

RIPON FORUM

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ONE DOLLAR

The Military-Industrial Complex: 1937-1969
— a 12-Page Report —

The "Complex" Society Marches On

Including

- A Corporate Who's Who of Defense Contractors
- Details of Pentagon transformation since 1960
- The LBJ legacy and Nixon's choice

Part One of an In-Depth Study

by William D. Phelan

PLUS:

John V. Lindsay

An Era of Greatness?

William J. Kilberg

Changing Labor Politics

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The Governors and the White House

and a special report on Arizona's homespun politics

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NEW EDITOR

The FORUM now has a new editor, A. Douglas Matthews, who is responsible for this and last month's issues and comes in as Josiah Lee Auspitz takes a leave of absence to allow him and his wife to pursue their respective Ph. D. theses in France. Doug comes to the FORUM from four years on the HARVARD CRIMSON, a total of three years as a full and part-time correspondent for TIME, and a stint at freelancing during which he wrote for such publications as LIFE and THE NEW YORK TIMES MAGAZINE. He is currently at work on the biography of a colorful bank robber emeritus, Teddy Green, and on plans to foster the continued expansion of the FORUM.

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EDITORIAL

The London *Economist* has called it "a cabinet of Nixons," and the connotation is both good and bad. Like their boss, the new department heads are generalists who will work hard, exhibiting greater caution and more political feel than many of their immediate predecessors. A solid and competent group, its members will probably accomplish more of what they set out to do than did the men whom they replace; but this will be true, in part at least, because they will set out to do considerably less.

Rather than providing brain centers for the new government, or even acting as its eyes and ears, the cabinet departments will serve more as the arms and legs of the executive branch. The critical creative functions, it seems, will belong to the President and to his White House advisors, men like Kissinger, Moynihan, DuBridge, and McCracken. Here, it is clear, Mr. Nixon has made his most exciting appointments.

Ironically, the deficiencies of the cabinet seem greater when the group is seen together. Then, the all-too pervasive common denominators are accentuated, the absence of daring and variety underscored. One-by-one announcements might well have drawn greater applause, for the credentials of the nominees, considered individually, are impressive.

The regard for Messrs. Rogers and Finch is so universally high, for example, that few critics can work up any real objection over their very limited experience in the fields to which they have been assigned. Mr. Laird's best friends describe him as one of the most able cynics in Washington; and his worst enemies allow that a heavy dose of well-managed cynicism could serve us well in Vietnam. The Kennedy, Mayo, Schultz, and Hardin appointments could easily have been made if Mr. Humphrey had won the election and would have been equally well received. Some worry about the strong conservatism of Blount and Stans, but both are in positions which fit their proven skills and place relatively less emphasis on ideology.

Lovers of the American landscape, both rural and urban, fear that Governor Volpe will streak a good deal of it with ugly swaths of concrete while Governor Hickel sacrifices other large chunks like oil shale land to private profiteers. (These

fears are not unfounded from past performance, although both men are likely to be responsive to public outcry.) The third governor in the cabinet, George Romney, could turn out to be the most interesting appointment of all, for he is the most outspoken member of the new cabinet, the one least likely to play the team game at all costs.

This leaves Attorney General John Mitchell, one of the country's outstanding municipal bond lawyers, who is expected to raise a tough war on dangerously mounting crime rates. Unfortunately, Mitchell's views on civil rights and civil liberties remain among the administration's most significant unknowns at a time when certain commentators are beginning to refer to the fifth amendment as a quaint remnant of the past which needs "re-defining." Sub-cabinet appointments in all departments will be carefully scrutinized for further policy clues, but nowhere will that examination be more searching and important than in the Department of Justice.

This process of searching for "clues" to Nixon's policies will undoubtedly be a continually difficult one throughout his tenure. Even his intimates find the President-elect a mysterious man, not so much because he is deceptive, but because he has been ambiguous. Indeed, his success owes much to the fact that diverse supporters hold different images of the quintessential Nixon, and boldness and clarity would necessarily shatter some of these impressions.

When the new President's programs come along, the chances are that they will not be the subject of public debate so much as a sequel to it, reacting to opinion rather than leading it. This will mean that persuasively argued cases stand a reasonably good chance of being heard and, if they generate support, heeded by the White House. This is a sight or two closer to the Democratic process than we have been for half a decade, and on many questions a White House that follows public opinion may be the best thing for our country at this time.

But neither pragmatic intelligence nor public consensus will themselves be enough to unravel our twisted problems or reconcile our aggrieved peoples. Something more is needed in the mix: vision, imagination, inspiration. If these adjectives

can be more frequently applied to forthcoming programs and appointments, then Mr. Nixon will be truly on the way to an outstanding Presidency.

* * * * *

The two youngest members of the Nixon cabinet are also likely to be the two most powerful, Robert Finch in HEW and Melvin Laird in Defense. Both will preside over vast government empires. Both understand power and know how to use it. And both are ambitious.

Finch and Laird are also the two best politicians in the new cabinet. Both recently handled the delicate task of "second-in-line" with considerable skill, one in California and the other in the

House. Now there is reason to think that the two men may be second in line once again — this time behind the President himself. Distant as the day may presently seem, it is not unreasonable to speculate that the battle for the succession to Nixon may come down to Mel Laird on one side and Bob Finch on the other.

Although both men call themselves centrists, Finch's appeal tends to lie towards the left of the GOP spectrum, while Laird's definitely falls on the right. Certainly, both will have countless opportunities in the years ahead to expand that appeal, prove their capacities, and buttress their growing power.

— The Editors

THE LABOR VOTE

The Lessons of 1968

The votes had not yet been all counted when August Scholle, head of the Michigan AFL-CIO boasted that "we pulled the state for the Democrats. We told our workers just what a police state Alabama is, but we also reminded them just where Nixon has always stood against labor's interests."

Like Mr. Scholle, labor leaders in the major industrial states are congratulating themselves on Hubert Humphrey's capture of 56% of the union vote (as compared with Nixon's 29% and Wallace's 15%).) An analysis of the vote hints at even more reason for joy: one third of the vote George Wallace received from union men came from normally Republican workers, not Democrats.

What happened? Why did Richard Nixon's "law and order" campaign fail to attract more union votes? Is the Democratic-labor coalition strong enough to foreclose further the possibility for GOP inroads into blue collar territory?

FITTING THE IMAGE

The reason for Nixon's failure to attract a greater portion of the labor vote is, I believe, a fairly simple one and it has less to do with the massive propaganda campaign instituted by organized labor than some would have us believe. Richard Nixon came across to the average union member as their conception of the paradigm Republican: a man concerned with wealthy interest groups, who is not quite attuned to the problems of the working man and therefore inconsistent in his appeals to the voters.

Foremost, the union man is a behavioral Democrat in his voting patterns. It is not that he is incapable of voting for a Republican, but every Republican has to overcome a suspicion in the mind of the union member that Republicans are against the workers' interests. As

the working man becomes less concerned with the bread and butter labor issues, the presumption becomes the easier to overcome, but it nonetheless remains. Where the Republican can overcome the obstacle, he can win large victories in the heart of union territory, as evidenced by Congressman Donald Riegle's smashing victory in Flint, Michigan — Riegle carried his heavily union district with 60% of the vote while Nixon suffered as large a defeat.

According to Gallup, Richard Nixon's share of the labor vote dropped 15% in the last month of the campaign not because of what he said to working men but because of what he said to others. The "Wall Street letter", Nixon's promise to the oil interests in Dallas, Texas to retain the oil depletion allowance, his assurances in Fort Worth that he would raise import restrictions on beef and his apparent insensitivity to the plight of the farm workers in California, all went to convince the laboring man that Richard Nixon was a "typical Republican" — i.e.: a man controlled by the money interests. Whatever the merits — political or otherwise — of these positions, they are ill-suited to attracting the labor vote and destroying the Democratic coalition.

When a Republican runs his campaign, as Barry Goldwater did in 1964, so as to appeal exclusively to other Republicans and to those right of center on the political spectrum, he inevitably will alienate union members and their families. A third-party movement emanating from the Democratic Party, however, can run a right-wing campaign and attract sizable rank-and-file labor support. The Wallace movement was a populist movement, having grass-roots support and taking full advantage of racist sentiments. To many working men, Wallace represented firmness and consistency and a feeling for the "little guy", not traditional conser-

vatism. George Wallace received the unsolicited endorsement of Chevrolet Local 659, the United Automobile Workers second largest, an unimaginable feat for Barry Goldwater. Wallace's continuing extremism, his inexperience, the massive campaign against him, his choice of Curtis LeMay as a running mate and the normal rejection of third party movements all helped to diminish his appeal to union men on November 5th. The lesson, then, is this: one cannot get the labor vote simply by being right of center. He must appear direct and honest, have the support of a major party and, surprisingly if one follows the polls, be a bit left of or at least squarely on center.

LABOR'S HEADACHES

The Democratic-labor coalition is not invincible. In fact, despite the election of labor leadership, it was severely dented this time around. Labor could not deliver the 60 to 70% vote it has been able to since the 30's. Democrat Governor Richard J. Hughes of New Jersey has claimed that the Wallace vote in urban — and heavily unionized — counties of his State reduced normal Democratic margins and made it possible for Mr. Nixon to carry the State. More importantly, from labor's standpoint, the Nixon Administration will come into office fully cognizant of labor's antagonism. With strong opposition coming from the business community to much of labor's pet projects — the foremost being coalition bargaining — it is no time to be at odds with a new Administration. Some movement towards reconciliation is necessary,

The Democratic-labor coalition showed evidence of weakness at the Congressional and State level as the returns filtered in. A number of Republican gubernatorial, congressional and senatorial candidates owed their victories to the support of union members. Indeed, some local unions went so far as to support Republicans their membership favored, as was the case with Michigan's Congressman Jack MacDonald. Republicans now have governors in nearly all the major industrial states.

There were surprise signs of latent local union support for Nixon during the campaign. Patrick Juliano, deputy secretary of the Department of Labor and Industry in Pennsylvania, managed to gather 200 union officials to meet with Nixon in Pittsburgh in late October. Unfortunately, Mr. Nixon was unable to attend because of scheduling difficulties.

THE ENEMY WITHIN

Where organized labor fares worst, however, is not with Republicans trying to woo the vote of their membership but with Democrats who view organized labor as an obstruction for the Grand Coalition of the poor, the blacks and the intellectuals. In their drive for total control over the apparatus of the Democratic Party, the AFL-CIO's Committee on Political Education (COPE) excluded those Democra-

tic candidates whose dovish views COPE could not accept. Full support was denied William G. Clark in his attempt to unseat Senator Everett McKinley Dirksen in Illinois; John J. Gilligan running for the Senate from Ohio found himself desparately short of funds, his labor support growing slimmer after he defeated labor's main target, Senator Frank Lausche, for the Democratic nomination; Allard K. Lowenstein made a successful bid for Congress from New York's 5th District despite mild labor opposition; Speaker Jesse Unruh returned to the California Assembly enjoying only partial labor support. John Gilligan has summed up his experience with labor's hierarchy:

"They said in effect, 'How dare you say anything about Lyndon Johnson and the war after all he's done for the working man?' Isn't that a ridiculous statement? But the point they were making was you just don't attack the guy on the top as long as things are going good for the membership. If you do, you're a quibbler, a fancy Dan. If you attack, you might bring the whole thing down around their heads."

The young turks of the Democratic Party are sensitive to the treatment accorded them and are determined to create a new coalition which does not include George Meany.

As the maraschino cherry on the assailed leadership's pile of problems, someone in the administration appears to be nipping at the hand that worked so hard for it. Paul Hall, president of the Seafarers International Union, returned to his offices after a hard day of campaigning for the Democratic ticket to find that agents of the Federal Bureau of Investigation had been investigating the union's political contributions. Now, Ivan W. Abel, president of the United Steelworkers and chairman of the National Labor Committee for Humphrey-Muskie, has learned that the Department of Labor is about to challenge his union's election procedures.

The rank-and-file of labor did not rebel as many had expected, but the GOP did not give them as much of an excuse as many had hoped. But Vice President Humphrey was defeated and President-elect Nixon will begin his Administration with no obligations to organized labor. At the same time, the rank-and-file no longer votes only on bread and butter issues and are receptive to attractive Republican candidates. In addition, many of the present and future leaders of the Democratic Party see a diminishing need for organized labor's political support. Contrary to the gloss which labor and the Democratic Party presented during the campaign, there are some serious problems with the Democratic-labor alliance. An aware Nixon Administration, open to the leaders of organized labor, and sensitive to the rank-and-file vote might well be able to make serious inroads into the Democrats' strongest power base.

STATE SPOTLIGHT: Arizona

GOLDWATER BECOMES A LANDMARK AND THE GOP PROFITS

(From Our Special Correspondent)

A very unusual billboard appeared in Arizona this year. It showed the Grand Canyon in full color with a familiar figure in the foreground. The slogan read "Senator Barry Goldwater. Doesn't that sound great?" The implication was that to have Barry Goldwater representing Arizona in the Senate is as natural as finding the Colorado river at the bottom of the Grand Canyon. Goldwater did not plead with the voters to elect him; he demanded: "Barry must be returned to the United States Senate." One might think that even Goldwater could not so overstep the bounds of political modesty and survive. But November 5 the voters agreed that Barry belonged by right in the Senate, and they gave him his largest margin ever. The man has indeed become one of Arizona's landmarks.

Behind him came the whole Republican ticket. In a year characterized by split tickets, Arizona went overwhelmingly for the GOP. The only major Democratic survivals were Congressman Mo Udall and Secretary of State Bolin. Udall's district lay outside Maricopa County, which contains Phoenix, 55% of the population, and which went 2-1 Republican. The other two Republican districts split Phoenix between them and both Republicans won easily. Secretary Bolin, a fixture in Arizona politics for years, is something of a landmark himself. He rides in all the parades, looks terrific on horseback, and always gets big votes. Since the Secretary of State has little responsibility and no power, the Republicans seldom bother to run anyone against him. This year they did, an unknown who never bothered to campaign, and nearly won the office.

Ironically, Arizona is still a Democratic state in registration. In fact, Republicans are something of an innovation in the Grand Canyon State. Before 1950, they made few inroads, but working from a Maricopa County power base and aided by the Phoenix papers, they began gaining in registration and winning offices. In 1966, the GOP took the state government, governorship, and legislature for the first time, and this year's victory extends that control considerably. The Maricopa County offices were all held by Democrats, and all were defeated. The sheriff of 22 years was thrown out of office by a young investigator who had registered Republican only a short time before. One judgeship candidate was a former Democratic officeholder who changed party just in time to be swept into office.

In the other thirteen counties, many of which have overwhelmingly Democratic registrations, the Republicans made gains. Arizonans showed little interest in national issues or races. Even the war did not provoke discussion. In general, the voters disliked Johnson and transferred the antipathy to Humphrey.

By far the most exciting race in the state was the gubernatorial face-off between Democratic ex-

Governor Sam Goddard and Governor John Williams, the man who defeated him in 1966. A more dramatic contrast could hardly have been imagined. Goddard was Harvard-educated, a Unitarian, and from outside the Phoenix minimegropolis; a friend once informed him that with those three strikes against him, he had no future in Arizona politics. His speaking style was often criticized for being too serious, too long, and too concerned with issues. Reaganesque Jack Williams, on the other hand, was a self-professed Horatio Alger character. "He has the home-spun attributes that characterize the average American," appraised one Phoenix newspaper of the man who started at the bottom in the radio business and worked his way up to an executive position. His daily radio talk show began with the popular, if somewhat ungrammatical, "It's a beautiful day in Arizona. Leave us enjoy it." To the governorship, he brought the same countrified approach. When first elected, he commented that he felt like a dog which had been chasing cars all its life and had finally caught one.

Their respective attitudes towards the governorship reflected their differences. In office, Goddard tended to be impatient and imperious. He had a considerable legislative program and tried to push all of it at once through a reluctant legislature. No previous governor accomplished a greater part of his program, but in the process Goddard was often reported making comments like "Speaking of the Legislature — you are dealing with gibbering idiots." Also, Goddard's critical remarks about the conditions of the state prison, hospital, children's home, and other institutions were decried as slander on the State of Arizona and were used against him in the election.

Williams had the opposite concept of the governorship, feeling that the chief executive should strive for an amiable relation with the legislature. Therefore, he proposed almost no programs and signed almost anything that was sent to him including one bill that carelessly forgot to make an appropriation for the Highway Patrol. His only veto came at the request of legislative leaders. The Phoenix papers rhapsodized about the new and wonderful harmony between Williams and the legislature. Others opined that Williams was living proof Arizona could function without a governor.

The campaign brought the whole range of liberal-conservative issues into play, in fact providing the only discussions of issues in the campaign. Eager to promote economy in government, Williams had slashed his education budget, hitting the universities with a 50% cut. Goddard had proposed and supported \$100 million education bond issue as governor, which was rejected. Williams favored restrictions on campus speakers and strong measures to keep down demonstrations. He opposed abolition of compulsory

(please turn to page 21)

"No Resolutions Were Defeated"

The Republican Governors' Association chose the California oasis resort of Palm Springs for its latest meeting. There was little heed, however, to any voices crying in the surrounding wilderness, what with fiestas, trail rides, the ideal climate and scenic location and the town's gracious welcome. Perhaps Reaganesque is the best way to describe the conference and its notable concern with communication as opposed to content and its underlying and implicit themes of avoiding controversy, agreement on a few issues of common concern and 'please don't disturb the unity.'

That the governors succeeded in smothering controversy was abundantly clear to observers around the pool at the Spa. The attitude of consensus culminated in the unanimous election of Governor Ronald Reagan as RGA Chairman to succeed liberal Governor John Chafee of Rhode Island. Governor Raymond Shafer, a moderate, will serve as Vice Chairman and succeed Reagan in 1970. The unanimous nomination and election of Reagan and Shafer heralded the balancing acts waiting in the wings of the Nixon Administration and possibly the future "rotation" of the RGA chairmanship. Of course, it should not be forgotten that the measurable influence of the RGA on Republican politics may be so marginal that it remains insignificant who acts as chairman. The California Governor is well able to fill a vacuum.

BUSINESS LIGHT

As Reagan remarked at the closing press conference, "No resolutions were defeated." Considering only four resolutions were passed and that one of them expressed the gratitude of the governors to Reagan as host and another commended outgoing officers Chafee and Babcock for services rendered, the "closed" business sessions would appear to have been tame indeed. Another resolution commended Ray Bliss for his "exceptional professional contribution" as Republican National Chairman. The one substantive resolution passed was spearheaded in part by Reagan (who dropped his own version, he said, because it dealt only with "welfare") and approved in advance by the Nixon staff. This broad resolution urged Nixon to declare his intention to stay any midnight departmental regulations which were "designed to hamstring and embarrass the Nixon Administration" until the new Administration had reviewed and developed its own programs and policies in such areas as welfare and labor.

Resolutions may have been scarce, but governors were plentiful. Following the election of 1968, the Re-

publican governors controlled 31 state houses against only 19 for the Democratic governors. There were 34 Republican governors in Palm Springs, three of them leaving office. Not only does this number constitute a healthy majority, but it also represents a heady rise over the 16 GOP governors on hand when the RGA was organized five years ago. One of the 34, of course, was Vice President-elect Spiro Agnew, Governor of Maryland.

For the first time in its brief history, the RGA will be working with a Republican President. Nevertheless, it is questionable to what extent the Nixon Administration will rely on the governors for advice and counsel. According to Palm Springs portents, the RGA will best be able to make its presence felt on general questions regarding tax sharing, block grants and federal-state relations.

MIDDLEMAN AGNEW

However, the structure emerging is one of the Nixon Administrations interposing the limited office of Vice President between the President and the governors as a group. This is done by requiring all GOP governors to channel requests for patronage through Agnew and by designating Agnew as liaison between the RGA and the White House. The restrictive nature of the Vice Presidency and Agnew's often inept campaigning last fall suggest that he may serve as a convenient dead end rather than a conduit for ideas and recommendations.

What then is the role of the RGA? The Palm Springs agenda listed Federal, state and local relationships, improving government operations through private enterprise, improving intelligence and communications and suggestions for new governors. Though timely and significant, not one of these areas was a crucial issue in the 1968 presidential campaign, nor do they command little more than peripheral public interest. The Republican Governors' Association appears to be a shadow of what was expected of it after its creation in 1963.

Instead of contributing to the formulation and shaping of basic Republican principles and programs, the RGA is emerging more and more as a public relations forum for the governors individually and as a group to express themselves nationally on specialized issues of state and local relevance. The one controversial proposal at the conference, by Governor Nelson Rockefeller on the federalization of all welfare costs, received widespread headlines but was conveniently

overlooked at resolution time.

BRAND NEW BALLGAME

What then can we expect of the RGA under a Republican administration in Washington? First of all, it must be remembered that the Association emerged in 1963 as an alternative to conservative Republican Congressional and National Committee leadership. The RGA was a new body within the Republican Party including several of its most outstanding leaders and one that promised to broaden the base and appeal of a minority party. Now for the first time the RGA will be working directly with a Republican administration. During the next four years emphasis is likely to be placed on communications, coordination, and access rather than on criticism, innovation and dissent.

Secondly, the RGA is already promoting consensus within its ranks, thereby muting ideological diversity. Unity will be necessary to avoid embarrassing the Nixon Administration and to enhance the possibilities of RGA influence on the White House in its specialized areas of competence such as welfare and tax sharing. The tone of the RGA was set at the closing press conference when Chairman-elect Reagan declared the philosophy to be one of continuing implementation of the restoration of the United States as a federation of sovereign states. This raises the question as to whether the critical domestic problems of the late 1960's can be remedied by shifting responsibility to the states, or if they can be remedied at all by this approach, can it be done fast enough.

Third, if our expectations are to be kept within reasonable bounds, the inherent limitations of the RGA should be kept in mind. Individually, the Republican governors are powerful men in their home states. As a group, however, they lack power. The RGA makes no decisions binding on anyone, can nominate no candidates as was so well demonstrated in 1964 and 1968, and lacks a constituency. The cohesiveness of the group ranges from a high degree of unity on questions such as the federal sharing of tax revenues to a low level of agreement on a common welfare program for the states. It is clear that the RGA has a more significant role to play under a Nixon Administration than it did under the Kennedy-Johnson Administrations. But the impact of the governors will likely be determined more by the coincidence of their interests with the White House and the Congressional Republican leadership than by anything they as an association can accomplish directly.

Perhaps it was Michigan Governor George Romney who summed it up best when he told reporters the first day at Palm Springs, "You fellows expect too much (at these meetings). So you are never completely satisfied." That much more was expected than was produced at this conference was clear to this observer.

A PITCH

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The "Complex" Society Marches On

I. The Old Deal

It is a cliche that we live in a period of crisis. Lyndon Johnson and Ramsey Clark have received much of the blame. Yet as Richard Nixon undertakes to create a viable government, we must seek to understand the fundamental failures, not just of the past three years, but of the past three decades. Has the FDR coalition whatever its origins and the quality of its adherents, spawned an uncontrollable bureaucratic monstrosity? This is not a cheap partisan question, for the implications of an affirmative answer should surely trouble Republicans as much as Democrats. We are asking whether the America of the past thirty years has acquired — or retained — serious structural defects. Will simply "a good house cleaning" be woefully insufficient?

WATERSHED YEAR Most of the scholarly examination of the New Deal has been devoted to Franklin Roosevelt's first term.

Historians of his Administration have also conducted exhaustive research concerning World War II. There is something of a gap, however, for the period from 1937 to the beginning of the war. The year 1937 is important both symbolically and as the actual start of a new era. John D. Rockefeller died in 1937, Lyndon Johnson was elected to the House, FDR's Supreme Court scheme was defeated and by autumn the country was slipping into a serious secondary recession. Through FDR and Sam Rayburn, LBJ secured a place on the House Naval Affairs Committee, and within six months Johnson had wangled a major defense contract for the Brown & Root construction firm, his principal financial backers throughout most of his career.

THE AUTHOR

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In 1937 rearmament began, and as military expenditures expanded in size, economic recovery was gradually attained. Strong representation in key committees of Congress enabled the South and later the Southwest to secure a disproportionate amount (in terms of industrial capacity) of the defense contracts. Enormous tax-sheltered profits from the oil business provided several states — especially Texas — with a rich source of capital for further expansion. Structurally, the emergence of a defense sector in the national economy and the industrial development of the South and Southwest through a largely military stimulus have been of epochal significance. If one accepts the progressive-sounding label "New Deal" for FDR's first term, one can legitimately caricature the post-1937 period in America as the "Old Deal." Of course, the incomes of workers rose dramatically. Health standards improved. Certain notable civil rights were secured for blacks. Attendance at colleges, graduate schools and professional schools soared. But most of the achievements were primarily economic or social. Political power has become progressively more heavily concentrated in the major government bureaucracies and the large corporations. Decisive influence in altering social trends has not diffused down into segments of the population disadvantaged in the '40's. The New Deal brought new groups into the corridors of power; the "Old Deal" keeps others out.

Mr. Nixon made the growth of organized crime and urban disorders an issue in his campaign. Certainly big city machines — a highly visible component of the "Old Deal" coalition — have played an important role in the incorporation of criminal groups in America's social structure. But policies of the Department of Agriculture have aggravated urban problems. The most prosperous farmers, particularly in the South and Southwest, have received by far the largest proportion of the agricultural subsidies. They have obtained substantial "write-off" grants for farm machinery, a policy leading directly to mass unemployment for poor white, and especially black, rural families. As the inevitable exodus to the cities has proceeded, no effective group has formed in Congress to secure passage of a less destructive farm program. Few achievements attest more eloquently to a bloc's political power than its ability to maintain and extend socially ruinous policies.

Both organized crime and the agricultural subsidy system are prime examples of political-economic

"complexes." The former might be termed the gambling-narcotics-city machine complex; the latter, the Dixiecrat-agricultural complex. As Ralph Nader has shown, the automobile complex (car manufacturers-oil companies-highway construction firms) is a smoothly integrated political-economic entity with immense power. Emerging complexes can be discerned in the "knowledge industry," the surveillance and dissent control field, and in "medi-fraud" (the interlocking of the pharmaceuticals industry, financially overmotivated doctors, and various public and private health insurance programs). During the Kennedy-Johnson era systems analysis has been the vogue. Yet our sundry national "complexes" — superb examples of systems pathology — have escaped systematic analysis and fundamental reform.

MECHANISMS OF POWER

Though Nixon has declared himself a foe of certain specific complexes, his Administration must also grasp the general principles of these systems. Adequate modification of the nation's political economy demands a broad understanding of the mechanisms of power. Moreover, the Nixon Administration must draw up a list of priorities that recognizes to what degree the influence of each of these major complexes on our society is harmful. As a first step he would do well to pay special attention to President Eisenhower's Farewell Address: "We must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex." In a CBS network program October 12, 1961, "the General" emphasized that the growing power of this complex is "a very serious matter . . . a very difficult thing to get out of after you've got into it." As Eisenhower well understood, defense spending could hardly be more solidly respectable. For this reason Nixon's relations with the Pentagon-industrial system will be a major test of his courage. No decent person approves of the organized crime complex. An administration that develops an effective strategy for combatting it, as Nixon has promised, can expect substantial public support. But the "defense sector" is politically, economically, and ideologically more secure. Skepticism concerning any of its requests for funds is politically risky, not only among voters but within the web of intra-Congressional politics: it can jeopardize advancement and committee assignments. In the executive branch as well, considerable pressure has been generated to adopt military and para-military "solutions" to the country's problems.

Part of the fascination that Lyndon Johnson has exercised upon his detractors as well as his admirers is the manner in which he symbolizes the America of the past three decades. If FDR is the obvious dominant figure of the New Deal, Johnson has been the paradigm of the post-1937 "Old Deal." He acquired his great power and wealth through the skillful man-

ipulation of several key emerging complexes. The basic regional complexes, of course, were the oil business and the agricultural subsidy system. But Johnson's extraordinary success as a political self-aggrandizer is due to his prescience in picking the right complexes to serve at an early stage in their development. He became a vigorous booster of military appropriations at the outset of his Congressional career; by the 1950's he was the most powerful and relentless advocate of higher arms spending in the government; in his Presidency an immense increase in defense contracts for Texas was achieved (*vide* "The Southwestern Military-Industrial Complex," *Ripon Forum*, February 1968). Johnson's other major committee assignment in the Senate was the Commerce Committee, which oversees the Federal Communications Commission. Political leverage with the FCC has coincided with the preservation of his TV franchise monopoly in the large, prosperous city of Austin. And the considerable profits from the TV monopoly have permitted sundry other ventures in banking, real estate, and ranching — some, several current investigators in Texas believe, as far from Johnson City as Brazil and Australia.

SYMBOLIC CAREER

One risks oversimplification in personalizing political-economic forces. But the career of a man like Johnson can make graphic the fate of a nation. The agricultural subsidy system, the politics of oil, banking, real estate, foreign investment and the communications industry — these are what post-1937 America is, in an important structural sense, about. Yet just as the military-industrial complex has played the principal role in Lyndon Johnson's political history, so it is the most powerful force in the contemporary United States. Left-wing critics of the present social institutions often speak of the *status quo* "Establishment" that they shortly shall topple. Terms such as "the Establishment" fail, however, to do justice to the astounding dynamism and vigor of the military-industrial complex. Servan Schrieber, with all his uncritical acclaim for American technique, is closer to the mark. Military bureaucrats and giant corporations do not lend themselves readily to romantic legend. Nonetheless, they are becoming the predominant source of macrosocial control in America. And Pentagon-industrial influence is increasing rapidly in qualitative as well as quantitative terms.

II. The McNamara Revolution

Analysis of structural trends offers a key to understanding the direction in which our strongest "complex" is propelling the nation. The military-industrial sector consists of two basic elements, of course: the Department of Defense and the major defense contractors. Journalists tend to be satisfied with budgetary statistics as an adequate measure of the power of the

Defense Department. Unquestionably, military appropriations are impressive; in recent years they have reached a level approximately one hundred times larger than the average annual allocation during the decade 1925-1934. Since President Eisenhower left office, however, the most noteworthy changes at the Pentagon have been qualitative:

1) *Institution of advanced management techniques.* The innovations of McNamara, Hitch, and Enthoven have undoubtedly increased departmental efficiency. Yet when the largest federal department creates a major "management gap" for its non-military competitors, one must beware that it does not come to override other departments in general policy matters.

2) *Extensive use of computers.* The Pentagon has been in the vanguard with respect to applying computers to many aspects of its operations. Indeed, almost all computer research and development is funded by the Department of Defense. As with advanced management techniques, innovative superiority in this area should be expected to diminish the influence of other institutions relative to the Defense Department.

3) *Centralization of much departmental purchasing in the Defense Supply Agency* (On July 1, 1968, the transfer of procurement responsibility for all fuel and petroleum products used by the civil agencies of the federal government was begun; eventually the DSA will control all governmental purchasing in this area.) This agency is a prime example of the consolidation of several distinct bureaucratic units into a larger, presumably more efficient departmental division. Such changes can be expected to reduce waste in the short run.

Yet the long-term consequences of concentrating power are less clearly desirable. One highly regarded division of the Defense Supply Agency, for example, is the Defense Documentation Center (DDC). It is the central facility within the Defense Department for the secondary distribution of research, development, test, and engineering literature. The center acquires and stores copies of technical reports to organizations within the federal research and development community. The services of the DDC are provided without charge to contractors that have been registered as eligible for them. As the rate of technological development continues to accelerate, the value of such facilities as the DDC to corporations will rapidly increase. Control over access to technical information will be a powerful economic weapon. The reason for accordinng the DDC special attention is its seemingly purely "neutral" role. In a highly politicized economic-military system, even a technical information library can be a big chip in the power-and-profits game.

4) *Establishment of DECCO, the Defense Commercial Communications Office* (1962). As complicated electronic detection systems and digital logistics communications networks were developed, the problem

of securing communications equipment and skills necessary for coordinating widely dispersed operations arose. To solve it, the Air Defense Command relied heavily on commercial carriers. Over three hundred franchised communications carriers and numerous federal and state regulatory agencies are involved with DECCO. An arrangement with the Bureau of the Budget, the General Services Administration, and the Defense Department provides for DECCO to lease private line circuits for use by the Federal Aviation Administration. Other agencies have also been encouraged to go through the Defense Department in meeting their telecommunications requirements. Though this procedure has resulted in substantial savings, it has also increased the dependence of non-military components of the government upon the Department of Defense. DECCO is a very small but striking example of a general trend: the integration of interdepartmental operations in a organizational structure that accords hegemonic power to the Pentagon. This constitutes nothing less than a tendency towards the militarization of the entire government.

5) *The formalization of Pentagon-contractor links in the Defense Industrial Advisory Council* (established 1962). This twenty-five man committee consists of management consultants, senior corporation executives, and Defense Department officials. Of the twenty-two members from outside the Defense Department approximately two-thirds are top executives from the fifty leading military contractors. Supporting groups, ordinarily involving members of the council, are organized to deal with specific issues. Clyde Bothmer, appointed Executive Secretary of DIAC in 1965, has described the liaison functions of the council: "Throughout its wide scope of interests, the council's activities are closely coordinated with those of industry associations also supplying advice and assistance to the Defense Department. Normally, a DIAC sub-group with its DOD chairman supplies advice in an area for which the chairman is responsible within the Department. As policy papers approach a cohesive state, they may be submitted to industry, generally through an appropriate industry association. When the industry comments have been received, the DIAC subgroups may again provide advice as proposed DOD policy statements near final form. Industry associations also assist by nominating members to serve on DIAC supporting groups."¹

Businessmen on DIAC develop personal ties to high Pentagon officials. Their recommendations can benefit some companies and damage others. Their informal remarks and, collectively, their ability to determine the membership of subgroups can make or break reputations within the military-industrial complex. By serving as a focus for the coordinated activities of defense industry associations, the council integrates the contractors into a unified group in matters of common

interest. Thus, DIAC contributes to the strengthening of the defense sector relative to other elements of the economy and to the power of the most politically influential corporations relative to the rest.

6) *The centralization of auditing in the Defense Contract Audit Agency* (created 1964). The plans for this agency entailed the hiring of more auditors and accountants than the entire General Accounting Office (GAO) employs. The GAO was established by Congress to post-audit all government departments. Some of its reports on Pentagon contracting in the early '60's had been extremely critical. At the time the new agency was being formed, the Office of the Secretary of Defense indicated that it was no longer necessary for the GAO to conduct its traditional audits because of the more thorough job the Defense Department was doing for itself. To eliminate "waste and duplication," there was thus a diminution of the role of the only effective, independent check on waste, duplication, and corruption. Such reforms are not likely to solve problems, but they do help insure that the public is not burdened with learning about them.

7) *The integration of intelligence activities in the Defense Intelligence Agency* (1961). With the formation of this agency the Defense Department took an important step toward reducing its dependence on information and related services supplied by the State Department and the CIA. Although some foreign-based observers claim that the DIA is more important in many countries than is the CIA, it is extremely difficult to obtain reliable information about the nature and scope of its activities.

8) *A substantial augmentation in the size and centralized control of Pentagon public relations activities.* The press office has the authority to order department personnel to concur with decisions taken at the top or to decline comment. Subtle use of "inside stories" and access to key officials enables the Defense Department to exert tremendous indirect power over newsmen. An enormous volume of material designed to produce a favorable impression of the Defense Department and its Secretary is issued each year.²

9) *The extension of controls over public dissent.* To check unattributed expressions of dissent within the department a directive written in 1962 instructed all Pentagon personnel to report, before the end of each working day, on every contact with journalists and the topics discussed. Critical reporters have been subjected to F.B.I. investigation and private attacks — including complaints to their employers and other influential men in the communications industry. Arbitrary classification of material as "secret" has been employed to stifle investigation or the publication of critical reports.³ Power over the award of contracts and the closing of bases on many Congressional districts gives the Pentagon considerable leverage in dealing with unfriendly sena-

tors and representatives.

10) *The further integration of the universities into the Pentagon research system through such links as the Defense Science Board.* Prestigious, powerful professors and administrators serve on the Defense Science Board, playing a role in the academic community analogous to that of members of DIAC in the business community. Recruitment of professors for full-time Pentagon jobs is more common than it was ten years ago. Graduates of the Defense Department often acquire influential, lucrative positions at universities. Perhaps the most notable is Charles Hitch, formerly dean of the Pentagon Whiz Kids and now President of the University of California. The "corporation" that ranks next in line after the top fifty-two of Chart One is the Massachusetts Institute of Technology. Johns Hopkins is not far behind, and scores of other universities place high on the list of major research and development contractors.

11) *The training and use of regular army units for domestic riot control.* Beginning in a major way with Detroit and Newark in the summer of 1967, the Defense Department has become involved routinely in the maintenance of "civil" order. Not only did it have a significant part in handling the Pentagon demonstration and the disturbance after King's assassination, but also — less understandably — it was intimately associated with the preparations for the Democratic National Convention at Chicago. People concerned about preserving both domestic order and the separation of the military from politics would do well to remember that the armed forces are trained for fast deployment and massive response. They possess a sophisticated arsenal of chemical, bacteriological, and psycho-pharmaceutical incapacitors; superb communications and surveillance equipment; and a highly mobile striking force (with special emphasis on helicopters and armored personnel carriers.) Youths who dress in Santa Claus costumes to testify before Congress are not an equal match.

In fact, one might argue that unkempt, wild-talking demonstrators are functionally useful to defense officials interested in civilian population control. An army public relations officer is reported to have stated at a Washington-area seminar that many of the bizarre, garish and belligerent demonstrators at the Pentagon were *agents provocateurs*, trained especially by the military to convey the desired impression of the crowd in the mass media. Whether this report is true or not, it is clear that the Defense Department has the resources and determination to manage events to further its interests. Calling on the Department of Defense as other than a last resort in riot control is an exceedingly unwise practice.

12) *A rapid growth in arms sales abroad.* Military exports increased seven-fold between 1960 and

1966. Arms are sold to approximately sixty nations, and — given the importance of such sales in easing the American balance of payments situation — considerable pressure is often exerted in the negotiations. The rapid expansion in shipments of weaponry abroad has facilitated the integration of our military system with that of other countries. Referring to relations with West Germany, Henry J. Kuss, Jr., Dep. Asst. Secretary of Defense for International Logistics Negotiations, has stated: "It is a program that manifests itself in carefully planned meetings of military and civilian staffs at all levels of government — integrated lines of logistics communication — integrated lines of voice and digital communications throughout our entire depot supply system — cooperation in research and development — joint use of training facilities and depots wherever possible — joint development of weapons like the Main Battle Tank of 1970 — and even the gripping problems like metric versus inch system."⁴

Since 1960 at least two significant clashes have occurred between nations using American weapons: the India-Pakistan conflict of 1965 and the Arab-Israeli war of June 1967. Ignoring South America, where military coups are endemic, one can cite Greece as a country that has clearly not benefited from the strengthening and integration of its armed forces into the Pentagon system. Many allies of the United States have reactionary military establishments. It is doubtful whether the integration of such establishments with the Pentagon is desirable either for the respective foreign countries or for the United States. Surely it should be the burden of the arms sellers to prove that their activities do not intensify international conflict and strengthen reactionary oligarchies.

13) *The emergence of the field of long-range planning under primarily Defense Department auspices.* In the last few years scientists, academics, and executives have extended the time span in which serious systematic extrapolation and prediction are considered useful. Though some writers have cast their sights ahead as far as fifty or one hundred years, the most popular date for very long-range projections is the turn of the century. The military theoretician, Herman Kahn, is a major figure in this new "futurist" movement. With a colleague from his Hudson Institute, Kahn has written one of the leading books (*The Year 2000*, New York: Macmillan, 1967). He and various other defense intellectuals have played a major role in some of the key research projects that have been initiated in very long-range planning.

A generation ago two years was a long time ahead for most corporations and government agencies. At present five-year projections are made routinely in the Pentagon and the executive offices of dynamic corporations. To be termed "long range" now, planning should involve a projection of at least eight to ten

years. The *very long-range* (over fifteen or twenty years) planning projects provide scarcely more than ideological moorings for the nation's technocratic leadership. Long-range projections are more directly useful in economic, political, and military affairs. The large corporations and government bureaucracies possess the resources to shape their future environments in accord with a particular blueprint. Many factors can be more or less adequately appraised over a ten-year period. Companies and nation-states that plan skillfully to take advantage of long-term opportunities can achieve major triumphs over their competitors. To the extent that defense department goals and technocratic values are dominant among the futurists, however, their research is likely to benefit primarily the military, the giant corporations, and the bureaucrats. For the very powerful, prediction can be self-fulfilling.

Some of the long-range planning research has involved a substantial Pentagon role in the area of foreign policy. A notable example was Project Camelot, a study aimed at "insurgency prophylaxis" in underdeveloped countries. The project was sponsored by the U.S. Army and had as its stated objective to "make it possible to predict and influence politically significant aspects of social change in the developing nations of the world." After great furor over the project developed in Chile, it was eventually cancelled.

14) *The elevation of the Office of Secretary of Defense to a very high place in the American system.* Despite the considerable administrative ability and social eminence of past Secretaries, it is McNamara and Clifford who have propelled their office to the position of *primus inter pares* within the President's Cabinet. In the popular press McNamara became the "human computer," the perfectly efficient executive, the paragon of selfless, hard-headed competence within months after his assumption of his Pentagon assignment. He was the ideal self for a new generation of managers. His constituency — his greatest admirers — were the administrators who had come of age in the "Old Deal" period after 1937 and whose first post-college employment was in the armed services or a quasi-militarized economy. Robert McNamara is the greatest of the New Men — those bureaucratic managers who have substituted for the older entrepreneurial drives, passion for total control over the factors that impinge upon their organizational environment. McNamara is the business schools' idea of God. The force and example of his personality were far from trivial in stimulating the so-called managerial revolution.

Clark Clifford, a very different figure, played a major role in establishing the Defense Department during Harry Truman's Administration. Later, he reputedly became the highest paid lawyer in America as Washington counsel for some of the largest defense contractors. Clifford is Presidential in bearing, a man whose

extraordinary political smoothness has assured him a place in the inner chambers of power for nearly a quarter of a century. His constituency is the smart money — those families and corporations who are accustomed to moving adroitly and effortlessly in the higher realms of finance and politics. In a sense, both Clifford and McNamara have been superb legitimating personalities during a period in which the institutional power of the Secretary of Defense has increased sharply. McNamara is the quintessence of rationality and diligence; Clifford surely must be the suavest, most debonair counselor of the age. Thus, while McNamara is the natural hero of Galbraith's techno-structure, Clifford is the confidant of the propertied upper class. It is by no means clear that the continued expansion of Pentagon power will benefit a majority of the members of either group. Yet these two groups are politically decisive. It is essential that the defense-industrial system retain their allegiance until that time when it assumes a fully hegemonic place in American society. This is a significant structural effect of the two appointments: whatever their personal sentiments, McNamara and Clifford have managed to avoid the arousal of any truly formidable opponents to the rapid transfer of civil power — not to the generals but — to the military-industrial complex.

15) *The tendency toward broad domestic social planning by the Pentagon.* In a speech delivered to a defense industry association in late September, 1968, Secretary Clifford outlined a program for creating a Great Armored Society. This address is probably the grand finale of the defense intellectuals of the Kennedy-Johnson era. In it, Clifford called for a partnership between the large military contractors and the Pentagon to act in the areas of housing, modern hospital construction, education, and job development. He stated that all the Service Secretaries and Assistant Secretaries of Defense had been directed to submit specific proposals "on how we may assist in alleviating some of our most pressing domestic problems and how the Department of Defense should best organize itself for this purpose." Since the average homebuilder puts up no more than fifty houses a year, according to Clifford, he lacks the resources to develop new materials, design, and production techniques. A prototype housing project — built for the Air Force in California — is being used to test new materials and create new techniques.

Clifford described the Defense Department as a "trailblazer in the improvement of education." He said that the new teaching techniques involved the extensive use of television and other modern equipment. Overall, the speech indicated a desire to provide Department of Defense research aid to private businesses. It also emphasized economies of scale, the merits of the systems approach, and the use of electronics and automated equipment. Several fast-growing defense corporations have recently entered the shipbuilding business, an en-

terprise traditionally plagued with problems somewhat similar to the home and hospital construction industries.

The Secretary was speaking to an association of military contractors so it seems probable that he was promising Pentagon support for ventures they might undertake in education and house and hospital construction. The building industry and the field of education are ripe for penetration by big business. Judged by narrow technical criteria, the major defense companies might perform efficiently. Yet what sort of a country will we become if we delegate home and hospital design and the development of educational programs to the military-industrial complex? Over the long run, the answer most likely is a Great Armored Society — a nation whose schools run on time but one thoroughly permeated by a garrison mentality.

Taken together, the changes enumerated above indicate the transformations wrought at the Pentagon since 1961. Perhaps more significant than the integration and centralization of many army, navy, and air force functions under the direct control of the Defense Secretary has been the outright extension of departmental functions. To some extent the service secretaries and Joint Chiefs of Staff have lost power since the beginning of the decade. But the scope of the activities of the total military system has expanded greatly. What has emerged in recent years is a department willing and able to assume many of the non-military functions of government.

An alarmist might argue that the potential for a military coup has risen appreciably in the United States. Yet the rationale for a coup may well diminish as the *de facto* power of the Defense Department increases. It is misleading and potentially dangerous to fixate, as several popular novels have done, on the chances of a generals' plot to seize power. Such fantasies lead to an emphasis of the dubious Pentagon distinction between "civilian" and "military" control. The crucial issue is whether any effective limitations can be maintained on the political and economic power of the Defense Department in the long run.

III. The Profits of "Private Enterprise"

As a political and economic force, the Department of Defense cannot be adequately considered apart from its principal corporate contractors. The history of the major military suppliers during the past several decades — and especially in the last eight years — is as noteworthy as the evolution of the Defense Department. Pyramiding of profits on subcontracts, use of government-owned property for private production, and obfuscatory accounting techniques prevent precise evaluation of the benefits of Pentagon business to the major contractors. For this reason the best strategy is to ex-

amine the growth in total economic power of each of the top companies. While this approach does not honor the common distinction between defense and non-defense goods, it affords a good view of the full national impact of the relevant corporations.

WHO'S WHO IN MIC

The accompanying charts provide a general indication of the scope and dynamics of the defense-industrial complex. In Chart One the top military contractors are listed in order of their prime contract awards during the fiscal years 1965-67. Little suitable information is available either on RMK-BRJ or on the Hughes Aircraft Company. The former is a constructive combine consisting of Raymond International, Morrison Knudsen, Brown & Root, and J. A. Jones, recipients of an immense contract for work in Vietnam. The latter is part of Howard Hughes' empire along with Hughes Tool, another major defense supplier.

Information on the remaining fifty contractors is adequate for most comparative purposes. It should be noted, however, that non-recurrent costs and revenues, variance in corporate fiscal years, and differences in accounting procedures introduce complications. The statistical material for individual corporations must be treated as unofficial; technical irregularities can be assumed to be minor and unsystematic in the general case.

In Chart Two, companies (or their subsidiaries) making the list of the top one hundred prime contractors at least one year during fiscal 1965-67 are ranked in order of sales growth. The first group of corporations includes those achieving tripled sales from 1960 to 1967. Following them is a list of companies that doubled in sales from 1963-67, though failing to triple in the period from 1960. The period from 1960-67 embraces both the Kennedy and Johnson administrations, of course, while the latter interval covers solely Mr. Johnson's tenure. Thirty-two major contractors tripled during the Kennedy-Johnson era; thirty-seven doubled in the first four years under President Johnson. This list does not include various engineering, consulting, and privately held construction companies for which no statistical information is readily available. Sales figures include increases resulting from mergers and acquisitions. Since the merger rate has continued to rise in the last several years, there is no reason to assume that such gains will not recur.

Corporations appearing on Chart One received over half of all military prime contract awards of \$10,000 or more for the 1965-67 period. As the beginning year for sales and assets figures, 1949 has the advantage of being pre-Korean War though past the expenditure trough that followed World War II. Over one-third of the companies increased their assets by more than 1600% during the 18-year period from 1949 to 1967. The largest corporations in 1949 were well established

in non-defense enterprises and undertook government work as a relatively small proportion of their total business. For comparative purposes the ten largest companies in 1949 (assets) have been tabulated separately from the other forty. Sales for the top ten rose by 65% in the period 1949-53, by 49% in the period 1953-60, and by 69% from 1960 to 1967. For 1963-67 the gain was 31% and the total advance, 1949-67, was 316%. Sales increases for the bottom forty ranged from 140% for 1949-53, 73% for 1953-60, and 132% for 1960-67 to 80% for 1963-67. Over the entire interval from 1949 to 1967 sales of the bottom forty increased by 864%; the comparable figure for all companies was 449%.

FAST COMERS

While Chart One portrays the extraordinary growth of the leading defense contractors during the past two decades, Chart Two focuses on the more recent past and indicates some of the companies that may play a major role in the next decade. It is interesting to examine the political ties of the most successful growth companies. During the period since 1960 five substantial corporations on the list (1967 sales above \$200 million) have increased their revenues — through both internal expansion and mergers — by over 500%: Litton Industries, Ling-Temco Vought, Gulf & Western, Teledyne, and McDonnell Douglas. The chairman and chief executive of Litton is Charles B. Thornton, a member of the Defense Industrial Advisory Council, long-time associate of McNamara, and close friend of President Johnson. The top man at L-T-V is James J. Ling, one of Humphrey's leading supporters, a business ally of several of Johnson's long-time Dallas backers, and the holder of corporate control over several subsidiaries in whose management Abe Fortas and his law partners have been particularly active. Perhaps the most powerful outside director at Gulf & Western is Edwin L. Weisl, Johnson's most loyal backer in New York. Cyrus Vance went to the Defense Department from Weisl's law firm. The top man at Teledyne, Henry G. Singleton, has long associations with both Thornton and Howard Hughes, an influential man in Johnson's background during much of his career. Teledyne's co-founder and a powerful director is George Kosmetsky, the dean of the business school at the University of Texas.

Finally, McDonnell Douglas is well-connected to the Missouri branch of the Democratic Party. In addition to ties to Clark Clifford and Stuart Symington, it at one time included among its directors James E. Webb, until recently head of NASA, and a close advisor of both Johnson and the late and very powerful Senator Kerr of Oklahoma.

When one scores five out of five, desultory muckraking becomes structural revelation. As we have seen, all the biggest corporate winners have had powerful

political contacts at high levels in the government and in the Democratic Party. This does not signify corruption so much as the realities of the military-industrial system. Only a small fraction of defense contracts are open to competitive bidding. The accelerating concentration of corporate power in the economy and the relentless centralization of decision-making responsibility in the Pentagon makes an increased reliance on influence-peddling almost inevitable. Singleton of Teledyne was a major contributor to Nixon's campaign, and Roy L. Ash, President of Litton, has become one of his key outside advisors. Republicans would do well, therefore, to control the temptations for partisan moralizing, seeking instead to understand the strains that the system imposes.

FASTER GROWTH

During the decade 1957-67 both the "doublers" and the "triplers" in Chart Two showed an aggregate increase in excess of 400%. The growth for the "triplers" was only 22% in the last three years under President Eisenhower. For the "doublers" it was 36%. The figure for the two year period 1965-67, were respectively 80% and 81%. In compound terms, the rate of increase in the Johnson interval amounts to over four times that recorded during the earlier period. Such a statistic is relevant to — though surely not sufficient in — the evaluation of the nature of resistance to change in Vietnam policy.

If one undertakes a structural analysis-treating a country's political economy as a total system — one is usually constrained from directly imputing policy to the changing needs of the economic "infra-structure". The political system is typically loose enough — there is enough elasticity at the top — so that particular policies are rarely completely deducible from the structural conditions. Several things can be shown, however; the economic and political power of various sub-systems, the extent to which their interests are served in specified periods, the rate at which they are expanding (or declining) in power.

In the last twenty-five years, and especially since 1960, the Department of Defense has been the most dynamic major agency of government with regard to the expansion of political power. During that same period the leading defense contractors have constituted the most dynamic economic sub-group in the society (compare, for example, the growth record of the trade unions). As we successively examine the intervals 1957-60, 1960-63, 1963-65, and 1966-67, we observe not a steady rate of growth in the power of the dynamic corporations but rather an accelerating rate. We observe that all the most successful contractors have strong "connections" at high levels in the government. Can we conclude therefore that the Vietnam war was run from Litton's corporate suite? Of course not.

Chart 1 - PRIME DEFENSE CONTRACTORS

DOD Prime Contracts, Fiscal 1965-67	Rank and Name of Contractor	TOTAL ANNUAL SALES OR OPERATING REVENUES (All figures in \$ millions)					NET INCOME (All figures in \$ millions)					ASSETS (All figures in \$ millions)						
		1949			1953		1960		1963		1967		% Change '60-'67	Fortune '57 Rank	Fortune '67 Rank	1949	1967	% Change '49-'67
		1949	1953	1960	1953	1960	1963	1960	1963	1967	1959-60	1966-67	% Change	1949	1967	% Change		
5,035.2	1. Lockheed	111.7	820.5	534.4	1,930.5	2,835.5	437	44	30	(34.2)*	113.3	—	88.8	881.0	892			
4,197.5	2. Gen. Dynamics	45.2	206.6	1,987.7	1,415.1	2,253.3	13	20	32	4.0	115.4	2,780	28.9	920.4	3,080			
4,151.6	3. McD. Douglas	32.7	133.5	437.0	565.3	2,933.8	571	124	16	22.1	16.6	—25	14.2	1,365.9	9,520			
3,250.1	4. Gen. Electric	1,613.6	3,128.1	4,197.5	4,918.7	7,741.2	84	5	4	480.3	700.3	46	1,171.3	5,347.2	357			
2,867.9	5. United Aircraft	227.3	817.9	987.9	1,281.1	2,312.3	124	26	33	42.5	103.8	144	149.9	1,240.4	727			
2,409.5	6. Boeing	286.8	918.2	1,554.6	1,771.4	2,879.7	85	19	19	36.9	160.0	334	112.8	2,030.4	1,700			
1,955.0	7. N. A. Rockwell	124.2	634.7	964.2	1,867.1	2,438.5	156	25	28	54.1	158.4	193	60.2	1,143.8	1,800			
1,932.7	8. Amer. Tel & Tel.	2,893.3	4,416.7	7,920.5	9,569.0	13,009.2	64	—3	—3	2,302.7	4,028.3	75	10,775.2	37,607.9	249			
1,387.5	9. Gen. Motors	5,700.8	10,028.0	12,736.0	16,494.8	20,026.3	57	1	1	1,832.1	3,420.7	87	2,824.1	13,273.1	370			
1,347.1	10. Textron	67.9	71.0	383.2	587.0	1,446.0	277	175	49	30.8	105.4	242	49.3	669.7	1,290			
1,229.3	11. Sperry Rand	115.6	464.1	1,173.4	1,227.1	1,487.1	27	42	46	64.8	85.8	32	87.4	1,032.8	1,080			
1,188.8	12. AVCO	137.4	414.8	322.7	514.1	977.0	209	133	84	19.6	106.6	444	91.0	1,618.5	1,680			
1,164.0	13. Grumman	59.8	240.9	325.6	468.2	968.6	197	206	87	12.1	49.1	306	45.0	315.3	601			
1,155.4	14. Ford	2,249.4	4,211.3	5,237.9	8,742.5	10,515.7	101	3	3	879.3	705.1	—20	1,343.3	7,766.8	498			
1,110.2	15. Ling-Temco-Vought	56.4	179.2	540.0	148.4	329.0	1,140	—	—	38	5.0	47.7	854	—	845.1	—		
1,065.2	16. Raytheon	945.7	1,582.0	1,955.7	2,127.3	2,900.7	48	14	18	165.0	242.2	47	88	30.2	460.1	1,420		
1,062.7	17. Westinghouse													699.7	2,075.3	197		

1,034.4	18. Hughes Aircraft	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1,010.4	19. RMK-BRJ	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
965.9	20. Kaiser Indus.	104.5	359.0	240.2	354.6	794.1	231	105	110	22.2	91.3	356	90.1	572.8	536	—
943.6	21. M. Marietta	52.1	208.0	651.2	966.6	695.6	7	91	127	27.6	73.6	167	36.4	527.2	1,350	—
902.4	22. General Tire	92.6	205.4	753.9	1,084.2	954.5	27	92	90	49.4	82.3	67	65.2	741.7	1,040	—
838.3	23. Northrop	28.2	184.2	233.7	347.0	469.4	101	150	181	15.0	23.1	54	11.3	300.7	2,560	—
812.8	24. Bendix	182.7	638.5	787.0	813.1	1,274.0	62	51	61	53.6	82.4	54	130.2	833.4	540	—
724.7	25. RCA	268.7	630.3	1,486.2	1,779.1	3,014.1	103	29	15	75.2	279.9	272	244.3	2,083.8	753	—
681.7	26. Int. Tel. & Tel.	233.4	408.0	811.4	1,414.1	2,760.6	240	58	21	67.4	212.7	216	309.1	2,961.2	858	—
646.8	27. Honeywell	72.8	214.0	426.2	648.5	1,044.9	145	129	77	55.6	87.6	58	55.6	847.3	1,420	—
613.1	28. Std. Oil (N.J.)	2,891.9	4,137.7	8,034.7	10,264.3	18,266.0	65	2	2	1,318.4	2,323.2	76	3,816.0	15,197.4	298	—
594.0	29. Ryan Aero.	15.0	50.2	122.7	68.9	392.8	220	438	219	5.7	14.6	156	8.2	142.8	1,640	—
589.6	30. Litton Inds.	—	—	187.8	553.1	1,561.5	733	—	44	13.5	125.7	831	—	945.0	—	—
588.0	31. Collins Radio	9.7	80.0	190.8	250.1	439.0	130	301	196	10.3	19.8	92	9.7	261.3	2,700	—
562.7	32. IBM	183.5	410.0	1,436.1	2,059.6	5,345.3	272	37	7	313.8	1,117.6	275	267.5	5,598.7	1,990	—
557.4	33. Gen'l Telephone	60.7	127.9	1,178.5	1,448.4	2,622.2	123	145	23	144.7	427.1	195	261.6	5,430.6	1,980	—
456.3	34. FMC	86.3	229.1	363.9	618.0	1,313.0	261	134	58	41.7	123.7	197	98.3	931.8	848	—
442.8	35. Pan American	152.0	217.9	413.1	560.9	950.2	130	135	93	14.5	149.4	930	51.9	1,280.3	2,370	—
424.8	36. Newport News Ship-building & dry dock	77.6	157.1	195.3	226.4	305.3	56	237	266	15.7	12.1	—23	46.6	139.3	199	—
419.6	37. Thiokol	1.7	8.2	171.5	271.4	235.8	37	—	325	9.1	10.8	19	1.4	91.9	6,460	—
416.6	38. Hercules	121.0	190.2	336.9	476.5	642.6	91	181	136	38.7	99.0	156	90.6	755.6	824	—
411.3	39. du Pont	1,032.0	1,765.4	2,142.6	2,584.6	3,102.0	45	15	13	800.7	703.0	—12	1,304.6	3,071.1	135	—
408.7	40. Std. Oil (Cal.)	742.6	1,080.4	1,663.4	2,202.5	3,297.8	98	18	12	519.7	845.7	63	1,157.7	5,309.7	359	—
395.8	41. Chrysler	2,084.6	3,347.9	3,007.0	3,505.3	6,213.4	107	6	5	26.8	389.6	—	637.3	3,854.7	505	—
376.7	42. Olin Mathieson	54.1	243.6	689.6	779.2	901.1	31	66	97	72.1	120.7	67	81.5	945.7	1,060	—
370.4	43. Fairchild Hiller	48.1	170.1	85.1	62.2	268.7	216	262	294	(4.5)*	12.4	—	23.4	167.9	618	—
367.5	44. Goodyear	633.5	1,210.5	1,550.9	1,731.1	2,637.7	70	22	22	147.0	245.6	67	424.1	2,082.7	391	—
354.1	45. Texaco	1,077.3	1,558.8	2,980.3	3,415.7	5,121.4	72	12	8	746.1	1,464.3	96	1,368.1	7,162.8	424	—
342.1	46. Gen'l Pre. Equip.	26.7	87.7	244.4	217.9	461.6	89	230	187	9.5	39.3	314	24.5	322.7	1,220	—
318.9	47. Ogden	0.7	58.3	421.5	400.6	815.2	93	77	104	4.8	31.8	562	5.2	381.7	7,240	—
303.7	48. TRW	107.6	326.4	420.4	482.6	1,040.9	148	109	80	21.8	78.0	258	57.4	601.6	948	—
292.5	49. Mobil Oil	1,226.7	1,606.6	3,178.1	4,352.1	5,771.8	82	7	6	346.6	741.5	114	1,472.3	6,223.9	323	—
291.8	50. Uniroyal	518.2	839.8	966.8	980.2	1,264.7	31	41	63	66.3	78.3	18	325.8	1,014.5	211	—
291.3	51. Signal Cos.	19.1	44.3	263.0	377.1	1,321.7	403	462	57	32.8	81.3	148	39.0	1,090.3	2,700	—
269.6	52. Norris Indus.	12.5	78.4	89.7	52.5	190.0	379	—	375	5.1	16.5	224	5.0	93.8	1,780	—
54,969.1	Top 50 Contractors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
53,485.2	Top 52 (except Nos. 18 & 19)	26,891.9	49,141.4	77,080.3	99,640.5	147,573.1	91	—	—	11,028.4	20,469.6	86	30,090.2	150,659.5	4,007	—
	Top Ten in Assets ('49)	20,373.3	33,515.0	50,046.7	64,671.5	84,752.1	69	—	—	9,390.3	15,174.3	62	25,932.3	103,235.2	298	—
	Bottom Forty (except Nos. 18 & 19)	6,518.6	15,626.4	27,033.6	34,969.0	62,821.0	132	—	—	1,638.1	5,295.3	223	4,157.9	47,242.3	1,041	—

*Extrapolation

Chart 2 - FAST GROWING CONTRACTORS

% Change in Total Sales	Name of Contractor	TOTAL ANNUAL SALES OR OPERATING REVENUES (All figures in \$ millions)				NET INCOME (All figures in \$ millions)			ASSETS (All figures in \$ millions)				
		1957	1960	1963	1965	1967	1959-60	1966-67	% Change	1950	1967	% Change	
9920	1310	Teledyne ¹	—	4.5	31.9	86.5	451.1	0.5	38.6	7,620	8.7	337.7	9,303
2590	597	Gulf & Western ²	6.5	24.0	92.5	182.1	644.9	0.7	66.3	9,370	11.5	1,133.7	9,760
1860	1380	City Investing ³	5.4	7.4	9.8	75.1	145.1	2.2	6.4	191	65.5	98.6	51
1420	134	Control Data	—	9.7	63.1	160.5	147.5	0.8	6.5	712	7.9	350.7	4,340
1140	457	Ling-Temco-Vought	4.0	148.4	329.0	336.2	1,833.3	5.0	47.7	854	98.5	845.1	804
1110	304	Airlift International	11.2	5.8	17.4	21.8	70.3	(3.3)	9.3	—	3.2	74.7	2,230
828	32	Gyrodyne	—	2.9	20.4	21.2	26.9	0.1	3.9	3,800	1.9	17.3	811
733	182	Litton Industries	28.1	187.8	553.1	915.6	1,561.5	13.5	125.7	831	119.0	945.0	694
711	155	Sanders Associates	5.6	17.2	54.7	59.3	139.5	0.8	7.2	800	7.2	66.6	825
571	419	McDonnell Douglas	335.3	437.0	565.3	1,007.8	2,938.8	22.1	16.6	—25	141.3	1,365.9	867
403	250	Signal Cos.	70.5	268.0	377.1	670.5	1,321.7	32.8	81.3	148	305.5	1,090.3	257
379	262	Norris Industries	45.2	39.7	52.5	66.7	190.0	5.1	16.5	224	27.6	93.8	240
379	489	White Consol. Indus. ⁴	45.7	24.2	29.3	54.7	172.7	0.6	25.6	4,170	18.9	277.3	1,370
378	108	Lear Siegler	32.7	84.1	193.1	192.2	402.3	5.4	22.0	307	45.6	234.6	414
337	21	Lockheed	868.3	534.4	1,930.5	1,814.1	2,935.5	(34.2)	118.3	—	534.4	881.0	65
277	146	Textron	254.6	383.2	587.0	851.0	1,446.0	30.8	105.4	242	271.8	669.7	146
274	249	Nat'l. Presto Indust.	44.5	30.1	32.3	39.8	112.6	1.3	8.9	585	25.3	44.0	74
272	160	IBM	1,000.4	1,436.1	2,059.6	3,572.8	5,345.3	313.8	1,177.6	275	1,624.5	5,598.7	245
272	166	Magnavox	87.5	124.9	174.5	333.3	464.3	10.1	65.5	549	64.7	202.7	214
261	112	FMC	313.9	363.9	618.0	929.0	1,313.0	41.7	128.7	197	317.2	931.8	194
257	380	Maxon Electronics	21.1	18.4	18.7	18.5	65.7	0.9	2.3	156	14.8	35.1	137
240	95	I.T.T.	638.7	811.4	1,414.1	1,782.9	2,760.6	67.4	212.7	216	923.9	2,961.2	221
237	34	Webb (Del E.) Corp.	—	41.9	113.0	112.0	151.2	0.9	0.3	—67	57.7	193.4	235
235	106	Flying Tiger Line	24.7	26.0	42.2	56.2	87.0	(0.2)	19.0	—	38.5	163.8	325
231	124	Kaiser Indus.	376.0	240.2	354.6	540.4	794.1	22.2	91.3	356	346.1	572.8	66
220	470	Ryan Aereo.	76.1	122.7	68.9	234.7	392.8	5.7	14.6	156	56.7	142.8	152
216	332	Fairchild Hiller	158.6	85.1	62.2	115.5	268.7	(4.5)	12.4	—	38.3	167.9	338
214	90	Emerson Electric	65.3	125.7	208.3	252.7	395.2	9.9	56.7	473	72.8	246.6	239
214	127	Northwest Airlines	83.4	122.2	168.8	263.0	384.0	7.3	111.9	1,430	148.7	481.3	224
209	94	AVCO	314.9	322.7	514.1	443.2	997.0	19.6	106.6	444	176.5	1,618.5	817
209	140	Continental Air Lines	23.3	61.0	78.3	116.7	188.2	3.4	34.5	915	82.1	291.6	255
202	151	Condec	29.7	24.9	29.9	37.4	75.1	0.2	3.4	1,600	12.0	60.5	404
—	464	Chamberlain Corp.	—	—	15.1	28.8	85.2	—	3.1	—	—	30.9	—
197	107	Grumman Aircraft	205.2	325.6	468.2	852.0	968.6	12.1	49.1	306	105.8	315.3	198
167	233	Dillingham Corp.	59.7	77.6	62.2	112.2	206.9	5.5	24.6	347	68.3	227.5	233
153	116	Eastman Kodak	798.3	944.8	1,160.7	1,463.5	2,391.5	251.7	670.5	166	959.3	2,233.2	133
148	116	T R W	368.6	420.4	482.6	664.5	1,040.9	21.8	78.0	258	239.5	601.6	151
144	102	Texas Instruments	67.3	232.7	276.5	436.4	568.5	29.6	56.8	92	118.7	387.4	226
111	107	Colt Indus.	78.1	145.4	148.5	199.0	306.7	3.9	18.9	385	143.2	197.1	38
108	123	Cessna Aircraft	70.0	103.3	96.4	148.4	215.0	15.2	24.6	62	55.3	149.5	170
105	126	Raytheon	259.9	540.0	488.9	487.8	1,106.0	25.0	47.0	88	225.8	460.0	104
93	103	Ogden	525.1	421.5	400.6	503.6	815.2	4.8	31.8	562	162.6	381.7	135
89	112	Gen'l. Precision	185.1	244.4	217.9	340.6	461.8	9.5	39.3	314	164.0	322.7	97
350	154	All Companys Tripling '60-'67	4,971.2	6,130.5	10,859.2	15,363.4	27,616.9	582.6	2,733.7	369	5,658.3	22,194.8	292
275	179	All Companys Doubling '63-'67	5,701.3	7,747.2	10,422.4	16,074.1	29,166.6	898.0	3,283.9	265	6,133.6	21,583.7	251

¹Teledyne's first full year of business was 1961. Sales given in the 1960 column and assets listed in the 1960 column are for 1961. Net income in the 1958-60 column is for 1961-62. (Teledyne is currently undertaking a merger with Ryan Aeronautical (No. 29 on the list of prime defense contractors.)

²Principally through Universal American, a subsidiary of Gulf and Western.

³Principally through American Electric and Hayes International, subsidiaries of City Investing.

⁴Principally through Hupp, a subsidiary of White Consolidated Industries.

Other large companies (sales over \$500 million) on the Defense Department lists of the one hundred top prime contractors Royal

Dutch/Shell (Asicott Petroleum, subsidiary), 1967 sales: 8,376.0, 1966-67 net income: 1,404.7, 1967 assets 12,869.5; Gulf Oil, 4,202.1, 1,063.0², 6,458.0³; U.S. Steel, 4,005.5¹, 421.7², 5,606.3³; Standard Oil (Indiana), 2,918.1¹, 537.1², 4,058.1³; Bethlehem Steel, 2,594.1¹, 301.4², 3,083.7³; Union Carbide, 2,545.6¹, 400.7², 3,088.3³; International Harvester, 2,541.9¹, 202.7², 1,811.8³; Continental Oil, 2,082.8¹, 305.9², 2,354.5³; Firestone, 1,875.4¹, 204.1², 1,550.4³; Caterpillar Tractor, 1,472.5¹, 256.5², 1,340.1³; Union Oil of California, 1,412.2¹, 287.2², 2,026.1³; Dow Chemical, 1,382.7¹, 252.5², 1,910.6³; Cities Service, 1,374.9¹, 269.6², 1,828.6³; Burlington Industries, 1,364.6¹, 135.3², 1,027.6³; Atlantic Richfield (Richfield), 1,276.8¹, 243.5², 1,886.0³; Borg-Warner, 952.0¹, 90.4², 755.3³; Stevens (J. P.), 794.2¹, 54.6², 568.1³; White Motor, 769.8¹, 60.9², 404.5³; Motorola, 630.0¹, 51.8², 410.8³; Burroughs, 550.6¹, 65.8², 596.8³.

¹1967 sales.

²1966-67 net income

³1967 assets

Scrutinizing the powerful sub-systems in our society, one is entitled to say that they ordinarily act to promote their interests and to frustrate threats to their interests. If they are powerful enough and sufficiently well-integrated, they can appropriately be called a "complex". In such a case, the structural position affords the "complex" a political role independent of the intentions of particular business or government leaders.

Various writers have claimed that Viet Nam represents a disaster for the "military-industrial complex". This is a grave misconception. True, it has been politically catastrophic for Lyndon Johnson and his aides. It has severely aggravated the nation's balance of payments problem and exacerbated domestic strife. But as the detailed study of corporate records and Pentagon powers makes plain, the Vietnam years have been a time of tremendous gains for the military-industrial complex.

IV. Three Dangerous Fallacies

Recognition of this crucial fact has been obscured by three prominent attitudes: conservative exceptionalism, liberal complacency, and radical totalism. Many conservatives issue dire warnings about the threats to individual liberty arising from the growth of large bureaucracies. Usually their concern is strong regarding public health programs, welfare departments, educational assistance policies, and regulatory agencies, yet these institutions and programs have not historically presented the primary dangers to personal freedoms. Far more commonly, of course, usurpation of individual rights has resulted from the hypertrophy of military institutions. But American conservatives — almost to a man — allow one great exception in their onslaughts against large organizations: the defense sector.

LIBERAL COMPLACENCY frequently assert their fear of the power of generals and admirals. Various officials in the Kennedy-Johnson administrations have claimed that a major triumph during their tenure was the imposition of strong civilian control over the Pentagon. Such people quite naturally prefer men of their background in positions of power; they rarely question the legitimacy of the power itself. Much of what Galbraith has called the "conventional wisdom" in the area of defense is dispensed by these liberals. Their incomes, prestige, and intellectual *raison d'etre* often depend directly or indirectly on the defense system. It is thus too much to expect them to perceive the defense sector as a unified system: the implications would gravely damage their self-esteem.

One leading Pentagon liberal argued with this

writer that the military-industrial complex has become less powerful in the last eight years than it was in 1960. The argument rests on the changes in defense contracts as a proportion of total sales for the major contractors, particularly for the most dynamic ones. It is true that defense contracts comprise a smaller fraction of the business of many leading companies. On the whole, this is attributable neither to an absolute decline in sales to the Pentagon nor even to a rate of growth less than that of the general economy. It results, rather, from a rise in non-defense revenues even more rapid than the quite substantial increase in military orders. How can this be construed as a sign of weakness? A high rate of sales and earnings growth is the prime measure of corporate success.

To make sense out of the liberal's line of reasoning, one must assume that a corporation *qua* defense contractor is wholly distinct from the same corporation *qua* producer for the private market. The larger the fraction of non-defense spending, presumably the less trouble the military segment of the corporation can stir up. Such thinking is analogous to the labeling of General Gavin as a "military man" and Dean Rusk as a "civilian". The position is either trivially true or dangerously misleading.

We must treat corporations as integrated systems. Traditionally they have been thought to have as their sole objective the maximization of profit. Galbraith has asserted, however, that stability is a central goal of the new corporate bureaucracies. For some purposes this may be re-stated as the maximization of profit *over the long run*. The managers do not want to make quick "killings" at the cost of seriously disrupting their profit-generating organization some years hence. This re-statement is most nearly correct in the case of relatively small, highly dynamic enterprises directed by executives with a large entrepreneurial stake in what they are doing. Many of the "growth" contractors conform to this model.

Rx: DEFENSE CONTRACTS What does a corporation need to maintain a very high rate of growth over a period of years? In varying degrees it requires — among other things — money, a good research and development department, and guarantees against adversity. The Department of Defense can help satisfy all of these needs.

First, it provides money. Though most mixed corporations show a relatively low rate of profit to sales volume on defense contracts, this index must be treated skeptically. Contractors often use government-owned plants and equipment to produce defense goods; they typically receive payment for all costs incurred plus a generous profit percentage; and frequently they "pyramid" profits through subcontracting: a company granted the prime award delegates much of its work to other companies, which in turn

delegate to subcontractors, and even, sometimes, through to sub-sub-subcontractors.

Use of government property sharply reduces the capital assets required to fill a given contract. The "cost plus" arrangement essentially eliminates most of the risk. Moreover, it enables corporations to charge the government for items they have actually acquired for use principally in their non-defense activities. When companies subcontract much of the work for a given defense job, they still calculate their profit percentage on the basis of the entire dollar amount of the contract. So, though a corporation may take only an eight percent profit on its total contract, if it subcontracts all but twenty percent of the work, its profit on in-company revenues is forty percent. This level of return on a practically no-risk venture not only is a direct source of investment funds, but also the resulting income statement impresses the lending institutions: "to him who hath shall it be given."

Since the Defense Department is generous in paying for research and development expenses, military contracts provide a cheap means for equipping and staffing a good research department. Through inflating charges to the government, companies can even use public funds to pay for the direct costs of non-defense research. Military contracting also enables appropriate corporations to "hook in" to the information and consulting system of the Pentagon. Certain valuable technical services become more readily available.

If a significant company gets into serious business trouble, the Defense Department can help it recover. A striking example of this appears to be the decision to award the contract for the now notorious TFX (F-111) airplane to General Dynamics, despite unanimous expert preference for the Boeing model.³ If a well-connected corporation incurs problems with its non-defense business, it has a good chance of receiving a lucrative negotiated contract to ease it through the rough period. Confidence in the availability of this support permits companies to take greater risks in their non-defense activities than would otherwise be possible.

If the Defense Department provides so many benefits to contractors, one might argue that they are pitiable weaklings hopelessly dependent upon the government's whims. Such an assertion rests on the false assumption of full autonomy for the Pentagon bureaucracy. Many of the key officials have worked for contractors before their present assignment or intend to take such jobs in the future. They often must deal with business representatives who have served in top military or civilian positions in the Department. Frequently these representatives are known to have ties to their bureaucratic superiors or powerful Congressmen. In such instances, the threat of the destruction of their careers is always implicit. Ambitious men learn to play ball. Though flagrant conflicts of in-

terest, even at very high levels, are not rare, standard practice alone is sufficient to insure generous benefits for corporations (roughly as a function of their political power).

Politicization of the allocation process tends to spiral along with the increases in the concentration of economic power and the centralization of decision-making. Liberals do not understand the defense complex unless they appreciate the long-term implications of these trends. In the long run, a strong Pentagon bureaucracy cannot countervail against strong contractors because it shares too many ideas, economic goals, and personnel with these corporations.

Radical totalism poses the third and final obstruction to a clear view of the Pentagon-industrial system. Various people in the New Left claim that the United States is governed by a *de facto* military dictatorship completely hostile to the interests of the vast majority of its citizens. The only rational responses to such conditions would be exile or a massive campaign of sabotage and insurrection. Since totalistic theorists rarely respond in this way, it is probable that their statements are part of a psychological strategy — or plausibly, a psychological syndrome.

Conservatives err in thinking nothing is bad about the defense complex. Liberals err in thinking things are not getting worse. Radicals err in believing that things are so bad they cannot get worse. All three of these positions frustrate reasonable action. All three are basically self-indulgent.

NIXON'S CHOICE

Highly dynamic systems cannot be checked without intense effort. It is far more difficult to restrain the military-industrial complex now than it was in 1961. Men who try will suffer all the abuse that a powerful interest group can churn out. The prospects for success are not good. But the almost certain consequence of failure or inaction will be the gradual assumption of control over major national decisions by the complex. Will Nixon heed the warnings of President Eisenhower? Or will he turn instead toward Clark Clifford's Great Armored Society? Nixon's the one — probably the last one who can check our mightiest complex. If he succeeds, his other problems will become more tractable. If he fails, no other achievement will mean very much in the long run.

FOOTNOTES

¹Defense Industry Bulletin (Department of Defense,
²Clark R. Mollenhoff, *The Pentagon* (New York, G.P. Putnam's Sons, 1967, p. 13, p. 07).

³Ibid., pp. 383-384.

⁴Defense Industry Bulletin (Department of Defense, June 1966, p. 7).

This is the first of a two-part series. Next month's article will discuss the fundamental structural trends that will shape national problems during the next 4-16 years and outline President Nixon's crucial long range political options to meet and influence those trends.

ROTC on the grounds that Hanoi might interpret such a move as a sign of American weakness. Another issue in the campaign developed from the tear gas which Williams sent across the Mexican border to help quell a student riot. The governor felt that it was all right to send arms to a foreign country since "the request came through the proper channels." On the issue of order and disorder, Williams felt that the government should "crack a few heads" to prevent disturbances and talked about "the thin blue line" between society and anarchy. When Goddard criticized Williams tax reform saying that it had not given relief to the homeowner but had merely rearranged his taxes, and that some people were hit with unexpected tax increases so large that they could not pay without losing their possessions, sometimes even their home, Williams replied that "It is not true that people will lose their homes this year. Repossession takes many years."

Polls showed Goddard behind 2-1 when he started, but running even two weeks before the election, and election night promised a close race. But Williams steamrolled Goddard, and all five of the doubtful Senate seats went to Republicans. Something happened that ordinary political indicators cannot indicate. The best bet is that the long and confusing ballot which included many propositions combined with a two-minute pollbooth limit made it a race between parties, and straight ticket voting sunk the Democrats. The number of straight tickets cannot be determined exactly, but in Maricopa County, out of 250,000 votes cast, every Republican candidate was within 6000 votes of every other.

So the Republicans scored a complete victory and hold undisputed control in Arizona. The vote not only destroyed the Democrats, throwing them out of power on every level, it gave the Republicans a blank check. The Party presented no issues or programs for the public consideration. The result was a triumph for whatever the voter thought was the Republican way of doing things.

There may yet be some threats to a Republican dynasty in Arizona. The defeat of the old-time Democratic organization leaves the opportunity for a group of young and dedicated people to take over the shambles and rebuild the Party. Their task would be much like that faced by the Republicans when they began with nothing in the early 1950's. A number of issues may come ripe in the next few years to hurt those in power and hasten such a Democratic revival. Arizona faces a water shortage. The Republicans must provide the leadership to obtain new sources, for example. As time runs out, the situation becomes desperate. Education at all levels may be damaged by a continued policy of inadequate appropriations. The Republicans' tax system hurt some people seriously. Their protests made little difference in this election. But they will continue to complain and may embarrass the victors. Arizonans voted as if they were convinced that the Republicans had solved their tax problems. But the taxes were lowered this year, in large part, because of surplus revenue stored from the year before. People expect taxes to stay reduced, but without this cushion increases may be inevitable. The Republicans are in control in Arizona. But the road ahead may not be as smooth as their huge mandate would suggest.

14a ELIOT STREET

- Rhode Island FORUM correspondent Donato Andre D'Andrea is now a member of the bar in his state.
- Ripon has secured the services of the William Morris Agency, one of New York's top, to handle the Society's major publications. Our agent, Mrs. Lois Wallace, has just completed a contract with Dial Press to handle Ripon's ELECTION '68 book, being edited by Bob Behn.
- The FORUM'S printer Fleming and Son of Somerville, Massachusetts, has acquired 11-point Garamond type, the clear, attractive face in which the bulk of this and future issues will be set.
- Certain Ripons are looking for apartment space in Washington, D.C. Of this, more to come next issue.
- Ripon executive director Tim Petri is alive and well, though gaunt after having singlehandedly completed the 18-page cumulative FORUM index which appeared last month.
- A good time was had by all 400 guests at the Ripon Society Sixth Anniversary Dinner at New York City's Plaza Hotel last month, thanks largely to the New York Chapter and Jud Sommer, Berna Gorenstein, and Blair Corning, who expertly handled the arrangements.
- A special thanks is also due our hosts for the evening: Prentice Bloedel; William A. Coolidge; Richard L. Gelb; Henry A. Kissinger; Dan W. Lufkin; J. Irwin Miller; James L. Murphy; David Rockefeller; William W. Scranton; Richard Shields; Walter N. Thayer; Henry C. Wallach; and John Hay Whitney.

LETTERS

CO CANNON FODDER

Dear Sir:

I read your article, "The Draft's Agony of Conscience," with a great deal of interest and wish to add a footnote that might interest you.

Under a new policy handed down by order of the Secretary of the Army, conscientious objectors are now to be drafted.

A training center has been set up for them in Fort Sam Houston, Texas, and they will be put through all phases of basic training except the use of weapons, after which they are to be trained as medics. And then after that they are put through some jungle warfare training. And then sent to Vietnam.

The Army never announced this publicly, but through their official magazine, Army Digest, which is just distributed through the service.

The Army feels that this will take care of the CO problem once and for all.

However, the CO suffers an injustice through this program. First of all when he is drafted, he isn't allowed to have a say in what he wants to do in the service. This privilege is granted to other draftees.

Second, when he is sent to Vietnam, his chances of being killed are greater than an infantry soldier. This is because he doesn't have any training in weapons. And these medics have to go on jungle patrols with the regular troops. They are usually the first targets the Viet Cong shoot at.

NAME WITHHELD
U. S. Army

FREE ADVICE

Dear Sir:

The Newark Sunday News reports that you have advice for president-elect Nixon.

Please permit me to give your organization my advice: My advice is that you keep your nose out of President Nixon's affairs. We Republican conservatives elected Mr. Nixon, not you liberals.

HENRY R. SCHNITZER
Bayonne, N. J.

LINDSAY (from page 24)

supports, the West with incentives to railroads and settlers, the suburbs with highways and housing loans. Now inner cities find themselves unable to supply basic services: transportation, police, sanitation, clean air and water; the amenities that make life livable are ever-more difficult to supply — while the Ripon Society estimates that our cities will lack more than \$260 billion in revenues before the next decade ends.

And our suburbs, too, have felt the shock of change. Only this week, we learned that a report to the President called the suburbs of America a "quietly building crisis," with communities beset by failing essential services. There is, thus, no escape from the pressure of change.

For 30 years we have lived in a technological revolution, building without planning, changing without understanding. And today, we find ourselves almost at the mercy of a technology which alters our lives fundamentally, yet which we still only dimly understand.

Since World War II, we have built a foreign policy based on a sense of worldwide mission. Today we find ourselves still embroiled in an endless, debilitating war, with 30,000 dead and \$30 billion lost — and we face new dangers abroad with every insurgency that explodes across an uncertain, tumultuous globe.

All of these tensions, all of these difficulties, have fed a growing sense of doubt among our people, old and young, white and black, affluent and middle-class and poor: that is the sense that we can no longer control our destinies, that events have run away from us, that a free people and a government of consent cannot cope with the strains of modern existence. We cry for history to stop, and it only speeds faster toward an uncertain future.

It is clear, then, that there will be no rest for the Nixon Administration, no profit in seeking to turn back to another time, another era. These are *our* times, like it or not: turbulent, critical, demanding. The question, then, is how? How do we approach these dilemmas? What do we do?

The first necessity is to be honest with ourselves, to admit past failures and mistakes, to recognize where the mainstream itself has not performed adequately. We have heard in recent months growing condemnation of youthful dissidents. Most of us — myself included — have deplored the resort to obscenity, personal abuse and outbursts of violence. This condemnation is just. For these tactics are the tactics of suppression. They are no part of any movement which calls itself moral. Yet let us be frank about it. On issue after issue it has been the dissidents — the "radicals" if you will — who have touched basic, urgent issues. And history, if it will not vindicate their methods, has vindicated much of their judgment.

It was not a benevolent federal government that first turned America's conscience to the terror and the injustice among black Americans in the South — it was young men and women, white and black, who put their bodies on the line to redeem the promises of the Constitution. Their battle has since been joined, by government and by decent citizens. But they were there first.

It was not a responsive public and private effort that first discovered the depth of deprivation in our cities. It was groups like the Northern Student Movement, the Community Union Projects, the tutorial campaigns among deprived school children. These activists argued that good intentions were not enough; that a failure to act effectively could perpetuate suffering. Studies, investigations,

the Commission on Civil Disorders — all have validated this judgment that urgent action was and is necessary. But they were there first.

The dissenters first argued — with words, then with protests, now with upheaval — that universities were becoming less and less the guardians of humanism, more and more a part of the corporate society. Now, with disorder becoming more a part of academic life, the Cox Commission has substantiated that judgment, and called for drastic change on the campus. But they were there first.

And the war in Vietnam — spawned, escalated, fought without effective criticism by any established institution — was challenged in the beginning by those young people who could not square rhetoric with reality — who could not find in burning hamlets and homeless villagers the spirit of America. That war has already been branded a disaster. There is a national consensus that we must have "no more Vietnams." But they were there first.

It is clear that we cannot permit the flourishing of violent dissent. But it is also clear that we will not check the growth of destructive disorder by words. We will do it only if we can change the way our government works, only if we are wise enough to respond to the truths about us, and take those urgent, necessary steps to build a better life for our people.

This duty, it seems to me, defines a second necessity: it is to face the need for a basic re-allocation of resources within the federal government. We Republicans have long insisted that the public resources are not unlimited — that we cannot support every national demand with our public treasury.

That is a fact — and it is also a fact that this government must choose among priorities, and must use its funds where the crises are.

We have spent since World War II more than a trillion dollars on defense, and even now — with a \$70 billion a year defense budget — there is talk of moving toward more and more costly expenditures, toward a \$100 billion a year defense figure, toward the building of an anti-ballistic system, at a cost of \$40 billion, toward a constant increase on the \$20 billion spent each year on military research and development funds.

It seems to me the time has come to take a long, hard look at this enormous drain on our revenues. Three years ago — before the major Vietnam escalation — the President's Council of Economic Advisors warned us that "the real cost of allocating productive resources to defense is that these resources are unavailable for (civilian) purposes. Thus . . . we must forgo \$50 billion of non-defense goods and services." And, they noted, whatever productive benefits have resulted could have been gained "at substantially lower costs and with more certainty if comparable . . . resources had been devoted to civilian purposes."

It is time to act on that warning. It is time, for example, to ask our defense and aerospace firms to devote their thinking not just to keeping us secure from outside attack, but to help secure us from the dangers of domestic collapse. Transportation, education, housing, municipal services — here is where technical skills are urgently needed. Here is where federal resources must be directed. We cannot afford to support a defense establishment by neglecting the desperate need for action in our cities and suburbs. That is what we have done in the past. And it must change.

There are other areas, too. We have spent \$60 billion in a dozen years on highways — while our rail systems

and urban transit networks decline, while city streets are jammed with autos and while air pollution increases. Here, too, is a key opportunity to re-direct the transportation policy of our government, permitting states and cities to plan new transit systems with highway funds. Senators and Congressmen of both parties have urged this change for years. It should be done — this session — by the new Administration.

Re-allocation, however, is only one step. We must also begin to change the direction of federal funds in the urban field. The New Deal policies — proliferation of programs, a cure by simple spending — this is not enough. We have, despite overall neglect, spent great sums on housing, welfare, and now schools. Yet funds alone cannot work, unless they are spent sensibly, and unless they give people the chance to help design programs that are supposed to be helping them.

We ought to begin, I think, by understanding that poverty funds have to be directed at the root of poverty — lack of jobs and lack of services. If there is work to be done and people who need work, we ought to fuse those needs by providing communities with the funds to build housing and create industry. The concept of the Community Development Corporation — a new kind of grouping using public and private monies to improve neighborhoods at a neighborhood level — is one way of accomplishing this. So this is the idea — already begun in New York City — of a work incentive program to change welfare from a permanent dole into an aid for a constructive, useful field of work. So is the expansion of small business loans to aid entrepreneurs in deprived neighborhoods.

Of course such programs need money. But just as important, they need a change of thinking — an end to the assumption that we can from Washington, or state capitols or even City Hall, plan for what citizens need. We Republicans have always expressed a belief in autonomy. Here is the chance to put that belief into practice by bringing government closer to home, by decentralizing distant, bureaucratic control, by freeing resources from endless chains of command to enable people to build better lives.

This domestic work is necessary, urgent, critical. It will be difficult enough to accomplish alone. It will be impossible if our foreign policy traps us again in a quagmire of a future Vietnam. Our Vietnam experience will, even if it ends by next year, cost us more than \$100 billion. Our domestic needs cannot afford another foreign blunder. And neither can our national conscience.

Looking at a world torn by uprisings — dozens stirring even in the mountains and jungles of countless foreign lands — it is tempting to believe that the overwhelming weight of American military might can somehow put down internal discord wherever it arises. But it is true, now as it was in the days of Edmund Burke, "force is not a remedy." It is no more true to believe in the panacea of military might abroad than it is to believe that we can combat crime by reverting to repression. Beyond all of the danger, all of the risks to peace, is the blunt fact that it will not work.

We therefore must do what the previous Administration did not. We must scrutinize where new foreign commitments and excursions may lead. We must be wary of appeals couched in generalities or rhetoric. We must make it unmistakably clear that American military and economic assistance is *not* available to nations whose lead-

ers cannot or will not answer popular demands for social and political reform.

This is an immediate need in Thailand and Zanzibar, in Guatemala and Bolivia, around the world where there are potential Vietnams.

Based on our position in Thailand — with more American troops there now than were in South Vietnam in 1964 — it is not at all clear that the outgoing Administration has learned to avoid these traps.

Thus, it is our responsibility to ask whether our vital national interest is truly threatened by the new insurgencies that will surely take place. It is our responsibility to ask how open-ended a new commitment is, how far we are prepared to go in support of it, whether we fully understand the dimensions of new interventions. For if we fail, if we are again trapped, if new domestic needs go unmet, if new generations turn away from their government and their society, the responsibility will be on *our* shoulders.

I have stressed tonight the dangers of leadership, the crises that President Nixon will face. But I do not wish to close without noting as well the great promise we have.

We have the chance to begin making opportunity a reality.

We have the chance to prove that compassion does not mean control, and that assistance does not mean waste.

We have the chance to prove that free men can still master their fate, and can make the future what they will.

We have the chance to preserve our cities from collapse, our suburbs from crisis, and our environment from ruin.

That chance, that opportunity, makes all the dangers worthwhile. That chance makes all the peril of leadership worth it. But that chance also requires us to use all the wisdom and the energy we have to make these possibilities real. These will be challenging, difficult years. But if we succeed, they will mark the beginning of an Era of Greatness.

THE RIPON SOCIETY RESEARCH STAFF Will Undertake **SPONSORED RESEARCH**

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- * Republican Officeholders seeking to develop a legislative program on a particular issue.
- * Republican figures attempting to broaden their knowledge of the needs and appropriate solutions in a specific problem area.
- * Community leaders desiring to make a contribution to the articulation of constructive proposals for social action.

Ripon's Sponsored Research is a flexible program designed to meet the individual needs of issue development. All inquiries will be kept confidential and should be addressed to:

The Ripon Society
14a Elliot Street
Cambridge, Massachusetts 02138

JOHN V. LINDSAY

An Era of Greatness?

(The following article is the speech given by Mayor Lindsay at the Ripon Society's Sixth Anniversary Dinner December 15.)

We meet tonight to celebrate the sixth anniversary of the Ripon Society: an organization that has proven how to fuse opposition with constructive alternatives, and criticism with compassion. The Ripon Society has read its mandate broadly: it has proposed specific alternatives to federal policies in diverse fields: poverty, taxation, foreign aid, the war in Vietnam.

It has consistently sought to apply Republican principles to the most urgent national dilemmas — and has consistently fought the danger of confining our party's base to the privileged and secure. You have contributed much to our present opportunity for leadership: a contribution which can be measured as much by the enemies you have made as by the allies you have enlisted.

This work of critical inquiry has become all the more vital because we are on the eve of a major transition from national opposition to national leadership. Now, for only the second time in 40 years, we are facing the task of shaping and applying national policy. It is tempting, in the face of electoral victory, to rest content with political power. But as Republicans and as citizens, we cannot do it.

Our triumph, to begin with, was narrow: one of the three closest elections of the 20th century. Moreover, as your organization has accurately pointed out, it was achieved within a narrow political base. The new administration carried not a single major American city, and forged few alliances with those most in need of effective national action. We clearly will not win future support — nor will we govern effectively — without broadening this base. And we will not do that without the most urgent effort to resolve our urgent dilemmas.

There is, moreover, another reason. President Eisenhower put it well when he said that "a political party without principles is nothing more than a conspiracy to seize power." We have seen from the last four years what happens to a party free from effective, loyal criticism from within its own boundaries. We have seen what such a course can

do not only to a party, but to the national spirit as well.

With power, then, comes even more responsibility to speak and to judge and to recommend. For without that spirit, we will not provide the national leadership we require. Party loyalty — party unity — these goals cannot override the need for continuing dialogue and dissent within the Republican Party. Your task — our task — is to continue.

Let us look, then, at the nation and the world we face. We see at once why the spirit of 16 years ago — when we last prepared for national responsibility — cannot be the spirit of today.

For the world is a far different, far more dangerous place. The "Silent Generation" of the 1950's has yielded to a new national community of youth: born into an age of self-examination and self-doubt, raised among struggles against bigotry and poverty, puzzled and repelled by a war fought with neither a sense of victory nor a sense of pride, sharply aware of the gap between the promise of our heritage and the performance of our institutions, increasingly suspicious of the most deeply-rooted structures of American life. The home, the schools, the university, the corporation, the labor union, the church, the government — democracy itself — all seem to those youthful dissidents without honesty and without honor. The pieties of another age will not answer their questions, will not end their doubts, will not still their protests.

The late 1960's, moreover, is a time when the last half-century has finally caught up with America. For 50 years our cities have been swelling with the untaught and the unskilled, a migrant population which fled regions where survival itself was threatened, and crowded into our urban centers. Now, with opportunity for the unskilled long since gone, cities stagger under the weight of demands unfulfilled; joblessness and poverty increase — and with it comes all of the pathology of communities without resources and without purpose: indecent housing, unresponsive schools, disease, crime, and the slow death of hope itself.

For a century, each region of America has been fed by federal resources: farms with price-

Please turn to page 22