

Justice Dept. Under LBJ Abandons Anti-Monopoly Positions Held Under JFK and Ike**Moving Toward the Big Business Viewpoint on Rail Merger and Patent Policy**

The Johnson Administration has abandoned two critical anti-monopoly positions of the Kennedy Administration. On July 14, the Justice Department filed a brief with the Interstate Commerce Commission in which it virtually ended opposition to merger of the Pennsylvania Railroad with the New York Central. This opposition had been the one stumbling block to what promises to be the biggest merger in U.S. business history. The two railroads are the first and third largest in the country. The 25 men who will form the board of directors of the merged company also sit as directors of 180 other corporations with assets over \$113 billion.

A Broad Hint to the ICC

The Department was careful not to come out directly in favor of the merger. In past opinions it has warned that the merger would give "one corporation an undue degree of economic power" and would be "detrimental to over-all rail competition in the East." In its new opinion, the Department incorporates its past objections but adds for the first time that "other factors may nevertheless persuade the commission to conclude that the merger is in the public interest." This means in effect that the government has decided to yield to ICC discretion. It means too that when the ICC approves the merger the government is not likely to challenge it in court.

There is also evidence that the Justice Department is reversing its position on government patent policy. Since 1947 the Department has been the most powerful advocate in the executive branch of the idea that patents on new products should not be given to private industry when the government has paid for the research and development. Even Republican Attorney General Brownell backed this position. In 1961 before the Senate Small Business Committee the Department went so far as to warn that any other policy would lead to extreme "monopolization of economic power." In 1963, Attorney General Katzenbach, then an assistant secretary, took a similar position before the same committee. Last week, however, the Department canceled a scheduled appearance before the Senate Patents Subcommittee. Instead it will submit written testimony and a new set of authors will do the writing.

Resistance to Space Mania Dwindles

It once seemed reasonable to argue that some of the money being spent on exploration into space could be put to better use here on earth. Last year Senator Fulbright used this argument in an effort to cut \$260 million from the space program. The Senate voted him down by just five votes, 43 to 38. This year, on July 12, Senator Proxmire, supported by Clark, Morse, and Douglas, used the same argument to urge an almost identical reduction—a mere 5% of the \$5 billion-plus space appropriation for 1966. This time, however, the Senate defeated the amendment by 45 votes, 61 to 16, and the press didn't even bother to carry the story. During the debate, Clark spoke of the increasing backlog of needs in housing, education and transportation. He warned of the growing hostility of the have-not nations and reminded his colleagues that our unemployment rate is the highest of any civilized country in the world. Proxmire revealed that there are already ten times more scientists working for NASA on space than for the National Institutes of Health on cancer and other deadly diseases. Thus can we measure our drift from sanity.

The subcommittee's Republican counsel has said the Department will take a more pro-business line.

A shift to the right in business policy can also be discerned in the announcement July 11th that five top officials at the Securities and Exchange Commission are resigning. The timing suggests a protest to tighter White House control over the SEC after the Texas Gulf Sulphur case. One of those leaving is Frederick Moss, director of the office of special proceedings. He played a key role in the exposé of illegal stock transactions within Texas Gulf. The *Wall Street Journal* April 27 reported that the President roundly criticized Commissioner Cohen and several staff members for their zealous investigation. Equally interesting in this regard is a little noticed Senate speech (May 26) by Sen. Gore (D., Tenn.). He revealed that Clark Clifford, an adviser in LBJ's inner circle, was influential in getting the Internal Revenue Service to reverse a two-year-old ruling related to DuPont's divestiture of General Motors stock. The reversal resulted in a \$56 million tax gift to the DuPont family.

Beware Lest Blue Shield and Blue Cross Try to Take Over Medicare

In terms of benefits and financing, the new medicare program is far superior to anything the elderly might have hoped for last January. The bill the White House sent Congress covered little more than hospital room and board. Congress expanded it to include all doctor and surgical services both in and out of hospital. This is still not comprehensive insurance; drugs, dental care and long-term illness are major exclusions, and so of course are the millions of people under 65 who cannot meet the high cost of decent medical care. But for those over 65 medicare now offers security where there was none before.

The program's major question mark is its administration. Although Blue Cross and Blue Shield fought medicare bitterly in the past, they are now eagerly seeking a role in implementing it. Blue Cross pressed Congress for the job of auditing hospital costs and reviewing hospital utilization. Congress yielded in part by leaving the assignment of these tasks to the Secretary of HEW. To refute the charge of "socialized medicine" it also required that

the part of the program having to do with doctor services should be administered entirely by a non-governmental agency. This will almost certainly be Blue Shield.

In a Senate speech that went unmentioned in the press, Wayne Morse warned against permitting private agencies to administer any part of medicare. How can Blue Cross audit hospital costs, he asked, when "Blue Cross is essentially a creature of the hospitals. . . . The majority of Blue Cross plan directors are either directly or indirectly affiliated with hospitals." Furthermore, Morse said, "Blue Cross plans may be affected by the amount of payments under the Government program—the larger the medicare payment the less the cost to be met by Blue Cross."

The same conflict of interest will exist if Blue Shield becomes responsible for setting doctor fees under medicare. For Blue Shield is controlled by doctors as Blue Cross is by hospitals. Blue Shield of Minnesota already has agreed to raise its standard of "customary and usual fees" in anticipation of medicare.

What Fallacious New Forecasts Will McNamara Bring Back This Time?

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of Red China." Two days later Morse in a Senate speech again expressed his fear that "the Pentagon, in its escalating war policies," will continue "knowingly to follow a course of action aimed at provoking China to commit an overt act." He also warned that he had heard "leading advisers" of the Pentagon admit that the bombing and destruction of Chinese cities would not defeat China but that we would "have to meet them on the ground." This could prove almost as disastrous as a nuclear war with Russia.

Bombing Our Friends

These are the gambles involved in those "new and serious decisions" for which Mr. Johnson is preparing the country. Those decisions are in the hands of a military, intelligence and diplomatic bureaucracy which has proven consistently wrong about Vietnam. In 1961 McNamara promised that the Taylor-Staley plan would crush the rebellion in 18 months. Two years later, just before the 1963 elections, he forecast that the war would be virtually over by 1965. What fallacious new forecasts will McNamara bring back this time? Only 18 months ago, on Feb. 18, 1964, he was telling us that "a counter guerrilla war can only be won by the Vietnamese themselves." Now we are being prepared to take over the war. First it was promised that counter-insurgency would end the rebellion, then that the bombings of the North would force Hanoi to call it off. Now we are back to imitating military plans like Gen. Navarre's with which the French, too, were once promised victory. The fact is that there has been a steady degeneration in policy. After years of saying that the war could only be won by winning the hearts of the people, we are intensifying those tactics which can only make them hate us more. A sample is provided by John T. Wheeler's AP dispatch (*Washington Post*, July 19) on "the wailing of women and the stench of burning bodies" which greeted our troops when they finally "liberated" the pro-government, Roman Catholic village of Bagia after three days of bombardment.

One Air Force officer admitted to Wheeler that this kind of bombardment usually kills "more women and kids" than

War For The Sake of Jobs?

"The other day a representative of a great union sat in my office protesting my position on the war in Vietnam. I listened patiently, very much interested in a point of view that is held by too many labor leaders in the United States today. During the conversation, he mentioned the great interest his union had in the helicopters, airplanes, munitions, and war materiel in Vietnam that was being manufactured by their labor. Senators know that I would be aghast. I was shocked to think that even the thought should go through his mind that any change in my position should be dictated by the alleged benefits to the economy of the United States by fighting a war in South Vietnam."

—Morse in the Senate, July 16.

Viet Cong. Another U.S. adviser, surveying the shattered homes and machine-gunned church, protested, "That's why we're going to lose this stupid damned war. Senseless, it's just senseless." The picture of a woman in that village cradling her baby and weeping as our troops moved in is unforgettable, except for those who put *realpolitik* above human values. Similar scenes lie hidden behind our claims of sparing civilians in our raids upon the North. "The major horror of the month," wrote Freda Cook, a British nurse working in North Vietnam (*London Tribune*, July 16), "was the bombing of the big leper sanatorium, an isolated settlement housing some 3,000 people. . . . Five times the bombers came, killing more than 80 invalids . . . and rendering 2,000 homeless, destroying 50 buildings and devastating clinics, orchards and vegetable gardens." Somebody must have mistaken the hospital for a bridge. In a posthumous letter published July 26 by *Newsweek*, Col. Pham Ngoc Thao, a patriotic Roman Catholic, who has just been assassinated, wrote "The more airplanes and bombs you send, the quicker you will lose the confidence of South Vietnam and of Southeast Asia." He called McNamara "a very bad adviser" and said that to win the people the U.S. must back "a socialist or almost socialist program." Rather than accept any such solution, Johnson and his advisers would risk a world in flames. July 20.

Why Not Send That Youngster Off to School in The Fall With A Subscription to The Weekly

Bulletin Board

The Weekly will not be published in August. The next issue will be that dated Sept. 6, the first Monday in September. We wish at this time to record our appreciation of the able and devoted service rendered the Weekly during the past 18 months by a young editorial assistant, Charles Nathanson, who is returning to college to complete work on his doctorate in sociology. We wish to thank readers who sent in clippings from local papers we do not see and to apologize for our inability to answer the huge volume of letters received. It is impossible to put out the Weekly and respond personally and we ask the readers' indulgence.

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