

### Internal Security Alert

Only a few weeks ago Nixon declared himself a Keynesian. Now in his State of the Union message, he goes further and proclaims himself a revolutionary. While Bernardine Dohrn of the Weathermen is said to be shifting rightward toward moderation, Nixon seems rapidly to be passing her in the opposite direction. Much as we oppose wiretapping, we think the FBI had better listen in and make sure nobody's making Molotov cocktails in the White House basement.

# I. F. Stone's Bi-Weekly

VOL. XIX, No. 3

FEBRUARY 8, 1971



WASHINGTON, D. C.

20 CENTS

## Power to the People—From Madison Avenue

The state of the union is in disrepair because of the Indochina war. To submit a state of the union address which does not deal with the war, and to follow this up with a budget message and an economic report which again black out the cost of the war, is to leave the country in the dark on the most fundamental question of policy. Nixon is said to have been a great poker player from way back, but playing government with his cards this close to his chest is not the way to win the confidence of Congress and the country. Fully as serious as the inflation of prices is the inflation in these messages of rhetoric, of statistical projections and of deception. Cruellest of these deceptions is Nixon's now-you-see-it-now-you-don't revenue-sharing proposals. These have little meaning, Wisconsin's newly elected Governor, Patrick J. Lucey, told the Joint Economic Committee Jan. 29, until we cut down "the irrational expenditures being made for the machinery to make war." As long as we spend "over \$75 billion a year for defense," Governor Lucey said, "there will never be enough money to cope with local and state problems."\*

### A Chance To End The Arms Race

"Defense" is a euphemism for an endless minor war 9,000 miles away and for an arms race we started and we maintain. Both are crippling the security of this country, weakening its currency and poisoning its institutions. But Nixon shows no real disposition to make the hard decisions which could end either one of them. On the contrary, he is widening the war into Laos and Cambodia and, in his new budget, continues to step up the arms race. With his genius for secrecy, he has sealed off the arms talks from public knowledge and public pressure. Now we learn through a news leak (Hedrick Smith, N.Y. Times, Jan. 29) that he disregarded a unanimous recommendation from his own prestigious advisory committee on disarmament last year to clear the way for an agreement to stop MIRV by dropping his insistence on on-site inspection. The proposal was made after it became apparent at Helsinki that the Russians were ready for an agreement to stop the ABM or

\* Nelson Rockefeller, testifying the same day, asked for an additional \$5 billion in revenue sharing and \$8 billion for welfare. Proxmire three times asked Rockefeller whether this \$13 billion could not best be obtained by cutting the military budget. Each time Rockefeller evaded the question, pleading that he did not know enough about the cost of defense. Rockefeller, with Henry Kissinger as his aide, launched the campaign in the late 50s for the sharp increase in military spending which began with Kennedy. A Rockefeller Brothers report blueprinted expansion of conventional arms and counter-insurgency as well as "limited" and "clean" nuclear weapons. If he isn't aware of the billions his proposals have cost, he must be in a fiscal coma.

### Not Instructors Or Advisers—Just "Auditors"

Q. Mr. Secretary, earlier you said to the Cambodians that there will be no American ground *combat* forces introduced into Cambodia. [Italics added].

Secretary Laird: That is correct.

Q. Choose your words carefully. Does this mean that there might be other ground forces introduced?

Secretary Laird: We are carrying on a military assistance program. We are going to do our best to assure that this program will be carried out efficiently. This will require, of course, that we audit the delivery of equipment. That audit responsibility will be carried out by our military equipment delivery teams. [Abridged].

—At a Pentagon press conference January 20.

Saigon, Jan. 20—The Army's Green Berets will probably make up most of the "military equipment delivery teams" . . . the Green Berets ostensibly would be checking on the use of \$185 million in military assistance being given Cambodia. Actually, military sources here said, the Green Berets would be providing what was described as "minimal, basic training" in the use of the relatively simple, unsophisticated weapons . . . They would also be able to provide some instruction in the gathering of intelligence, organization of strikes behind enemy lines and multi-battalion operations. While conceding that such training might cross the thin line between instruction and advising, the sources here said: "The training will not last long enough to become advising."—Michael Parks in the Baltimore Sun, Jan. 29.

limit it to defenses around the two national capitals. The significance of the advisory committee recommendation is that it might have made agreement easier on both defensive and offensive strategic weapons. These obscure technical issues involve a last chance to prevent a new and unsettling spiral in the arms race and offer an immediate way to save billions on the budget, money desperately needed to save our near bankrupt and rotting urban areas.

The arms race and the military are not only swallowing up the bulk of the "peace dividend" but mortgaging the nation's future. The ABM is to get another \$1.28 billion this year, and if its expansion is not stopped could easily cost another \$10 billion. Putting more MIRVs on nuclear submarines will cost \$409 million next fiscal year compared with \$382 million this year; putting more MIRVs on Minuteman 3 is up from \$720 million to \$926 million. The Navy, though by far the most powerful in the world, will get another \$3.3 billion for new construction. Then there are "tip of the iceberg" items as certain new monsters move closer to production. The spending on ULMS, the new strategic nuclear submarine

is up from \$45 million this year to \$110 million in the new budget. It is to replace Polaris and Poseidon, and will cost easily another \$7 to \$10 billion. Spending on the new B-1 bomber to replace the B-52 is up from \$75 to \$370 million—it is estimated by the Pentagon to cost \$10 billion before it is completed. Then there is \$145 million more for AWACs to protect us from a non-existent Russian bomber threat—the total cost will be \$2.6 billion. There is \$807 million for the F-14, the Navy's version of that Rube Goldberg plane, the TFX—it will cost \$8.2 billion before it is finished. (See the table on 36 major weapons systems in the Jan. 23 issue of *National Journal*). This provides the merest glimpse of why Nixon is asking for \$6 billion in new obligatory authority next fiscal year for the Pentagon, and upping its research funds from \$5.2 billion to \$7.7 billion next year—to be spent on exotic new weapons systems (like lasers) which are still a gleam in some technician's woozy eye. We wouldn't want our military nursery to run out of new toys.

### How The Peace Dividend Vanished

All this is one of the reasons why the Pentagon budget is moving up though the costs of the Vietnam war are going down. It is also another reason why the cost of the war is being kept secret. The Pentagon briefings indicated that there is a firm figure despite the growing escalation into Cambodia and Laos; apparently extra costs above the target figure are to come out of other parts of the military budget. But to make the target figure public would show how much of the "peace dividend" has already been swallowed up by the military. The *Washington Star's* veteran Pentagon reporter, Orr Kelly, reported (Jan. 29) that the war's cost this fiscal year is about \$12 billion and next year would be "well below \$10 billion." The cost of the war peaked in fiscal '69 at almost \$30 billion. So the current year's cost was about \$18 billion less and next year's cost should be more than \$20 billion less. But this year's military budget is running only \$4.8 billion below and next year's will be only \$3.3 billion below '69's (unless actual spending, as usual, does run several billions more than the estimates). If the total "peace dividend" were deducted from the '69 peak, the new military budget would be \$61.2 billion. Instead it is \$77.5 billion.

When Budget Director Schultz was asked at his briefing why the budget again had blacked out any figure on the cost of the war, he replied cutely "being overly precise would overly

### How Tricky Can You Get Dept

"We won't send men into Cambodia to fight on the ground. Secondly, we won't have advisers for Cambodian units. Now, advisers, I believe—and I told the Senate Foreign Relations Committee this yesterday—I believe 'advisers' means that we will not send Americans with a combat unit in a combat environment to give them advice about how to conduct the combat."

—Secretary of State Rogers at press conf. Jan. 29

This seems to leave the door open to having advisers with a combat unit so long as this is not in a "combat environment." Next we'll be hearing that the ban on "ground combat troops" does not apply to ground troops so long as they are not in combat nor to combat troops so long as they are not directly on the ground—whether in helicopters or in jeeps. Maybe even as long as they are not in bare feet?

disclose the President's precise strategy." It might also disclose that he has no intention of effecting a complete withdrawal from Indochina. Robert Benson, who was special assistant to the Pentagon Comptroller 1966-68 and is now working on the "alternative budget" soon to be released by the National Urban Coalition, estimates that if troop withdrawals were to continue next fiscal year at the rate projected to May 1 of this year, the total cost next fiscal year should be only about \$6 billion. But that rate of withdrawal would bring U.S. forces in Vietnam down to 84,000 by the end of June, 1972, and get all of them out by the end of the year. The Pentagon is talking of between 100,000 and 150,000 troops remaining by June 30, 1972, and of a residual force of 50,000 for "military assistance" and several thousand more in Air Force units, a more or less permanent garrison as in Korea. Indochina may be sharing billions in revenue for years.

The Pentagon is putting out figures to prove that were it not for inflation and the drive to create a professional army, its budget would show a sharp drop. It could also show a sharp drop, despite inflation and the \$3.6 billion for Pentagon pay raises, if we put a stop to the arms race. The inflation argument is a curious one, since the war and the military budget are prime causes of the inflation. Every public service, from schools to hospitals, have been cut because of it, and old age pensioners are driven by hunger to shoplifting. Why should the military alone be exempt from the inflation it has

### The First, The Most Outspoken and The Most Liberal of the Democratic Candidates

I seek the presidency with the conviction that I can provide the sense of history, the toughness of mind and resolve, and the spirit of deep compassion . . . Our intervention in Vietnam's civil war was not an act of national strength but rather a drifting with the tide of old ideas and illusions. President Nixon's failure to pull us out of the Vietnam quagmire promptly and decisively is not an act of strength, but rather reveals a lack of the strength needed to face up to the enormity of our error . . . Vietnamization . . . is merely prolonging the bad dream . . . An America with a Constitution that placed its war-making power in an elected Congress now finds that power wrested away by the CIA, the Pentagon and impetuous chief executives . . . I want to provide a second chance for America itself . . . I want to dispel the heavy fog of despair.

—McGovern announcing his candidacy for President

In announcing I made one commitment above all others, I pledged to seek and speak the truth . . . That standard requires an early effort to dispel the fog and myth which have for twenty years befuddled our actions toward mainland China. They have isolated the U.S. from a large and growing body of world opinion. They have pushed Chinese

leadership into belligerence and suspicion. They have placed us on the wrong side of nationalistic aspirations throughout Asia and have forced our alliance with governments which degrade the very principles of democracy. And they have brought us twice into major wars, with a toll of 100,000 American dead in Korea and Vietnam.

Our policy still reflects a belief that the present government in Peking is but a temporary usurper of power in China. This is pure fantasy.

—Abridged from his first campaign speech Jan. 24 in Stockton, Calif., opposing an anti-Chinese ABM and proposing that we recognize Peking, as Canada has, and support its admission to the United Nations.

I introduce for myself and for Senator Hatfield a bill entitled the Vietnam Disengagement Act of 1971. The commitment to complete withdrawal by a date certain [Dec. 31, 1971] can open the way to a political settlement. It offers the one realistic means of bringing U.S. prisoners home.

McGovern in the Senate Jan. 27. This bill was also sponsored by Bayh, Cranston, Eagleton, Gravel, Hart, Hartke, Hughes, Javits, Kennedy, Mondale, Moss, Nelson, Ribicoff, Tunney and Williams.

done so much to cause? As for the professional army, it's for the birds. We're going to wake up and find ourselves with both a professional army *and* a draft. The cancer of militarism and imperialism in our society will not be cured by giving the Pentagon a professional army. The more men and arms it has to play with, the more trouble and expense it will get us into around the world.

### For A Qualitative Arms Race

Unfortunately as Nixon turns into a "Keynesian" Democrat, he is also turning—as we predicted he would—to the favorite Democratic device of using the arms race as a means of stimulating the economy. Nixon wouldn't make a deal at SALT now even if the Russians were ready to sign on the dotted line, unless it were a deal which would allow a qualitative arms race to go on under cover of a mere agreement to limit numbers. And that is what the U.S. has been asking all along.

The President's budget comes with a "pie" diagram which shows that only 34 cents of every dollar goes to national defense. This is the biggest slice of mallarkey in the budget. If the trust funds, including social security, are deducted as they used to be, then we can see that the military still takes 47 cents of every dollar in general revenues. Indeed social security, our most regressive form of taxation, now takes in so much more than its trust fund pays out that it has become a major way of masking the real size of our deficits. For fiscal '70, '71 and '72, the trust funds will generate a surplus of \$28 billion while the administrative budget suffers a cumulative deficit of \$61.8 billion (even on Nixon's overoptimistic computations). The trust fund surplus makes this look like a cumulative deficit of only \$33 billion, though the Treasury must issue bonds to the trust funds for that \$28 billion. This surplus represents a contribution by the low income population to the fight against inflation. Yet Nixon is planning to make the tax system even more regressive (see the box below) by imposing a value-added tax, i.e. a Federal sales tax, and using the funds in part to cut income and corporate taxes.

Here we come to the very heart of that monumental swindle, Nixon's "New American Revolution." What the country requires is a massive cut in private expenditure and a massive increase in public services. The billions wasted on gadgetry and unnecessary luxury could, if diverted in time, keep our

### The Vagaries of Revenue-Sharing

**WILBUR MILLS:** The revenue-sharing formula advocated by the administration is wasteful in that it shares revenue with States with little relative need, as well as with those where there is a substantial need . . . If the revenues are divided on the basis of the revenues raised locally, this means that those localities which are the wealthiest and best able to raise revenue will receive the largest shares of the Federal revenue. On the other hand, if the sharing were to be based on the relative expenditure of each locality—another formula which has been considered—the formula then would become a positive inducement for a spending spree.

**LONG of Md:** The gentleman has indicated that, under at least one formula being considered, is one, "to him who hath shall be given."

**MILLS:** Yes. The other possible formula would provide "to whosoever already spends much, there shall be given more to spend."—*In the House January 26.*

country from becoming unlivable. This is the revolution we need. But Nixon instead seeks to increase the funds available to the private sector. "One great objective of my Administration," he said in his budget message "is to increase the role of *private citizens* and State and local governments in allocating our national resources in accordance with *individual* and local needs." He warned against "a regimented economy" and a budget that would allow government spending to "preempt resources that should be left to be used by *private citizens* or State and local governments." (Our italics.) But we are in a growing crisis deeper than any war we have yet experienced. To meet it we must redirect national priorities from private consumption to public reconstruction. The very air we breathe and the water we drink is at stake.

But Nixon, under cover of all his high school commencement oratory, would lead us in exactly the opposite direction. He wants to cut income and corporation taxes, and behind the facade of "revenue-sharing" and governmental reorganization to turn back the clock of a generation's progress in social welfare. His "revolution" is a counter-revolution, an echo of the American Liberty League campaign in 1936 which sought to block and dismantle the New Deal in the same name of

### Nixon's New Treasury Nominee on the Tax "Reform" Now Being Cooked Up

**Sen. Harris:** I noticed in Joseph Alsop's column (Jan. 28 Washington Post) "the upshot of the Nixon-Connelly meetings was a firm Presidential directive . . . to design brand new federal tax systems. The value-added tax, an enormous revenue raiser, will be one of the new systems' centerpieces." [Alsop said this sales tax would be used in part to cut income taxes—IFS]. Would it not be just the opposite of stimulating consumer demand, particularly that kind of national sales tax? Would that not be particularly inconsistent with the depreciation allowance that has given a rather large measure of relief to wealthier people?

**Mr. Connally:** I do not want to take exception to that newspaper story. He [the President] wants us to take a look at every conceivable new tax measure for study. He is extremely concerned about high income taxes at all levels.

**Sen. Harris:** Do you think it would be good tax policy to reduce income taxes and increase the sales tax?

**Mr. Connally:** Not necessarily, no.

**Sen. Harris:** Not necessarily?

**Mr. Connally:** It depends again on the specifics.

**Sen. Harris:** If we got to the point where we needed to increase taxes, Governor, and a much tougher minimum income tax was advocated, which some of us advocated a couple of years ago and I do now, raising thereby the in-

come tax that certain wealthier people would pay [Harris is referring to a proposed minimum tax on wealthy persons who escape income taxes altogether through various loopholes—IFS], would there be anything in your background which would make you oppose that approach, rather than a value-added tax, even though it [the minimum tax] could enter oil and gas [depletion] income?

**Mr. Connally:** I believe that taxes ought to be levied on those most able to pay. But I also believe that everybody—almost everybody: I say almost because obviously the very destitute cannot—but I think everybody ought to pay some tax. I think it is wrong to have a democracy where some people do not contribute something to the preservation of democracy. I do not think he [Nixon] would recommend it [the value-added tax] unless he had a good chance of getting revenue-sharing to alleviate the cities and lift some of the burden from homeowners.

**Sen. Harris:** If you finance a revenue-sharing program through a regressive Federal sales tax, would you not be removing one of the main arguments for revenue-sharing?

**Mr. Connally:** You do not need to fear any recommendation with respect to the value-added tax unless it is a part of a sweeping change in the whole tax structure.

—Senate Finance Committee hearing Jan. 28 (abridged).



reviving local and individual "liberty", the liberty of the rich and powerful to exploit the poor and the blacks.

### Not The Activism Of The New Deal

Nixon's spending and Nixon's "activism" is not the spending and the activism of the New Deal. Then deficit spending was used directly to put the jobless to work. It revived business by reviving their purchasing power. Nixon's deficit spending and activism is seeking a stock market boom in time for the election even at the cost of more inflation, from which the poorest and most helpless will suffer most. He is sacrificing his conservative pledges of fiscal stability, not to humanitarianism or reform, but to political expediency and a new jamboree of speculation into which the investing public will again be drawn and again be sheared.

Nixon is a great "streamliner". Before his election he was going to streamline the White House staff but within a few months of taking office he had 30 principal White House aides as against LBJ's 22 and Kennedy's 16. Last year he put through another self-styled "revolutionary" reorganization of the Executive Office which seems to have succeeded in making the government all the more topheavy. The government is hard to run for any President because it's too big to handle; the tendency is to create a mini-government in the White House; to pile a new bureaucracy on the old. Now Nixon offers more of the same, another new "revolution" in which already unwieldy departments will be merged into even bigger and less manageable bureaucratic mammoths. It is symbolic that the chart for this comes from an advisory committee headed by Roy Ash of Litton Industries, one of those "conglomerates" which had such a dizzy vogue on the stock market but have proven so disappointing in profits and management.

Ash is applying "conglomeratism" to government. His own Litton Industries (though it moved last year from 21st to 9th place among the nation's biggest military contractors) showed in 1970 its lowest earnings since 1965. *Business Week* (Nov. 30, 1968) reported that "Wall Street" felt that bringing so many diverse businesses under one roof (Litton and LTV were mentioned) made their management "perilously complex" and explained their financial setbacks. Is there any reason to believe the same methods applied to government will make it any more manageable? Should so momentous a

### Social Life In Washington

Franco Spain strikes the visitor as a land ruled by old Generals, old priests and old ladies—the most prudish in Europe. But Nixon in toasting Franco's chosen successor, Prince Juan Carlos, called it "young and forward-looking!" The Prince reciprocated by saying that what he most admired in us was our "moral values"—no doubt as in our readiness to overlook any tyranny for the sake of bases! Princess Sophia was so loaded down "with diamonds and rubies" that "for the first time," a Washington Post society gal reported, "the White House had a policewoman in evening dress circulating among the guests." Checking the guest list, we noted that the Secretary of the Treasury—perhaps as an extra precaution—was not among those invited. In a government as hard up as ours, you can't be too careful.

Footnote in Disgust: Sen. and Mrs. McGovern, Sen. and Mrs. Kennedy, Justice and Mrs. Douglas all turned up for the lush Spanish Embassy party for Prince Carlos, who is pledged to "continuismo", i.e. to continue Fascism after Franco dies. No self-respecting European liberal would be caught dead at a Franco regime party. What makes American liberals so insensitive?

reorganization, threatening social welfare, labor and civil rights advances hard-won over many years, be left to a wholly big business advisory committee, which has made a report to the President not available to Congress or the public?

Nixon's messages are a triumph of public relations and advertising. As in selling soap, his aides will make any statement which might befuddle the consumer into buying the product. So it is with the ludicrous and most far-out echo in the State of the Union message, his talk (Black Panther style) of "power to the people." The people he has given power are con men from Madison Avenue. If he really wants to make government more responsive to the popular will, he need only start with the latest Gallup poll (Jan. 31) which shows 73% of the American people, up from 55% in September, in favor of the Hatfield-McGovern proposal for total withdrawal from Vietnam by the end of this year. To obey that overwhelming public verdict, to bring the troops home by Christmas, would really provide revenues to share. Feb. 1

**We'll Send A Free Sample Copy Of This Issue To A Friend If You Send Us A Long, Stamped, Self Addressed Envelope**

### Bi-Weekly Mart

—To subscribe or to send a gift subscription, send \$5 with your address and zip code to the address below.

—To get Stone's new collection, "Polemics and Prophecies: 1967-70" (Random House: \$10) at the special \$8.95 price postpaid for Bi-Weekly readers, send check or money order to the address below.

—If you want Stone's new paperback, "The Killings at Kent State: How Murder Went Unpunished" (New York Review and Vintage Press) the price is \$1.95. It contains the full text, available nowhere else, of the so-called "secret FBI report", the summary of FBI findings prepared by the Civil Rights Division of the Justice Department but never submitted to the Ohio Grand Jury.

—Stone's "Hidden History of the Korean War", the inside story of America's first Vietnam, long out of print is available again (Monthly Review Press) \$7.50 postpaid.

—Paperback editions (Vintage Press) of Stone's earlier collections, "In A Time of Torment" (\$1.95) and "The Haunted Fifties" (\$2.45) are available at bookstores.

**I. F. Stone's Bi-Weekly**  
4420 29th Street NW, Washington, D.C. 20008

### I. F. Stone's Bi-Weekly

4420 29th St., N.W.  
Washington, D. C. 20008

Second class  
postage paid  
at  
Washington, D. C.

I. F. Stone's Bi-Weekly, 2d Class Postage Paid at Washington, D.C. Published every other Monday except in August at 4420 29th St., N.W., Washington, D.C. An independent bi-weekly published and edited by I. F. Stone; Circulation Manager, Esther M. Stone. Subscription: \$5 in the U.S.; \$6 in Canada; \$10 elsewhere. Air Mail rates: \$17 to Europe; \$20 to Israel, Asia and Africa.