Science should be observed.

THESE TWO YOUNGSTERS, sons of UAW members, look at a model of a slum rehabilitation project in Detroit. Their dads' Union participated in the development of the program—another example of the UAW's role in community affairs.

3. **The safety standards should be federally devised and uniformly** applied throughout the United States. They should not vary between states, as do the present workmen's compensation laws. Does anyone really believe that the state of Mississippi is technically competent to draft and enforce a state law to protect workers from atomic radiation? Even highly industrialized states, where social legislation has reflected a sense of responsibility and maturity, lack the trained personnel in their safety standards divisions for dealing with this new problem. Only the federal government has the trained personnel and has the power to enforce federal standards effectively, because it controls the materials and it issues the licenses.

4. **We must think in new concepts of workmen's compensation in re**lation to this new hazard. Under present laws, when a worker loses a hand in a punch press, or when he loses an eye or a leg on his job, one can measure these matters. The existing compensation benefits generally are inadequate, but they nevertheless reflect the fact that we have learned to measure these problems. But we cannot yet measure the problem of damage as a result of exposure to atomic radiation. This is intangible. We have to think through whole new basic concepts and new standards as they relate to this new hazard.

5. **There is also the problem of timing. If a worker loses his hand,** the records show when he lost the hand and under what conditions. The claim for compensation can be filed within a matter of days after the accident occurs. There is the case, however, of a worker at the Dupont Chemical Company in South Carolina who was exposed to radiation hazards in February, 1955. He did not become aware of the fact that he had suffered this damage until April, 1956—14 months later. He then filed a claim, but the claim was denied, not on the basis of the merits of his claim, but because when he filed it the statute of limitations under the law had run out.

THE CHALLENGE OF WORLD LEADERSHIP

I have spoken earlier in this section of my report about the importance of the development of the peacetime uses of atomic energy to our own country. It is a broader problem than that.

In the cold war—in freedom's struggle against the forces of Communist tyranny—in the struggle for the hearts and minds of men—speed, all possible speed, in harnessing the atom to man's peacetime needs can be decisive.

Access to low-cost nuclear power may prove the key to the economic development of backward areas and make possible the liberation of millions of people from poverty, hunger, ignorance and disease. America's leadership is essential if we are to block the Communists in their efforts to forge poverty into power.

Our success in harnessing the atom to lift the burden of poverty and disease from hundreds of millions of the world's people living in hunger and ill-health would establish America in a position of moral leadership against which Communist propaganda would be impotent.

Harnessing of the atom for peaceful purposes will give us the tools with which to wage freedom's most effective propaganda to these people—the propaganda of the democratic deed. Failure on the part of America to pursue the peaceful harnessing of the atom with maximum speed, determination and dedication may prove to be the Achilles' Heel of the cold war.

General Economic Conditions

The American economy is once again experiencing the combination of uneven prosperity and basic instability which has been its most frequent characteristic since the end of World War II. Except for the period of the fighting in Korea, the economy during the past ten years has been seesawing between temporary booms and periodic business declines. During the booms, big business has made fantastic profits while many communities and, in recent years, the farm areas have suffered from recession conditions. Even in the declines, the big corporations have strengthened their relative positions while small businessmen, the workers who experienced unemployment and short work weeks, and farmers on family-size farms have felt the major impact of recession.

The uneven distribution of prosperity during the boom periods is the basic cause of the instability reflected in recessions. The failure to maintain a consistently high level of prosperity fairly shared by all has been due in large part to the lack of sufficent broadly based consumer purchasing power to maintain a constantly growing market for all our economy can produce and to insure stable and steady economic growth.

During the past four years, instability has been aggravated by the economic policies of the Eisenhower Administration. The "trickle-down" theory—the notion that prosperity for the many is created by further enrichment of the wealthy few—has been applied as vigorously as political expediency would permit. At the same time, the Administration has been fearful of economic growth; has failed to distinguish the forces of growth from the forces of inflation; and has clamped on the tight money brakes whenever the economy showed signs of vigorous forward movement.

The negative results of these policies, measured in terms of economic progress, economic stability and the general well-being of the American people, are now clearly evident. The rate of economic growth has been materially slowed. Such growth as we have had has been unbalanced growth. Investment has boomed while consumption has lagged. Dividend and interest payments have increased sharply, with wages and salaries trailing far behind and farm income declining substantially.

EFFECTS OF TIGHT MONEY POLICY

The tight money policy, imposed on the theory that a scarcity of credit would lessen the pressure of demand on supply, has not curbed inflation. It has failed to do so for two major reasons. The first is that our current inflation is not the result of the operation of the law of supply and demand, but rather the consequence of the abuse of the power held by a small number of giant corporations to fix prices arbitrarily without regard to supply and demand factors.

The present situation is a clear demonstration of the power of giant monopoly corporations to raise prices in defiance of the so-called "laws" of economics. According to all the classical theories of economics, inflation results when demand exceeds supply. But prices have been increased in industries where the reverse is true. Higher prices and higher living costs have resulted from uncontrolled selfishness on the part of America's giant corporations which, occupying positions of complete domination in their sectors of the American economy, can at will arbitrarily inflict increased prices upon the American consumer in complete disregard of the law of supply and demand.

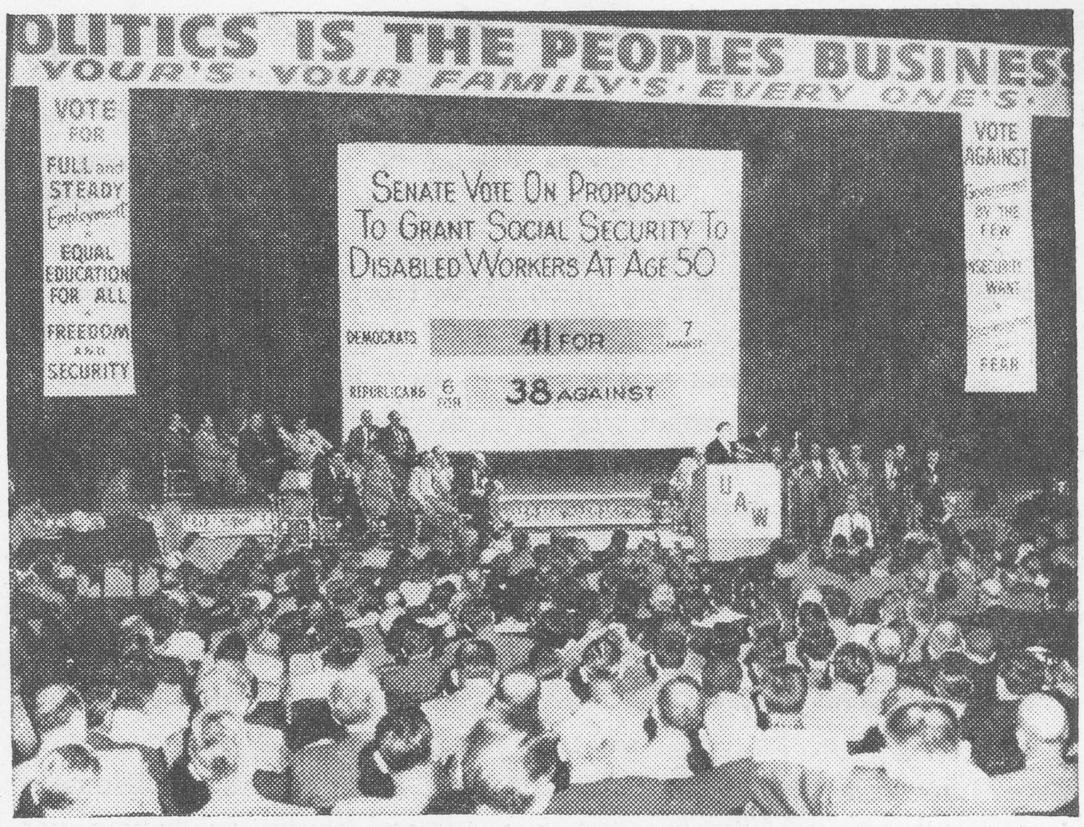
Second, the tight money policy has no effect on demand for investment goods by those same big corporations which finance their investment not by obtaining credit, but rather by use of excessive profits from the extortionate prices charged their customers.

The tight money policy has contributed to imbalance in the economy by limiting the credit available to small business, to state and local governments, and to low-income consumers. The squeeze on small business is reflected in the fact that failures during 1956 rose to a new postwar high. State and local governments have been prevented by the scarcity of credit from meeting high priority social needs for housing, schools and hospitals. Consumers have been hurt by the curtailed availability of mortgage loans, which has sharply reduced housing construction, and by high interest rates on both housing and installment credit.

Despite the tight money policy, prices have been increased drastically in industries dominated by huge profit hungry corporations where price competition is more myth than reality. These price increases have eaten into the purchasing power of American families, thus reducing consumption and living standards.

REDUCED RATE OF ECONOMIC GROWTH

The reduced rate of growth in the economy is evident from comparison of the years 1953 to 1956 with the period 1947 through 1953. During the pre-Eisenhower period, the Gross National Product (the total value of all goods and services produced) increased at a rate of 4.7 per cent per year, after allowance is made for the price changes that took place during those years. The annual rate of growth from 1953 through 1956 was only 2.7 per cent, little more than half as much as during the earlier period. Measured in terms of the goods and services available per individual in our growing population, the rate of increase was 2.9 per cent per year from 1947 to 1953 and only 0.9 per cent from 1953 through 1956.



NAM and other industry lobbying forces unions into politics. Here UAW Election Year Conference delegates hear a report on the issues before endorsing candidates in 1956.

In short, if the American economy had expanded during the last four years, 1953-1956, at a rate comparable to the expansion in the period 1947-1953, the American people would have had far more goods and services to share than were actually available. The loss for the four-year period amounts to $67 billion in terms of the 1956 buying power of the dollar. This is equivalent to more than $1,370 for every American family.

To clearly understand the reasons for the growing instability in the American economy, we need to compare the movements of profits, wages, farm income, and dividends income to stockholders.

CORPORATE PROFITS HIT NEW HIGH

Corporate profits (before taxes) during 1955 reached a new all-time high at $43.4 billion. On an after-tax basis, profits were only $0.6 billion below the all-time record of 1950, when profits taxes were much lower than in 1956. These figures, drawn from official sources, understate the actual size of 1956 profits because, under the Administration's tax policies, corporations are now permitted to treat as costs substantial amounts which, before 1954, would have been counted as profits.

Wages and salaries also rose to new record levels in 1956. But the unbalanced distribution of the fruits of economic growth is evidenced by the much sharper rise in dividends and interest. From 1952 through 1956, roughly the period of President Eisenhower's first term, compensation of workers (including such items as fringe benefits, Social Security taxes, etc., as well as wages and salaries) increased 22 per cent. During the same period, dividend income increased by 33 per cent and interest income by 61 per cent.

DECLINING INCOME HITS FARMERS

Farmers not only failed to share in such economic growth as took place during these years but actually suffered severe declines in their incomes. Net farm income decreased by 22 per cent from 1952 to 1956, falling from $15.1 billion in the earlier years to $11.7 billion last year.

In 1956, for the first time, dividends, the great bulk of which go to less than one per cent of the population, exceeded the total income of the 22 million members of farm families. Interest payments exceeded farm income for the first time in 1953 and have continued to increase substantially while farm income has been falling.

Apologists for big business and their political agents in government who consistently support tax legislation to provide relief to wealthy corporations have peddled the myth that America's giant corporations are in reality owned by millions and millions of small stockholders and that therefore to increase the profits of these giant corporations will increase the income of millions and millions of American families.

It is true that millions of Americans are stockholders, but it is equally true that most of these millions of Americans have very small stock holdings and that, in fact, a few wealthy families own the lion's share of stock and collect the lion's share of the dividends. Federal Reserve Board surveys show that at least 80 per cent of corporation stock is owned by less than one per cent of American families, who own stock worth $25,000 or more.

Dividend and interest payments combined—the major recipients of which are largely the same small group of people—last year were equal to more than two and one-half times the total income of all of America's farmers.

UNCERTAINTY OF 1957 PROSPECTS

Trickle-down economics and tight money were major factors behind the 1954 recession. Their continuance during the 1955-56 recovery period and the imbalances they introduced into the economy during that period have led to new uncertainties and fears concerning prospects for 1957. Last December, for example, *U. S. News & World Report* polled a group of investment bankers. **In reply to the question, "Will business turn down in 1957?", there were 107 who answered "Yes" and only 66 who answered "No."**

A downturn in business, obviously, would mean more unemployment for workers and increased hardship for millions of American families. The recovery years 1955 and 1956 were generally considered good years by business, yet in these two years an average of 2.6 million workers, or 3.9 per cent of the civilian labor force, were unemployed. While there must always be some workers changing jobs and thus temporarily unemployed, actual unemployment has been about twice as much as could be accounted for on this basis. In January, 1957, the Department of Labor reported that unemployment was serious in 16 major U. S. labor market areas and in 58 smaller communities. In both January and February, 1957, the number of workers officially counted as unemployed for the country as a whole totaled over three million.

NEEDLESS UNEMPLOYMENT

Workers and their families suffered this needless unemployment and its resulting hardships because total production in our economy, and therefore the number of jobs available, failed to grow as fast as they could and should have grown. Each year the labor force increases by about one million additional workers for whom jobs must be provided. In addition, through technological improvement, the average hourly production per worker increases. Thus, to maintain full employment, it is not enough to have some increase in production each year. Production must increase **enough** to insure that there will be jobs for the additional workers, and to insure that increasing productivity through technological advance does not lead to unemployment.

In 1955 and 1956, not only was the increase in production insufficient to prevent needless unemployment, but in 1956 the **rate of increase** slowed down as the year advanced. The physical volume of all goods and services produced in the first half of 1956 was 3.5 per cent greater than in the first half of 1955, but in the second half of 1956 output was only 1.5 per cent greater than in the same period of 1955. While there seemed to be some improvement in the last three months of 1956, a large part of the increase in production went into building up larger inventories of goods on hand. But inventories cannot be built up indefinitely.

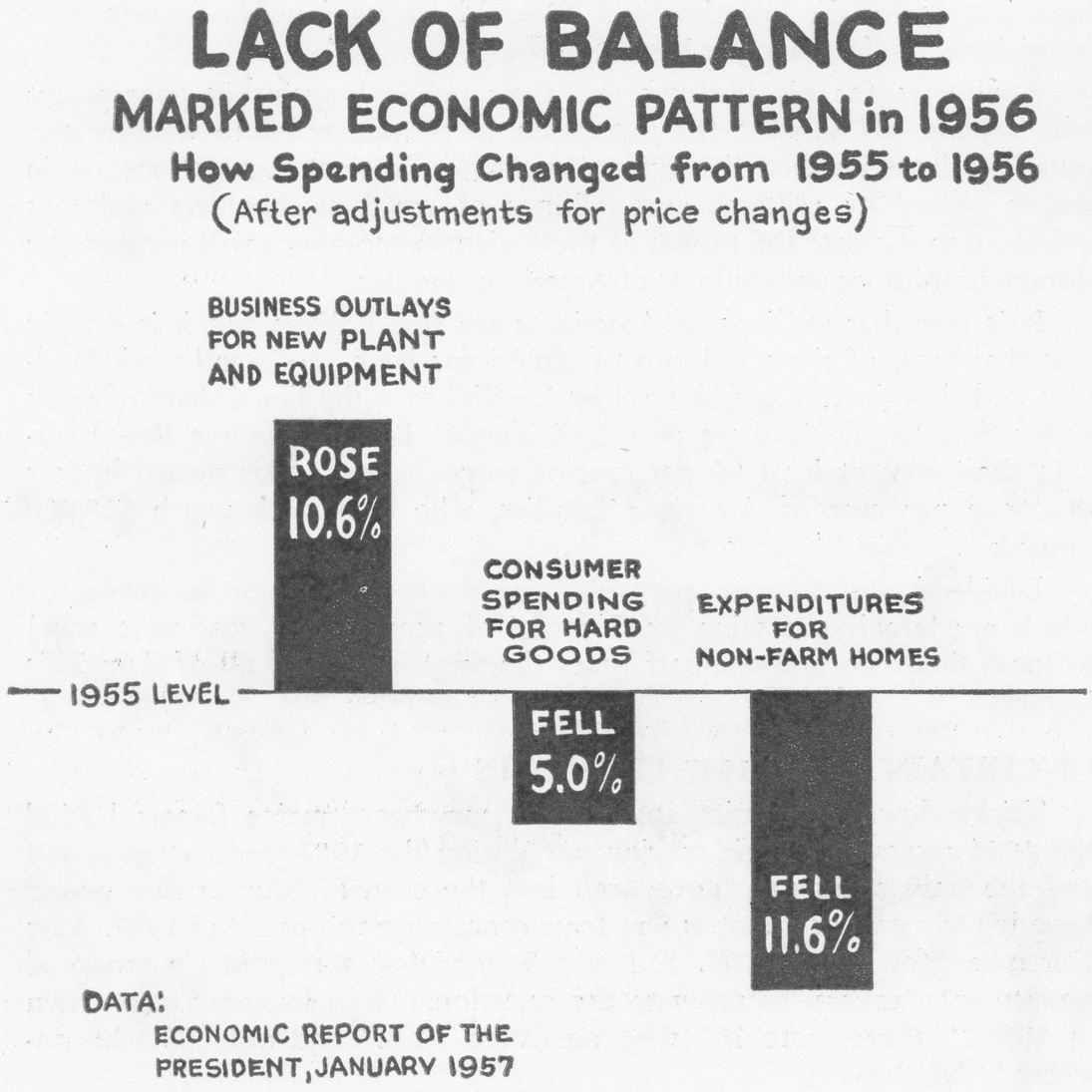
Business Week reported on February 9, 1957, that "inventory accumulation has lost a good bit of its appeal," and that purchasing agents are now becoming more cautious, and commented:

> **"Yet even mild caution on the part of buyers will mean a smaller volume of incoming orders to a lot of parts and materials producers." (Emphasis in original.)**

Thus, there is real danger that unemployment will increase during 1957 unless vigorous measures are taken to expand consumer buying power.

Our national economic policies must be firmly based on the understanding that full employment depends upon full production and that full production is not possible unless we achieve a dynamic balance between greater productive power and expanding purchasing power in the hands of the people who have unfilled needs.

The threat of a new downturn is of particular concern to auto workers because the automobile industry is especially vulnerable to any instability in the economy. Since 85 to 90 per cent of the prospective buyers of new cars already own a car, the purchase of a new car is more easily put off than the purchase of most other consumer goods. This means that during a recession motor vehicle production tends to decline much more than most other industries. During the 1954 "rolling readjustment" period, for example, production of all goods and services declined by less than two per cent, but passenger car production declined by over nine per cent.



LACK OF BALANCE IN ECONOMY

The lack of balance in our economy, and the urgent need for a sharp increase in consumer buying power to prevent the threat of another recession, become very clear when we look at what has been happening in the various sectors of the economy. Not only has the over-all rate of growth been slowing down, but consumer spending has been slowing down even faster than the rest of the economy. During the past year the major supporting force in the economy has been a substantial increase in business investment in plant, equipment and increased inventories of goods. But unless consumer spending also grows, business investment cannot be expected to continue at its present pace.

> **Thus, for example, residential construction has been actually decreasing even since the end of 1955. For the year 1956, it was almost 12 per cent below 1955. This decline has more than offset the increase in commercial and industrial construction. Many other industries dependent on consumer spending have either declined also, or at best remained stagnant. Comparing 1956 with 1955, production of household furniture increased by only 0.8 per cent, production of furnaces, gas ranges and heaters showed an increase of only 0.9 per cent, while other consumer goods industries declined. We produced 7.4 per cent fewer radios and television sets, 18.0 per cent fewer automobiles, trucks and parts, 7.6 per cent fewer tires and tubes, 2.8 per cent less textile mill products and 1.8 per cent less clothing.**

In spite of these danger signs of reduced spending in important consumer industries, production of non-farm capital goods increased substantially. All types of machinery, instruments and equipment showed increases, ranging from 12.1 per cent in the production of instruments to 20.9 per cent in the production of machine tools. The rate of increase in plant construction was approximately the same as the rate of growth in equipment and machinery. Investment of business as a whole in plant and equipment increased from $28.7 billion in 1955 to $34.9 billion in 1956, a gain of 21.7 per cent. In no other peacetime year has business investment increased so sharply.

NEED FACTS ON AUTOMATION, NEW TECHNOLOGY

In order to grapple effectively with the economic problems raised by automation and other technological advances, the American people and their government first of all need more facts than are at present available. We need to know how much of the investment expenditure in each industry has been and is being used for plant modernization and automation, and how this has affected labor requirements. Still more, we need to know each industry's plans for the future. Unfortunately, managements will not volunteer this information, and the present Administration will not ask for it.

In spite of repeated requests by the UAW, no government agency has been given the responsibility or the authority to gather the facts which would enable us to know better just what we must be prepared for. As noted elsewhere in this Report, our Union has proposed the creation of a Permanent Commission on Technological Change charged with the responsibility for obtaining the facts and for recommending appropriate national policies based upon them.

It is clearly evident, however, that in some industries, including the automobile industry, an increasing proportion of capital investment is going into **replacing** existing plant and equipment with more modern facilities. Data from the McGraw-Hill survey of productive capacity suggest, for example, that the capacity of the automobile industry probably increased in 1956 only a very litle faster than in 1955—**but the corporations spent over 50 per cent more on new machines and other capital goods.**

In the steel and rubber industries the rate of capacity expansion was unchanged, but expenditures on capital goods increased by 42 per cent in steel and close to 30 per cent in rubber. In these industries it appears that most of the increase in capital expenditures was used to modernize and automate existing production facilities and to replace older plants by more modern ones enabling such industries to equal or exceed their past production with fewer workers. Only a small portion, if any, of the increase went into expansion. In other words, in these industries, more and more is being invested in machinery which will replace workers, and proportionately less and less is used to build additional facilities which would create new jobs.

A specific example of what is happening is the replacement of the existing machinery in the Cleveland Engine Plant of the Ford Motor Company mentioned elsewhere in this Report. The existing equipment has for five years been regarded as the outstanding example of automation; yet, so fast has the technology of automation advanced, that today it is obsolescent. Ford's $30 million investment in new machinery for this plant will not create one new job for auto workers. It will probably eliminate many.

OUR UNEASY ECONOMY

Much of the responsibility for the present uneasy state of the economy must be placed on the economic policies of the present Administration. Never was Secretary Humphrey's policy of pampering the rich so that they might provide greater investment funds out of their swollen incomes so nonsensical as now, when we need to place major emphasis on larger consumer spending. Never was an economic judgment as ill-timed as President Eisenhower's recent attempt to discourage wage increases, just at a time when our economic health demands more buying power in the pockets of wage earners. Never was a government policy of "tight money" and high interest rates so out of place as now, when we urgently need abundant low interest funds to build homes the average worker can afford, and to build schools and hospitals to meet the needs of our communities.

UAW FIGHTS FOR higher standards of living, not just for this generation, but for generations to come.

The results of the government's tight money policy show just how much damage can be done to the economy through misconceived government decisions. The Federal Reserve Board, through its policies, has power to control the interest rates charged by bankers, and this in turn affects the interest rates charged by all other lenders. Since April, 1954, the Federal Reserve Board has used its powers to push interest rates steadily higher. This has brought enormous profits to the bankers at the expense of borrowers and taxpayers. On the federal government's short-term debt alone (debt repayable within one year), taxpayers in 1956 had to provide over $1.4 billion more to pay interest than would have been required for the same outstanding short-term debt in 1954.

The *Journal of Commerce* said on January 3, 1957, that early financial reports from U. S. banks indicate "record earnings for 1956, ranging from 12 to nearly 40 per cent greater than those reported for 1955."

This tightening of the interest rate was supposed to ease inflationary pressure. Actually, it did nothing of the sort. The big corporations still had available all the funds they could use, and greatly increased their spending. But the tight money policy did mean that the small businessman suffered from a shortage of working capital, and the veteran had to deny his family a new home either because he could not meet the restrictive credit conditions or because he could not afford the high interest payments.

UAW RECOMMENDATIONS

Last August, on behalf of the UAW, I presented to the Platform Committee of both the Democratic and Republican Parties our Union's recommendations on national policies. With regard to the Federal Reserve Board we said:

> "We cannot afford to permit the continued exercise of the power to control the supply of money free from public control by men who have a vested interest in hard money and high interest rates. We therefore propose that, to guarantee against repetition of Federal Reserve recessions, the Banking and Currency Committees of both Houses of Congress should hold hearings on how to impose public responsibility on the exercise of the vast power to contract business activity and employment by cutting off the supply of money and credit."

The policies followed by the Federal Reserve Board since that time make such action even more imperative today.

The tight money policy caused the greatest damage in the field of construction. Not only did total construction decline between 1955 and 1956, but homes, schools and hospitals, of which we have far too few, bore the brunt of the decline, while there were increases in construction of stores and office buildings, for which the need is certainly far less urgent. Comparing the first 10 months of each year, home building declined by 12.0 per cent, hospital building by 14.3 per cent and school building by 0.6 per cent. In the same period, factory construction increased by 22.7 per cent and office building construction by 14.7 per cent.

OUR UNFILLED NEEDS

America has a huge backlog of unfilled needs for new homes. The last Census showed that more than one in four dwellings in non-farm areas was in substandard condition. Yet in the past year the Administration has deliberately restricted new home building, not only through its tight money policy but by direct restrictions on FHA and Veterans' loans.

The families who most need new homes are those with low incomes, who cannot afford a large down payment and need a long repayment period so as to keep monthly installments as low as possible. In order to help meet their needs, the Veterans Administration is empowered to guarantee home loans with no down payment, and with a repayment period of 30 years or more. In 1954 more than 26 per cent of veterans who made primary home loans through VA asked for and got loans with no down payment, and over 22 per cent got loans for 30 years or longer. In 1955, 40 per cent of such loans were without down payment, and about the same percentage were for 30 years or more.

At the end of 1955, the Administration changed its policy. Secretary Humphrey felt there was too much inflationary pressure in the construction industry—too much demand chasing after too little manpower and materials. As will be shown below, this was not true. But even if it had been true, Mr. Humphrey's new policy was no answer to the problem. He had two choices. He could adopt measures which would insure that the available resources of the construction industry were used where they were most needed, to build homes, schools and hospitals. Or he could adopt credit restrictions which would squeeze out of the market those with the least resources, and let the big corporations which had liquid funds, or could borrow in spite of restrictions, build whatever they wished.

SMALL HOME CONSTRUCTION DROPS

The Secretary of the Treasury chose the latter course. Those who had money to spend on office buildings were free to do so—and this form of spending increased sharply. On the other hand, credit conditions for veterans' home loans were tightened up. No-down-payment loans dropped from 40 per cent of the total in 1955 to 21 per cent in 1956. Loans with 30 years' maturity or more dropped from 40 per cent to 29 per cent. As a result, primary loans for new and existing homes under VA guarantee dropped from 643,400 in 1955 to 502,000 in 1956, and new homes started under VA guarantees dropped from 392,900 to 270,700.

The total number of homes that will be built in this country each year depends to a large extent on the number of home buyers who are able to get a government-guaranteed loan, as can be seen from the following table:

Table 1

PRIVATELY OWNED ONE-FAMILY HOMES STARTED
(First 11 Months of Each Year)

Year	Total (thousands)	With Government Help (VA or FHA) (thousands)	Without Government Help (thousands)
1954	997.8	507.8	490.0
1955	1124.0	624.6	499.5
1956	932.0	430.2	501.8
Change, 1954-55	+ 126.2	+116.7	+ 9.5
Change, 1955-56	− 192.0	−194.3	+ 2.3

Source: *Housing Statistics,* January, 1957

As the table shows, in the first 11 months of 1956 we built roughly 190,000 fewer one-family homes than in the same months of 1955 because 190,000 fewer families who needed new homes were able to get government-guaranteed loans under conditions they could afford. Clearly, if we want to increase home building to meet family needs, credit restrictions under VA and FHA will have to be relaxed.

> **The Administration's tight money policy has made the home buyer's plight still more difficult by increasing interest rates on all other types of loans. Interest rates on FHA loans are fixed by government regulation, and on VA loans by Act of Congress. When other interest rates went up, the bankers felt they were not making enough profit on FHA and VA loans, and reduced the amount they were prepared to lend. The result was to sabotage home building still further, and put pressure on the Administration and Congress to raise the interest rates on FHA and VA loans.**

The Administration willingly succumbed to this pressure. Interest rates on FHA loans were raised in December, 1956, from 4½ to five per cent—the second increase under the present Administration. A bill was introduced in Congress to raise the interest rate on VA loans also to five per cent. The Democratic majority on the House Veterans Affairs Committee, in a straight party-line vote, rejected the proposal, and voted instead to provide an additional $200 million for direct loans by the Veterans Administration, short-circuiting the bankers altogether. Although the amount proposed is entirely inadequate—it would make up for less than one-fifth of the drop in loans during the past year—it would be a step in the right direction. As this Report is written, however, the *Wall Street Journal* reports that a compromise is likely, by which the extra $200 million would be provided for direct loans, but the interest rate would still be raised to five per cent.

An increase of one-half per cent in the interest rate means that the home buyer with a 30-year $10,000 mortgage will have to pay an **additional** $1,080 in interest on his loan. Assuming the same annual volume of government-guaranteed loans for new homes only as were made in the 12 months ending October, 1956, and an average maturity of 27 years, an increase of one-half per cent in interest rates would add **$525 million every year** to the long-term interest burden of families buying new homes.

An Administration policy which siphons such large sums from the pockets of veterans and others with small incomes into the coffers of the bankers will certainly not help to improve American living standards, increase buying power or contribute to economic growth. The tight money policy represents just one more sell-out of the public interest at the dictation of the bankers.

DAMAGE TO PUBLIC HEALTH AND EDUCATION

The tight-money policy has also caused enormous damage in the fields of public health and education. Higher interest rates mean higher costs to state and local governments for building hospitals and schools. Higher costs mean higher taxes, and that means that fewer hospitals and schools will be built, however pressing the need.

At the beginning of 1955, the Department of Health, Education and Welfare reported that we had less than 1,100,000 satisfactory hospital beds in the United States, and needed at least 900,000 more. Yet we spent less for hospital construction in 1955 than in 1954, and still less in 1956. After allowing for price changes, **the physical volume of public hospital construction dropped by almost 25 per cent between 1954 and 1956.**

The situation in education is just as bad. Millions of children go to school in shifts. Millions attend schools that are fire traps or otherwise dangerous. Our population of school age is rapidly increasing. We will need 600,000 additional classrooms by 1960. In 1955 we spent $2.4 billion for public school construction. We ought to have spent at least one-third more. Instead, public outlays for school construction declined between 1955 and 1956. The reasons were recently discussed before a Subcommittee of the Joint Economic Committee of Congress in Washington. The following is a *Business Week* summary of the testimony of one of the witnesses:

> ". . . Arthur Levitt, comptroller of New York State, supported the contention that the Fed's tight-money policy is playing havoc in specific areas. He cited the case of a $5.5 million school borrowing made last month at an interest rate of 4.3 per cent, compared with a 1952 borrowing at 2.7 per cent. The difference in interest payments over the life of the issue amounted to $1.3 million, enough to build a school for 900 pupils."

According to *Business Week,* William McC. Martin, chairman of the Federal Reserve Board:

> ". . . did not deny that borrowing for schools had been hard hit. But he insisted that the scarcity of manpower and materials made it impossible to give this area any kind of special treatment. Any easing of credit for school borrowers, he stated, would promptly lead to a big increase in construction prices." (December 15, 1956.)

This simply does not make sense. The construction industry is not overstrained. The physical volume of all new construction dropped by about two per cent between 1955 and 1956. The Bureau of Labor Statistics index of wholesale prices of building materials rose two per cent between November, 1955, and November, 1956, but this was less than half the average increase in all wholesale prices, and was in large part due to a monopolistic and unjustified increase by the big steel corporations in the price of structural steel and other steel products. The prices of lumber and lumber products, for example, have declined.

NEED EXPANDED BUILDING PROGRAM

The worst feature, however, of this type of banker's thinking which dominates the present Administration is that it gives no consideration whatever to the **needs** of the American people. To satisfy those needs, we require a greatly expanded school and hospital building program, assisted by long-term, low-interest credit for state and local governments, and supplemented by direct federal grants.

To tackle the backlog of unmet housing needs, we will have to build at least two million homes a year for years to come. This means that we must make easy credit available at interest rates they can afford to veterans and others. If bankers will not supply the money required on those terms, it must be provided through direct government loans. In addition, we must build at least 200,000 low-rent public housing units each year, and make it possible for non-profit cooperative groups to build several hundred thousand homes or apartments each year for sale or rent to middle-income families.

> **Present indications are that such a program could be carried out without unduly straining the resources of the construction industry. It is possible, however, that at some future time a sudden boom in business construction might conflict with a program to meet our needs for homes, hospitals, schools and other community facilities. If that should happen, we will have to devise a means of insuring that social needs take precedence over the demands of those who merely happen to control huge sums of money.**

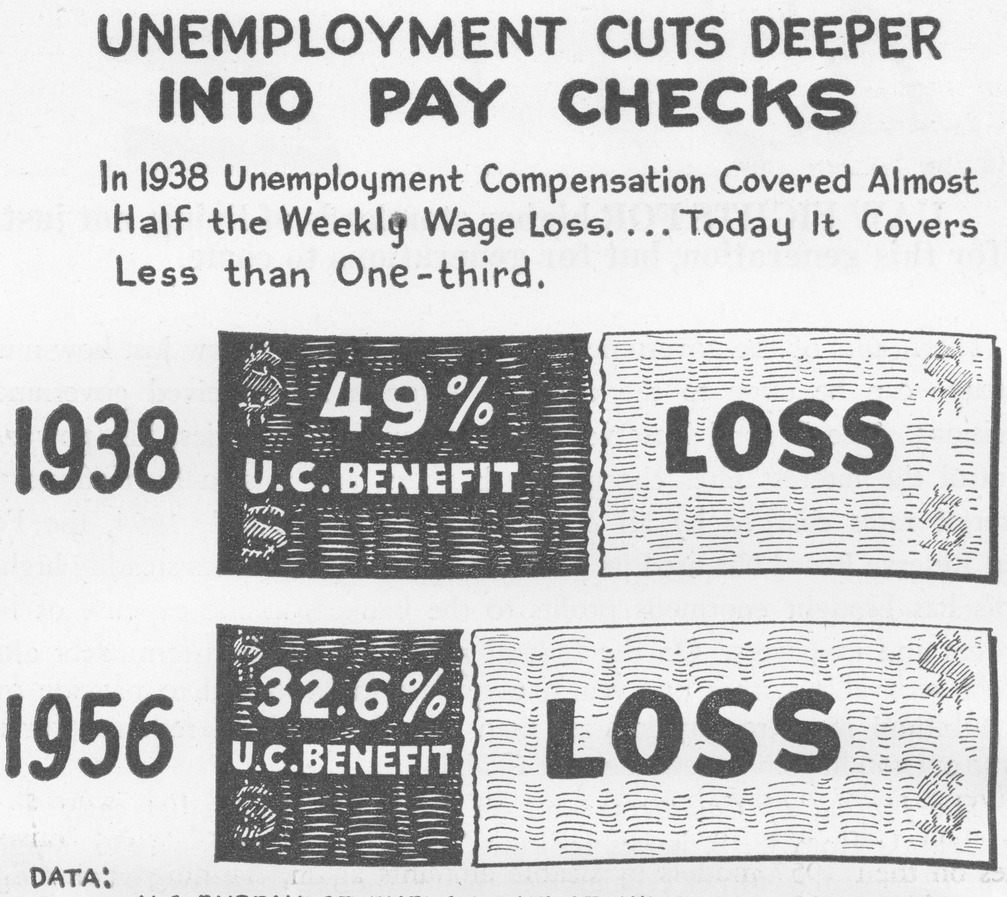
By assisting home building and by substantially increasing government outlays for school and hospital construction, we can provide many of the job opportunities we need for full employment. But the building industry is only one of many. We need to find not only more home buyers, but also buyers for more and better food, for more and better clothing, for more cars and refrigerators and washing machines, for all the thousand and one things which we can produce today in larger quantities than ever before.

UNEMPLOYMENT COMPENSATION

In the area of unemployment compensation, reactionary state legislatures, most of them dominated by Republican majorities, are still refusing to carry out or even to come close to the minimum recommendations of the President. In his 1957 **Economic Report** President Eisenhower reiterated, for the fourth time, recommendations for higher benefits and longer duration. He said:

> **"First, benefits are still inadequate in relations to wages. It is again suggested that the states raise the dollar maximums so that the great majority of covered workers will be eligible for payments equal to at least half their regular earnings. Second, the duration of benefits is still inadequate in many states. It is again suggested that the states and territories which have not yet done so lengthen the maximum term of benefits to 26 weeks for every person who qualifies for any benefit and remains unemployed that long. Third, important classes of workers are still not covered. It is recommended that the Congress extend unemployment insurance to the 1.8 million employes of firms with one to three persons on their payrolls who are still uncovered in many states, to ex-service men, and to employes in Puerto Rico. Also, the states are urged to include the 4.5 million persons who work for them or for their political subdivisions." (Emphasis supplied.)**

In not one of the 48 states have these recommendations yet been fully implemented. In every state the amount of weekly unemployment compensation benefits is substantially below the level recommended by the President, and in only a very few states are benefits payable for as long as 26 weeks to every unemployed worker who qualifies for a benefit.



MUST INCREASE CONSUMER INCOME

By providing something at least closer to a decent living standard for economically depressed groups through better Social Security and a higher and expanded minimum wage, we can help to increase their purchasing power as consumers, while at the same time bringing a greater measure of economic well-being to those in our country who need it most. But in order to increase sufficiently the broad base of purchasing power and create the markets, we need to match the swiftly growing productivity of our economy, the most necessary step of all is to raise the general level of wages. Wage and salary workers make up approximately 79 per cent of the civilian labor force. Compensation of employes represents 70 per cent of the national income. In order to increase consumer spending, we must increase consumer income—and the major part of that income is earned as wages and salaries.

At the same time, we must insure that wage increases are not used as a pretext for unnecessary price increases, as has happened during the past two years, and many times previously. Since the middle of 1955, wholesale prices of a few industrial commodities have risen steadily. Up till the end of 1955, this rise in some industrial prices was offset by a drop in farm prices, so that the total cost of living remained relatively stable. During the first quarter of 1956, farm prices reached approximate stability; and since March, 1956, the increase in this group of industrial commodity prices has been reflected in a higher cost of living. The official cost-of-living index rose by 3.1 per cent between January, 1956, and January, 1957.

UNJUSTIFIED PRICE INCREASES

This increase in prices does not result from an excess of money in the pockets of consumers. Neither does it reflect any sudden boom situation in which marginally efficient producers are satisfying a sharp increase in demand at a higher cost. Nor does it reflect any need to maintain a reasonable level of profits in the face of increasing wage costs which would otherwise reduce profits below a reasonable figure. None of these excuses is valid. The increase in prices has resulted from the greedy desire of a few enormously profitable corporations to increase their profits still further, using as a pretext the modest economic gains of the workers in their plants—gains which could easily and almost painlessly have been financed out of already extortionate profits.

The price increases in 1955 and 1956 were largely localized in a few basic industries (such as, steel, autos, non-ferrous metals and oil) in which a few giant corporations dominate the field. In all of these industries, except oil, wage increases were used by the corporations to "justify" the price increases. How flimsy an excuse this was can be seen by the following facts.

AUTO PRICE HIKES

The motor vehicle industry, which raised prices twice, in 1955 and again in 1956, is the most profitable of all manufacturing industries. In four of the five years, 1951 through 1955, the motor vehicle industry made a larger percentage profit on its investment than any other manufacturing industry. In 1952, it ranked second to the aircraft industry. In each of the years 1952, 1953, 1954, its profits before taxes as a percentage of investment were more than 50 per cent higher than those of all manufacturing industries combined, and in 1955 they were approximately twice as great.

When General Motors raised its prices in 1955, it used as an excuse the 20 cents per hour in economic gains won by UAW members. It ignored the fact that its profits, based on the first nine months of 1955, were equal to $2.93 per hour for every hour worked by all factory workers in its U. S. plants. Its profits before taxes were running at an annual rate of 78.9 per cent on its net worth—over three times the average for all U. S. manufacturing corporations during the same period. General Motors' profits, before the 1955 price increase, were 20.7 per cent of sales, equivalent to $310 on a car wholesaling for $1,500 and retailing for $2,070.

Ford, whose workers won approximately the same economic gains as those of General Motors, raised prices in 1955, after reporting profits during the first nine months of the year equal to 57.7 per cent on net worth on an annual basis and to $3.06 per hour for every hour worked by its U. S. factory workers.

In the face of such profits it would be a gross distortion of the truth to say that economic concessions to their workers compelled these corporations, which account for 80 per cent of total car production, to raise their prices.

From the time of the 1955 auto price increases (on 1956 models) to the introduction of the 1957 models, auto workers received an average of slightly more than 10 cents per hour in wage increases. Of this amount, four cents reflected cost-of-living wage adjustments to restore the buying power that these workers and their families had *previously* lost to inflationary price increases affecting the things they buy. The remainder was compensation for increased productivity under the annual improvement factor provisions of our collective bargaining agreements. This part of the total wage increase, by the industry's own admission, does not provide any basis or jurisdiction for a price increase. In fact, it is quite likely that the entire wage increase, including the cost-of-living adjustment, meant no cost increase whatsoever to the industry because of increased productivity resulting from automation and other technological changes.

Nevertheless, General Motors and Ford, despite profits that were still exorbitant (although lower than in 1955 because of reduced sales), raised prices on their 1957 models by sizable amounts again, claiming or hinting, in accordance with what has now become standard operating procedure, that wage increases were responsible for their higher prices.

STEEL INDUSTRY

The steel industry made substantially higher profits in the postwar period than before the war. In six of the eight years between 1947 and 1955, the combined profits after taxes of the 50 or so leading steel corporations were a higher percentage of their investment than in 1929. In each of the eight years the percentage was substantially higher than in any year between 1930 and 1940. Comparable figures on profits before taxes for this particular group of companies are not readily available, but they would undoubtedly show a much more favorable position in 1947-55 than in prewar years because of the great increase in taxes on profits.

Nevertheless the steel companies raised prices every time they granted a wage increase. Often they raised their prices twice, once in anticipation of the wage increase and a second time after the wage increase was granted. And they raised steel prices by several times the amount of any possible increase in wage costs. In 1955 the additional revenue resulting from the price increase was 3.2 times as large as the additional cost resulting from the wage increase. In 1956 the additional revenue gain was 2.8 times as large as the additional labor cost.

OIL PRICES

The oil companies had not even the excuse of a wage increase when they raised prices. They simply used the opportunity of the Suez catastrophe, which opened up new markets for American oil in Europe, as a chance to squeeze both the American and European consumers. Certainly, they could not claim that their profits were too low. For the first nine months of 1956, profits on investment after taxes were 17.2 per cent for Standard Oil of New Jersey and 16.6 per cent for both the Texas Company and Standard Oil of California.

Yet in spite of these fabulous profits, the companies at the beginning of the year raised the prices of crude oil, fuel oil and gasoline.

ENORMOUS PROFITS

Thirty years ago, in the Booming Twenties, huge corporations, ruthlessly pursuing their narrowly conceived self-interest, reaped enormous profits for several years. Then, as now, they indulged in an orgy of capital expansion, but made no effort to see to it that consumer buying power was also expanded so as to absorb the flood of products from the shiny new plants. This was the policy that ended in the catastrophe of the Depression Thirties.

Today, the giant corporations—far larger now—which dominate automobiles, steel, oil and many other industries, are following the same greedy, irresponsible path. At the moment, business for them is fine. In fact, their profits are an even higher percentage of net worth than in 1929. (See chart on page 26).

While corporation managements may view this with pride, and dream of ever fatter bonuses, they fill the rest of us with alarm. They show the urgency of devising machinery by which the price and profit policies of these business giants can be policed.

CONSUMER BUYING MUST BE EXPANDED

The situation we face is simply this: Our economy in the past year has continued to grow, but at a decreasing rate. Even that amount of growth took place only because capital expenditures of business increased at a rate which has no peacetime precedent, and which cannot be sustained in the future unless consumer buying power is also greatly expanded.

There are already signs in many industries that consumer demand is not keeping pace with the increase in production facilities. In other industries, the job security of workers is increasingly threatened as a growing proportion of investment expenditure is used to replace men with machines, and production is not increasing at a rate that will create enough new jobs to take up the slack.

Productivity in the entire economy is increasing at an accelerating pace. But the hunger for profits of the huge corporations which dominate the majority of key industries, and the economic blindness of a reactionary national Administration, are preventing the fruits of that productivity from being shared wisely and equitably among all the people in a manner which would insure continuing growth and stability in our economy.

This situation presents us with both an opportunity and a challenge. We already have the productive capacity to make possible an immediate improvement in our living standards, individually and collectively. And we must continue to improve them more rapidly than in the past if we are to have full employment and to maintain the rate of expansion of which our economy is capable so as to assure further and substantial rises in living standards for the future.

We can have more and better homes, more and better food and clothing, more cars, more household appliances, more of everything we need. We can create adequate facilities for health, education and other community services, build more dams for flood control and low-cost electric power. We can increase our aid to less fortunate countries. We can reduce the hours of work, and increase the hours of leisure. All these things are possible as the amount of goods each worker can produce per hour of work increases more and more rapidly year by year.

OPPORTUNITY IS HERE

The opportunity to do these things is here. The challenge which faces us is the fact that we must do them, or face the threat of a downturn in our economy. We must not only continue to increase our capacity to produce, but we must make sure that our capacity to consume balances it and keeps pace with its growth. Otherwise, unemployment will inevitably start to grow. Out of the ever more abundant wealth of which our industries are capable of producing, we must make sure that a sufficient proportion is utilized to meet our long-neglected needs for homes, hospitals, schools and other community facilities.

LABOR UNITY—another achievement of the past two years.

Fight Against Inflation

Since they were first negotiated in 1948, the cost-of-living escalator clauses in UAW contracts have given most UAW members some degree of protection against rising prices. While these escalator provisions have kept the buying power of our wages from being washed away by inflation, they are only a partial and negative defense.

They cannot protect the savings of UAW members. They cannot defend the value of sickness and accident benefits, group life insurance policies, or pension benefits provided under our contracts.

In our fight against the ravages of inflation, moreover, we cannot afford to think of UAW members alone. The level of employment in our industries depends on the purchasing power of American consumers generally. The jobs of UAW members are threatened when the American public is robbed by unjustifiable price increases brought about by the greed of employers.

There is another basic reason why UAW's fight against rising prices has been waged on the broadest front. There has been a running campaign of distortion and misrepresentation regarding the causes of rising prices in this country since the end of the second World War.

Industry has charged that the major if not the sole cause of rising prices has been labor's wage demands. These charges have been circulated in most of the nation's press. And, since the coming of special-interest government to Washington, the assertion that wage earners themselves cause inflation has become the gospel of that government and, by inference, has been endorsed by the President of the United States.

UAW has challenged this malicious nonsense over the years and will continue to challenge it, not only in defense of the immediate interests of UAW members but in order that our whole economy may continue to expand.

MYTH MUST BE DESTROYED

Our surest defense against inflation—the loss of purchasing power, and the general decline in living standards that may follow our national failure to match an expanding productive power with expanding buying power—lies in a destruction of the "labor-causes-inflation" myth. It lies in public recognition that wages, prices, and profits are all parts of the equation that produces either abundance or depression, either good times or bad.

If wages, prices, and profits are out of balance—if employers get too much in the form of higher profits and prices and the great mass of consumers get too little in wages and other personal income, then we are in trouble. Purchasing power dries up, markets shrink, jobs become scarce and unemployment results.

Yet if wages, prices, and profits are to be kept in balance—in a dynamic balance of continuing expansion so that the expansion of production is equalled by an expansion in buying power—then the American public must know as much about what happens to profits and prices as it knows, or thinks it knows, about wages.

If wages, in other words, are public business (and they are), then prices and profits are public business, too. And the way they fit into the pattern making for prosperity and abundance is public business.

The National Association of Manufacturers, individual employers, and a business-minded press have suppressed or distorted this vital relationship of wages, prices and profits. They have kept wages in the forefront of the public concern, while keeping industrial profits in the shadows. When corporate greed causes unwarranted price rises, the NAM has a ready story for public consumption and newspapers from coast to coast are standing by to peddle it. The story is that labor's demand for wage increases has forced the employer to put up the price of his product. The editorial wise men, who are always telling labor how to behave, never raise the fundamental question: Could the employer absorb the wage increase and still make a reasonable profit without raising prices? This question is never asked, except by the unions themselves, notably the UAW, and an occasional citizen of broad social vision.

Labor's wage demands are always assumed to be unjustified; management's price demands are always assumed to be proper. For over 10 years, now, UAW has sought to expose the scandal of this double standard.

Long before the present sharp upsurge in the cost of living, the UAW carried the campaign for higher purchasing power to the American people in the strike of the General Motors workers in the winter of 1945-46. Before that, during World War II, the UAW had supported price controls and had maintained in Washington a full-time consumer counsel to ride herd on government agencies and protect the price front against the inroads of profiteers.

The 113-day strike of GM workers after the war had been preceded by a carefully documented analysis of the corporation's ability to grant a wage increase without increasing the prices of GM products—and by a UAW offer to reduce the wage demand to whatever level might be shown to be necessary to avoid such a price increase.

UAW HAS ALERTED PUBLIC

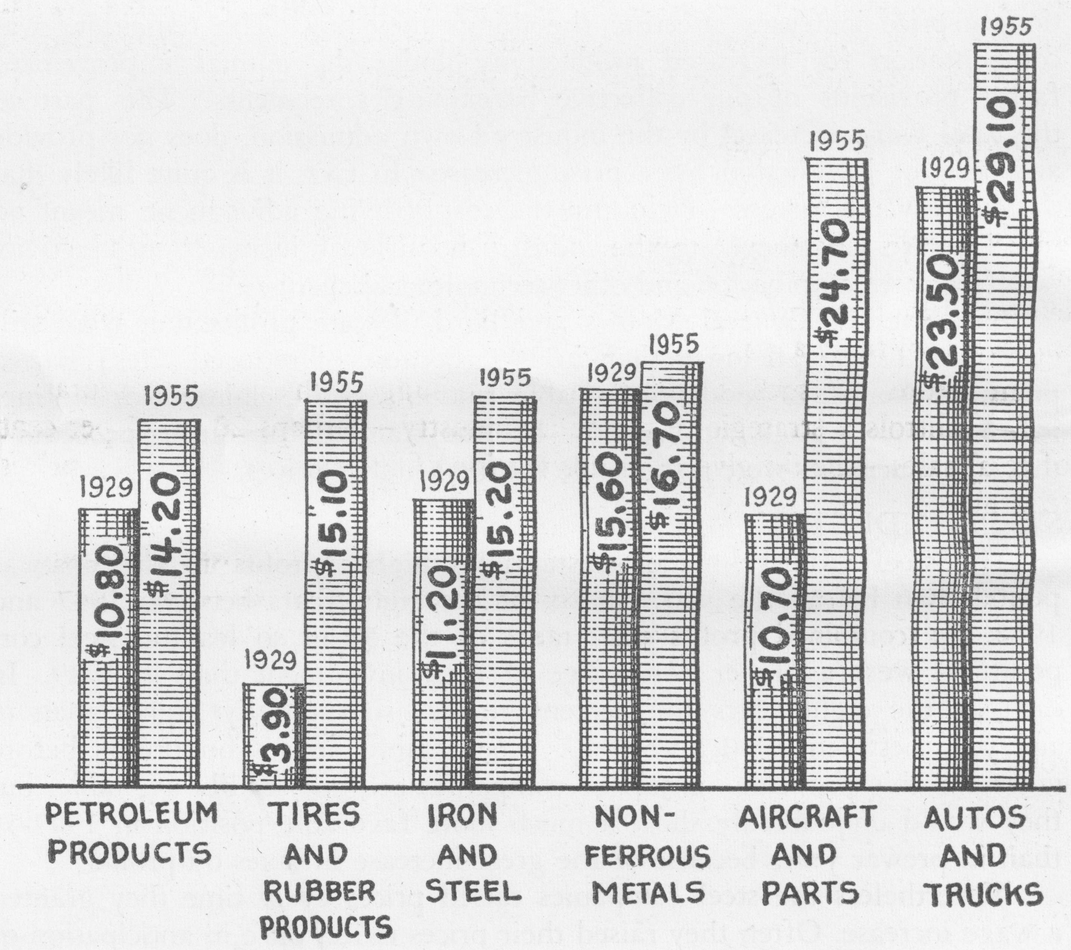
At the time and throughout the postwar period whenever the auto, steel and other basic industries planned price increases, UAW has alerted the American public to corporation profits and pointed out how advancing technology and growing efficiency of production methods, particularly in the case of the automobiles, but also in American industry generally, has made it possible for industry to absorb wage increases out of phenomenal profits.

When the Korean War threatened an inflationary spurt in the summer of 1950, as the President of the UAW, I called upon President Truman and Congress, in behalf of UAW members and their families, to impose price controls.

Later in the same year, when the auto industry again contemplated price increases, a union analysis of auto industry profits demonstrated that they were so high that any further price increase would be unwarranted and a reckless aggravation of the inflationary threat.

In July, 1955, after the steel industry had raised prices and when price rises by Ford and General Motors were anticipated, the UAW Executive Board formally called for a thorough Congressional investigation of those inflationary moves of industry.

That was some time before the current sharp upward trend in prices began, but there were already signs that the trouble now upon us was brewing. There had been a creeping rise of industrial prices. These prices, however, were not being reflected in the overall index because agricultural prices were falling and thus holding the general index down.



UAW understood then from the bitter experience of wage earners, however, that the storm would ultimately break if the responsibility of industry for inflation were not presented to the American people.

General Motors and Ford did raise prices in the fall of 1955. They defended their action, as usual, by attributing the rise to economic gains made by UAW members earlier in the year.

If the facts had been aired in the Congressional investigation for which UAW had called, they would have shown that the cost of our wage increases and other economic gains to these corporations amounted to about 20 cents an hour. They would have shown further that during the first nine months of 1955—before prices had been raised but after the gains of the workers had been largely in effect for four months—GM's profits before taxes came to $2.93 an hour for every hour worked in its plants by all its 400,000 U. S. factory workers, yielding a return on stockholder investment equal, on an annual basis, to 78.9 per cent. GM's rate of return after taxes would still have been fabulous: 36.5 per cent.

Such a Congressional investigation would have shown that in Ford's case hourly profits were $3.06—a rate of return on investment of 57.7 per cent before taxes and 26.1 per cent after taxes.

In a word, there was no excuse, economically or morally, for the price gouge of the fall of 1955. Yet it was this reckless greed of the automotive companies, combined with their headlong production race for the 1956 market, which piled up car inventories and produced the grave unemployment crisis of 1956 in the automobile centers.

Nor was this all. Auto companies again raised prices in 1956 despite the depressed market their own greed had caused, and despite widespread unemployment among auto workers.

UAW renewed its call for a Congressional investigation of the price gouge in March, 1956, publishing further data to show that high corporate profits proved the price boosts unnecessary.

PRESIDENT ASKED TO BACK PROBE

In November, 1956, after another rise in the Consumers Price Index had confirmed our worst earlier fears by kicking the cost of living to a record high, I wrote directly to President Eisenhower. The President himself, in a press conference, had suggested that wage increases had caused the cost-of-living rise.

I asked President Eisenhower to support a sweeping investigation of the wage-price-profit relationship. I reviewed the history of UAW's concern for a dynamic economy, cited the facts regarding corporate price increases, and suggested that it was misleading to imply that labor and industry were equally guilty in causing inflation.

> **"We are of the firm belief that an objective analysis of all the economic factors relating to wages, prices and profits will furnish irrefutable proof that wage increases definitely cannot be blamed for recent price increases by major corporations in basic industries such as auto and steel," I wrote.**

My letter to President Eisenhower also stated that a searching investigation would, in any case, enable the American public to inform itself and to fix responsibility where it belonged.

A reply from Presidential Assistant Sherman Adams on December 8, 1956, said that "Congressional investigations are the prerogative of the Congress, and I doubt that the President would wish to intrude in this field."

The Adams reply was a polite evasion. There is no constitutional obstacle in the way of the President's support of a Congressional action. President Eisenhower was not asked to investigate wages, prices, and profits himself; he was urged to lend the prestige of his office to a sober search for the truth rather than to a corporate public-relations campaign aimed at saddling the labor movement with the blame for inflation.

PROPOSAL BY UAW

The UAW, now as in the controversy with General Motors in 1945, stands by the policy of confining wage increases and other economic gains in "administered price" industries within the limits of the ability of an efficient firm, functioning under full-employment conditions, to pay such increases without a price increase.

In return for such a commitment, we suggest that every corporation which controls a strategic sector of its industry—perhaps 20 or 25 per cent of total sales—should give prior notification of its intention of raising prices to a government agency created for such purpose.

> **The corporation would then be required to disclose pertinent records indicating a need to make such a price increase. Such testimony would be made in open hearings and subject to cross-examination.**

Full public disclosure of the facts would be made. The corporation involved would be free to pursue its price course. But the public would be alerted and informed, and would be able to judge for itself whether the price increase was justified.

Such a practice would impose no compulsion and would infringe no freedom. But it would minimize the abuse of freedom by men who today wield great economic power in industry, while they seek to evade their responsibility to the public.

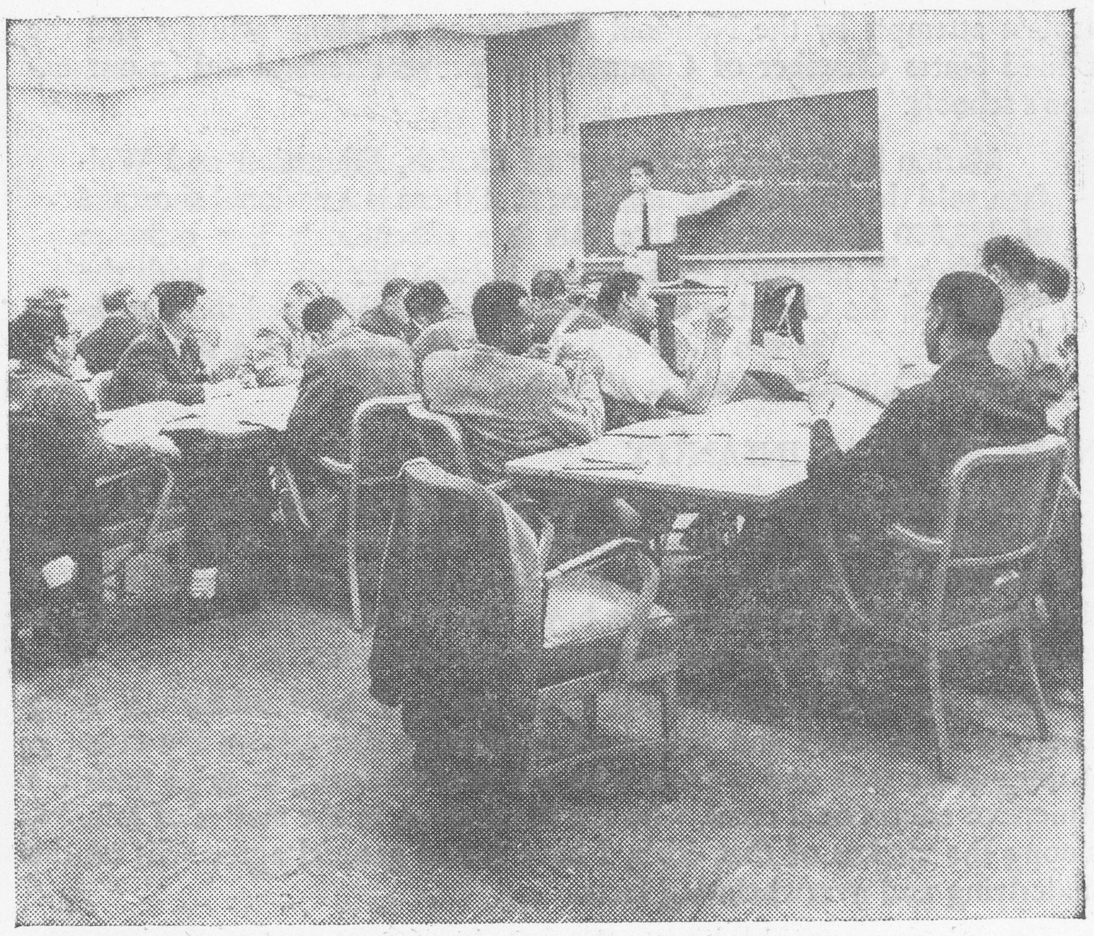
Education

We stand at a social frontier. We are crossing that frontier in technology; in automation and atomic energy. Yet technology is only a means to human ends. It is education that transmits to the next generation our sense of the importance of these human ends. It is education that holds out the hope that we can bend technology to human purposes, that we can be masters rather than slaves of the material environment.

H. G. Wells said long ago that civilization is a race between education and catastrophe. Whatever confidence we may have in the human spirit and in the deeper spiritual resources of free men, we must admit that at the moment it seems that catastrophe is winning the race.

Opportunity for the young to grow, dignity and security for the old, and a productive and creative life for all men: these are worthy goals and the labor movement can be proud of its contribution to their realization.

> **The American labor movement has been in the forefront of the struggle to afford every American child with the opportunity of an adequate education. We share the belief that every child is made in the image of God and has a right to the kind of educational opportunity that will enable each child to grow intellectually, culturally, and spiritually, limited not by an overcrowded school room or an under-paid school teacher, but limited only by the capacity of each child to grow as God gave him that capacity.**



TRAINING THE UAW leaders of tomorrow . . .

We in the UAW have been working hard on the educational front of trying to get our nation to be willing to allocate sufficient economic resources in order to overcome the present tragic deficit in our school system. We believe that expanding our school system and making it adequate to meet the needs of the increasing number of American children, should be given top priority on American democracy's agenda of unfinished business.

Future historians, looking back on the middle of the twentieth century, may conclude that the great material wealth and productive power of America, today regarded as a blessing, was in reality a curse, since it developed in the American people a spirit of self-satisfaction and complacency that prevented us from understanding the nature of the threat to the free way of life.

Out of our great wealth and power, these future historians may say, was born a pride that blinded us to external dangers and inner weaknesses.

> **If we are to awaken to these dangers and weaknesses in time to prevent that future judgment from being rendered against us—in time to save free society from slow inner rot or quick destruction in a nuclear war—we had better act now to save our school system and to prepare the coming generation of young men and women to survive as free men in the world of the H-bomb.**

A MORAL CRISIS

We live in a world of crisis. Economic, military, and political troubles abound in every area of the world. Technology has made the world a neighborhood. There is no such thing any more as foreign policy. The fall of a government, the revolt of a city, the move of a pocket-size Hitler in Central America or the Middle East can involve the United States in minutes or hours.

Yet the fundamental crisis in the world today is neither economic, military, nor political. The fundamental crisis is moral. We have emerged, as a nation, at the head of the class in science and technology. But we have flunked the course in human relations, in understanding ourselves and our fellow men. Technology and science are neutral tools. They can build cities or destroy them. Science was once the monopoly of free men and made its first and greatest advances in free societies. We have lost that monopoly. Communist Russia is closing the scientific and technological gap between totalitarianism and democracy.

> **We can no longer count complacently on our industrial superiority. We can no longer count, if we ever could, on making friends by global philanthropy. We have one unique advantage left—the power of the democratic idea, combined with the power of democratic example, to win converts to democracy among the uncommitted millions who can swing the world balance toward freedom or slavery.**

If the democratic idea is to survive, it must be transmitted to the rising generation. If the democratic idea is to have continuing and richer substance, we must offer our own children tangible proof that we believe in it enough to give them the education that they must have today in order that they may survive as free men tomorrow.

Yet today in America, from the primary grades on through high school and college into the graduate and professional schools, we are letting an overburdened and outmoded educational system totter to collapse because we are more concerned with the condition of our national plumbing and the equilibrium of the federal budget than we are with the nation's seedbed of skills and human capabilities.

The latest act in this national scandal, which may easily and quickly assume the proportions of an international tragedy, was played out recently in hearings of the General Education Subcommittee of the House of Representatives.

We have witnessed, in these hearings, the ironic spectacle of a cabinet official of even the business-minded Republican Administration fighting

against attempts by the National Association of Manufacturers and the United States Chamber of Commerce to prevent federal aid to our nation's schools.

Marion B. Folsom, Secretary of Health, Education and Welfare, told the House Subcommittee that there is a national shortage of 159,000 classrooms. That this is a ridiculously low estimate was virtually admitted by Secretary Folsom himself. Yet both the NAM and the Chamber of Commerce have challenged these rock-bottom figures as too high and the NAM has issued a statement opposing any federal aid at all to our schools.

NAM—SUICIDAL INSANITY

This reactionary campaign against the youth of our country is much more than the usual shortsightedness and class-motivated selfishness of the wealthy who know that their own children will always be able to get the best education that money can buy. The NAM and Chamber of Commerce cry against federal aid amounts to suicidal insanity.

Since the last Constitutional Convention, I have addressed many meetings of teachers and school administrators throughout the country. Among these men and women who are professionally at grips with the American educational crisis, who are themselves, in the matter of salaries, among the victims of that crisis, I have found general agreement on the underlying and overwhelming facts.

Few educators would dispute the fact that 60 per cent of the best students graduating from our high schools do not go to college. This represents a loss of national talent—and of personal growth—amounting to 250,000 students a year.

Any UAW member who has ever opened a newspaper in the last several years has seen the results of this waste of potential skills. Industry hunts and pirates its skilled workers and technicians from other industry. It drains the faculties of our colleges and universities of trained instructors. It sends scouts into the graduate schools to recruit talent that might have turned to teaching. The quality of available teachers declines as the number of teachers declines. We have put our children on a two-shift schedule in our primary and secondary grades. The level of learning gets lower every year and the level of performance even by these diminishing standards is further diminished by swing-shift operations, overcrowded classes, and overworked teachers.

BOLDNESS NEEDED

No timid federal program to build the minimum number of classrooms that an economy-obsessed Administration can salvage from the assaults of the Chamber of Commerce-NAM wrecking crew will meet this challenge. This nation must move boldly and confidently into a comprehensive commitment to shore up and expand our educational plant and to cultivate the talents lying dormant among our young people.

Educators and the average parent and home-owner know, if the NAM does not, that we have long since reached the point of diminishing returns in the use of the local property tax to finance the schools and pay our teachers. Year after year we have manned the bucket brigades, with the city or township appealing to the state, the state appealing to the nation.

We know that the crisis will get worse, not better, as mounting school enrollment presses harder and harder against an already-deficient and over-burdened educational system.

Only a comprehensive federal program can provide sources of revenue equal to this mounting need. If we have as much faith in grass-roots democracy as we claim to have, there need be no doubt about the capacity of local communities to resist unjustified federal encroachment on local autonomy in the administration of our schools.

We must have—and we can have—adequate federal aid without federal controls.

PROPOSED FEDERAL PROGRAM

I have proposed that the United States commit the equivalent of 1½ per cent to two per cent of our gross national product for a period of five years to a program of federal aid to education. This would represent an annual amount equal to the cost to American taxpayers of waging one week of the second World War.

With such a sum we could launch a frontal attack on the school problem along the following lines:

1. Start construction and bring to early completion 300,000 classrooms to retire obsolescent facilities, alleviate overcrowding, and meet future needs.

2. Give immediate and substantial salary increases to teachers, in keeping with their training and their responsibilities, in order to attract more qualified men and women to the profession and keep them in it despite industry's attempt to pirate them.

3. Establish a comprehensive federal scholarship program. This program would develop a trained manpower reserve, help overcome the teacher shortage, and offer the only long-term answer to our chronic deficit of scientists and technicians, currently the most serious obstacle to development of the peaceful uses of the atom and at an extension of our scientific and technical knowledge.

Scholarships granted on a competitive basis would be awarded with the understanding that recipients, upon completion of studies, would enter a civilian manpower reserve and serve where needed in lieu of military service.

Members of this reserve would be available either at home or abroad, as teachers, as AEC technicians, as experts assigned to some phase of our aid program for the underdeveloped areas of the world.

4. Give the highest priority in educational thinking and practice to the gifted child, through the scholarship program and through new classroom and administrative approaches cooperatively developed by local, state, and federal authorities in the educational professions.

5. Sponsor an agreement between industry, government, and the schools which will diminish pirating by industry and make government and industrial personnel available for part-time teaching until the most acute phase of the teacher shortage has ended.

Communism doesn't have to subvert a government or cross a frontier with tanks to take over a country. Communism like democracy is an idea and a way of life. It floats across boundaries like poison gas and enters into the bloodstream of Asian peasants and African tribesmen—without a shot being fired, without any formal declaration of war.

Communism is being sent into the have-not lands in the kits of Russian technicians, along with slide-rules and blueprints. These technicians are being trained by Russian teachers to peddle slavery as well as science—and they are being trained at a greater rate than American skills are being discovered and tapped in our free school system.

SOVIET THREAT

In 1920, the Soviet Union had only 41,000 trained engineers. The United States had 215,000. In 1954, Russia had 541,000 trained engineers. The United States had 500,000.

If we can't be stirred to action by the thought of what our children are missing, let us be moved by thinking of what the Russians are gaining.

The nation is weakened each time a single child, capable of further growth and a richer contribution to the economy, drops out of school or abandons the thought of college because further study is beyond his financial reach.

If complacency over our great wealth and power blinds us to these deeper weaknesses, bound to become more rather than less critical, then our wealth and power are a curse and not a blessing.

LABOR'S CHALLENGE

We in labor have a particular responsibility which the UAW is attempting to meet. Despite all the notable advances of recent years in worker education and in university programs for labor education, there is nothing for trade-unionists comparable to the graduate schools of business administration that are integral parts of all of our major universities.

Leadership must be trained to assume the new reponsibilities of a changing labor movement. The new technology, the intensified demands of citizenship in the age of space and the atom, present new challenges to wage earners and their unions.

UAW is seeking to lay the foundations of a broader and deeper workers education program.

We invite other unions of the AFL-CIO to join us in this movement, whose ultimate aim will be the creation of a labor university and of schools of labor education comparable in prestige and function to present schools of business in leading universities.

We have already begun with a pilot program for the training of local union leadership. Beyond that pilot program we envision a permanent resident school using buildings already acquired adjacent to Solidarity House in Detroit.

Along these two fronts, we shall press for bold and imaginative action commensurate with the present critical need. Freedom demands a responsible, competent trade-unionism, nurtured by the continuing growth of local leadership. Freedom also demands a national school system under local controls but with federal support, a system capable of transmitting the democratic idea and of realizing democracy's promise in each individual child, whatever his race, color, creed or national origin.

UAW EDUCATION DIRECTOR Brendan Sexton tells a meeting of the Detroit Board of Education of the UAW's policies on education.

Civil Rights

The Supreme Court decisions on segregation in 1954 and 1955 ushered in what may prove to be the climactic phase of the American crisis in civil rights, a crisis with great world significance.

The struggle of the American people to practice what we preach in the matter of equality and brotherhood is not a local or regional issue, whatever politicians may say about states' rights. It is a national and a world issue.

The civil rights issue concentrates and focuses all of the many problems which free men must solve into one fundamental challenge to American conscience and common sense.

The solidarity of labor is a sham if we do not clinch it in this vital area of civil rights. The same forces who are fighting the Supreme Court today by extra-legal means in order to preserve the unAmerican system of the South are the very same forces who have also pushed the right-to-work laws through the legislatures of the Southern states.

Do we really believe in a school system adequate to the task of educating our children? The expenditures of billions of dollars in state and federal aid to the schools will go down the drain of prejudice and civil conflict unless the schools of America both teach and practice brotherhood.

Do we really believe that political democracy can solve the complex problems of the atomic era? If we do, then we have to make political democracy work by giving the vote to millions of disfranchised citizens of the South who are denied their rights because of their color.

These questions are put to the American sense of justice and decency. They are also directed at our instinct of self-preservation as individuals and as a nation for this question of civil rights can be the Achilles heel of American democracy in our world effort to keep the uncommitted peoples of the globe from drifting into the Communist orbit; our effort to save our free way of life at home by extending it into those vast regions of Asia and Africa where the shape of the future can be decided.

We Americans don't have to argue the superiority of democratic freedom over Communist tyranny. Yet our very survival may depend on the degree of success we have in the next few years in proving our case among the millions of people in the uncommitted nations of the world. These hundreds of millions of uncommitted people will be the balance in the world between the forces of freedom and the forces of Communist tyranny.

We shall not win these people to freedom's cause with pious slogans about democracy's virtues. They will not judge us by democracy's words, but rather by democracy's deeds. They are not impressed by our advocacy of free elections in East Germany. They will judge us by what we do to make freedom live and democracy work by holding free elections in Georgia, Alabama and Mississippi.

The Communists, who are past masters of hypocrisy, are shrewd enough not to let us get away with this hypocrisy of our own. They hold us to moral account wherever a Communist point can be gained by exposing our double standards.

The Communists, in effect, are invisible partners of the die-hard segregationists and bigots of our nation. The political and economic fortunes of both Communists and racists are linked to the preservation of the patterns of segregation and discrimination.

PROGRESS IS BEING MADE

Yet we are making progress, both in our industries and in the nation as a whole, on the civil rights and fair practice front.

The convulsions of the past few years in the South—the murder of Till, the brazen release of his murderers; the assassination of the Reverend George W. Lee and of Lamar Smith; the bombing of the homes of the Reverend Ralph Abernathy and the Reverend Martin Luther King—these and other outrageous acts of violence, while they are tragic and revolting in themselves, are the dying gasps of a structure of terror and oppression which is crumbling.

The Supreme Court rulings herald the dawn of a new day not only in the South but throughout the nation. And the sporadic violence that marks this period is the last wild and desperate action of a rear guard in retreat, rather than the self-confident and systematic repression of an occupying army.

ACTS OF COURAGE

There is a positive side to this process of change that has been receiving less attention than the violence, but which deserves more notice, since it foreshadows the shape of the future.

There has been courage in Clinton, Tennessee, in Tuscaloosa and Montgomery, Alabama. It has been shown by Negroes and whites, by the Catholic prelates of Louisiana, by Martin Luther King and his followers, by the Reverend Paul Turner, who escorted the children into school in Clinton, by teachers and administrators, students and parents, by men and women whose names have gotten into the papers and by others who have quietly and anonymously come to grips with their own inner sense of right and decided that both religion and democracy are on the side of the offended minorities, not on the side of the oppressor.

This process of change is deep-going, but the progress of recent years is manifest. We in the UAW have built our Union on the rock of solidarity and brotherhood, and we shall continue to move forward, along all fronts, against discrimination, against segregation, against all unfair practices that divide our nation and expose us to external dangers.

We have made important strides on the job front within our jurisdiction, both in terms of promotions generally and in terms of apprenticeship and the skilled trades, and the local unions are to be congratulated for their understanding and cooperation in this area.

PROBLEM AT HIRING GATE

The greatest trouble now is at the hiring gate, and here we pass from the jurisdiction of our organization into the broader realm of state and federal action.

We have pressed and shall continue to press for fair employment practices ordinances and laws at the municipal, state, and national levels.

OTHER RIGHTS

There are other rights to which all Americans are entitled. They are the right to housing, to schools and education, to equal treatment and equal accommodations in all public places.

Discrimination in housing breeds discrimination in the classroom. UAW has been at work in this area, too, and we have had our most notable success in the open-occupancy housing development of Sunnyhills in Milpitas, California.

The need for such housing developments is great and will become greater as the trend toward suburban building continues.

THE MAJOR FRONTS

These are the major fronts where democracy must prove itself, for the best of national and international reasons. UAW has been and will continue to be in the forefront of this movement, a movement that embraces the whole nation, to do what we say, to practice what we preach, to act out in good faith the implications of the democratic creed and to live our belief in the fatherhood of God and the brotherhood of man.

KEN MORRIS, (seated, right foreground) one of the UAW's regional directors in Detroit, together with other Union members and members of the Leadership Conference on Civil Rights, visit the Washington office of Detroit Congressman Louis Rabaut (seated, at left) to ask his support of civil rights legislation.

Citizenship Activities

The UAW's efforts to stimulate maximum citizenship activities is motivated by the belief that politics is the practical housekeeping job of democracy and that all of the people share a responsibility for keeping democracy's house in order. American labor has learned by hard experience that there is a very direct relationship between the ballot box and the bread box. We have learned that what we win by hard work and sacrifice at the bargaining table can be lost in the halls of Congress and in the state legislature.

Our most recent experience with our Supplementary Unemployment Benefit Plans clearly demonstrates this truth. In 1955, we made our first historic step forward when, through our Supplementary Unemployment Benefit plans, the corporations agreed to begin to assume some responsibility for the welfare of workers and their families during periods of unemployment. Despite our collective bargaining agreements, our efforts to protect workers and their families from the hazards and hardships of layoff and unemployment, are being threatened by action of the state legislature in several states.

The levels of Social Security benefits, unemployment compensation and workmen's compensation, wage and hour laws, tax leg-

AT THE UAW'S 1956 Education Conference in Washington, four U. S. Senators, representing both major parties, submitted to questions from the delegates. This was part of the Union's year-round activities promoting good citizenship.

islation and other vital legislative matters affect the economic welfare and the well-being of wage earners and their families as directly as do their collective bargaining efforts on wages, hours and other economic matters.

The kind of educational opportunities available to our children, civil rights, housing, health and safety legislation, international affairs and the question of war and peace are all vital issues affecting the lives of each of us. They are decisions in which each of us has a right to participate by determining who shall represent us at the levels of government where these decisions are made.

When organized political reaction through the National Association of Manufacturers fights in opposition to legislation to provide adequate Social Security benefits, organized labor has both the right and responsibility to fight for the passage of legislation that will provide adequate Social Security benefits.

When the United States Chamber of Commerce fights to block federal aid to education, American labor is obligated to work and fight for legislation that will insure that every child can enjoy his rightful educational opportunities.

When the oil industry lobbies to put through the Tidelands Oil Bill in order to carry through the stealing of fifty (50) billion dollars of the people's oil resources, organized labor has a right and a responsibility to fight this plundering of the public's wealth.

When the highly financed legislative activities of the Gas Lobby seeks to decontrol federal regulation of natural gas prices, American labor is obligated to fight to protect the interest of American consumers against price high-jacking on the part of the gas monopoly.

These are the kind of practical programs of political action dealing with the basic problems of the American people in which the UAW has been engaged.

We believe that American democracy will be as strong as an enlightened citizenry makes it. We believe that we can have truly representative government—a government dedicated to the service of all the people only if the people elect representatives to high office who believe that government should serve all of the people. If big business interests control Congress, if the representatives of the oil and gas monopolies and other special interest groups take over in Washington, the government will serve the few at the expense of the many.

The UAW is not interested in political power, prestige or patronage. All we want is good government, honest government and government responsive to the basic needs of all the people. We share the point of view of Abe Lincoln that free government exists for the purpose of doing for the people what the people are unable to do for themselves. Government in a democratic society is the collective agency through which the people get accomplished the things that need doing in order to advance the general welfare and to insure the well-being and prosperity of all.

The UAW has always recognized that American labor can make progress only if America makes progress and that we can solve our problems as wage earners only if we work with others in finding solutions to the problems of the whole of our society. We do not share the point of view that what is good for General Motors is good for America. We do believe that what is good for America is good for American labor.

The UAW has been the target of a vicious campaign carried on by the forces of organized political reaction. They have fought the UAW because the UAW has fought the good fight to advance the general welfare and to oppose the programs of special privilege. We have and we shall continue to call our political shots as we see them without fear or favor despite the pressures from the forces of reaction.

The UAW and the American labor movement is not nor will it become a tail of any political party's kite. We support candidates based upon where they have stood on the basic issues as these issues relate to the welfare and well-being of the American people. UAW citizenship activities have been concentrated in two major aspects. First, we have tried to persuade more and more UAW members and their families and citizens generally to carry out their citizenship responsibilities by registering and voting for the candidates of their choice. We believe that how one votes is the business of each individual citizen.

The second area in which we have concentrated our efforts relates to our activities in encouraging a fuller public discussion of the basic issues in the campaign to try to get more people to understand the issues so that they can vote more intelligently. We believe that only an informed electorate can make an informed decision. In an effort to get more people to think about the basic issues and to understand them, the UAW has published material on all the basic issues including the voting records of the members of both houses of Congress. We have tried to have both sides of all the great issues discussed so that people could make their own decisions in the light of all the political facts.

HOW ARE POLITICAL DECISIONS MADE?

The broad policies that guide UAW political and legislative activities are the product of full democratic debate and action by the UAW conventions and regional and national conferences. The endorsement of individual candidates are the result of the same kind of democratic processes worked out through the state, local and district meetings where democratically elected delegates review the competence of all candidates and make judgment based upon where they stand on the basic issues.

With respect to the UAW endorsement of national candidates in the 1956 election, this decision, too, was the result of the democratic processes within our Union.

On September 15, 1956, the UAW convened a Special Election Year Conference in Detroit. Each local union was entitled to proportional representation based upon the size of its membership, and over 2,600 delegates representing locals from all over the country were in attendance.

The Conference devoted itself to a full and democratic discussion of all the basic issues in the 1956 campaign and reviewed the stand taken on these issues by both parties and by the candidates of both parties for national office. Following this democratic discussion, a secret ballot vote was taken enabling each delegate to express his preference either for the Republican or the Democratic candidates or for no endorsement at all. The delegates overwhelmingly voted to endorse Adlai Stevenson and Estes Kefauver. The vote was as follows:

Stevenson-Kefauver	2,516
Eisenhower-Nixon	24
No Endorsement	36

Through their control of the mass media of information and opinion, these same business and financial interests have tapped the lines of communication that must be kept open and free if the ordinary citizen is to possess the knowledge of events, issues, and candidates on which alone he can arrive at an informed judgment.

The ordinary citizen and working men and women generally have no comparable avenues of expression or means of control and influence. They have little more than their one vote, and this one vote is diminished in authority and in meaning when thrown into the scale against the multiple economic voting of the big-money contributions.

The current crackdown on labor's right to free expression takes the form of drawing an artificial line through the center of economic and political life and saying to the wage earner: You have your one vote. That proves

you live in a democracy. Take your one vote and leave us alone between elections. Come back when it's time to cast a ballot. Meanwhile, we'll run the country.

The artificial-line theorists say further: This is your territory, this is your side of the street. Through your union, you can talk about wages with the boss. If we take your wage increases away from you by political shenanigans in Washington or by a right-to-work for fifty-cents-under-the-going-rate law in some state capital, that's our business.

The big contributors of industry want to work both sides of the street, while limiting the unions of wage earners to one side. Industry wants to be able to bargain with two hands, while asking labor to tie its political hand behind its back. Industry wants to be able to pay Paul a nickel at the bargaining table, then rob a dime from Peter by getting some state legislature to knock out the Supplemental Unemployment Benefits workers have won in negotiations.

Industry wants political and economic power, to protect its interests wherever they need protection. Yet industry seeks to draw a line through the heart of labor's concern and thereby deny the working people of this nation a voice in shaping the great political decisions that affect our living standards, our security, dignity, and the chances of world peace.

THIS HUNGARIAN refugee, seen here arriving at Detroit's Willow Run Airport with his family, is now a member of the UAW. UAW members donated thousands of dollars to help victims of Red aggression.

International Affairs

Two years ago I reported to the Fifteenth Constitutional Convention of the UAW the tragic and awful truth:

"The deadly effects of the radioactive fall-out over widespread areas should convince everyone that the only defense against the H-bomb is peace."

We expressed a truth that was then obvious to every competent observer of the international scene. In the age of the atom, peace had become an absolute condition of human survival and we asserted that in the light of this fact the free world must find a basis for shifting from a contest of negative values to a contest of positive values.

The failure of our national leadership to grasp this reality, their inability to comprehend the basic causes of these catastrophic developments in the world today, their lack of skill in dealing practically with specific situations have seriously weakened the free world alliance. The emergence of this great world-wide crisis out of the warm ashes of the last war demonstrates that there can be no lasting military resolution of the fundamentally political and economic dislocations that now shake the world. A billion and a half people are in open revolt against all vestiges of colonialism and are demanding first-class citizenship in our modern world. To them, today is their 1776. Our government's failure to properly understand and realistically deal with these sweeping events is allowing the leadership of one billion Africans and Asians to go by default toward the totalitarian camp of Communism. Outworn concepts and glib political campaign slogans about liberation were exposed for the inadequacy and hypocrisy in the case of the Hungarian people who for one historic month broke their chains of Soviet oppression and held out their hands to us fruitlessly for help. **This, after so much talk from Administration leadership of "liberation" was to the embattled Hungarian people more than a broken campaign promise.**

The Near East crisis is the predictable consequence of the tragic comedy which Secretary Dulles enacts by running from corner to corner ceaselessly in his world-wide squirrel cage, substituting piecemeal improvising for sound, long-range foreign policy.

TOTAL PEACE OFFENSIVE OFFERED SIX YEARS AGO

More than six years ago, the UAW presented a plan for a Total Peace Offensive which called for a dramatic reversal of the direction of the negative prosecution of the cold war to a more positive offensive against world-wide poverty and disease—the human tragedies which Communism so frequently and so cleverly exploits and forges into political power.

One billion human beings have already thrown off the shackles of a nineteenth century colonial imperialism. This army of one thousand million men and women, more than live in Europe and North and South America, is marching into the last half of the twentieth century determined to secure for themselves the products of the scientific advances which to this moment have been monopolized by relatively few people living in the white Atlantic world.

During this past year, I was privileged to personally visit India on invitation of the Indian Trade Union Congress, the center of the developing free labor movement of India. This visit and the unusual opportunity it afforded me to see at first hand this vast and significant country and its teeming millions convinced me that the leaders of India and its people are basically and irrevocably dedicated to finding a democratic answer to their problems. **The leaders of India, many of whom endured as much as 12 years in prison as part of their price for winning national independence and freedom, are not likely to yield this hard-won freedom in the face of Communistic blandishments.** The significant fact is that the fate of free governments in Asia is irrevocably tied to the fate of the democratic experiment now going on in India. As India goes, so goes the hope for freedom as we understand it in all of Asia. Should India fail, then the example of Red China will shine more appealingly throughout that strategic part of the world. This means that we have as great a stake in helping India succeed as the Kremlin has in making Red China appear as the "promised land" of Asia. The appalling tragedy is that from the official acts of our present government it is clear we have not yet even decided to enter this contest.

OVEREMPHASIS OF MILITARY HURTS OUR POLICY

Our performance in India, our inability to differentiate between a country being neutral and a country being unaligned, and our overemphasis upon military pacts and military alliances are largely responsible for the serious deterioration in our position in Asia and they presaged the collapse of American policy in the Near East. Capitalizing on American official ineptness and the obvious blunders resulting from a prior concern with oil rather than people, the Russians pole vaulted into Egypt, with an assist from Secretary Dulles, and have obtained a foothold in the Middle East which Russian Imperialism had for 200 years been seeking without success.

The abrupt and arbitrary cancellation by Secretary Dulles of the U. S. offer to help finance the Egyptian Aswan Dam triggered the acts of reprisal by Dictator Nasser as regards to the Suez Canal. The tragic events which cascaded in quick succession are all too fresh in our minds. These troubled waters became ideal for a Soviet fishing expedition. Mindful of this and the inherent danger of further acts of provocation which might trigger a world holocaust, the UAW International Executive Board urgently called for the following action:

1. **Immediate dispatch to Egypt of a UN Police Force to end hostilities** and establish terms of a truce;

2. **Condemned the acts of intervention by Britain and France and** called for immediate withdrawal of British, French and Israeli troops from Egyptian soil;

3. **Condemned the threat by Russia and Red China to spread the conflagration** by dispatching volunteers to Egypt;

4. **Called on the UN to supervise and guarantee the speedy clearance** of the Suez Canal and its ports of entrance; insisted on further guarantees backed by the UN that all nations, large and small, be assured free access to the use of the Canal and the Port of Aqaba without discrimination;

5. **Urged that the U. S. take the lead through the UN in launching a** long-range economic development program to help all the countries of the Middle East, including Egypt, Saudi Arabia, Jordan, Israel, Lebanon, Iraq, Iran and Syria—this aid program to help these countries harness their rivers for power and irrigation, increase their food supply and develop their economic resources to enable them to fight their common enemies—poverty, hunger, disease and ignorance—and to help them raise their standard of living to a decent and healthful level.

Had the American government in the spring of 1956 grasped the total implication of the revolutionary dynamics operating in Asia and Africa, there still would have been time through great decisions that extended to the horizons of the world economy, to abort the outbreak of war in the Near East, to procure a peace in which Israeli and Egyptians would be joined together against their natural enemies, hunger, disease and poverty. The Asian-African block which is potentially a portent of a disastrous division in the world could at this moment be partners with us in a vast conquest of man's oldest enemy, the unsubdued natural foes of hunger, disease and insecurity. Is is not time that we choose our allies in this more positive struggle?

SUNFED SORELY NEEDED

There was an instrument at hand then and one which is still at hand which could help launch us on the road towards full implementation of this policy. It is called SUNFED, the Special United Nations Fund for Economic Development.

In June, 1953, the uprising in East Germany was a premonition of stresses and strains within the Soviet system which did much to shake the

entire structure of Communist political despotism. These were followed in the spring of 1956 by the heroic Poznan uprising, which in turn helped usher in the resistance by the Hungarians.

The tragic moment of truth in Hungary has revealed to the entire world the cynic, raw tyranny which is the beginning and end of the Russian Communist experiment.

SOVIET BRUTALITY IN HUNGARY SHOCKS WORLD

The world has been shocked and outraged at the savagely brutal suppression by the Soviet dictators of the desperate reach for freedom by the gallant people of Hungary.

We have been sick at heart that the only response to their appeals for help has been sincere but futile expressions of sympathy from the democratic peoples of the world, which express the outrage and indignation of the free world but do not restore freedom to the heroic Hungarians, nor bring back to life their martyrs to the cause of freedom.

Our deep concern was expressed through the official actions of our International Executive Board which:

"1. **Vigorously condemned the brutal and savage attack inflicted upon** the people of Hungary by the Communist tyrants of the Soviet Union;

"2. **Wholeheartedly supported the resolution of the United Nations** which expresses the moral condemnation on the part of the free people of the world in opposition to the naked use of military power and terrorism by the Soviet dictatorship in crushing the aspirations of the Hungarian people to win freedom; endorsed the decision of the United Nations calling for an immediate and complete withdrawal of Soviet military forces from Hungary so that the people of that country may establish a government of their own choosing and regain their full political and spiritual freedom;

"3. **Called on the United Nations to recognize Anna Kethly as the** only duly authorized spokesman of the Hungarian people in the United Nations;

"4. **Pledged our sympathy, friendship and solidarity to the people** of Hungary, and in particular to the Hungarian workers who, having laid down their arms after being overwhelmed by the size, the power and the brutality of the Soviet invasion, still hold high the torch of human freedom by continuing their struggle through strike action and other forms of passive resistance; to hasten the day when the people and workers of Hungary, Poland and other countries behind the Iron Curtain can take their rightful places in the world community of free nations and enjoy the blessings of peace, freedom and human dignity, we resolve to do all in our power to help them achieve this end. As an immediate project, we are determined to raise funds for medical supplies, food, clothing, and other necessities to relieve the suffering of the Hungarian people, and to help relocate and rehabilitate Hungarian refugees driven from their homes in their native land by ruthless Soviet imperialism.

"5. **The United Nations, while offering the last best hope for peace,** has in the face of the tragic Hungarian situation proven itself inadequate to protect the people of Hungary against Soviet aggression. Only a strengthened United Nations organization with a permanent mobilized Voluntary International Police Force can overcome our present dilemma in which we have to choose between appeasement, which is immoral, and total war, which is unthinkable. If the moral power of the United Nations is effectively supported by a Voluntary International United Nations Police Force, the United Nations can become a more effective instrument for preserving the peace. The League of Nations failed because it resolved itself into a world debating society, incapable of decisive action when and where peace was threatened."

WORLD FUND FOR PEACE

Our survival today stands so precariously on a crumbling brink that we dare not be frightened. Indecisiveness here can be as suicidal as a cosmic blunder. We must proclaim our recognition of the right of nations newly independent, free for the first time in modern history from colonial domination, to be truly independent, independent both of the vestiges of colonial imperialism and the tentacles of a new insidious Communist imperialism. Our words of encouragement and support must be augmented by deeds, concrete and equal to the urgency. We have never hesitated to meet the challenge and the cost of waging war. In this period of world history, in the twilight period between war and peace, we must not hesitate to commit ourselves and our resources to meet the challenge and the cost of waging the peace. To this end, we call upon our government to take the lead in putting into operation the following program:

1. **World Fund for Peace, Prosperity and Progress:** The people of the United States, through their government, commit themselves to contribute to a World Fund for Peace, Prosperity and Progress, a sum equal to two per cent of the gross national product of the United States for a period of 25 years for the purpose of helping peoples of the economically less developed nations to help themselves in developing their own resources and raising their standard of living, their standard of health and their standard of education.

2. **USSR Should Be Urged to Participate:** The United States should request the USSR to make a similar commitment to the World Fund for Peace, Prosperity and Progress equal to two per cent of the gross national product of the Soviet Union for a period of 25 years. Further agreement should be sought to have the USSR commit itself to sharing on a 50-50 basis the economic savings that would result from a general reduction in armaments.

3. **Program Administered Through UN and Multi-Lateral Agencies:** The United States should propose that the World Fund for Peace, Prosperity and Progress be administered through the United Nations, either through existing special agencies or through the creation of a new special agency, so that the broadest possible multi-lateral approach can be made to the problem of economic and social construction.

4. **Sharing Our Food Abundance:** In a world half-fed and half-starving, America's food abundance must be considered a great blessing. So long as people are hungry and exist on inadequate diets, America cannot consider that there is a food surplus. The best and most sensible place to store food surpluses is in the empty bellies of half-starved people. Provisions could be made to insure that the distribution of America's food abundance would be used to raise and improve the diets of needy people under arrangements that would not dislocate the economy of any country that exports grains or food stuffs.

5. **Creation of a Federal Scholarship Program to Train Technical Task Force:** The United States should create a federally-financed scholarship program to expand and to expedite the training of competent and desperately needed scientists, doctors, engineers, teachers and technicians to serve as a technical task force wherever needed and desired to help carry out the program of the World Fund for Peace, Prosperity and Progress.

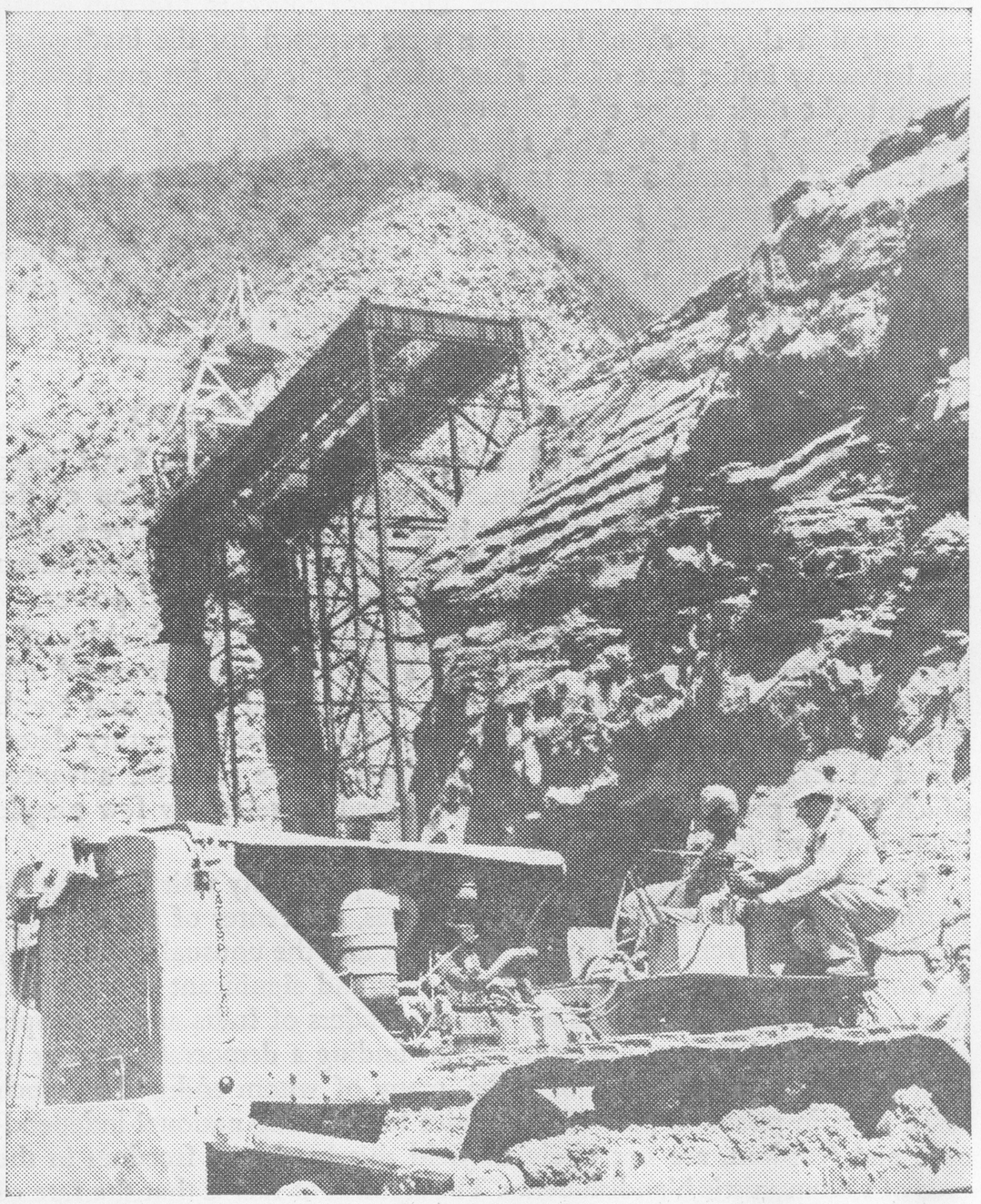
6. **Economic Aid Available Equally to Unaligned as Well as Aligned Nations:** United States economic aid should be made available to every free and independent nation without any political strings whatsoever. Aid should be made available both in loans and outright grants on the basis of need, giving equal consideration to nations who choose to join allegiances and those who choose to remain unaligned.

7. **United States' Aid Available at Once:** While the United Nations is considering the creation of the World Fund for Peace, Prosperity and Progress, the United States shall begin at once to make its contribution of two per cent of its gross national product and shall cooperate in expending these funds through existing multi-lateral agencies such as SUNFED and the Colombo Plan.

8. **Long-range Economic Commitments:** Long-range economic commitments are essential in dealing with long-range economic problems. Outright grants should be made where the need is great and urgent, on a common sense economic approach. Loans should be long-term with low interest rates and repayable in trade or currency at the option of the nation receiving the aid.

9. **Anti-Colonialism:** We need to speak out clearly and act courageously against all forms of colonialism. We need to make it unmistakably clear, regardless of our military alliances, that we are opposed to all forms of colonial domination on moral grounds and that we support the rights of all people to political independence and self-determination.

10. **Race Relations and Equal Opportunity at Home:** The full implementation of the historic decisions of the Supreme Court offer us an opportunity to demonstrate America's continuing dedication to moral con-



UAW PRESIDENT WALTER P. REUTHER tries out a UAW-made tractor while on a visit to India. Need for technical assistance and "weapons" of peace to underdeveloped nations of Asia is great.

cepts and human values. Only thus can we square American democracy's practical performance with its noble promises in the field of race relations. Only thus shall we be able and worthy to contribute to moral leadership in the free world.

* * * *

PARTICIPATION IN ICFTU

The obligation of the UAW to its membership and to all people who seek a peaceful world cannot, however, be discharged alone by urging action on our respective governments. However appropriate our recommendations are, as wage earners, we must ourselves by our actions as well as by our recommendations and resolutions demonstrate our devotion to social and economic justice and genuine freedom. For this reason, we have given continued and steadfast support to all labor's efforts on the international trade union scene. **We were participants in the founding of the International Confederation of Free Trade Unions to which we are affiliated today through the AFL-CIO. The ICFTU is today a world-wide federation of free labor embracing 56 million members of the free trade unions in more than 83 countries throughout the world.** Through it, the unions in the developed countries, the unions which have dealt decisively with the Communist threat to the free labor movement, provide aid and reinforcement to workers still building their unions or actively engaged in combating the Communist threat to their own existence.

The UAW is also bound by the warmest and closest fraternal bonds to the International Metal Workers' Federation whose member organizations include seven million workers in the automotive, aircraft, farm implement, machine construction and steel industries and shipyards throughout the world.

WORLD'S AUTO WORKERS CONFER

In recognition of the UAW's leadership role in the world automotive industry, I was elected president of the Automotive Division of the International Metal Workers' Federation, and our Union has been given primary responsibility for leadership in the development of world-wide standards for wages, hours, and working conditions in the automotive and related industries. In May of 1956, UAW delegates participated in a conference held in Paris, France, called by the Automotive Division of the International Metal Workers' Federation. Delegates from automobile plants throughout the free world participated in this conference and jointly discussed common problems of wages, hours, working conditions, automation, short work week, and other matters of common interest. While the conference was in session, the newspapers of the world carried the stunning report of an automation layoff at the Standard Motor Company in England. "First Full Robot Blow," the British papers said as 2,640 were sacked. At the same time, equally significant reports came in with less dramatic headlines reporting world-wide shifts in automobile production.

To meet these and similar developments which could profoundly affect the wages and working conditions of workers everywhere in the world, including our own in the U. S. and Canada, the IMF World Automotive Conference took the following action:

1. **Created world councils for Ford and General Motors worker representatives** to enable workers in these giant corporations to coordinate their collective bargaining efforts:

2. **Set in motion plans to conduct world-wide activities designed to** secure a shorter work week in the automotive industry;

3. **Approved a positive program to protect our workers and consumers** from the impact of automation and to assure more equitable distribution of its benefits:

4. **Authorized the establishment of more frequent and closer contact** among automotive workers in the various countries.

AUTOMOTIVE FIRMS EXPAND

On our own side of the Atlantic, we note with considerable interest the rapid expansion of automotive firms, both U. S. and European, in Mexico and other Latin American countries. Technology, as it has evolved in the U. S. and Canada, transplanted to Latin America and to the underdeveloped countries of Africa and Asia, can exert a powerful upward leverage on living standards providing its introduction is accompanied by safeguarding Union contracts with their beneficial higher wages and higher purchasing power. **While our Union enjoys the most cordial relations with metal worker organizations throughout the Americas, we are especially pleased with the close ties between the UAW and the CTM of Mexico. This friendly relationship has been increasing over the years as a result of fraternal representations at conventions and the exchange of worker delegations from our respective automotive industries.**

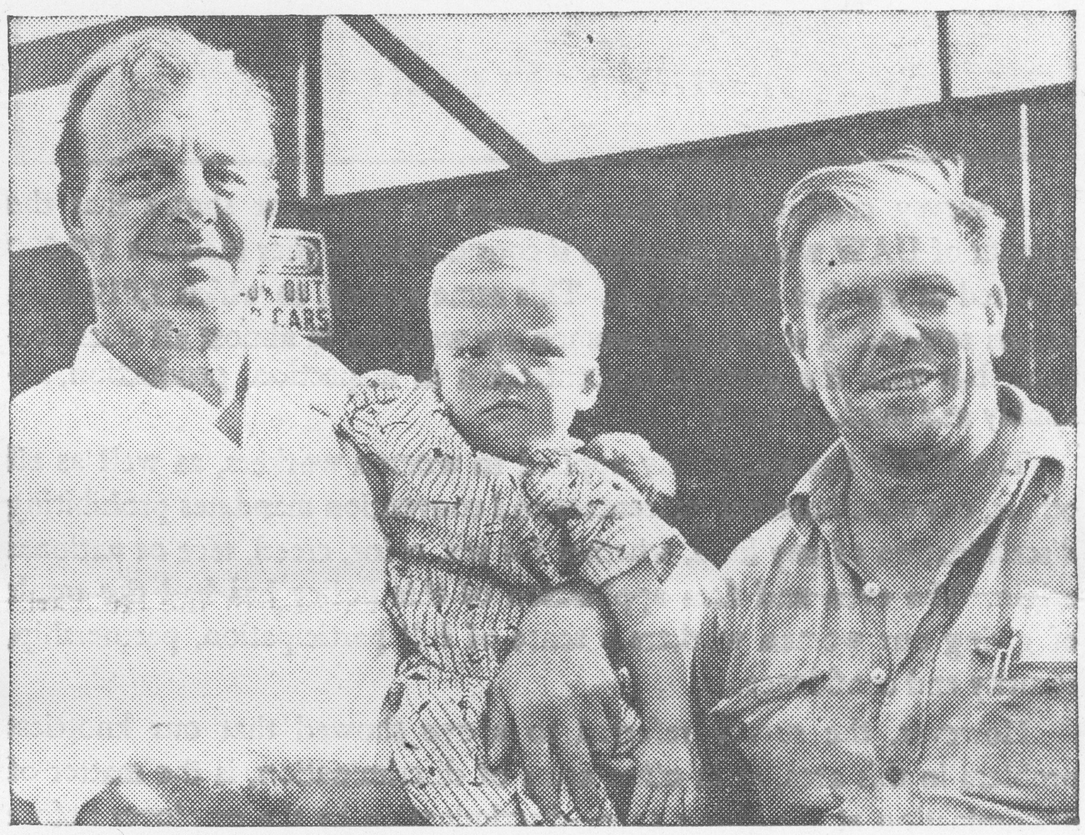
On March 8, 1957, the International Executive Board invited the CTM to create a joint UAW-CTM Automotive Committee, to help coordinate collective bargaining negotiations in the United States, Canada and Mexico.

Within the UAW itself, the sense of solidarity, the profound feeling of trade union friendship our members feel for their fellow workers elsewhere in the world have been manifest in many ways: the interest shown in summer school and winter institute programs on international affairs; contributions for specific overseas projects made by UAW local unions; and the extraordinary interest shown in the ICFTU, particularly by our Canadian locals, which has extended to a monthly allocation to the ICFTU by many locals.

Most inspiring, however, was the almost spontaneous demonstration of solidarity that took place in many of our plants during the Hungarian uprising out of which came more than $80,000 in individual contributions for aid to these victims.

The International Affairs Department of the Union during the last year has worked effectively under the direction of Victor Reuther, who himself contributed notably to our program by his representation of the UAW at numerous international labor conferences, and his first-hand reports from the Hungarian border and in Austria during the tense and confused days when the Hungarian uprising was ablaze.

Our Union is pledged to continue its deep interest and active concern in the critical events developing throughout the world which have so great a bearing on the well-being of our own membership and on the eventual fulfillment of the longing of all people for a just and lasting peace.



THE WORLD OVER, workers ask for the same things these UAW International Harvester strikers asked for: a chance for a higher standard of living, a reasonable work load, a share in the gains of improving technology.

Veterans

The UAW Veterans' Department has, since the last Convention, worked on a continuing veterans program to benefit UAW members and all American citizens who have served in the Armed Forces.

Since a large segment of the American population is made up of veterans and their dependents, and because approximately 35 per cent of the UAW membership are veterans, our Department has endeavored to put forth the type of information that would be of benefit to all veterans by preparing bulletins and memorandums and transmitting them to all UAW local unions concerning benefits available to veterans under federal and state veterans laws. We feel that through these periodic releases our veteran members are as well informed regarding their entitlements as any other group similarly situated.

The UAW Veterans Department, under the direction of Secretary-Treasurer Emil Mazey, has worked in close cooperation with the various veterans organizations and the AFL-CIO Veterans Affairs Committee, not only to protect the gains made over the years for veterans, but has strived to obtain the benefits as outlined in the veterans resolution adopted at the Fifteenth UAW Convention by submitting proposed bills to the various committees of Congress.

The Department, guided by resolutions from the UAW conventions, will continue to support all legislative proposals which will benefit not only our war veteran population, but all other citizens as well.

ONE OF THE HIGHLIGHTS of the UAW's 1956 Education Conference in Washington was this recitation of the Union's historic 20-year struggle for social and economic justice.

Women Workers

A survey conducted by our Women's Department shows that the number of UAW women members is considerably higher than the 175,000 reported at our last Convention. This same survey, to which 1,019 local unions responded, shows that women are working in almost all classifications, but with the greatest concentration in inspection, production, assembly and machine work.

The UAW has steadfastly applied to women workers, as well as all others, our constitutional guarantees and convention mandates prohibiting discrimination of any kind, whether for sex, color, creed, race or national origin. The even and firm application of this policy has had the result of giving our women workers a sense of full participation, partnership, security and confidence.

However, the survey referred to above showed that our knottiest problem in this area, as in other areas of discrimination, is the matter of discrimination at the hiring gate—discrimination by the employer before the worker becomes a Union member and comes under the protection of the Union's contracts and Constitution.

Since the last Convention, in recognition of the importance of the work to be done among women UAW members, the International Executive Board made what was formerly the Women's Bureau into the Women's Department, accompanied by a much-needed increase in staff.

In many different fields of Union endeavor, the increasing weight of women's activities is being felt more and more. Nowhere is this more evident than in political action. This was clearly demonstrated in the last national election, when there was a higher participation of women voters, including UAW women members, than ever before. Increasingly, the wives of UAW members and women who are themselves UAW members realize the direct relationship between their household problems and the voting booth. The growing awareness of women members as to their rights and duties as voting citizens is a field in which the Union is continuing to work with more and more results.

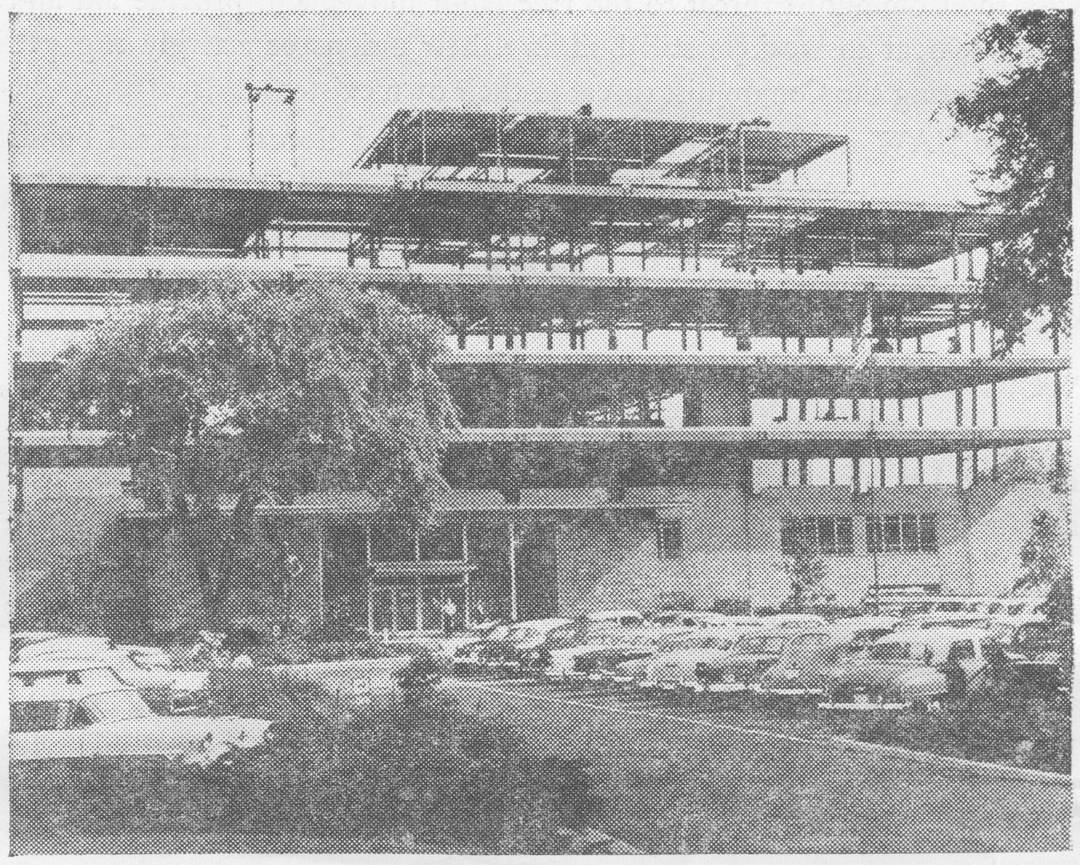
Labor Unity

The AFL-CIO is not a perfect instrument, and it will require a great deal of good will and understanding and a large measure of common dedication and determination on the part of the leadership before the American workers can fully realize the fruits of a united labor movement.

The first year, as could be expected, was filled with both encouraging and disappointing developments. On some matters we made encouraging progress. On others, such as organizing the unorganized and solving jurisdictional conflicts, our progress was disappointingly slow. Recent discussions, however, on jurisdictional problems have seemed to develop more light and less heat, which offers some hope of progress in dealing with these problems.

I am encouraged by the growing realization that the whole labor movement transcends in importance the more limited interest of any segment of the labor movement and that in truth, each part of the labor movement can share in greater progress only as the whole labor movement moves ahead together.

During the first year, I have had an opportunity to work closely with President George Meany and others in the top leadership of the AFL-CIO, and I am able to report that we are learning to know each other and learning to work together in a developing cooperative relationship. I think it is an objective evaluation to say that in broad balance the first year of the united labor movement has been on the plus side.



THE GROWTH OF THE UAW during the past seven years alone, and the multiplicity of its present functions and services to the membership have made it necessary to build additional floors on top of the present three-story Solidarity House, UAW International headquarters building in Detroit. Construction is still in progress.

Organization and Membership Growth

During the two years since the Fifteenth Constitutional Convention, the UAW has vigorously pursued its task of organizing the unorganized in our industries. The result has been that, in spite of heavy layoffs in 1956 and some impact on employment from spreading automation and other technological advances, we have more than maintained our own in total membership.

Currently, a conservative estimate of the total UAW membership in good standing is in excess of 1,500,000.

Between February 1, 1955, and January 31, 1957, the UAW won collective bargaining rights in 468 plants. The total number of eligible voters in these plants, at the time the elections were held, was 64,424. **The Competitive Shops Department estimates that this figure has increased by 25 per cent since recognition was won as a result of expansion of the work force.** This record has been achieved in the face and in spite of a hostile Republican Administration, the provisions of the Taft-Hartley Act, an anti-labor National Labor Relations Board, the passage of anti-labor laws in a number of states and a mounting campaign by professional labor baiters trying to create a hysterical anti-labor climate of public opinion.

The average number of dues-paying members for the 25-month period from December, 1954, through December, 1956—upon which the allocation of delegates to this Convention is based—was 1,271,591. **This compares to 1,331,685 average dues-paying membership for the similar period preceding the last Convention.**

When there is added to the current membership figure those members in good standing who are exonerated from payment of dues, including workers on strike, those laid off during this period and those who are retired, the total comes to well above 1,500,000.

HISTORIC 1955 negotiations (above and right) brought UAW members an economic package which exceeded 20 cents an hour, and established principle of the Guaranteed Annual Wage.

Financial Needs of the Union

Your International Officers have administered the affairs of your Union with a clear sense of responsibility, ever mindful that the cost of operating the Union is paid for out of the pockets of the rank-and-file members of our Union. We are continually reviewing our expenditures in an effort to economize and find more efficient ways of conducting the work of the Union.

At the present time, we are making a further study in an effort to still further tighten up our operations and reduce expenditures. However, despite this continuing effort to economize, the cost of conducting the essential activities of the International Union and the local unions has continued to reflect the increase in cost that every family has experienced. Just as the cost of living for a family has gone up in the past years, the cost of operating a union has gone up in the same period. The cost of rent, telephones, telegrams, printing, transportation, cost of salaries for office personnel—all of these items make up the operating budget of the Union just as many of these items make up the family budget of the average UAW member, the difference being, however, that most UAW members have received each quarter a cost-of-living adjustment in their wages to offset their increased cost of living, while the Union has had no increase in its income for the present $2.50 per month dues was fixed and has not been changed since 1951.

At the last Convention at which time this matter was discussed by the delegates, I advised the Convention that the International Union would create a Special Rank-and-File Advisory Committee and that this Committee would be asked to study the financial needs of the Union and make recommendations on how best the Union could meet its financial needs. This Special Rank-and-File Advisory Committee was created and after studying the problem, it recommended that the dues of $2.50 should be increased to $3.00 per month with the additional 50 cents being shared equally by the International Union and the local unions.

The International Executive Board accepted the recommendation of the Special Advisory Committee and the recommendation will be submitted to this Convention for consideration and action. Following the receipt of the recommendation of the Special Advisory Committee and the action of the International Executive Board accepting this recommendation, Secretary-Treasurer Emil Mazey advised all local unions of the recommendation of the Rank-and-File Advisory Committee.

The following is the text of Brother Mazey's letter:

"December 6, 1956

"Greetings:

"**The International Executive Board, after receiving a recommendation** from a Rank-and-File Advisory Committee on Long Range Financial Needs of our Union, voted unanimously to recommend a fifty cent (50c) per month increase in dues to the Sixteenth Constitutional Convention of the UAW to be held in Atlantic City beginning April 7, 1957.

"**The 50-cent dues adjustment is to be divided equally between** the local union and the International Union. The proposed 50-cent per month adjustment in dues is to be in addition to any dues currently being paid by the members of our local unions. The International Executive Board will recommend that the proposed adjustment in dues become effective in the month of June, 1957.

"Thirteen (13) members of the Advisory Committee recommended a 50-cent per month dues adjustment; seven (7) recommended $1.00; and one (1) believed there should be an adjustment but did not specify how much he thought it ought to be.

EMERGENCY STRIKE AID PROGRAM

"The Advisory Committee unanimously recommended, and the International Executive Board unanimously agreed to the development of an Emergency Strike Aid Program which would go into effect in the event the Union was actually on strike in 1958 in an effort to establish a collective bargaining pattern for that year.

"The Emergency Strike Aid Program would be considered at a Special Convention of the Union to be held in January or February of 1958 which would be called for the purpose of mobilizing the full strength of the Union in formulating and implementing 1958 collective bargaining demands.

"The Advisory Committee on union finances voted unanimously to recommend to the Convention that commencing in 1958 strike aid be on the basis of 'right' instead of on the basis of 'need.'

NEED FOR MORE INCOME

"The decision to seek a 50-cent a month adjustment in dues was reached after a careful analysis of the financial needs of our local unions and the International Union. The last adjustment in dues took place in 1951, almost six years ago. During this period, the cost of operating local unions and the International Union has increased tremendously.

"The need for additional revenue to operate our local unions was vividly brought to the attention of the committee by the results of a survey that showed that two hundred seventy-nine (279) local unions have dues in excess of $2.50 per month. (Local unions have the authority of increasing their dues under the provisions of Article 45 of the International Constitution.) At this time, twenty-one (21) locals have dues of $2.75 per month; one hundred thirty-eight (138) have dues of $3.00; ten (10) have dues of $3.25; eighty-five (85) have dues of $3.50; five (5) have dues of $3.75; thirteen (13) have dues of $4.00; one (1) has $4.25; four (4) have $4.50; and two (2) have $5.00.

COMPARISON OF DUES WITH OTHER UNIONS

"The proposed 50-cent per month dues increase will keep dues of UAW members among the lowest of any union in America. The following is a summary of dues paid by workers who are members of other unions:

Union	Monthly Dues	International Union	Local Union	District
Steelworkers	$5.00	$2.50	$2.50	
Rubber Workers	3.00 to $4.50	1.75	.60 Strike Fund	
Mine Workers	4.25	2.00	1.25	$1.00
IAM	4.00	2.00	.50 Strike Fund	
Teamsters	5.00 (Detroit)			
IUE	3.00	1.50	.35 Strike Fund	
IBEW	4.00 minimum	2.30		

BALLARD

BERNDT

BIOLETTI

BURT

CARTER

COTE

GERBER

JOHNSTON

KERRIGAN

KITZMAN

COST OF DUES INCREASE

"The 50-cent per month dues increase will cost each member less than one-third of one cent per hour; 11½ cents per week, or $6.00 per year.

UNION GAINS SINCE LAST DUES ADJUSTMENT

"Every member of our Union can afford to strengthen the financial position of his local union and the International Union by the payment of 50 cents per month in additional dues out of the tremendous economic benefits won for him by his Union since the last dues adjustment in 1951.

"A study of our financial gains since 1951 discloses that the Union on the average has won 51 cents an hour in wage increases, plus an additional 20 cents in fringe benefits, or a total gain of 71 cents per hour. For each additional penny that our members will pay in dues, as a result of the 50-cent monthly adjustment that will be recommended to the next Convention, our members are currently receiving 213 cents in economic benefits that have been won since the last dues adjustment in 1951.

WHO WILL MAKE DECISION TO ADJUST DUES

"Under the provisions of our Constitution, the proposed 50-cent per month adjustment in dues must be approved by the democratically elected delegates to our Sixteenth Constitutional Convention that will meet in Atlantic City commencing April 7, 1957.

"I strongly urge you to bring this matter to the attention of the membership and leadership of your local union so that we may collectively develop a program that can meet the financial needs of our local unions and the International Union.

"Fraternally yours,

"EMIL MAZEY
"Secretary-Treasurer"

In Memoriam

Ten members of our staff have passed on since our last Convention. The death of each of them has grieved us sorely and we share the grief of their families at their loss.

Three of them I would like to mention specifically because of my long personal association with each of them, an association enjoyed by many of our other officers and members as well.

Tony Stromar, administrative assistant to Secretary-Treasurer Emil Mazey, although only 42 years of age at the time of his death, was a UAW veteran. With a few other courageous and bold pioneers, he led his fellow Chrysler Highland Park workers out of an originally company-fostered Union into the then fledgling UAW in early 1937, and he was one of the sitdown strikers in the historic Chrysler strike later that year. Losing Tony was more than losing a devoted, trusted and competent associate. It was more like losing a member of our own family.

Joe Sayen, who started persuading workers to join the UAW almost before there was a UAW, was still organizing virtually to the day he had a fatal heart attack. During the crisis days of the Flint sitdowns in 1936 and 1937, Joe was everywhere there was trouble. Mounting a fence at the height of an attack by police, Sayen called, "We have only one life to give for our Union." His cry became the battle cry of the workers massed there and it was their spirit which carried the day.

Nick Dragon was one of several workers fired by Dodge in the fall of 1936 for union-organizing activity. The victims were reinstated due to the pressure of the Union and the threat of strike. That was the beginning of the successful organizing drive in Chrysler which reached its climax in the sitdown strike in 1937. During the last 15 years of his life, Dragon was a staff member at various times of the UAW, the CIO and the AFL-CIO and gave to the American labor movement both loyalty and dedication that will keep his memory with us for many years.

The other staff members who have died since our last Convention who also made important contributions to our Union and whose contributions and friendship we shall continue to appreciate as we cherish their memories, include: **Daniel J. Odneal, Frederick Lohagen, Norman Brookes, Louis Didisse, Philip Freedman, Frank Rusch** and **Arthur Peth.**

Teamwork in the Leadership—Solidarity in the Ranks

LETNER

McAULAY

McCUSKER

MERRELLI

MORRIS

O'MALLEY

ROBINSON

ROSS

SEATON

TEAMWORK in the leadership—solidarity in the ranks has been the key to continued UAW successes for the last ten years.

During the 1955 basic collective bargaining negotiations, we had an opportunity to demonstrate how solidarity in the ranks and teamwork in the leadership pays off at the bargaining table. I have said many times that there is no power in the world that can stop the forward march of free men united in common dedication in pursuit of common objectives and common ideals. This spirit has been the source of power and the motivation of our Union.

Just before the AFL-CIO Merger Convention in December of 1955, the CIO Executive Committee unanimously recommended and AFL members of the Unity Subcommittee unanimously approved the selection of then UAW Vice President John W Livingston to fill the important post of Director of Organization for the merged organization.

I announced Vice President Livingston's selection in a public statement at the time with "a combination of pride and reluctance."

"It is an honor to the UAW that Jack Livingston is the unanimous choice of both the CIO and AFL for this important post in the new organization. At the same time, it is with reluctance that the UAW-CIO releases a man who has, for such a long time, served the UAW so well and with such dedication to the principles for which we stand."

The UAW International Executive Board unanimously affirmed these sentiments in a formal resolution.

Shortly after the Merger Convention, the International Executive Board, as authorized and directed by the International Union Constitution, selected Pat Greathouse, then Director of UAW Region 4, to succeed Livingston. The Board's action was unanimous.

Brother Greathouse has fulfilled the Board's vote of confidence and trust by executing with vigor, efficiency and integrity the duties he assumed as Livingston's successor.

It is a tribute to the UAW's firm foundation in education and understanding of forward-looking trade union principles that younger men are available to step up when any one of our officers is called to higher and more responsible positions without any interruption in the continuity of leadership responsibilities.

I want to thank Secretary-Treasurer Emil Mazey, Vice Presidents Richard Gosser, Norman Matthews, Leonard Woodcock and Pat Greathouse and former Vice President Jack Livingston and all the members of the International Executive Board for their cooperation, their hours of hard work—many of them above and beyond the call of duty—and their selfless devotion to union principles.

I want also to express my sincere appreciation to the thousands in local union leadership and the rank-and-file members of our Union who have given to their Union dedicated service and solid support as we have worked together to move forward.

With sincere and fraternal good wishes to all members of the UAW and their families, this report is

Respectfully submitted,

Walter P. Reuther

(Note: The material in this edition of *The United Automobile Worker* is a condensation of President Reuther's full report presented this month to delegates to the Sixteenth Constitutional Convention in Atlantic City and to all local unions. The full report also contained accounts of the activities of all UAW councils and departments.)