

## The New Frontier, American Business and the Economy

Regarding the economy, in the thirty four months of his unfinished presidency, John Kennedy travelled a cycle, from promise to moderate success and back to promise. Ironically, Kennedy had an inconsistent relationship with corporate America during his short presidency. Initially he wanted to court big business to affirm his good intentions. Accordingly, he selected a larger percentage of his appointments from big Fortune 500 firms than did Eisenhower, by 65% to 56%. But big business distrusted Kennedy as surreptitiously liberal and pro-labor. After several sharp confrontations which Kennedy contested with business magnates, distrust became mutual.

Kennedy's economic policy focused clearly on pulling America out of the deep 1960 recession, which continued into early 1961. As Kennedy settled into the White House, right at 7% of the workforce was unemployed. Big cities were in desperate financial straits. Using government, Kennedy intended to grow the economy by creating jobs, retraining workers, controlling inflation, improving America's balance of trade, and reversing a nasty little problem called "balance of payments." Most was done with fiscal and monetary policy through the manipulation of budgets and taxes. He asked business for assistance, but by no means did he plan to make this a public-private partnership.

JFK considered all domestic programs except civil rights as economic stimuli. Kennedy initiated a series of bold yet small executive measures to help the economy. In January 1961, he issued Executive Order 10914, distributing food to rural Appalachian poor. Distributing federal money into high unemployment areas to build government facilities came next; followed by pouring money into locations with substantial defense activity; then he released veterans' insurance dividends early. Another key economic factor was housing. New private home starts in 1960 declined eighteen percent from 1959 and one out of six construction workers was unemployed. To remedy this he passed the 1961 Housing Act, which continued, then expanded the Eisenhower-Kennedy housing "boom," building America's suburbs.

In late January 1961, JFK met with his White House Staff, Council of Economic Advisors and Bureau of the Budget staff issuing "A Program to Restore Momentum to the American Economy." Kennedy passed the Minimum Wage Act of \$1.25 per hour, an Area Redevelopment Act to increase employment in poor rural areas, and the Manpower Redevelopment and Retraining Act to retrain those laid off by plant closings. He also "suggested" the Federal Reserve not raise prime rates and that big businesses "hold the line" on prices. The latter led to confrontation.

Roger Blough, Chairman of United States Steel refused Kennedy plea, and raised steel prices 3.5 percent. In April 1962, this dispute burst into a public, very direct and quite angry confrontation. Blough backed down only after Kennedy threatened to purchase defense steel from other companies, but antagonisms remained. Subsequently, Kennedy remarked that all businessmen were "SOBs."

Nonetheless, JFK enacted a series of business corporate tax breaks and incentives. Further, he shepherded a general tax cut bill through Congress, stalling in the Senate when he left for Dallas, but subsequently passed under Johnson. He completed the administration's economic plan by passing the 1962 Trade Expansion Act while stabilizing the gold flow drain by not devaluing the dollar. By the end of his presidency, he had new initiatives on trade later called the Kennedy Round of General Agreements on Tariff and Trade (GATT).

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Overall Kennedy cut unemployment to 5.5%, kept annual inflation in the 1% area from Eisenhower's high of 3.34 %, and steadily grew the Gross National Product steadily from 1961 through 1963. And he also gave America hope.

### Annotated Bibliography

#### Books

Dallek, Robert. An Unfinished Life: John F. Kennedy 1917- 1963. Boston: Little, Brown and Company, 2003. Dallek presents a very readable and comprehensive study of the Kennedy years. It is quite helpful explaining how Kennedy watchfully grew the economy.

Giglio, James N. The Presidency of John F. Kennedy. Lawrence: University of Kansas Press, 1991. Giglio offers a balanced view of the Kennedy administration with good statistics regarding the economy.

Heath, James F. John F. Kennedy and Business Community. Chicago: University of Chicago Press, 1969. This is a traditional study of Jack Kennedy's policies and relationships with big business. It is particularly useful regarding JFK's incentives to business and the tax cut proposals.

Keith, Nathaniel S. Politics and the Housing Crisis Since 1930. New York: Universe Books, 1973. Keith's study explains how political interference and uncompleted programs adversely affected American housing, both public and private.

Matthews, Chris. Jack Kennedy: Elusive Hero. New York: Simon & Schuster, 2011. Matthews writes a book favorable to Kennedy and his legacy. In it he applauds President Kennedy's executive leadership in several crises, including the confrontation with United States Steel.

McQuaid, Kim. Uneasy Partners: Big Business in American Politics 1945-1960. Baltimore: Johns Hopkins University Press, 1994. McQuaid authors an excellent study of the often troubled relationship between business and government in early post World War II America.

Norquist, John O. The Wealth of Cities: Revitalizing the Center of American Life. Reading: Addison-Wesley, 1998. This volume is a superb study of urban problems and how they have been either mitigated or resolved, to renew many of America's cities.

Schlesinger, Arthur M Jr. A Thousand Days: John F. Kennedy in the White House. Boston: Houghton Mifflin Company, 1965. Revised through 2002, this early but very well written study is a fundamental must for understanding what took place during Camelot. It is favorable to Kennedy and his administration.

### Government Publications

United States Government. Papers of the Presidents of the United States: John F. Kennedy 1961. Washington: United States Government Printing Office, 1961. First in a three volume set, this book is a compilation of the speeches and remarks of Jack Kennedy in 1961.

### Dissertations

Foley, William A. Jr. "John F. Kennedy and the American City: The Urban Programs of the New Frontier, 1961 – 1963." PhD diss., Indiana University, 2005. This is a detailed look at all the urban programs of the Kennedy administration, with a special emphasis on their impact in growing the American economy of the early 1960s.

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