



By JIM SHOCH

Stanford's April Third Movement this spring raised a seemingly reasonable set of demands concerning war-related activity at the university and its wholly-owned affiliate, Stanford Research Institute (SRI). The most important demand was for the elimination of military counter-insurgency studies at SRI.

Despite wide support for the demands, the Trustees decided that it would be "neither feasible nor desirable" to end such research. Why did they come to this decision? The answer requires a thorough understanding of America's economic and political structures, and the position of the Trustees in this system.

American corporations are searching the globe for raw materials, markets and outlets for investment capital. Direct, private U.S. investment in foreign countries has risen from \$7.2 billion in 1946 to nearly \$60 billion today. Roughly 60% of this money, or \$24 billion, has been pumped into the underdeveloped nations of Latin America, Asia, and Africa.

Half of U.S. investment abroad is controlled by 45 corporations. The stockholders, directors and executives of the multi-national organizations are members of the uppermost layers of America's ruling class--the same class from which are drawn many important government leaders.

The Stanford Board of Trustees is a microcosm of the American ruling class. As individuals, they have important economic interests in the Third World. Union Oil, represented on the Stanford board by a director, Arthur Stewart, and on the SRI board by its president Fred Hartley, has a drilling operation off the Thai coast and owns the concessionary rights to all 55,000 square miles of Northeastern Thailand, the area where the Thai insurgency has its greatest strength. Shell Oil, whose president Richard McGurdy is a trustee, runs the largest oil refinery in Southeast Asia, in Thailand. Tenneco, the massive conglomerate whose president Gardiner Symonds is both a Stanford trustee and an SRI director, moved into the Indonesian oil business after the right-wing military massacre of 100,000 Indonesian and Chinese leftists in 1965.

Castle and Cooke, owner of 55% of the Thai-American Steel Works, is represented on SRI's board by its president Malcolm MacNaughton. Castle and Cooke is also developing a \$50 million operation in the Philippines.

Stanford Trustees and SRI directors have broad economic interests in Latin America. Utah Construction and Mining owns the controlling interest in the Marcona Mining Corporation, an iron firm located in Peru. Utah has recently begun operation in Chile as well. Trustee Ernest Arbuckle and Stanford's Vice-President for Business Affairs, Alf Brandin, are both Utah directors. Arbuckle is also a former executive with the W.R. Grace Corporation, a firm with extensive sugar and shipping interests in Latin America.

Kaiser Industries, represented on the SRI board by Edgar

The Corporation Expands...

Kaiser, controls mining and manufacturing operations throughout Latin America, in addition to mining Thai Aluminum. Upon his retirement from the presidency of Stanford last year, Wallace Sterling was made a Kaiser director.

Their investments in the Third World are not as secure as Stanford's trustees would desire. Since World War II, national liberation movements throughout the underdeveloped world have posed an increasingly serious threat to U.S. investments. Why are nationalists in underdeveloped countries opposed to U.S. economic involvement in their homelands?

The answer is clear: foreign investment stunts and deforms the development of Third World economies. Diverting profits to industrialized countries deprives emerging nations of the capital they need so desperately for internal development.

Foreign investment produces a lopsided form of development. American corporations want maximum return on their investments in the Third World. The greatest returns come from extracting oil, copper, bauxite, tin, and other unrefined commodities. As a result, most Third World nations depend on one or two exports (usually agricultural products or raw materials) and are forced to import manufactured

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goods. The terms of this trade leave such nations in a precarious economic condition.

Recently some American money has been going into the production and marketing of luxury goods for high-income groups in the Third World. Auto assembly plants in Brazil and Rockefeller's supermarkets in Argentina are examples.

But the profits from these markets return to American companies, further darkening the balance of payments picture for underdeveloped countries. While local capitalists are often drawn into these ventures, in the long run foreign investment inhibits the development of independent, native entrepreneurs. The international corporations, of course, see no point in encouraging people who might eventually demand that the resources of their countries be used to develop those countries themselves rather than exporting them to the industrialized nations.

Very little American investment goes into the capital goods sector (steel, machinery) of Third World economies. Foreign corporations want a guaranteed demand for their pro-

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"s.r.i. has been especially active in thailand, where it began working in 1966..."



"I bet that's how they plan to get us out of Vietnam. They're going to send us all to Thailand."

corporate expansion, cont.

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government-owned lands, usually of poor quality, and only infrequently include the expropriation of private holdings--a step that must be taken if land reform is to prove meaningful.

In order to rapidly increase agricultural productivity, it is necessary to employ improved types of seed, fertilizer, pesticides, and farm machinery. Such large-scale agricultural investment cannot be undertaken by poverty-stricken peasants. Only massive expropriation of large estates, coupled with some form of collectivization, can create the type of agricultural organization that can efficiently employ the needed technology.

This type of land reform requires socialist planning and directly threatens large native and foreign landowners. It is not surprising that no such proposals are made in Bredo's work. The real purpose of these land reform efforts is revealed in his proposal to AID for a 1967 Vietnamese project. He wrote that the program "is considered most important at this time to...produce political results that will contribute to winning the war."

Aside from helping to formulate the development plans of Third World nations to ensure that they will allow free access to American capital, SRI actively assists U.S. investors in their efforts to penetrate the economies of the nations of the underdeveloped world. Twenty percent of SRI's work is done for international business.

This consists in large part of investment surveys, like the ones written by W.B. Dale in 1958 and H.W. Laurant in 1963, entitled respectively "Brazil: Factors Affecting Foreign Investment" and "Factors Affecting Foreign Investment in Argentina." SRI also performed a study for AID entitled "Recognition Survey of Industrial Opportunities on Northeast Thailand and Laos."

Through its overseas management entity, SRI-International, SRI sponsors investment conferences in Asia and Latin America designed to coordinate the participation of foreign capital in the "development efforts" of the businessmen from the United States and the underdeveloped nations themselves.

SRI-International President Weldon Gibson declares that in Latin America, "The great hope for future progress lies in the creation of an environment conducive to the growth of free enterprise." He added that "political instability has resulted in a certain reluctance on the part of private business to increase its investment in the future of this area." He failed to mention that American business might create an

environment intolerable to other people involved, thus producing the political instability it rightly fears.

Military counterinsurgency research, then, is only one of many services provided by SRI to assist giant multinational corporations in their efforts to penetrate and control the economies of the Third World. Economic development research and investment surveys and conferences all serve to perpetuate the dominance of American corporations in the underdeveloped nations.

The peoples of Asia, Latin America, and Africa are engaged in a great struggle to throw off the yoke of foreign domination. It is only through understanding the role of American institutions like Stanford and SRI in the perpetuation of U.S. imperialism that we can aid them in their struggle.

JACK LONDON

International Socialist Review, October, 1913

Young men: The lowest aim in your life is to become a soldier. The good soldier never tries to distinguish right from wrong. He never thinks; never reasons; he only obeys.

If he is ordered to fire on his fellow citizens, on his friends, on his neighbors, and on his relatives, he obeys without hesitation. If he is ordered to fire down a crowded street when the poor are clamoring for bread, he obeys and sees the gray hairs of age stained with red and the life tide gushing from the breasts of women, feeling neither remorse nor sympathy. If he is ordered off as firing squad to execute a hero or benefactor, he fires without hesitation, though he knows the bullet will pierce the noblest heart that ever beat in human breast.

A good soldier is a blind, heartless, soulless, murderous machine. He is not a man. He is not a brute, for brutes only kill in self defense. All that is human in him, all that is divine in him, all that constitutes the man has been sworn away when he took the enlistment roll. His mind, his conscience, ay, his very soul are in keeping of his officer.

No man can fall lower than a soldier--it is a depth beneath which we cannot go. Keep the boys out of the army. It is hell. Down with the army and navy. We don't need killing institutions. We need life-giving institutions.



A view of the Stanford Industrial Park, with Stanford's Hoover Tower on the left and Hewlett-Packard in the foreground.

By PETER M. DOLINGER

BOARD OF TRUSTEES

The Stanford Board of Trustees, now numbering 23 members, has perpetuated itself since the University's inception in 1891. Over the years the trustees have created a complex network of business connections whose interests are served by the university and who, in turn, control university policy. This kind of complex has been developed at almost every major university. The relationship between the university and business is maintained through a system of interlocking directorates. Hewlett-Packard Co. (HP), manufacturer of electronic measuring equipment, has five Stanford trustees on its Board of directors. A sixth Hewlett-Packard board member, Fred Terman, is past Dean of the School of Engineering and vice-president at Stanford.

Relations between HP and Stanford are nothing less than fraternal. For example, they include a plan for HP engineers to take courses at Stanford through a closed circuit television arrangement. Hewlett-Packard also plays an important role in Stanford's influence on local politics.

Other Stanford family companies include Kern County Land Co. The Land Co. profited from irrigation water made available by the Hoover Dam (a government financed project). Hoover was an alumnus and 50-year trustee of the University; his Secretary of the Interior was Ray Lyman Wilbur, a former Stanford president.

The Wells Fargo Bank is also close to the university. Ernest Arbuckle, twice a Stanford trustee and former Dean of the business school, is chairman of Wells Fargo's Board. Arjay Miller, former president of Ford Motor Co. and Arbuckle's replacement at the Stanford Business School, was just named a director of the bank. Two other important Stanford Trustees, W. Parmer Miller III and Edmund Littlefield, are Wells Fargo directors.

All universities need services of a law firm and an investment management firm since most university endowments are invested in stocks and bonds. Two members of the San Francisco law firm, McCutcheon, Doyle, Brown & Emerson, Morris Doyle and

Stanford: Case Study of a Corporate University

Robert Brown, are on the Stanford Board of Trustees. Other Stanford alumni abound at all levels of this firm. It is not surprising that McCutcheon, Doyle is the law firm that serves Hewlett-Packard.

Stanford's investment portfolio is handled by Fund American Investment Management Company, part of an insurance-finance conglomerate called the Fund American Companies. Fireman's Fund Insurance Company, a part of the same conglomerate, provides most of Stanford's insurance. Control of Fund American was recently passed from aging James Crafts, a former Stanford trustee, to Fred Merrill, a present trustee. Directors of Fireman's Fund include J.E. Wallace Sterling, who was Stanford's president during the period when Stanford took its position as electronics capital of the west, and Dwight M. Cochran, former chairman of Kern County Land Co.

Kern was bought last year by Tenneco, Inc., a Texas conglomerate headed by Gardner Symonds, another Stanford trustee.

And this year Fund American was similarly absorbed into American Express.

STANFORD INDUSTRIAL PARK

One of the earliest and most influential proponents of the university-affiliated industrial park concept was Stanford's Fred Terman. Terman left Stanford during World War I to work in the Harvard Radio Research Lab on radar and other aspects of electromagnetic warfare. This made Terman position as chairman of the Department of Electrical Engineering and Dean of the School of Engineering even more important, for he returned to Stanford with excellent connections in both the Defense Department and the military electronics world.

Terman is now a director of three electronics firms in the Stanford Industrial Park: Hewlett-Packard, Watkins-Johnson Co. and Granger Associates. The three companies depend heavily on defense contracts, especially Watkins-Johnson, which makes electronics countermeasures equipment and does over 65 percent defense work.

Other defense-oriented companies in the Industrial Park (Lockheed Missile and Space Co., Varian Associates, and some smaller companies) were started by Stanford graduates or faculty members. All of them at Stanford for consulting and recruiting.

THE NEW RENAISSANCE PROFESSORS

Fundamental to the rise of high-technology industry around American universities is a new breed of professors. It is said that they see themselves as a new generation of renaissance men, so valued are their exploits. Many professors at Stanford and elsewhere, besides being educators, are inventors, businessmen, and politicians. A good example of this new breed is Dean Watkins, former professor of electrical engineering and a Stanford trustee since 1967.

After getting a Ph.D. in E.E. and working a few years for Hughes Aircraft Co., Watkins was given a tenured position as associate professor in Dr. Terman's Elec-

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the corporate university, cont.

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trical Engineering Department. During the time Watkins was on the faculty, he was appointed consultant to the Pentagon on electronic devices and invented a new electron tube which was very useful in radar and other electronic countermeasures systems.

Watkins set up his own company in the industrial park, Watkins-Johnson, to manufacture the new tube and develop other items. Most of the capital was provided by the Kern County Land Company; Dr. Terman was named a director, as was William Hewlett.

As a professor, Watkins could scout new talent in engineers and technicians, as well as experiment with new devices, at the expense of the Defense Department and other government agencies. This arrangement proved very successful. Eventually Watkins-Johnson got so big that Watkins left the faculty to run the company.

Soon after that, Watkins entered politics. Running with strong conservative backing, Watkins was twice elected to his local elementary school board and twice to his local high school board. During this time, he was appointed a director of the Stanford Bank, which had been started

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Hoover wrote, "must be, by its research and publications, to demonstrate the evils of the doctrines of Karl Marx--whether communism, socialism, economic materialism, or atheism--thus to protect the American way of life from such ideologies, their conspiracies, and to reaffirm the validity of the American system."

The Institute's director, W. Glenn Campbell, took a leave of absence in 1964 to work on the Goldwater campaign. Campbell's executive assistant, Alan Belmont, worked his way up in the Domestic Intelligence Division of the F.B.I., eventually becoming head of the division, before arriving at Stanford in 1966.

Hoover Institute was started as a library of European documents that Hoover and others acquired during and after World War I. The Institute has literature on The Communist International that has attracted many scholars to Stanford, including former president Wallace Sterling. The Institute is run as a non-profit foundation (contributions are tax-deductible) with an independent endowment and a separate budget.

Besides the Institute's staff, which has been depleted somewhat by Nixon administration appointments, some influence on Hoover policies may be exerted by the 50 men "board of advisors." The board includes John A. McCone, former director of the CIA and now an important West Coast businessman; Lucius Clay, former Allied Supreme Commander in Europe and now among the most important financiers and businessmen in the nation; Carl Ketchian, president of Lockheed Aircraft; retired Admiral Lewis Strauss, former chairman of the Atomic Energy Commission and a partner in Kuhn, Loeb investment bankers; and several Stanford trustees, including David Packard.

"One reason for the phenomenal growth of the School (of Engineering), by both quantitative and qualitative standards, is the University's location. Stanford is now the center of a thriving industrial region, which it helped to build, and there is a creative interaction between the University and the industrial community."

--Funds raising brochure, "Corporate Support for a new space engineering and science building"

by Dr. Terman and some friends in 1964.

By 1967, Watkins was named a Stanford trustee (he hasn't yet been made a director of Hewlett-Packard), and by January of this year, Watkins became Ronald Reagan's third appointment to the University of California Board of Regents. The first two were William F. Smith, Reagan's lawyer, and

graduating class at Stanford. As a fifty-year trustee, Hoover was probably the most influential alumnus Stanford ever produced. His influence is still felt at Stanford, mainly through the Hoover Institution on War, Revolution and Peace, which he founded at Stanford in 1919.

"The purpose of this institution,"

PLAIN RAPPER published by Palo Alto Resistance

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California 94301
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