

7/15/67

THREE WEEKS AGO this column commented on the effect of the re-enactment of the 7% tax credit. Information about just who are the beneficiaries of the reinstated law begins now to trickle in. For example, eight railroads, including such giants as Atlantic Coast Line and Norfolk and Western, have announced that they'll spend \$171 million on new equipment, now that the tax credit is again available to them. This expenditure will enable the railroads to deduct about \$12 million from the income taxes they otherwise would owe for 1967.

The piper plays; the people pay; but they do not call the tune.

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So you had the idea that, with all the billions the U.S. military spends for aircraft, it did its own hauling of freight and personnel? Wrong again.

The Pentagon announced recently that U.S. airlines are being budgeted for \$485 million to pay for hauling freight and personnel to Vietnam next year. But that's just the budget figure. This year, the budget figure was \$341 million; the final actual cost of the contracts for this year will go over \$600 million (the airlines hauled 90% of personnel and 35% of the freight to Vietnam this year).

It's a great war, with something in it for everyone. The ordinary people are privileged to kill and die; and there's plenty of pelf for the dollar-sign patriots who make up the nation's business elite.

The Martin Marietta Corp. just received a \$6 million contract from the Army for the production of missiles. The corporation has a splendid record of operation in the best traditions of U.S. business, which doubtless contributes to the Army's confidence.

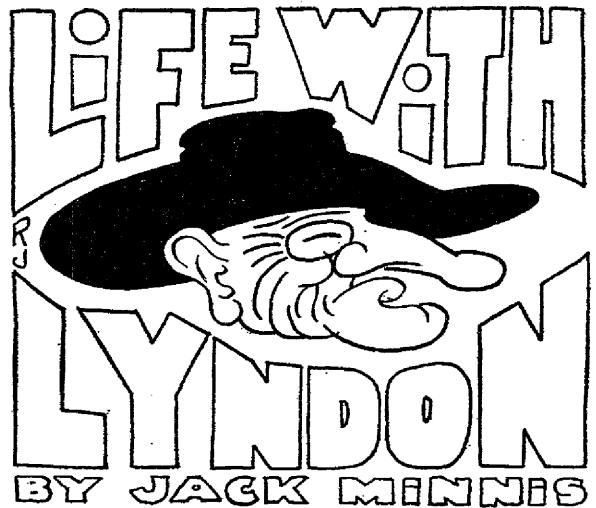
Martin Marietta in effect admitted guilt last April in a New York grand jury indictment charging conspiracy to fix prices on concrete pipe sold to various New York local government units. The corporation is now charged with the same offense in a suit by the city of Philadelphia, the school district of Philadelphia and a couple of Alleghany County subdivisions.

Seventy percent of the corporation's business comes from sales to various governmental bodies. Patriotism pays.

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The FCC has finally approved acquisition of the American Broadcasting Co. by International Telephone & Telegraph. IT&T will now have a voice to express its concern for the general welfare. In addition to its ownership of five TV stations and six radio stations in major population centers, ABC has 263 affiliated TV stations and 419 affiliated radio stations. It also owns more than 400 movie theaters around the country.

IT&T's view of the general welfare and how to promote same may, perhaps, be inferred from the



fact that more than 50% of its total sales are accounted for by Pentagon contracts. The corporation's most recently reported plum from the Pentagon tree was a \$5.6 million contract for production of navigational equipment.

Thus do the visual and audio arts progress in Lyndon Land.

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Naturally, IT&T and ABC argued before the FCC that ABC's programming and news policies would be totally separate from and unaffected by the business interests of IT&T. You can believe that if you want to.

If you choose not to, there's some pretty credible evidence to back you up. NBC has recently been conducting a vendetta against New Orleans District Attorney Jim Garrison and his probe of the Kennedy assassination. Garrison charged in a statement a couple of weeks ago that NBC's parent corporation, Radio Corp. of America, had initiated the vendetta because of the corporation's interest in maintaining good relations with Lyndon and his cohorts. RCA is one of the top 10 "defense" contractors in the nation, Garrison pointed out.

Garrison may have been very generous, or very naive, in citing this as the major reason for RCA's interest.

To those who saw the NBC program on the Garrison investigation the night of June 19, Garrison's charge of NBC duplicity should carry substantial weight. The taped interviews of the witnesses who sought to discredit the investigation were so obviously edited that they retained little credibility. At the end of the program, NBC admitted editing the tapes and stated that unedited versions were available to any qualified and responsible investigator. NBC did not say what constitutes qualifica-

tion and responsibility. Guess.

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A group of doctors reported some days ago that thousands of children in Mississippi were suffering from all kinds of diseases and that even minimal medical care is not available to them. Many of the diseases result from the general debilitation caused by not getting enough to eat.

The doctors apparently were unaware that the governor and the Legislature of Mississippi were doing something about it. At the very time of the doctors' investigation and report, the Legislature was sitting in special session called by the governor. The purpose of the special session was to amend the bonding laws of the state to enable the state to borrow \$131 million in order to build a new automated shipyard for Litton Industries, Inc. (assets, about \$500 million). Laws also had to be passed enabling the Port Authority and Jackson County to borrow another \$11 million to acquire the site for the shipyard, and prepare it for building the shipyard.

Litton now operates the Ingalls Shipyard at Pascagoula, where it builds nuclear-powered Polaris submarines for the Pentagon. The new installation is to be just across the river from the old. It's to be, according to Gov. Johnson, the most automated shipyard in the world. The new yard will employ 50% as many workers as the old, with a payroll that's 70% of the old. Here's one indication of the job loss that results from new building by industry.

Of course, Litton will not have to take advantage of the 7% tax credit to help pay for the new yard. The people of Mississippi, including those hungry, diseased children, are giving it to Litton, which will pay a rental designed to pay off the loan in 30 years. The new yard will never appear on the property tax rolls of the state or county, because, technically, it's owned by the State of Mississippi and exempt from taxation.

There'll be an increase in tax revenue as a result of the new operation, however. The people who work there will, presumably, spend more money than they have heretofore, thus increasing sales tax revenue. Too, presumably, some of them will buy homes and autos and other things on which they'll pay property tax. Some of them will probably have to pay an increased income tax to the state. In other words, the working people will provide the bulk of any revenue increase that results from the \$142 million increase in the productive facilities of Mississippi. Litton may have to hire a couple of extra bookkeepers to count its increased profits.

Perhaps the children will forget for a moment or two their hungry bellies, as they pick their scabs and gaze in awe at the wonders of industrial progress.