

## Question 2

(Suggested time—40 minutes. This question counts for one-third of the total essay section score.)

On April 10, 1962, as the United States was emerging from a recession, the nation's largest steel companies raised steel prices by 3.5 percent. President John F. Kennedy, who had repeatedly called for stable prices and wages as part of a program of national sacrifice during a period of economic distress, held a news conference on April 11, 1962, which he opened with the following commentary regarding the hike in steel prices. Read Kennedy's remarks carefully. Then write an essay in which you analyze the rhetorical strategies President Kennedy uses to achieve his purpose. Support your analysis with specific references to the text.

Line Simultaneous and identical actions of United  
States Steel and other leading steel corporations,  
increasing steel prices by some 6 dollars a ton,  
5 constitute a wholly unjustifiable and irresponsible  
defiance of the public interest.

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

If this rise in the cost of steel is imitated by the  
rest of the industry, instead of rescinded, it would  
increase the cost of homes, autos, appliances, and  
25 most other items for every American family. It  
would increase the cost of machinery and tools to  
every American businessman and farmer. It would  
seriously handicap our efforts to prevent an  
inflationary spiral from eating up the pensions of our  
30 older citizens, and our new gains in purchasing  
power.

It would add, Secretary McNamara\* informed me  
this morning, an estimated one billion dollars to the  
cost of our defenses, at a time when every dollar is  
35 needed for national security and other purposes. It  
would make it more difficult for American goods to  
compete in foreign markets, more difficult to  
withstand competition from foreign imports, and  
thus more difficult to improve our balance of  
40 payments position, and stem the flow of gold.

45 And it is necessary to stem it for our national  
security, if we are going to pay for our security  
commitments abroad. And it would surely handicap  
our efforts to induce other industries and unions to  
adopt responsible price and wage policies.

The facts of the matter are that there is no  
justification for an increase in the steel prices. The  
recent settlement between the industry and the union,  
which does not even take place until July 1st, was  
50 widely acknowledged to be non-inflationary, and the  
whole purpose and effect of this Administration's  
role, which both parties understood, was to achieve  
an agreement which would make unnecessary any  
increase in prices.

55 Steel output per man is rising so fast that labor  
costs per ton of steel can actually be expected to  
decline in the next twelve months. And in fact, the  
Acting Commissioner of the Bureau of Labor  
Statistics informed me this morning that, and I quote:  
60 "Employment costs per unit of steel output in 1961  
were essentially the same as they were in 1958."

The cost of the major raw materials, steel scrap  
and coal, has also been declining, and for an industry  
which has been generally operating at less than two-  
65 thirds of capacity, its profit rate has been normal and  
can be expected to rise sharply this year in view of  
the reduction in idle capacity. Their lot has been  
easier than that of a hundred thousand steel workers  
thrown out of work in the last three years. The  
70 industry's cash dividends have exceeded 600 million  
dollars in each of the last five years, and earnings in  
the first quarter of this year were estimated in the  
February 28th Wall Street Journal to be among the  
highest in history.

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

this year, a few gigantic corporations have decided to increase prices in ruthless disregard of their public responsibilities.

85 The Steel Workers Union can be proud that it abided by its responsibilities in this agreement, and this government also has responsibilities, which we intend to meet.

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

95 The Department of Defense and other agencies are reviewing its impact on their policies of procurement, and I am informed that steps are underway by those Members of the Congress who plan appropriate inquiries into how these price

decisions are so quickly made, and reached, and what legislative safeguards may be needed to protect the public interest.

100 Price and wage decisions in this country, except for very limited restrictions in the case of monopolies and national emergency strikes, are and ought to be freely and privately made, but the American people have a right to expect in return for that freedom, a higher sense of business responsibility for the welfare of their country than 105 has been shown in the last two days.

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

\* Robert S. McNamara, secretary of defense from 1961 to 1968