

Stanford-in-Peru

Stanford's family of ruling-class Trustees, research industries, and faculty mandarins work together beautifully. There is no better example of this active cooperation than Stanford's services to American Imperialism in Peru.

Peru, like most Latin American countries, is an economic colony of the United States. American investment there totals 450 million dollars and the total goods and services supplied by American corporations comprise 45% of Peru's GNP. But it is misleading to include American investments as part of the Peruvian economy, because U.S. corporations there are concentrated heavily in extractive industries such as mining, petroleum, cash-crop agricultural industries in which raw materials and profits are shipped to established industrial giants like Japan, West Germany and, of course, the U.S. Last fall's military coup has done little to change the dynamics of foreign investment in Peru. For a fuller discussion of the coup and Peru's political economy, see the August, 1969 issue of *Leviathan*. Peru's abundant raw materials are potentially the basis of independent industrialization in that country; rich deposits of silver, bismuth, zinc, lead, vanadium, copper, tin, gold, and iron ore would supply extensive metal industry, and large cotton growing areas would supply textile industries. However, at the present time, corporations ship these materials to be processed elsewhere and the Peruvian people are left jobless and without the profit from their own resources. Recent American investment has concentrated more on developing manufacturing plants to turn out luxury items and consumer goods for the small upper and middle classes. Even with these new industries, American firms employ only 3% of the economically active population of the country; the great mass of the Peruvian population is left in below-subsistence conditions.

In corporate and government circles (and in most economics departments), this passes for economic development. The fact of the matter is, however, that American investment in Peru means nothing but plunder. Foreign investment in underdeveloped countries usually goes into the extraction of raw materials, an operation which assures huge profits and continual flow of resources to the mother country. Little foreign capital goes into the capital goods sector (machinery, etc.)--after all, why would American corporations want to subsidize a competitor when they already have a captive market? Yet without heavy industry planned to suit the needs and resources of the region, under-

developed countries can never hope to achieve balanced, self-sustained industrial growth. At the present time, the heavy emphasis on extractive industries makes it necessary for Peru to import manufactured goods, causing balance-of-payments deficits. Corporate domination of Peru's fertile river valleys results in large crops of sugar and cotton but few food items; consequently, Peru must import food to feed its people, further aggravating balance-of-payments problems. Recent investments in consumer manufactures, though, have done nothing to ease the dilemma. American firms make consumer products on the spot instead of shipping them from the mother country, a process which eliminates shipping costs, avoids import duties, lowers labor costs, and further ties Peru to the American economy. In addition, many of these firms import foreign parts and materials, thus making trade deficits unmanageable. It is little wonder that inflation has been rampant, causing starvation and malnutrition among the great mass of Peruvians.

Given this ledger of the consequences of American domination of Peru, we would expect to see our great, liberal university in the foreground of those battling American imperialism. Wrong again. The Stanford octopus eagerly serves the multi-national corporations in their domination of Peru, helping to make the exploitation more rational and efficient. Such efforts are understandable when we remember who runs the University: Trustee Ernest Arbuckle, dean of the Graduate School of Business (GSB) from 1958-1968, came to Stanford from W.R. Grace & Co. where he was Vice-President in charge of Central American operations. Grace controls five-eighths of Peru's cotton output and owns its second largest sugar mill, in addition to Utah Mining and Construction, along with Stanford's Vice-President of Business Affairs Alf Brandin and Trustee Edmund Littlefield, who is Utah's president and general manager. Utah does some of its construction work in Peru, but its principal investment there is a subsidiary, Marcona Mining, which is Peru's fifth largest business enterprise. When Littlefield finds time off from running Marcona Mining, he sits on the board of SRI (along with Arbuckle, who is chairman) and serves as a member of the advisory council of the GSB. Another Stanford/Peru leader is Edgar Kaiser, president and chairman of the board of Kaiser Aluminum and Chemical Corporation. Kaiser is a member of the board of SRI (along with Kaiser director Harold Quinton) and sits on the GSB advisory

council. In 1967, Kaiser Corp. acquired 80% interests in the phosphate deposits in Peru's Sechura Desert and announced plans for a \$100 million investment to extract the minerals. Former Stanford President Wallace Sterling joined Kaiser's board last year.

With these connections, who would doubt that Stanford involvement in Peru was inevitable. SRI received a 5 year contract in May of 1963 from AID for "a program of industrial development and promotion, and regional development" in Peru. SRI, always proud of its services to American Imperialism, described the program somewhat more truthfully as "projects for private enterprise in Peru." SRI concentrated its efforts on rationalizing foreign domination in Peru by providing the industries with technical and financial information, and by working with Peruvian government officials to promote the service infrastructure needed by foreign firms.

Two weeks after SRI received its initial contract, Stanford got into the act too. Stanford signed a \$1.1 million contract with AID to set up a graduate school of business in Peru. Professor Gail Oxley, the Graduate Business School's director of overseas development and former vice-president of W. R. Grace's South American operations, drew up the preliminary feasibility study. The new school is designed to train native managers for employment in American firms. To do this properly, the GSB located the new facility in a quiet suburb of Lima and carefully isolated it from existing Peruvian universities. This was done "to eliminate the kind of 'politics' which had seriously disrupted some Latin American universities." It seems that the Stanford managers would like to see the same sort of passivity among Peruvian students that has long been a tradition in this country. In the last five years, one-fourth of the Business School faculty has taught at the Peruvian school. Perhaps the best record of their effectiveness is the fact that far more of the school's graduates have gone to work for W. R. Grace and Marcona Mining than any other firms. The GSB also has a second program in Peru. It trains its own graduates for Peace Corps service as technical assistants to Peruvian industry. Not surprisingly, many of the volunteers end up working with SRI's development corporations in Southern Peru.

Despite the best efforts of Stanford, foreign corporations cannot always maintain the kind of political stability that they would like to see. In 1965, it was necessary for the Peruvian government, with the help of American bombers and napalm, to put down a guerrilla movement that had arisen among the peasants of Southern Peru. Stanford imperialists have long since learned that it is necessary to wield both the carrot and the stick, and they were eager to see that the wishes of Peru's population did not get in the way of their development schemes: in 1966, SRI made a contract with the Department of Defense to consider "the advantages and disadvantages of providing U.S. operational assistance to the armed forces of the Government of Peru engaged in counterinsurgency operations, as well as alternative courses of actions to the provision of operational assistance which would enable the U.S. to favorably influence the outcome of such operations." At home and abroad, "on the campus or in the ghetto, "law and order" has replaced "peace and freedom" as the watchword of the hour. Nobody understands this better than the liberals who run Stanford's octopus here and in Peru.



"Suppose one were an artist and asked to portray a business leader in his proper posture, how would one go about it. I believe I would do it by showing him standing on a podium, a baton in his hand, confronting a hypothetical orchestra comprising all of the various talents that he must effectively bring together if his presumably large and complex business were to pursue a harmonious and successful course."

—Crawford H. Greenwelt
1965, IIC

More Managers for the Empire

"PROFIT IS THE MONETARY MEASUREMENT OF OUR CONTRIBUTION TO SOCIETY"

-- David Packard

Probably the most obvious example of Stanford education-for-empire is the Graduate School of Business. Founded by Herbert Hoover in 1925, the business school has grown rapidly in size and importance to the multi-national corporations of the Bay Area and elsewhere.

Under Dean Ernest Arbuckle, the Business School Advisory Board was founded in order to cement ties and improve communication between the big businessmen and their faculty-consultants and future junior executives. The BSAC reads like a who's who of the West Coast ruling class, including almost every corporation on either the Stanford Board of Trustees or the SRI Board of Directors, and then some. Most of them are the same men who attended the recent International Industrial Conference in San Francisco. BSAC members include: Safeway, SRI, IBM, American Standard, Bank of America, Wells Fargo Bank, Kaiser Industries, Pacific Gas and Electric, FMC, Lockheed, Levi Strauss, TWA, Standard Oil of California, General Foods, Pfizer, General Electric, and Hewlett-Packard.

For those corporations who were not important enough to become Advisers, Dean Arbuckle established the Affiliate Program. Corporations make contributions (Affiliate contributions total \$300,000 a year) and in return are kept up to date on new developments in "the state of the art." This money is also helpful in maintaining and expanding the large number of Business School programs "of interest" to the multi-national corporations. Most important and well-known of these is ESAN in Peru (see above), but there are a number of others which contribute to the Stanford Empire.

The Ford Foundation

In 1962, the Ford Foundation gave a large grant to the Stanford school to establish the International Center for the Advancement of Management Education. In 1967 the program cost Ford one-and-a-half million dollars a year. The ICAME brings business teachers and researchers from Asia, South America, Africa, and Europe (257 to date) to Stanford for a year of study in multi-national business techniques. Many subsequently go to work for U.S. businesses or universities. According to the GSB's Long-Range Planning Report of 1967, "The success of the ICAME in training teachers of business from all over the world has been so marked," that a "program in international administration with emphasis on management of economic development" is being recommended.

"European and North American companies, competing actively in the same markets, seek new ways to organize their international operations" (ruling-class solidarity - ed.) says a GSB pamphlet. Stanford is doing its part by sponsoring an Advanced Management Program at the European Institute of Business Administration in France every summer for European and American executives (although most of the "European" executives are actually executives for European branches or subsidiaries of American companies).

Other programs include a school for Yugoslavian executives, seeking to convince them of the values of "Free World" membership, namely U.S. investment in

the economy. This profitable teach-in is also sponsored by the Ford Foundation. (Altogether the Ford Foundation has invested almost two million a year in the "Biz" school, with over \$800,000 in faculty salaries and research grants.) Another program is the Peace Corps project in Peru and Colombia, which serves the Empire in a fashion similar to the ESAN.

Stanford Business School also has a generous contributor in the Alfred Sloan Foundation. (Alfred Sloan was President of General Motors during the 1930's when GM was investing heavily in the economy of Nazi Germany. As late as 1939, GM's Opel division, along with Ford, was making most of the tanks for the Wehrmacht. When asked by a reporter about the ethics of this investment, Sloan replied that businessmen were interested in profits wherever they could be found, ethics aside. Which is not to say that GM is apolitical -- it breaks strikes frequently.) The Stanford-Sloan Program brings budding young executives to Stanford for a year and trains them to be top executives.

Other training programs come under the general heading of Continuing Education for Biz school alumni. Many times a year, seminars and courses are held for former business students who return from their jobs to get new tips on managing the Empire. Also important is the annual Business Conference, which tries to impress on executives the importance of the business-government partnership in both defense and the burgeoning "social-industrial complex" of highly profitable urban programs. Dean Arjay Miller, former President of Ford, spoke at the last Conference on urban problems and business' "social conscience."

Business School faculty act as consultants for outside corporations and for the Stanford Complex itself. An example is Ezra Solomon, who holds an endowed chair as the Dean Witter Professor of Finance (Dean Witter & Co. is one of the largest stock brokerage houses in the country and especially on the West Coast. Presumably they profit from the security of having Mr. Solomon's advice close at hand -- they have an office on El Camino and California.) Last year, Solomon sat on the SRI-Study Committee. He did a very professional cost-benefit analysis for the Trustees, recommending along with Provost Lyman that SRI be sold without restrictions.

Of course, the faculty's other valuable service is training the future managers -- the MBA candidates. Average starting salaries for MBA's in 1969 was \$13,887. "Student reports of bonuses, stock options, and profit sharing were more numerous than in past years." New graduates have shown increased interest in the high paying fields like international affairs, consulting, and investment banking, although 38% still go into manufacturing. One-third of the graduates even accepted overseas posts in the American international empire. The students in the Biz School are the only ones at Stanford who get to take courses on imperialism. In fact, they're required.



Insurgents

"Will You Lay Down Your Arms?"

The following is the opening statement made by Paul Rupert (of United Campus Ministry) at the March 11th confrontation with the Trustees in Mem Aud:

"Ladies and gentlemen of the board of trustees, we are here today because of who you are and what you do.-- both in this community and in the outside world. You are wealthy white businessmen, bankers, or lawyers, or the wives of such men. You have ultimate control over this university, which men of your choosing staff and run. You help run a variety of commercial empires in which you dictate basic policy. In both cases, your power is immense, and your right to that power is seldom questioned. You would probably argue that you make decisions in the best interests of the people you touch: we are here to challenge that assumption.

Ultimately, you control the finances of this university; you allocate the resources. Today you reviewed the budget prepared by your president. Over the years you have created a university in which engineering, aerospace, chemistry, business and electronics are emphasized. You have not created a university in which critical analysis of society and its goals is encouraged. You can decide which strata of society you will serve by setting admissions standards and providing financial aid. On the land you hold in trust for the community's use, you have built an industrial park, luxurious homes, and SRI. You are now building luxury apartments, and preparing to build a new industrial park. Clearly, such decisions largely determine the context and limits of our education.

The well-trained graduates of this university will enter your corporations or those of your associates, they will enter your university or one like it, they will work for your department of defense. And their work, like their education, will be in your interest. If that work is the planning of the Thai economy, the annihilation of Vietnamese who want to plan their own society; if it is the pacification of the demands of urban ghetto-dwellers who feel a need not for pacification, but for change; if it is the development of your industrial parks in a misshapen Peruvian economy, the creation of more lethal forms of chemical and biological warfare; if it is the development of a sociology or a political science which studies primarily the defense and expansion of your ideology and power, without challenging its basic assumptions--then Stanford graduates will do that work.

Or at least, many Stanford graduates. But a growing number of us look upon a different world, a world in which your interests--those of the corporations and the university--are in fact not the interests of a majority of the world's people: the poor and the black at home, the underfed, the undereducated, and the overpoliced of Asia, Africa, and Latin America. We came to this university

to learn about that world, to discover how we and other men can best live in it. We found not an institution dedicated to finding the truth, to doing research on fundamental human problems, to teaching democracy through its practice, but rather a research and training institute which processes men and women to fill hierarchical social roles. In the face of Vietnam and the American ghettos, the intrusion of daily news, the overwhelming fact of human suffering and squandered resources, we have had to mold our own education. And that education has led us to you: we are asking that you justify your inordinate power over the lives of men.

We recognize that you have the power to remain silent and to evade our questions. We have seen you meet in closed session for years, inaccessible to us and our inquiries. And recently, when a group of SDS members attempted to open the door to air the question of your individual and collective activities in Southeast Asia, they were met with your adjournment and their subsequent punishment. An SDS request for an open meeting with all the trustees was apparently rejected; in its place we have this meeting, with selected participants, at a time and place of your choosing. There is no question that you have the power. If we do not like the university, we are told we should go elsewhere--in much the same way the Vietnamese or Thai or Bolivian guerrillas are told that things shall be a certain American way--or else.

We cannot accept your principles of exclusion: we demand that our politics be inclusive, that we involve all those affected by the university and corporation in their decisions. You have decried the use of force on campus; we insist that you abandon your weapons of control and coercion on campus, and your weaponry of death and oppression around the world, and thus demonstrate your faith in the ability of the world's people, and the people of this community to create a democracy. Then as advisors, as men dedicated to open, democratic decision-making, we ask you to join us in the creation and direction of a real community.

Essentially I am asking that you transform your lives and your businesses; that you share your power. I am saying that such faith and such willingness are prerequisites for participation in an educational community. If you cannot show that faith, if you do not lay down your weapons, then I can only predict a steady erosion of the hope of non-violent change. Ghettos will burn again, guerrilla strength will grow, your campus will be torn apart. In the face of growing militarization, revolutionaries will study and steal your weaponry, and you will have lost your chance.

I urge you to lay down your weapons and your defensiveness: if you will not, then please resign and let the community replace you with men who will lead by the strength of their vision and not by their power.

Mr. Ducommun, as a trustee and a director of Lockheed, will you lay down your weapons?"



Countering Counter-insurgency

October 9: Acting President Glaser announces student-faculty committee to study SRI question.

November 7: As part of election-day protest, SDS exorcises demon research done at AEL and holds sit-down discussion in front of AEL doorway.

November 14: Student government representatives urge open trustees meeting. Trustees refuse. SDS members engage Trustees in dialogue in student residences.

January 13, 1969: SDS passes ten specific demands, elucidating general demand of October 7.

January 14: SDS presents demands to Trustees, breaking into and opening a closed meeting.

Late January: President Nixon selects David Packard, Stanford Trustee, as Assistant Secretary of Defense.

February: 29 participants in Trustee meeting tried by Stanford Judicial Council. Defendants treat trial as educational event, explaining why the Trustees should have been on trial.

Late February: Judicial Council finds 29 guilty. Sentences consist of fines to be paid to the Martin Luther King Scholarship Fund. Defendants announce that they refuse to pay. Instead, SDS raises money for the Black Panther Party.

March 3: SDS demands open Trustee meeting for March 11.

March 11: 1500 people attend Trustee forum, as Trustees put feet in their mouths. Student body loses faith in goodwill of Trustees.

May, 1966: The issue of classified research is raised by Stanford Committee for Peace in Vietnam. Resulting in the Academic Council leads to the formation of the "watchdog" Committee on Research Policy. Most classified and military work continues.

April, 1967: "We Accuse" posters and Resistance newspaper raise issues of SRI research, military work in the industrial park, and the connections of the Stanford Trustees.

October 7, 1968: Stanford SDS demands that Stanford and SRI get out of Southeast Asia. Demand includes non-military projects. SDS begins dorm discussion program.



"I say that if the university gets into taking political positions, it will be destroyed."

Judge Benjamin Duniway
March 11, 1969

Spring vacation; SDS members prepare pamphlet on SRI and Stanford, which is widely read in early April.

April 3: Fourteen liberal/radical groups sponsor meeting in Dink Auditorium. 800 pass demands calling for an end to CBW, classified, Vietnam-related, and counter-insurgency research at SRI and Stanford; closer control of SRI by Stanford community; and an open decision-making meeting of Trustees by April 30. This group is to become the April 3rd Movement.

April 8: Trustees meet. They decide to refuse new CBW contracts, but refuse to speak to demands or issues. Response is read to 2500 students at SDS-Resistance film: "Battle of Algiers."

April 9: Despite pleas from President Pitzer, liberal student leaders, and faculty members, a strong majority of 900 students voted to immediately occupy the Applied Electronics Laboratory and halt the research. Guidelines passed: No violence against people; no destruction of property; no breaking into classified files; doors would be kept open.

April 9-18: AEL sit-in--Research was stopped in AEL by continued presence of demonstrators. Liberated print shop produced daily newspaper, leaflets, and pamphlets. Small task groups began campus and community education, including discussion with SRI scientists. General meetings were held almost every day. Support grew constantly.

1400 signed Solidarity Statement of participation. Judicial Council threatened but didn't act. Documents found by A3M show that titles of military contracts were doctored to make them appear more acceptable. AEL researcher speaks out verifying A3M charges. A3M Research Review Board established to implement research guidelines passed by A3M. No AEL researchers are willing to submit work, so none are allowed to continue research. Faculty promises to end on-campus classified research. Bobby Seale, Chairman of Black Panther Party speaks to sit-in assembly.

April 15: SRI committee produces long-awaited report. Majority recommends sale of SRI with restrictive covenant banning CBW and maybe counterinsurgency. One minority report calls for sale without covenant. Another backs A3M demands.

April 17: President Pitzer assumes emergency powers. AEL ordered closed for a week. Demonstrators threatened with expulsion.

April 18: With faculty promises to end classified research, upcoming meetings of faculty and students, and Pitzer's order (which stops research for one week anyway), A3M votes to leave AEL.

April 18: Faculty meets and does nothing. Thousands of students attend general meeting of student body. 3000 students vote in referendum. Results endorse A3M demands.

Trustee William Hewlett is president of Hewlett-Packard Co., and a director of the FMC and Chrysler corporations. At the March 11 Forum he gave this description of Stanford's political "neutrality" to 1400 Stanford students.

Floor: It was stated before by Hewlett and Ducommun, less than two minutes ago, in fact, that they would not make these resources available to either the North Vietnamese or the National Liberation Front, and you stated yourself that the university shouldn't take a political stand. Now, would these people up here on the stage suggest that the resources of the university--meaning its faculty, meaning its laboratories, meaning its students--not be made available to the Department of Defense or for any actions taking place in Southeast Asia.

Hewlett: Stanford University is an organization in the United States . . . (applause) . . . supported by the laws of the United States and financed primarily through United States funds. It is not a North Vietnamese organization. It is not a South Vietnamese Organization. It is not a Chinese organization. It's an organization of the United States, and these services are performed for the United States of America. I hardly call that a political decision. (Roar from the audience) Now if the university chooses to teach in its courses what the issues are between North Vietnam, South Vietnam, and the United States, I think this is a most appropriate function to be doing because this is an educational function. But, one must not forget that this university is an institution of the United States.

Floor: So, the policy that you would take for the university, if it's an institution of the United States, is the policy which is chosen by the United States government? Am I correct?

Hewlett: As far as I'm concerned, it is.

- April 22: Academic Senate votes to phase out classified research at Stanford.
- April 22, 23: Days of Concern. Many classes suspended as forum discusses issues raised by A3M.
- April 28: Results of official University referendum back A3M demands. 2/3 back control of SRI research. 15% more back restrictive covenant.
- April 30: Students walk out of closed-circuit t.v. Trustee hearing, where 5 trustees listened but refused to answer. After 2 long, heated, divided meetings, A3M votes to occupy Encina Hall with maximum humanity and commonsense to enter building.
- May 1, 1 a.m.: 300 students occupy Encina Hall. Others were alienated by broken glass and scuffles. Pitzer calls in police. 135 demonstrators vote to leave at 7:00 in the morning. Campus pronounces A3M dead. University obtains court
- May 15: Injunction prohibiting disruptions on campus becomes permanent.
- May 16: 500 students, organized into affinity groups, blockade Page Mill Road and Hanover St., and surround SRI Industrial Park office. Demonstrators had agreed not to initiate violence (the right to self-defense was reserved) and agreed not to destroy property unless police took action. When police threw tear gas, canisters were thrown into building. Rocks smashed windows on the Page Mill Road side of the building. 16 arrested.
- May 18: SRI gets injunction preventing demonstrations.
- May: SJC holds individual and group hearings on Encina sit-in. Members of 29 are suspended one



- injunction prohibiting further demonstrations and banning many A3M members and 500 John Does from campus.
- May 2: A3M meeting called to try to rebuild movement. Announcement of the injunction by a University official draws the movement back together. Affinity groups are formed for political discussion and class boycott is threatened.
- May 3: Injunction modified to permit the enjoined to come onto campus, but not enter classrooms, libraries, etc.
- May 12: First day of class boycott effective in Humanities and Sciences and amongst undergraduates. Political carnival in White Plaza is fun and educational.
- May 13: Second day of class boycott. Trustees vote to sell SRI with no restrictions.
- May 14: A3M meets in Mem Aud. 1300 vote to reject Trustee decision. Meeting is moved to Mem Chu, where a decision is made to plan demon-
- or two quarters for second offense. Others are fined and put on probation.
- May 19: Outnumbered by police, A3M gives up attempt to repeat Friday demonstration. 5 arrested. Instead, 600 students move to SRI-Menlo Park for peaceful picket.
- May 22-23: Pickets at SRI-Hanover draw fewer pickets, and finals near.
- End of May: McClellan Committee subpoenas information on A3M members convicted for Encina sit-in. Pitzer includes all those convicted of opening January trustee meeting, whether convicted for Encina or not.
- Summer, '69: 90 more warrants issued for May 16 demonstration, with help of Stanford's YAF. SRI announces that AEL scientists and engineers will move to SRI. Meanwhile, SRI has difficulty getting contracts. Many employees are laid off or leave. Morale is low. Stanford not yet able to sell SRI.
- August 18, 1969: Hanover demonstration trials begin in municipal courts.