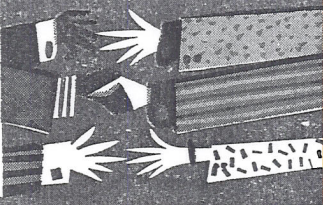


Public Relations



War and Big Business

Very large American corporations are reluctant to oppose publicly the government positions on foreign policy, except perhaps on economic grounds—and when it comes to voicing dissent during war they shy away even more. There are many reasons for this reluctance in addition to the basic wish to avoid controversy.

The desire to shun argument may well be what lay behind the silence, until recently, of leaders of major corporations on American involvement in Southeast Asia. Another reason may be that many present-day corporate heads, remembering the old isolationist days—particularly Munich—believe in an American policy of prior commitments to foreign nations to forestall another world war.

Yet, of late, heads of several major corporations have been forthright in their opposition to the Vietnam War and its extension into Cambodia or other areas, even if they may be moving into a storm of possible governmental and stockholder retaliation. It is worth notice that four of the leaders of the very biggest American corporations spoke loud and clear in opposition to the war in Vietnam within a period of three months. The first of the four was the chairman of the board of the Bank of America, Louis B. Lundborg, on April 15 before the Senate Foreign Relations Committee. He testified twice on the same day: first, as chairman of the nation's biggest bank talking about the economic impact of the war; second, as a "private and concerned citizen."

On the latter occasion he said the war was a "tragic national mistake," a "colossal" error, that "no amount of coverup, rationalizing, alibiing, or ducking the facts will avoid the inevitable day of reckoning: It only compounds the cost." Mr. Lundborg went on to say that "if a company in private business were guilty of making such a bad judgment as we have made in Vietnam and then of pursuing that judgment until so large a part of its total resources were committed to the ill-starred project, the management of the company would be under attack by the directors and ultimately by the shareholders of the company. In my judgment, it is time the shareholders of America—the people—began to call

for an end to the squandering of American blood, morale, and resources on what is in essence an Asian war of nationalism . . . certainly the disillusionment of the young over our whole Vietnam experience has weakened their willingness to follow adult leadership in *anything*."

On May 8, John T. Connor, chairman of the board of Allied Chemical Corporation, spoke before what is probably the most important single group of leaders of big business, the Business Council. It was two weeks after the incursion into Cambodia. He said that a continuation of the Vietnam War, "much less an intensification of [it], is bad for American business, every bit as it's harmful for the people of the United States generally."

On June 2, Thomas J. Watson, Jr., chairman of the board of International Business Machines Corporation, told the Senate Foreign Relations Committee in a "personal statement, which in no way reflects the policy or opinion of the IBM Company," that "prolongation of the war may well set up a continuing revolution of our youth through which they may become sufficiently demoralized so that the progress of our country will be appreciably slowed. . . . I don't think we can afford not to heed the dissatisfaction of our youth. . . . It seems certain to me that continuing the war produces unacceptable costs: in the lives of our fighting men, in weakening our institutions, and in the undermining of our national morale as well as losing for this country valuable and traditional friends in the West while presenting a picture of a terribly powerful, awe-inspiring nation unable to manage itself in a disciplined fashion."

On June 4, Charles B. McCoy, president of E. I. du Pont de Nemours & Company, speaking before the annual business meeting of the Manufacturing Chemists' Association, said that the "Vietnam War is tearing at the whole fabric of our social and political and economic life. . . . It has taken a terrible toll in human life and raised questions about preservation of democratic values. Confidence in our economy, as well as the social stability of the United States, is being seriously strained here and abroad. Major domestic needs are

not getting the attention they should have. The inflationary trend is continuing."

But it was Lundborg, in his testimony before the Senate committee in his official capacity as chairman of his bank, who dealt with the wider issue, far beyond that of Vietnam or Cambodia. It was that war—any war—is bad for business. It is a "pernicious but widely held belief," he argued before the Senate committee, "that war generally has been an agent for economic growth, and therefore good for business." He told the Senators that, while it is difficult, if not impossible, to prove conclusively that on balance war has not been an agent for rapid economic growth, there are a number of carefully reasoned investigations into this subject supporting the position that peace is far better for economic development.

He then proceeded to document his case, saying that "we do have more than adequate data to demonstrate that the escalation of the war in Vietnam has seriously distorted the American economy, has inflamed inflationary pressures, has drained resources that are desperately needed to overcome serious domestic problems confronting our country, and has dampened the rate of growth in profits on both a *before* and *after* tax basis." The facts clearly show, said Lundborg, that the Vietnam War has not been good for business profits. During the four years prior to the escalation of the conflict in Vietnam, corporate profits after taxes rose 71 per cent. From 1966 through 1969 corporate profits after taxes rose only 9.2 per cent.

Lundborg concluded by telling the Senators that he would like to be able to say to potential aggressors all over the world: "If you want to profit, if you want to own the world, don't dissipate your energies in wasteful warfare—follow the example of Japan and Germany since World War II and be economically aggressive. War is, as we would say in business, a low-yield operation."

To a Marxist, Messrs. Lundborg, Connor, Watson, and McCoy do not exist. But beyond the testimony against the Vietnam War by these four, there is the action of the stock market. It has been telling us that war is bad for business because war destroys profits. That is why every peace rumor sends the depressed market up. It won't find its old levels until there is certainty of peace.

Business needs stability to function effectively. War has been destructive of that condition. Turmoil of any scope, and war most of all, serves business ill.

—L. L. L. GOLDEN.