

LIFE WITH LYNDON IN THE GREAT SOCIETY, Vol. 1, No. 11

Lyndon's friend and companion, J. Edgar, says he needs another \$3,800,000 so his FBI can carry on more civil rights investigations. J. Edgar says his gumshoes conducted 3,340 civil rights investigations last year. So far as we know, there wasn't one single conviction which came out of all those investigations.

We wonder if it makes sense to give J. Edgar more money, when all he seems to be able to do with it is compile so many files that, now, he needs a new building to put them all in.

We think Lyndon should give that investigative responsibility to someone who might be able to handle the job--the Girl Scouts, maybe, or the Lighthouse for the Blind.

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Speaking of Lyndon's FBI, it showed last week how effective it can be when it's protecting the interest of those who own the nation. It seems that a young fellow who worked for Proctor & Gamble decided he'd make a little money on the side after he left that company. When he left, it is said, he took with him a copy of the advertising plans and budget with which Proctor & Gamble intended to convince people that their toothpaste was the only one a sane person would use.

This young fellow got hold of an executive of Colgate-Palmolive, which makes a "rival" toothpaste, and offered to sell the plans for \$20,000. The Colgate-Palmolive executive, apparently, went right to the FBI and told them what was going on. Then the executive set up a meeting with the Proctor & Gamble man, at which he accepted the plans and gave the Proctor & Gamble man \$20,000. When the Proctor & Gamble man left with the loot, the FBI arrested him and charged him with using the telephone to further a dishonest scheme, under Title 18, Section 2314, of the United States Code. (Remarkable, isn't it, the way J. Edgar's agents can find a law which covers those who run afoul of the big corporations, but just can't find any way they can arrest the southern criminals who murder, terrorize, harass and intimidate Negroes ?)

The law provides a penalty for this crime of using the telephone dishonestly. The penalty is 10 years in prison and/or \$10,000 fine. That, of course, is just twice the maximum term and fine for violating a person's constitutional rights by killing or otherwise injuring him.

We get the picture, from the newspaper accounts of this little piece of business espionage, that here are two giants of the American toothpaste industry, fighting it out with one another in the best

competitive American spirit for the lion's share of the toothpaste dollar. And then here comes this fellow and tries to destroy the competitive basis of American free enterprise by loading the dice against poor little old Proctor & Gamble. Well, let's look at the real picture of "competition" among the toothpaste titans.

Proctor & Gamble director Robert S. Oelman sits on the board of First National City Bank of New York, with Colgate-Palmolive directors John E. Bierwith and Thomas R. Wilcox. The same Proctor & Gamble director, Oelman, sits on the National Cash Register board with Colgate-Palmolive director Frederic H. Brandi. Proctor & Gamble director Howard J. Morgens sits on the board of Owens-Corning Fiberglas with Colgate-Palmolive director John Bierwith. Proctor & Gamble director Bromwell Ault sits on the board of Interchemical Corporation with Brandi of Colgate-Palmolive.

It's hard to see how anything approaching real competition could exist between two such inter-related competitors as Proctor & Gamble and Colgate-Palmolive. This makes you wonder a little bit why the spying was so important that the companies had to call in J. Edgar to arrest and prosecute. Unless, of course, they figure that it was necessary to make an example of the spy, in order to preserve the myth of competition.

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We mentioned in LWL No. 9 that American Cyanamid had been charged with defrauding the U.S. Government in connection with supplying products to the Government of South Viet Nam. We now learn that other companies were involved in the same deal. Olin-Mathieson Chemical Corporation pleaded guilty in federal court on March 31 to criminal fraud in connection with its participation in the foreign aid program for South Viet Nam.

We don't know the amount of money Olin-Mathieson actually took us for, but, now that the corporation has been caught, it has agreed to pay back to the U.S. Government \$283,000. The Government had filed a civil suit to collect the money. Olin did not volunteer to pay it. The payment it has agreed to make results from a settlement Olin agreed on to avoid a court trial. The federal court has not yet pronounced sentence on the criminal charges.

Since Olin-Mathieson has been forced to announce to the world that it is guilty of criminal fraud, it seems appropriate that we announce who the individuals are that disguise themselves as a corporation. The Olin-Mathieson board of directors includes the following:

John M. Olin

Pres., Illinois State Bank, East Alton, Ill.;
dir., St. Louis Union Trust Co.; dir., Bankers
Trust Co., N.Y.; dir., Washington Univ.; dir.,
Cornell Univ.; dir., Johns Hopkins Univ.

Thomas S. Nichols

dir., Bigelow-Sanford; dir., Maryland National Bank of Baltimore; dir., U.S. & Foreign Securities; dir., Fruehauf Trailer Co.; dir., Johns Hopkins Univ.; dir., Washington Univ.

B.H. Griswold

dir., Bigelow-Sanford; dir., Central Savings Bank of Baltimore; dir., Maryland Life Ins. Co.; dir., Fidelity and Deposit Co. of Md.; dir., Gelman Country School; dir., Johns Hopkins Univ.

John W. Hanes

dir., Bankers Trust Co., N.Y.; dir., Johns-Manville; dir., U.S. Lines Co.; dir., P.H. Hanes Knitting Co.

John W. Hanes, Jr.

dir., Wertheim & Co., N.Y.; dir., Red Food Stores; Pres. and dir., Hanes Foundation.

William W. Higgins

son-in-law of Spencer Olin; Chmn. of the Trustees of Monticello College; Tr., Cornell U.

Spencer T. Olin

dir., Illinois State Bank; dir., LaCledde Steel Co.; dir., St. Louis Union Trust Co.; dir., First National Bank & Trust Co.; dir., Washington U.; Treasurer, Republican National Committee, 1960-62.

Whatever Olin-Mathieson has to pay in fines for this criminal fraud, it will be certain to get back in other ways. For example, Olin-Mathieson overcharged the government about \$1,000,000 for some gunpowder on an armaments order. The Dupont subsidiary, Remington Arms Co., Inc., had a contract with the U.S. Army to produce a batch of .30 calibre ammunition. The contract was the kind that's called "cost-plus-fixed-fee". This means that Remington sold the ammunition to the Army for cost, plus a fee that it had agreed on with the Army in Advance. Thus, Remington didn't care what the materials for the gunpowder cost, because it would get all cost back from the Army, and the cost, however high, will have no effect on Remington's profit.

When the Army suggested to Olin-Mathieson that the gunpoder it had sold to Remington was priced a bit high (they pointed out that Olin had made a 162% profit on the deal), Olin-Mathieson said no, they didn't think so. They said that their over-all profit on business with the U.S. Government in recent years (including, of course, the criminal fraud deal mentioned above) had been considerably below levels that they considered acceptable for renegotiation (the government double-talk for the process by which it tries to get American industry to pay back obvious overcharges.)

Olin-Mathieson officials said they thought they'd just keep the \$1,000,000, thank you.

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When Students for a Democratic Society picketed Chase Manhattan Bank in New York, protesting Chase's involvement with South African finance, Chase replied with it justification. "American banks," said Chase, "which do an international business, conduct normal commercial

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banking relationships with both private and governmental customers outside the Communist bloc. On those occasions on which we have extended credit to the government of a foreign country which is recognized by the United States, we have not felt that our action implied concurrence with the social, political or economic theories of that government or of any particular party or group."

One is reminded of the officers and directors of the I.G. Farben chemical trust when, at the war crimes trials in Nuremburg, these German businessmen explained why they had sold (at a handsome profit) the Zyklon "B" gas which was used to massacre Jews and political prisoners in the Nazi concentration camps. The explanation was that they were just ordinary businessmen, selling a product, and they could not properly enquire into how their customers (the Nazi Government) were going to use that product. Of course, these businessmen were a bit embarrassed when it was disclosed that I.G. Farben had used the prisoners in the concentration camps to labor in plants they had set up for that purpose adjacent to some of the camps. But they soon got over their embarrassment, and several of them are back at the same old stand today, doing their chemical business in the same old way. Doubtless some of them, being very big businessmen, and requiring a lot of financing, do business with Chase.

For all who feel that Chase, despite its easy explanations, does endorse South African racism when it supplies financial support to the South African government, it becomes important to know just who are the men that control Chase Manhattan's policies.

The Chase directors, along with their other corporate connections, are:

George Champion	dir., Federal Reserve Bank, N.Y.; dir., International Paper Co.; dir., American Smelting & Refining Co.; dir., Travelers Ins. Co.; dir., Southern R.R.
David Rockefeller	dir., B.F. Goodrich Co.; dir. Equitable Life Ass. Soc. of the U.S.
Elliot V. Bell	dir., McGraw-Hill Publ. Co.; Ed. & Publ., Business Week; dir., Montgomery Ward & Co.; dir., New York Life Ins. Co.; dir., Carrier Corp.; dir., American Agricultural Chemical Co.; dir., Revere Copper & Brass, Inc.; dir., Tri-Continental Corp.; dir., New York Telephone Co.; Trustee, Brookings Inst.
Eugene R. Black	Special Financial Consultant to Sec. Gen. of U.N.; dir., American Express Co.; dir., New York Times Co.; dir., International Telephone and Telegraph; dir., Royal Dutch Shell Corp.; Chmn., Brookings Inst.; dir., Ford Foundation.
C.W. Cook	Pres. & dir., General Foods Corp.; dir., Whirlpool Corp.
Paul L. Davies	Chmn., Food Machinery Corp.; dir., Pacific Gas and Electric Co.; dir., Wells Fargo Bank; dir., Lehman Corp.; dir., Southern Pacific R.R.; dir., IBM; dir., Caterpillar Tractor Co.

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J. Doyle DeWitt	Pres., Traveler's Ins. Co.; dir., Hartford Nat'l Bank & Trust Co.; dir., Hartford Electric Light Co.; dir., United Aircraft Corp.; A Founder, Univ. of Hartford; Trustee, Harvard U. Graduate Center.
J. R. Dilworth	Pres., Rockefeller Bros., Inc.; dir., R.H. Macy & Son; dir., Youngstown Sheet & Tube Co.; Dir., Rockwell Mfg. Co.; dir., Chrysler Corp.; Fellow, Yale Corp.
Gilbert W. Fitzhugh	Pres., Metropolitan Life Ins. Co.; dir., Consolidated Edison Co., N.Y., Inc.
F.R. Kappel	Chmn., American Telephone & Telegraph; dir., Metropolitan Life Ins. Co.; dir., General Foods Corp.; Trustee, Columbia University.
Joseph A. Martin	Pres., National Lead Co.; dir., American Broadcasting-Paramount Theatres, Inc.; dir., Chemetron Corp.; dir., Fidelity & Casualty Co., N.Y.; dir., Goodyear Tire & Rubber Co.; dir., Titanium Metals Corp.; dir., Alleghany Ludlum Steel Corp.; Trustee, Fordham U., Notre Dame U.
John J. McCloy	dir., Allied Chemical Co.; dir., Westinghouse Elec.; dir., American Telephone & Telegraph; dir., Metropolitan Life Ins. Co.; dir., United Fruit Co.; Tr. Amherst College; Chmn., Ford Foundation.
Henry D. Mercer	dir., Republic Steel Corp.; dir., Magnavox Corp.
Jeremiah Milbank, Jr.	dir., Commercial Solvents Corp.
James F. Oates, Jr.	Pres., Equitable Life; dir., N.Y. Telephone Co.; dir., 1st Nat'l Bank of Chicago; Trustee, Princeton U., Northwestern U.
C. Jay Parkinson	Gen. Counsel, The Anaconda Co.; dir., International Smelting and Refining.
Frank J. Russell	dir., National Aviation Corp.; dir., Otis Elevator Co.
Stuart T. Saunders	Pres., Norfolk & Western Rwy.; dir., Wabash R.R. Co.; dir., Georgia-Pacific Corp.; Tr., Roanoke College, Hollins College.
Whitney Stone	Chmn., Stone & Webster; dir., American Express Co.; dir., W.R. Grace & Co.
John E. Swearingen	Chief Exec. Officer, Standard Oil Co. of Indiana.; dir., 1st Nat'l Bank of Chi.; Trustee, Carnegie Institute of Technology.

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Lyndon's Commerce Secretary, ~~John F. Connor~~, said last week he thought there should be closer cooperation between business and the colleges. Connor said that Lyndon's "goals" call for a new alliance of the "campus and the company--of the academic and business worlds--in a sustained effort to cope with the problems and exploit the opportunities before us."

It has been our observation that American business has not failed to exploit, with almost incredible single-mindedness, every conceivable profit-making opportunity. Indeed, in the rush to make a fast buck, American business frequently doesn't even wait to legalize a given technique before using it (for example, see above, and previous and future LWL's).

As for getting the colleges closer to the business world, that might be pretty hard to do. Take the companies we've dealt with in just this piece. Olin-Mathieson has three of its directors who are trustees of Johns Hopkins University, two who are trustees of Washington U., two who are trustees of Cornell U., and one each for Washington College (Charlestown Md.), Monticello College, and the Gelman School.

The Dupont Corporation (parent of Remington) has three directors who are trustees of Univ. of Delaware, one a trustee of Johns Hopkins, one a trustee of Wyoming Seminary, two trustees of University of Pennsylvania, one for Phillips Exeter Academy, two for Tower Hill School, one for Massachusetts Institute of Technology, and one for Hampton Institute. Remington Arms has a director on the board of Bucknell U., another on the board of U of Newark, still another on the board of Drexel Inst. of Tech., and, finally, one on the board of University of Bridgeport.

Chase Manhattan has directors on the boards of: Harvard, Drury College, Phillips Andover Academy, St. John's U., Johns Hopkins, Oglethorpe U., Santa Clara U., Columbia U., U of Minnesota, Yale U., Fordham U., Notre Dame U., Roanoke College, Hollins College, Amherst College, U of Hartford, Princeton U., Northwestern U. and Carnegie Institute of Technology.

We should think the problem is to get business separated from the campus, where, clearly, it's firmly entrenched. But, of course, we suppose that Mr. Connor knows more about Lyndon's goals than we do. As a matter of fact, if business is going to shape the ideas of future generations of Americans in such a way that they will accept the idiocy that passes for wisdom in the Great Society, maybe we need a business monitor in every classroom.

The first job of these monitors might be to see to it that each professor explains reasonably how a man can come to be worth \$10 million on the salary of a Congressman.

O.K., Lyndon ?

April 15, 1965
Jack Minnis