

Ramparts
[Part Two]

Dec 1966

Litton Industries

Litton Industries; Proving

"Business and industry are our last hope. They are the most realistic elements of our society." —KENNETH B. CLARK, PSYCHOLOGIST, TESTIMONY BEFORE THE KERNER COMMISSION

[TITANS AND OLYMPIANS]

WHILE MOST EYES WERE FOCUSED ON the presidential elections, an unprecedented humiliation was being visited upon one of the dinosaurs of the American corporate community. The United Fruit Company—whose board directors and presidents were accustomed to serving the nation as secretaries of State and directors of the CIA, and whose divisional branches exercised unchallenged supremacy over sovereign republics in the banana belt of Central America—found that it was the target of a series of takeover bids. Who would have the nerve?

Twenty-five years ago Textron, Incorporated, was only a diminutive manufacturer of textiles. Since then, however, the firm has acquired a new name and scores of companies spanning 27 industrial categories, and has taken a prominent place in the military-industrial complex. On election eve Textron announced that it was adding United Fruit to its family.

This was not the biggest merger of the year, but it dramatically symbolized the tremendous upheaval that is shifting the corporate foundations of American society. The U.S. is currently in the midst of the largest merger wave in its history, already twice the magnitude of any previous wave and still on the upswing, with no sign of peaking. The main action in this incredible concentration of economic power, accounting for about 90 per cent of all acquisitions in 1968, is going to a new species of corporate organization: the conglomerate. Led by such aerospace giants as Litton Industries, Ling-Temco-Vought (L-T-V) and Textron, the conglomerates are already regarded by many as the heirs apparent to American corporate power. With their feet solidly planted in the military-industrial complex, each has managed to absorb close to a hundred other corporations and to create a composite giant whose scope of industrial enterprise is truly awesome.

This explosive velocity of conglomerate expansion makes the most fantastic projections seem plausible. Litton Industries provides a typical case in point. Fifteen years ago Litton was a \$1.5 million electronics firm. Today, employing about 100,000 people in 28 countries, it is worth more than a thousand times as much. The record of L-T-V is equally spectacular. Twenty-two years ago, James J. Ling invested \$3000 in an electronics shop in Dallas. Today the successor of that firm, L-T-V, is even bigger than Litton, with \$1 billion in assets and \$2 billion in sales. Moreover, the expansion of these conglomerates over whole empires seems to have no natural limit, unless it is the economic system itself. Indeed, one enthusiastic reporter of the L-T-V octopus has already run his story under the headline: "It is Theoretically Possible for the Entire United States to Become ONE VAST CONGLOMERATE Presided Over by Mr. James J. Ling." Nor is the prospect one from which Mr. Ling would shrink.

[THE TECHNOLOGY OF PROFIT]

THE VAST ACCRETION OF POWER in the last decade to military-based conglomerates like Litton and L-T-V has caused remarkably little public concern, considering the implications for an ostensibly free society. There are many factors behind this default, but probably the most important one is the least conspicuous. It is the universal conviction that bigness and even monopolistic concentration are inevitable, being the natural and necessary consequences of technological modernity. To protest therefore seems merely to stand in the way of progress, mindlessly repudiating the bounty of the age in favor of nostalgic illusions.

John Kenneth Galbraith, the New Monopolistic State's most urbane, unabashed and best-selling apologist, has expressed the wisdom of the times most eloquently: "By all but the pathologically romantic, it is now recognized that this is not the age of the small man." Is it the quest for monopoly profits that has resulted in the gargantuan enterprises which now dominate the American economy? Certainly not, says Galbraith: "Size is the general servant of technology, not the special servant of profits. The small firm cannot be restored by breaking the power of the larger ones. It would require, rather, the rejection of the technology which since earliest consciousness we are taught to applaud." Modern technology, says Galbraith, requires "planning, specialization and organization," and these require that the market be "superseded," "controlled" or "suspended," which is accomplished primarily by monopolistic concentration.

These statements, exuding all the natural plausibility of conventional wisdom, are wholly seductive. To offer empirical support for the generalizations seems almost superfluous. Yet the actual empirical studies that have been made provide no substantive basis for the thesis that technology requires monopoly—indeed they point strongly in the opposite direction.

Thus, the authoritative study in the field (Joe S. Bain's *Industrial Organization*) concludes that for 80 to 90 per cent of the industries investigated, there is no need for high concentration to make production and distribution efficient. On the other hand, many of the new technologies have a decidedly decentralizing thrust, and as Dr. John M. Blair, chief economist for the Senate antitrust subcommittee, has pointed out, highly monopolistic industries like steel have been decentralizing their assembly plants at the same time that another model of monopolistic concentration, General Electric, has "shut down its huge Schenectady factory while making a veritable religion of decentralization."

If relatively high concentration is not technologically justified for single industry firms, it is hardly justified for the conglomerates, which are made up of randomly acquired companies encompassing diverse product lines and categories.

Poverty Pays

For that reason among others, the heads of Litton, like all conglomerate managements, don't like to admit that they are such an enterprise (although their more than 80 companies operate in 18 distinct industrial categories). According to number two man, Roy Ash, Litton's acquisitions have been in fields where its technological capabilities give it a competitive edge. "In truth," comments Fortune, "considerable mental agility is required to perceive an impending technological revolution in some of the businesses Litton has bought—e.g., office furniture."

Litton Industries cannot in fact seriously claim to provide any benefits of integrated production to its jumble of subunits. And if they are sometimes inclined to invoke the salutary but mysterious influence of their mode of central management, when they get down to it the feature of their organization about which they are proudest is just how decentralized it is—with each division manager given his head and acquired companies remaining autonomous and even rivals of their sibling subunits. So the occult potency of Litton's management is like that of the magician who claims to be twice as good as any other because he can conjure a rabbit in a hat *and* make it disappear, all faster than the eye can see. The idea of some arcane technology of management—a notion drawn from military and space prime contracting activities—is Litton's stock in trade. The alternative, that central ownership is just that, that its prime function is to own—i.e., to concentrate financial, industrial and political power—is of course unthinkable.

But the Wall Street Journal did manage to think of it when they interviewed officials of Textron, and they got a rather candid response. Asked the Journal "How can any group of executives maintain control over such dizzyingly varied businesses in most of which they can have had no experience? The answer to the question, say Textron men, is simple. The company has acquired unrelated businesses to make money."

Office furniture aside, Ash's claim that Litton's size facilitates technological innovation reflects another major technological myth of our age: that the giant corporation is a necessary agent for *creating* new technologies. As Galbraith puts it: "A benign providence who, so far, has loved us for our worries, has made the modern industry of a few large firms an almost perfect instrument for inducing technical change. It is admirably equipped for financing technical development. Its organization provides strong incentives for undertaking development and for putting it into use. . . . There is no more pleasant fiction than that technical change is the product of the matchless ingenuity of the small man forced by competition to employ his wits to better his neighbor. Unhappily, it is a fiction. Technical development has long since become the preserve of the scientist and the engineer. Most of the cheap and simple inventions have, to put it bluntly, been made." Once again the record indicates that the "perfect instrument" must somehow be too sublime to do the job.

In an authoritative study of 61 "major contemporary inventions," it was found that only 12 of these could be attributed to the laboratories of large corporations. The jet

engine was originated independently in England and Germany by individuals who were unable to interest the aircraft producers in it (the Englishman even allowed his patent to lapse). Kodachrome arose from the experiments of two musicians, "sometimes working in their kitchen sinks between concerts." Other examples of products of individual inventors—often working with primitive equipment—were the first computer (ENIAC), air conditioning, the modern self-winding watch (which was rejected by the Swiss watch companies when it was first offered to them), stereophonic sound reproduction, the syncromesh transmission, neomycin, frequency modulation (FM; it was opposed by RCA) and xerography. In military technology, individuals without organizational support were either responsible for, or played a crucial role in the development of, the gyrocompass, the helicopter, the atomic submarine and the sidewinder missile.

A closer look at the inventions that do come out of the laboratories of the industrial giants should quickly dispel Galbraith's "perfect instrument" idea. Arthur K. Watson, the head of IBM, the very symbol of modern technology in business, pointed out to an International Congress of Accountants in 1962, "The disk memory unit, the heart of today's random access computer, is not the logical outcome of a decision made by IBM management. It was developed in one of our laboratories as a bootleg project—over the stern warning from management that the project had to be dropped because of budget difficulties. A handful of men ignored the warning. They broke the rules. They risked their jobs to work on a project they believed in."

Can it be that the supercorporation of the space age is really all that shortsighted and tightfisted about seeking new technologies? Private industry does after all spend \$9 billion a year on research and development (four per cent on basic research, the rest largely on altering, refining, packaging and marketing existing technologies). And of that, the larger firms, those with more than 5000 employees, certainly carry their share. Though they make up only three per cent of the companies doing research, they spend 85 per cent of the total. That looks like pretty extravagant entrepreneurial daring. Of course this investment in the future is made considerably easier for them by the fact that the government puts up 60 cents of every R&D dollar that private industry spends. Moreover, two-thirds of the rest is ultimately charged off as overhead on government contracts.

So it seems that the real entrepreneur is the government, who is not only extraordinarily openhanded about putting up the investment, but agreeably lighthearted about not reaping the profits on it. So agreeable, in fact, that it goes on to buy the product that it financed, at a healthy profit to the surrogate developer. Like buying the Brooklyn Bridge, this must be looked on as an act of peculiar generosity. It is a game where the roles of politician, general, corporate manager and government official are shifted around so rapidly that an embarrassed player can even forget if he is to be the donor or the recipient.

But then again it's not their money. If the corporation is spending the government's money, the government is spending the taxpayer's. If he had a very clear idea of it, the taxpayer might frown on this happy arrangement and spoil all the fun, but his attention is turned toward the welfare pennies allegedly squandered on people who don't work. Whereas the men on the board at Litton have very good jobs indeed.

Litton Industries is a holding company for its decentrally managed subsidiaries. But Litton is not merely a Beverly Hills address where worldwide profits are mailed to be figured by accountants into grand totals. It is a focal point for an empire's growing economic power which it applies with consummate skill to the great financial and political levers on Wall Street and Washington.

LITTON IS A NEW LORD OF THE CORPORATE REALM; it has ascended to an order of nobility that had seemed at the time of World War II to be virtually closed by a stable system of fiefdoms which each of the major corporations had carved out of the Industrial Revolution, leaving no unclaimed ground on which a new economic power could be built. And in fact, although Litton has achieved sufficient financial strength—by playing an inflated stock market for all it is worth—to acquire properties in the economic heartland inhabited by the older corporations, the original and indispensable basis of Litton's strength was not successful competition in already allocated markets. Litton is first of all lord of a newly opened virgin territory. That is to say, Litton is not an industrial pioneer in traditional markets in the sense that one might characterize Polaroid or Xerox, whose spectacular growths have been based on new products which people have found highly useful. Litton is more the master of a "land grant dominion," dispensed and continuously subsidized by the federal government as part of the unbelievable largesse of the postwar contract state.

The form which these grants take is the military prime "systems" contract, and the region is electronics. A good example is Litton's contract to design, plan, produce and maintain, in accordance with broad requirements, a worldwide fleet of floating military bases. Since the price of a system not yet designed cannot be fixed in advance, in systems contracting the government in effect agrees to pay the corporation back whatever it spends, plus profits. The prime contractor is expected to turn around and subcontract whatever it can't do itself and the government advances funds to cover outlays by the contractor. So you don't really need investment capital or competence to get the job—or the profits.

Obviously it's nice work if you can get it. But who gets it and how? Since the criteria of cash and competence are consigned by government contracting policies to roles of distinctly secondary importance, the importance of a corporation's influence in the federal bureaucracies naturally looms inordinately large. For a long time, corporate political strategy had its focus on military decision makers, whether generals or civilians. However, as the military budget has become a permanent factor of major proportions in the economy as a whole, the ramifications of its spending policies have grown more and more extensive. From its contract to build the floating base system, for example, Litton gained facilities and expertise—at taxpayers' expense—which have given it the inside track on the civilian shipbuilding industry as well. More importantly, neither military policy nor the Defense bureaucracy is divorced from the rest of the national political structure, and the political power gained by the successful prime contractors in the military field has become an important basis for extending their field of operation to other areas where the federal government exercises responsibility and allocates its huge budget.

With an eye to the immense dominions of largesse still to be granted by the sovereign power, Litton has been careful to keep its representatives at court and to keep a foot in every available political door. Among its executives and directors are Defense Department secretaries and military generals, highly influential Democrats and equally important Republicans, liberal Humphrey supporters and the chief financial backer of Ronald Reagan—in short, the whole spectrum of legitimized political power (and potential contract dispensation). With its expansive political network as a foundation, Litton has been in the forefront of the move to extend systems contracting to nonmilitary fields. Litton was the first private contractor to take over responsibility for a War on Poverty Job Corps project and the first corporation to apply the systems approach to the economic development program of an entire geographical region (in Greece), and its distinctive mode of operation in these instances provides an ominous portent of things to come. Litton's career follows what may turn out to be the most natural line of development for the huge and continuously growing conglomerate corporations as they overflow the traditional limits which have contained them.

[CONTRACTING DEVELOPMENT]

"Litton is a world-wide organization dedicated to utilizing the discoveries of modern science by converting them into useful goods and services—products that bolster the Free World's vital economic base and defend the inflexible ideal of human freedom."

—LITTON INDUSTRIES' ANNUAL REPORT TO STOCKHOLDERS, 1963

ON APRIL 21, 1967, A SUDDEN coup d'etat in Greece sent a shudder through Europe. The coup, carried out by junior officers to forestall an impending liberal electoral victory, represented a shift so far to the right that the conservative monarchy was eventually thrown into opposition and the king virtually deposed. The epithet "fascist" was thrown in the face of the regime as it quickly filled the jails with thousands of political prisoners. And for the first time in non-Iberian Europe since World War II, the term rang true. The governments of Norway and Denmark immediately tried to have the Greek junta kicked out of NATO, and later out of the Council of Europe. Other West European governments signified their disapproval but reserved action. Even Washington, whose military and intelligence agencies were implicated in the coup, held back any immediate support. Then, three weeks after the overthrow, when the new regime was still unstable and the adverse worldwide reaction held out the possibility that the junta might disintegrate and fall, a gesture of support was made by one of the largest U.S. corporations, one with a reputation for having powerful connections in the White House and the Pentagon.

That corporation was Litton Industries. The gesture was the agreement by Litton to be prime contractor on a "development" program for Greece.

In keeping with Litton's usual strategy, the agreement was on a cost-plus basis, with Litton agreeing to procure \$840 million in capital for Greece over a 12-year period. In return, the military junta agreed to repay Litton its costs plus 11 per cent, plus a commission of about two per cent on all capital that Litton succeeded in steering to Greece. For readers whose

minds are fixated on the concept of private enterprise as in some sense free or competitive, the significance of this kind of contract might be spelled out once again. Litton itself risks nothing. Every month Litton files invoices for its costs, and in 15 days it gets back everything it has paid out plus a profit of 11 per cent. As explained by Robert M. Allan Jr., president of Litton International Development Corporation and head of Litton's program in Greece, "The return on investment here, of course, is very large because we don't have any basic investment. Our real investment is our good name which of course is the most valuable thing we own." Litton's good name (and contacts) were indeed attractive assets for the military regime.

Another was Litton's promotional expertise, which was promptly directed to the vital task of convincing Americans—particularly very important Americans—of the virtues of iron rule in Athens. The key figure in Litton's PR work for the junta is Barney Oldfield, Litton International's chief public information officer, who, according to spokesmen for the Greek resistance, runs the pro-junta propaganda campaign both in Athens and in the United States. Oldfield, who was an Air Force colonel before going to Litton, got his PR training as chief public information officer for NATO in Europe and has excellent Pentagon and Republican connections.

To the uninitiated, it might seem strange that the former chief PR man for NATO—a military alliance allegedly formed to defend freedom—should suddenly become a salesman for a totalitarian dictatorship in Greece, but Oldfield's behavior is certainly within the norms laid down by Washington. Thus on May 17, 1968, a year after the coup (and a good deal of Litton politicking), Washington softened its attitude towards the junta. Secretary of Defense Clark Clifford went before the Senate Foreign Relations Committee to ask support for an administration proposal for \$661 million in military aid to the dictatorships of Korea, Turkey, Iran, Taiwan and Greece. Of the latter, Clifford said: "The obligations imposed on us by the NATO alliance are far more important than the kind of government they have in Greece or what we think of it."

One of Litton's most important services to the junta prior to its reception into the Free World fold was performed by Litton's president, Tex Thornton, six months earlier in September 1967. Following a meeting of the governors of the World Bank in Rio de Janeiro, Costas Thanos, a high Greek official whom Columbia University has accused of plagiarizing his PhD thesis, and Demetrius Galanis, governor of the Bank of Greece, traveled to New York for a planned banquet with American bankers. At the urging of the U.S. State Department, however, the American bankers decided not to attend. Thanos then flew to Washington and requested meetings with Vice President Humphrey; Secretary of the Treasury Fowler; Congressman Mendel Rivers, chairman of the House Armed Services Committee; and Speaker of the House John McCormack. The Greeks wanted to talk to these powerful American politicians about increased foreign aid and a resumption of full military assistance. However, all four men declined to meet Thanos and Galanis, again because of a negative sign from the State Department. Faced with this crisis, the Greeks naturally turned to their powerful ally, Litton.

Tex Thornton immediately flew to Washington in his private plane, ostensibly to attend a meeting of the President's Advisory Commission on Civil Disorders, of which he was a

member, but also to pull some of Litton's golden political strings. Within days, the doors of the four politicians were opened to the representatives of the Greek colonels, while the State Department fumed.

WHILE THORNTON'S BEHIND-THE-SCENES maneuvering was building up pressure for an eventual resumption of military aid to the Greek regime, the junta's first real break came with the announcement of a \$12.5 million loan from the World Bank. This was the first solid evidence of external financial support for the regime. (After the coup, the European Economic Community—more popularly known as the Common Market—which had in 1962 made available \$125 million in loans to Greece, refused the ordinarily automatic extension of time allowed for drawing the funds. Having used less than half of the total, Greece lost a \$70 million credit.) It happens that the World Bank loan was one of the first issued under its new president, Tex Thornton's old breakfast chum Robert McNamara. So this might look like a classic case of friendly persuasion. In fact, however, most observers discount Litton's role.

Ironically it is Litton itself which, rather than issuing demure protestations of innocence, has sought to create the impression—among those who don't already know better—that it was not only responsible for the loan, but that if the Greek junta wants any more loans from the World Bank it will have to go through the Beverly Hills conglomerate. When you are marketing a reputation for prowess and success, Don Juanism can be a valued accusation.

Foreign capital, representing foreign confidence, was obviously a high priority for the Greek junta. One full page ad which the junta ran in the New York Times was headed: "Greece: Ideal Country For Investors." The ad underscored the stability of the internal political situation as a major encouragement to investment, in contrast to the turbulent days of Greek democracy. This was echoed in a speech two months later by Litton's Robert Allan. According to Allan, there were four basic ingredients of national growth in Litton's view: capital, know-how, incentive and "stability of environment." As Allan explained, "If a government will restrain itself from outbursts which create long pauses among investors, and potential investors . . . then we have a working partnership."

Allan's speech went on to attack such opponents of the Greek junta as actress Melina Mercouri and former Cabinet Minister Andreas Papandreu, who were described as "an aging actress without a play" and "an agitating professor out of work." "Their country," Allan declaimed, "which owes its very existence to soldiers who fought for its survival, they say is now in poor hands because the same men rule it." (Actually it was the Communist-led guerrillas who liberated Greece in World War II.)

Readers may be wondering if this kind of double-think is reserved by Litton executives for public occasions and formal addresses. Partly to find out, RAMPARTS went down to Beverly Hills to interview Robert Allan, who describes himself as working "for the Greek people." By the time RAMPARTS spoke with Allan, several authenticated descriptions of the terror in Greece and the torture of political prisoners had already been smuggled out of that country and circulated in the international press. Writing of one of the island prisons five months after the coup, Newsweek observed: "Tradition has it

that the Emperor Tiberius, one of the cruelest Roman rulers, refused out of simple humanity to imprison any of his subjects on the treeless, waterless Aegean island of Yioura. No such scruples, however, inhibit the present military rulers of Greece who, soon after their coup last April, filled Yioura's cellblocks and tent camps with 6500 of their fellow citizens."

Alluding to similar reports documenting the torture of Greek prisoners, Allan went into a monologue right out of 1984: "I satisfied myself that most of these prisoners in Greece are living on an island, the way you and I'd live on Catalina. They're free to come and go as they wish. A lot of fresh air and a lot of sunshine, but no communication. It isn't the way that you and I would like to see something done, but they couldn't stand any more riots. The whole nation was just going into chaos, and this was their way of answering it. I've also tried to my best ability to determine what went on, and as far as I could determine, there was no more torture or beatings than they would have in a normal police station anywhere in the world . . . which, God knows, none of us like, but do go on."

The reason that Litton likes the military junta, as Allan freely admits, is because the junta "provided the atmosphere in which things can get done," and in particular an atmosphere in which Litton could do them: prior to the coup, the Litton contract had been turned down by several Greek parliaments. The very structure and strategy of Litton as a business enterprise gravitates toward the military and the state, and toward authoritarian regimes. The Litton-Greece contract has been followed up by parallel schemes for Portugal and Turkey. In conversation, Allan's thoughts drift toward the dictatorships of Nicaragua, Indonesia and Taiwan, as examples of countries where he'd like to try the "Greek approach."

THIS GRAVITATION TOWARD THE STATE is a function of the systems approach, as is the particular preference for the state's authoritarian forms. The primary features of the systems approach are its dependence on state financing and its need to override the sovereignty of the people. So while one might think that the overall economic development of Crete and the Western Peloponnesus was the proper concern of the people who live in the area and of a representative government of the people, under the Greek-Litton arrangement it is Litton who draws up the overall development plan. "In Greece," explains Tex Thornton, "our objective is not to single out one economic activity, but to apply the systems approach to building a future for that historic nation."

What specifically did Litton's space-age systems-oriented management propose for launching Greece out of its morass of poverty and underdevelopment and into the modern era? "Our primary thrust," Allan explained, "is to develop tourism." If tourism were indeed a lever of development, rather than one of the chief syndromes of economic dependence and underdevelopment, then the West Indies, Spain and Greece itself would long ago have become industrial nations. Old-fashioned imperialism begins to look economically progressive compared to what Litton is proposing! The old imperialists at least dug a mine, built a port (financed by the colony's taxes) and ran a road or a railway from the mine to the port. What Litton has in mind, according to one business magazine, are "hotels, roads leading to hotels, the airport where hotel guests can land, supplies of food and water, handicraft manufacture [for tourist

trading posts, no doubt], recreation facilities," etc. In other words, a Disneyland economy with an ample supply of colorful locals to service the pavilions and their visitors. Naturally, Litton's Stouffer Division will supply the hotels.

Perhaps the worst aspect of this is that Allan knows Litton's plan is a bitter prescription for the Greeks. In person he will admit that it won't really meet the long-term needs of the Greek economy. But if there is something offensive about the transformation of the crucible of Western civilization into another Honolulu, then again, worse things could happen. "I don't approve of it, and I hope Greece won't have it happen," Allan told RAMPARTS, "but gee, Honolulu in ten years has gone from here to here [raising his hand over his head] as far as volume of input is concerned."

In addition to the Honolulu complex, Litton has plans for "agricultural development." These feature a system of artesian wells which Allan says would save about \$72 million over the cost of a planned system of irrigation dams. Litton also has assigned its computers to wrestle with the problem of the price of brussels sprouts in the West German market, and it is talking of making Crete a major producer of this basic foodstuff. Finally, an international developer from Wichita, Kansas, has submitted a plan to Litton proposing the construction of 300 townhouses, at a cost of \$7000 each, in the Western Peloponnesus. The average Greek—for whom the houses, needless to say, are not planned—would have to spend his entire annual income for more than 15 years to buy such an item.

If Litton succeeds in its "development" plans, it is evident that the result will be merely to extend the economic and social blight which has characterized Greece's postwar dependence on the United States and on U.S. investment in tourism, oil refining (Esso-Pappas) and Coca-Cola. However, there are signs that Litton may not be succeeding even in this modest endeavor. Under the terms of the original contract of May 1967, Litton had committed itself, as a starter, to attracting \$60 million in foreign capital to Greece by May 1969. With two-thirds of the period gone, Litton has attracted only \$3.5 million, or about six per cent of its projected goal. Most of this investment represents Litton's own capital; none of it is in industrial or agricultural projects. Not only has Litton failed to attract any substantial capital (or to invest much of its own), even the research and feasibility studies were not prepared by its own high-powered managerial talent. According to highly placed sources, Litton has been digging up old economic feasibility studies prepared by academics (including the arch opponent of the military regime, Andreas Papandreou), Greek government economists and economic consultants.

All this led to rumors that the junta would not renew the contract with Litton in May. To scotch these rumors, Litton announced plans for a \$3 million German brewery, a \$350,000 electronics assembly plant (a Litton subsidiary), a \$3.8 million Stouffer hotel in Crete and a multimillion dollar tourist complex in the Western Peloponnesus. But while speculation developed as to whether these plans would materialize, Litton was dramatically upstaged by another entrant onto the scene, the newly-wed Aristotle Onassis.

Ten days after Washington had resumed delivery of major military equipment to Greece, thus offering its imprimatur for the regime and a new guarantee of its stability, Onassis announced his own systems approach: a \$400 million investment package (the largest ever made in Greece) in tourist

facilities, an airport in Athens, an aluminum processing plant (in conjunction with Reynolds) with a companion thermo-electric power plant, a shipyard, and an oil refinery which, according to initial reports, would be "bound to make more money than all the action in Las Vegas." So it seems that for all his private plane trips and brussels sprouts, Tex Thornton may have been out-hustled by a local boy.

If Onassis has upstaged Litton it is not simply on the basis of national solidarity. The Greek government finds Onassis important because he deals in the kind of old-line imperial enterprises that are part of the basic economy—he owns one of the world's great tanker fleets and will soon be producing his own oil. In contrast, Litton's major thrust is in advanced technologies and knowledge industries geared to markets in highly developed environments. So all it could really attempt in Greece was to exploit the government without exploiting the economy, and there is just not enough loose money around in the country to sustain such an arrangement. The opportunities of underdevelopment were enticing, but Litton was ill-equipped to profit from them.

The perfect situation for Litton would be an underdeveloped area with an overdeveloped government which would be less discerning about results than the colonels. An impossible dream? Not at all. Litton had already found it—at home.

[CONTRACTING POVERTY]

THE INPUT—THE RAW MATERIAL—that is fed into this machine is people. The output is people. It is the function of this machine to transform these people." That is the philosophy of "education" held by John H. Rubel, vice president of Litton's Economic Development Division, as expressed in a letter to Sargent Shriver. Rubel, formerly assistant secretary of Defense under Robert McNamara, is credited with having convinced Shriver to award Job Corps contracts to private enterprise rather than strictly to educational institutions. Of course, it was only fair that Litton should get one of the first contracts: the Parks Job Corps Center in Pleasanton, California.

Litton's predictably titled Educational Systems Division includes many valuable properties, such as the American Book, D. Van Nostrand and Chapman-Reinhold publishing companies. They also serve as program administrators for Oakland Community College in Bloomfield Hills, Michigan. Its most important enterprise, however, is the Parks Center, because the Job Corps is the opening wedge for Litton's entrance into the potential treasure houses of social welfare and education.

Litton's public relations department celebrates the Parks Job Corps camp as a free enterprise success story. Recently, Parks placed its 5000th "graduate" in a job; the center has thus placed more of its graduates than any other Job Corps camp in the country. Of course, the PR men neglect to mention that the number one "employer," accounting for roughly 40 per cent of Parks' graduates, is the U. S. military.

Litton administrators consider Viet-Nam a highly desirable placement for their predominantly black corpsmen. The waiting room of the placement office, where each graduate of the nine-month course goes to inquire about future employment, is plastered with posters urging, nondenominationally, enlistment in the Army, Navy, Air Force or Marines. A life-size cardboard

cutout of a sharp looking black soldier salutes the graduate as he steps in the door. Piles of brochures invite him to learn "The Secret of Getting Ahead in Today's Action Army." And lest the message be forgotten, on the way out a flashing sign reminds him: DESIRABLE LOCATION—YOUR U. S. ARMY—TRAINING GUARANTEED WITH BIG BUSINESS—YOUR CHOICE OF SCHOOLS—STEADY ADVANCEMENT.

Of course where enticement fails, there is always induction. Every week an IBM print-out announces the names of those at the Parks Center who have turned eighteen. Each one must then register for the draft with a Litton employee, conveniently certified by the local Hayward board. Upon graduation, Litton notifies the corpsman's draft board of his new educational achievements. (Litton arranges for the majority of its enrollees at Parks to receive a high school equivalency diploma, which makes those who had been deferred due to low scores on the Army mental aptitude exam eligible for retesting.) Al Cassell, the head of placement at the Parks Center, explained: "We get draft notices by the hundreds every day. We furnish the draft board with information relative to the training level achieved by the young man. . . . We take him to Hayward and have him retested. . . . If he passes . . . the Hayward testing center notifies his local board, and they in turn will usually draft him."

Even if the corpsman does not improve his score on the test, his new high school diploma might well make him eligible for induction. At one time, in a kind of reciprocal trade arrangement, Litton kept a Job Corps recruiter at the frequently embattled Oakland Induction Center in California. Many ineligible draftees, led to believe that they would become qualified for a high paying job in industry, enrolled in the program only to find themselves returned full circle at the end of the course. Two sergeants from Hayward go out to the Parks Job Corps Center every day. No other prospective employers have permanent recruiters there.

VERNON ALDEN, PRESIDENT OF OHIO UNIVERSITY, envisioned the Job Corps as a place that would "offer a new environment where hopes can be lifted and skills developed free from the shackles of oppressive and antagonistic surroundings." So much for visions.

Litton's Job Corps center, located on an unused Navy base, is surrounded by a barbed wire fence with checkpoints manned by Litton-employed guards. The 2000 corpsmen sleep in open bay Army barracks, wear green uniforms, march to their meals at the mess hall, and are hauled off to the brig when they misbehave. The young men arriving at Parks are not exactly prepared for such an environment. Most of them have been signed up by the Litton recruiters who are stationed throughout the poverty areas of the nation advertising the wealth of opportunity in California. Since Litton's contract with the Office of Economic Opportunity (OEO) depends on a sufficient number of enrollees, the recruiters use every possible means to lure them. Of course, they give the standard come-on: training for a good-paying job, the equivalent of a high school diploma, \$30-a-month spending money, a \$50-a-month bonus upon graduation for time completed, and a chance to get away from home. There is also exotic talk of pools and girls, private rooms with TV's—even draft deferments!

If getting them there is half the battle for Litton, keeping them there is the other half. When a new enrollee decides that

life was better back home, even though home may have been a decaying urban slum, his request to leave is met with hostility by Litton officials. He is told that he cannot leave for at least 90 days for any reason other than a death in the immediate family. Moreover, if he wants to quit at any time prior to the end of his nine-month course, he must pay his own way home, often halfway across the country.

Those who protest this policy too loudly are "quieted" by muscular counselors or hauled off to the brig. Some become desperate. A psychiatric social worker at Parks reported that he had been assigned to work with a young boy from Dallas, Texas, who had sliced his arm open in an attempt to get out. But even with all of Litton's tenacity, 55 per cent drop out before the end of the course.

Justice at Camp Parks is supposed to be administered by a Center Review Board (CRB) comprised of corpsmen and Litton people. But by disciplinary counselor Lindsay Johnson's own admission, the board is his rubber stamp: "I have a good working relationship with the CRB," he notes. "They do whatever I tell them to."

While Job Corps discipline is harsh, it is not really like the Army's. As one Parks teacher told RAMPARTS, "It isn't feasible to take these kids off the streets . . . and put them in the equivalent of boot camp, especially since the counselors aren't armed." Rather, Litton does try, in its own words, to "rehabilitate the entire social perspective" of the corpsmen, including particularly their work ethics and attitude toward authority. As Pat Coughlin, Parks' program coordinator for occupational training told us, "If the boss tells [the corpsman] to pick up a broom and sweep the floor, he's got to learn not to tell the boss what to do with the broom."

If the physical surroundings at the Parks Center are grim and the general atmosphere intimidating, the educational operation is laughable. The Basic Education program is intended to bring the corpsman's reading and arithmetic skills up to a level appropriate to the specific job skills in which he is to be trained. The curriculum materials for the reading course, developed by Litton, are somewhat unusual. The pre-test, which determines the student's reading level before he takes the course, and the post-test, which determines his level upon completion of the course, are identical. In addition, the actual teaching materials used during the course and those used to measure any improvement contain the same text and exercises as do the pre-test and post-test. Of course, this setup merely passes off the repeatedly coached memorization of a particular passage as the ability to read. But schemes like this enable Litton to present impressive statistical evidence "documenting" their expertise in educating underprivileged youth—a cruel but profitable joke. When a Parks teacher complained that all the enrollees were only learning how to improve their scores on one particular test, the head of Litton's curriculum development at Parks replied, "We're not doing anything here that college fraternities don't do for their members." True enough. Still, no college fraternity has yet been awarded a \$25 million government contract to educate ghetto youth.

Aside from such relatively subtle deceptions, there is doubt about the simple veracity of the figures used in the statistics Litton has put out about Parks. According to Professor William Austin, former president of the Parks Federation of Teachers and Counselors, "Public relations officers kept putting out fake figures. . . . One would hear about this number of

corpsmen being placed in job positions and this number of corpsmen demonstrating academic success by various grade levels. . . . All of it was nonsense. . . . There was so much pressure on supervisors to produce figures that in general people just faked them. . . . Fifty per cent or more of the corpsmen didn't make it to class . . . if a corpsman quit after having completed just one module out of 15 in the total training, he would be considered a 'graduate.'"

Austin feels that educating the corpsmen is not Litton's primary concern. "The corpsmen didn't mean a damn thing," Austin reported. "There was a lot of very expensive equipment around which nobody had any idea how to use. . . ."

A LONG WITH ITS DISPLAY OF EDUCATIONAL INGENUITY in the management of the Job Corps Center, Litton has exhibited those lucrative skills which have made it a leader among defense contractors. It subcontracts to its own divisions as a means of maximizing profits while minimizing service. Litton originally received from OEO a \$12.8 million cost-plus contract with a fixed but redeterminable fee for running the Job Corps Center. It then decided to buy unnecessary textbooks from the American Book Publishing Company, a member of Litton Educational Systems. A General Accounting Office (GAO) investigation later showed that \$337,000 worth of American Book Publishing Company textbooks lined closet shelves at Parks. According to a copyrighted story in the Denver Post, "Among the books it bought for Job Corpsmen, many of whom could barely read, were textbooks on the theory of relativity, the stock market and the slide rule."

This same GAO report noted that there was, in the words of the San Francisco Chronicle, "a devastating picture of high costs, waste and disciplinary problems at a Job Corps Center [Parks] in California. After two years of operation the estimated cost of the Center had jumped from \$12.8 million to \$25.5 million, the dropout rate was 55 per cent and only eight per cent of the enrollees were placed in jobs related to their training."

Given what is known about Parks, it is not surprising that a great deal of racism is exhibited there. One new employee, upon arriving at the gate, was met by a guard who hailed him with, "So you're another one coming out here to help these dumb niggers." But far more unnerving was the surrealistic scene—straight out of *Invisible Man*—when a Litton executive flew over Parks in his private plane dropping dollar bills to the corpsmen assembled below. Litton officials amused themselves by watching the young men trample each other in a frantic effort to grab the money. A former Litton employee remarked that the object of the "airlift" was to "see how fast the niggers could run."

Litton, in keeping with a gentleman's agreement with officials of the semi-suburban towns near Camp Parks, has forbidden corpsmen to enter them. Young men from the Parks Center have reported that whenever they ventured into one of the neighboring communities, they were returned to Parks by local police, although they had created no disturbances. Litton's idea of community relations is to keep the cages locked during the week and to bus the corpsmen on weekends to "hospitality houses" in the nearby cities of San Francisco and Oakland.

According to Professor Austin, living conditions and

sanitary facilities at Parks were at times worse than those in the big city ghettos the corpsmen came from. At one point, hygiene conditions in the dormitories were so bad that Austin approached public health people at the University of California to ask what could be done. The answer seemed to be "nothing," because the center was located on a military base leased to a private company, and no one knew if county health officials had any right to enter the base.

IF LITTON WAS RUNNING PARKS SO POORLY, why didn't the government step in and enforce its contract? The answer is that in the spring of 1967, the OEO did try to enforce part of its contract with Litton. The teachers union at Parks had been refused a room to meet in at the center after working hours, a denial which violated both the National Labor Relations Act and Job Corps bulletin 67-12. Despite the intervention of W. P. Kelly, a director of the Job Corps; Richard Groulx, an executive of the Alameda County Central Labor Council; and several arbitrators from the OEO office in Washington, Litton was able not only to refuse to meet with anyone, but also to fire the president, two vice presidents and the secretary-treasurer of the teachers union for "disloyalty to the company." The last OEO arbitrator, Hyman Bookbinder, commented to Groulx and union officials that the OEO was unable to enforce the terms of its contract with Litton.

During the teachers' strike at Parks that resulted from Litton's action, Senators Robert Kennedy, Joseph Clark and George Murphy of the Senate Subcommittee on Employment, Manpower and Poverty, were in San Francisco on a nationwide tour of the Poverty Program. The senators curiously reversed their original plan to visit Parks, and showed no interest in discussing the situation there with Parks teachers and corpsmen. Cynics said it was possibly because Litton was one of the largest contributors to the Democratic Party, of which Kennedy and Clark were members.

In a recent paper, Professor Austin observed, "Job Corps facilities have been a popular form of educational experimentation for these companies, allowing them to train their staffs and develop materials on taxpayers' dollars." The real profits will come, it is hoped, from supplying the physical plant, audio-visual equipment, curriculum materials and "experts" to educational programs in large cities.

Companies like Litton are planning to subcontract a city's complete school system, claiming to be able to meet whatever contractual standards are set more "efficiently" than local school boards could. This will be a tempting offer to the often hard-pressed, bewildered city officials whose school systems have been bogged down by almost total impotence. And for the community, dumping the whole complex educational crisis into the lap of Litton's "experts" would seem a blessed relief.

[CONCLUSION]

BUT COMMUNITY EXHAUSTION WITH social problems is by no means the only thing that the process of business supplanting government has going for it. Government agencies depend on the political influence of business to help them compete for funds and authority. Those which engage in lucrative contracting methods naturally receive the most enthusiastic support, while recalcitrant agencies and programs suffer. This was the pattern in military contracting

in the '50s, when prime contracting started with the Air Force and spread to the Army, and later to the Navy. The Air Force was contracting out whole weapons systems, and the contractors, naturally, became a powerful lobby for that service. Thus the Army found itself losing valuable missile appropriations in Congress to its rival. The Air Force had upped the ante, and the Army was forced to meet the price. Like a protection syndicate, business gives security to those who cooperate with it.

Now, as government social agencies struggle for funds, the Wall Street Journal reports that, "Business is turning into an important force for pushing embattled domestic proposals through Congress." And an executive of the Department of Housing and Urban Development—whose special advisor, General Bernard Adolph Schriever, is called the "space general" for his role in NASA—is quoted as saying: "Each agency has gradually developed a list of firms interested in its field . . . we don't keep them turned on all the time, but we know how to turn them on. . . ."

Among the businessmen who are throwing their support behind constructive social welfare programs is James J. Ling, mastermind of Ling-Temco-Vought, which ranks 38th in Fortune magazine's 1968 listings, six notches ahead of Litton. A recent interview with Ling in the Chicago Tribune indicates the perspective of one of the most important new men of conglomerate power. If and when L-T-V reaches a point where it absorbs the competition or where it is number one on Fortune's list, reports the Tribune, Ling would be willing to consider a political role for himself.

Ling usually votes Republican, though he contributed to the Kennedy, Johnson and Humphrey campaigns and was a delegate to this year's Democratic convention. He doubts that he has the temperament to obtain elective office, but he might accept a cabinet post, preferably as secretary of Defense or secretary of Health, Education and Welfare. Ling's ideas on the latter position are described by the Tribune as "interesting." And so they are. Says Ling: "Once you make a taxpayer of these hard-core unemployables, you're moving towards a solution. It's the old Hitler solution. You teach them by force. You make it mandatory and send them to a government compound. Males at twenty-one, females at eighteen. You teach them personal hygiene, the rudiments of life. It's nothing new. The New Deal, with its NRA, CCC, etc., made tremendous social reforms."

One doesn't know what transpired between the interviewer and the wizard of Dallas at this point; the report continues: "Then again, Ling admits: 'I can't buy it, it opposes free will. But if you could only computerize it,' he sighs. 'Figure the requirements of industry, how many of *this* skill and *that* skill are required, take all the people who want to learn and can't, seek them out. . . .'"

Corporations like L-T-V and Litton Industries are feeding the whole range of social problems into their computers. Will they be the ones called upon to solve them? It may be that there are just enough people who will take comfort in the idea that however bad things look, Big Brother is already there extending a helping hand.

Researchers on this story: Jan Austin, William Goodman, Jack Scott, Lee Webb, Peter Wiley.