revoking rules against such outlandish projections *ex post facto.*

All of this, however, was overshadowed by Casey's role in the ITT and Vesco affairs. The Securities and Exchange Commission had prepared a case against ITT in 1971. The suit charged, among other things, that an ITT prospectus failed to inform investors that the government's antitrust suit against them was about to be settled, and that the executives illegally traded ITT stock on the basis of that inside information. This was the classic sort of securities scandal that the SEC was created to prevent. But Casey let ITT off with an injunction making them promise not to do it again. Even more significantly, Casey took the lead in deleting a charge of fraud against ITT, even though the charge was supported by the agency's two top law enforcement officials. That charge involved a phony sale by ITT of stock in Hartford Insurance Company, to an Italian bank, which allowed ITT to avoid certain taxes when they bought out Hartford altogether.

But the matter didn't stop there. After Jack Anderson broke the story suggesting collusion between ITT and the Nixon Administration, a number of Congressional committees tried to get the files on ITT that the SEC had collected in the course of its investigation. Those files included 13 explosive memos on meetings between ITT officials, including ITT President Harold Geneen, and John Mitchell, Richard Kleindienst, John Connally, Maurice Stans, Charles Colson and Peter G. Peterson.

As congressional pressure mounted, Casey met with Richard Kleindienst at the Justice Department and John Dean at the White House to discuss what to do with the files. Casey claimed he was merely seeking advice as to the propriety of turning the SEC's files over to Congress. On October 6, three days after a meeting with Dean, Casey announced that Justice had asked for the ITT files to pursue its own investigation. The SEC had cut short its own investigation and shipped the ITT files over to Justice, where they could not be obtained by prying senators and congressmen. But Justice, it turned out, had never asked for the files. Casey had shipped them over there on his own initiative.

Casey's role in the Vesco affair is somewhat murkier. All that is known is that at John Mitchell's request, he met with one of Vesco's lawyers to discuss the financier's troubles with the SEC on the same day that Vesco handed over $200,000 to the Nixon re-election campaign. His forgetful testimony at the Mitchell-Stans trial did not help clear this up.

By 1973, when Watergate and its related scandals had reached full flush, Casey was already gone from the SEC and into the State Department, jetting around the world promoting trade and philosophizing about detente. In mid-May 1973 the Vesco and the ITT cases broke simultaneously. Bradford Cook, who succeeded Casey at the SEC, resigned when it was revealed that he had suggested that data on a Vesco contribution to the Nixon campaign be deleted from an SEC suit against Vesco. Cook, insisting he was trapped in a "web of circumstance," claimed that Casey had concurred in the deletion of the Nixon contribution. A few days later, Casey's role in dropping the charges against ITT for the phony Hartford stock sale was revealed. Casey, by luck or by design, was off on a trip to Latin America with Secretary of State Rogers. No web of circumstances was going to ensnare him. His office in Washington blithely denied that he knew about the Vesco contribution matter, and he didn't comment at all on the ITT matter.

Casey has been flying high ever since. His nomination to head the Eximbank was held up for a while, but he was confirmed after Special Prosecutor Jaworski told the Senate that Casey would not be indicted for Vesco or ITT. About two weeks after his appearance at the Mitchell-Stans trial, Casey testified at a different sort of hearing—one before a Congressional subcommittee from which he was seeking a 50 percent increase in the Eximbank's multi-billion dollar lending authority. His less fortunate friends and erstwhile sponsors in that New York docket and in the White House must have watched him with a twinge of envy, combined, perhaps, with the hope that they too would someday be able to dismiss their legal problems as easily as Bill Casey has, and rejoin him at the pinnacle of power and "credibility." □

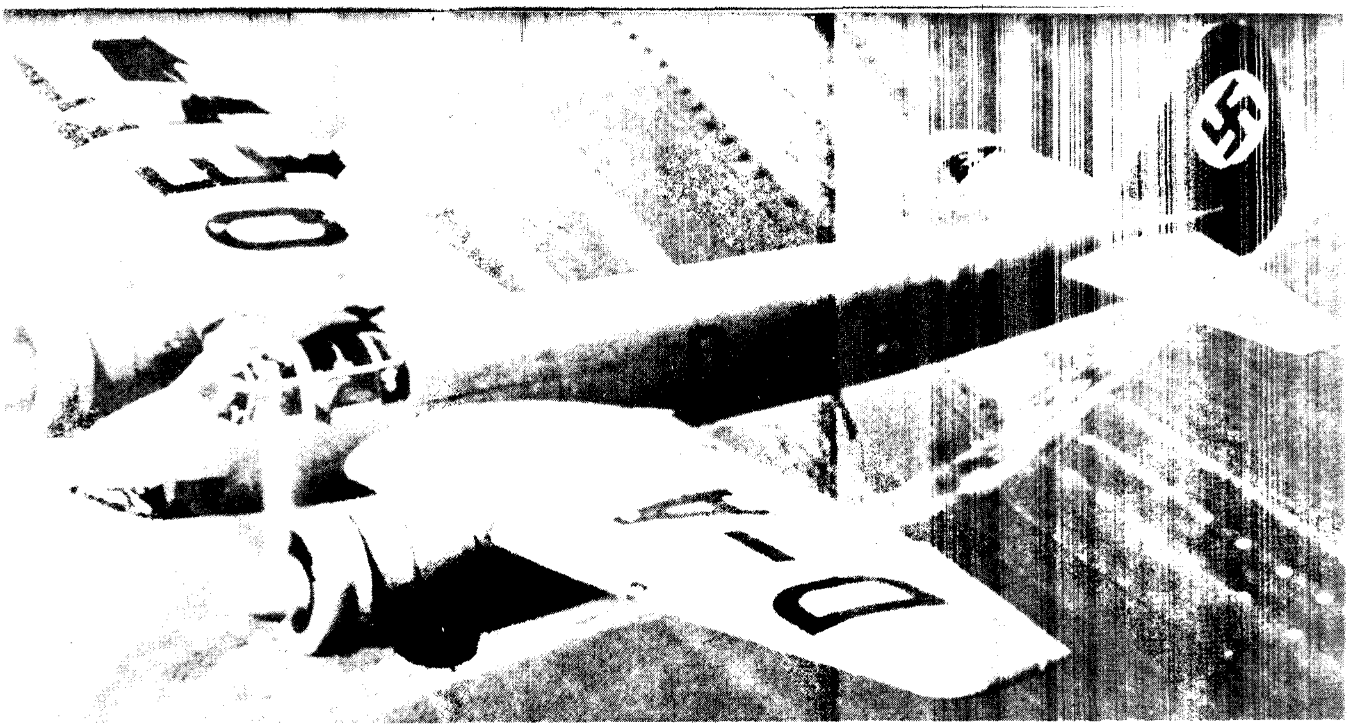
# GM and the Nazis

*During the recent Arab oil embargo, the major international oil companies had a curious dual role to play. As domestic sellers of petroleum products, they were charged with maximizing supplies of crude oil to the U.S.; as agents of the oil producing countries, they were charged with enforcing the cut-off of those same supplies. While such conflicts have given new political urgency to the question of whether multinational corporations should be entrusted with such vital matters as assuring the availability of energy, the problems posed by multi-nationalism are not entirely new. The astoundingly cynical functioning of America's automobile giants during World War II is particularly illuminating here. Based on recently declassified military and diplomatic source materials, Bradford Snell has pieced together the story and documented the extent of wartime double dealing, especially on the part of General Motors. The following is excerpted from his report to the Senate Subcommittee on Antitrust and Monopoly. His work was financed by the Stern Fund.*

As owners of facilities in more than 45 different countries, General Motors, Ford, and Chrysler can no longer properly be perceived as American corporations. Rather, they comprise supranational and sovereign economic states, which acknowledge loyalty to no particular country. The automakers readily concede this change in corporate outlook. Henry Ford, II, chairman of the Ford Motor Co., for example, has stated: "We don't think of ourselves as a national company anymore. We are definitely a multinational organization . . . ." Likewise, GM's Chairman Sloan reportedly told a group of stockholders on the eve of Germany's invasion of Poland in 1939 that his corporation was "too big" to be affected by "petty international squabbles."

Upon first examination, this posture would appear to be in the best interests of international peace. The movement abroad by powerful firms

by Bradford Snell



*The German JU-88 warplane, manufactured in GM's Russelsheim factory from 1939 to 1945.*

which already dominate vital industrial sectors at home, however, can produce the opposite result. At a minimum, it presents the dilemma of conflicting loyalties, which can become particularly acute during periods of international conflict.

The activities of General Motors, Ford, and Chrysler prior to and during World War II, for example, are instructive. At that time, these three firms dominated motor vehicle production both the United States and Germany. Due to its mass production capabilities, automobile manufacturing is one of the most crucial industries with respect to national defense. As a result, these firms retained the economic and political power to affect the shape of governmental relations both within and between these nations in a manner which maximized corporate global profits. In short, they were private governments unaccountable to the citizens of any country yet possessing tremendous influence over the course of war and peace in the world. The substantial contribution of these firms to the American war effort in terms of tanks, aircraft components, and other military equipment is widely acknowledged. Less well known are the simultaneous contributions of their foreign subsidiaries to the Axis Powers. In sum, they maximized profits by supplying both sides with materiel needed to conduct the war.

In Germany, for example, General Motors and Ford became an integral part of the Nazi war efforts. GM's plants in Germany built thousands of bomber and jet fighter propulsion systems for the Luftwaffe at the same time that its American plants produced aircraft engines for the U.S. Army Air Corps.

As owner of Germany's largest automobile factory, General Motors was quite naturally a more important factor in the Axis war effort than either Ford or Chrysler, whose investments were substantially less. GM's participation in Germany's preparation for war began as early as 1935. That year its Opel subsidiary cooperated with the Reich in locating a new heavy truck facility at Brandenburg, which military officials advised would be less vulnerable to enemy air attack. During the succeeding years, GM supplied the Wehrmacht with Opel "Blitz" trucks from the Brandenburg complex. For these and other contributions to wartime preparations, GM's chief executive for overseas operations in 1938 was awarded the Order of the German Eagle (first class) by Adolf Hitler.

Ford was also active in Nazi Germany's prewar preparations. In 1938, for instance, it opened a truck assembly plant in Berlin whose "real purpose," according to U.S. Army Intelligence, was producing "troop transport-type" vehicles for the Wehrmacht. That year Ford's chief executive received the Nazi German Eagle (first class).

Given the dominant structural positions of GM and Ford in the war economies of both America and Germany, these firms had the power to influence the course of World War II. They could determine, for example, which belligerent would benefit from their latest advances in war-related technology.

The outbreak of war in September 1939 resulted inevitably in the full conversion by GM and Ford of their Axis plants to the production of military aircraft and trucks. During the last quarter of 1939, for instance, GM converted its 432-acre Opel complex in Russelsheim to warplane production. From 1939 through 1945, the GM-owned Russelsheim facility alone assembled 50 percent of all the propulsion systems produced for the JU-88 medium range bomber. According to the authoritative work of Wagner and Nowarra, the JU-88 by 1940 "had become the Luftwaffe's most important bomber, and remained so for the rest of the war." The Russelsheim facility also assembled ten percent of the jet engines for the ME-262, the world's first operational jet fighter. Wagner and Nowarra described this jet plane as perhaps "the most important military aircraft to come out of Germany." With a top speed of 540 miles per hour, it was more than 100 miles per hour faster than the American P-510 Mustang, the fastest piston-driven Allied fighter. Not until after World War II were the Allies able to develop pure jet aircraft. By producing ME-262 jet engines for the Luftwaffe, therefore, GM's Russelsheim plant made a significant contribution to the Axis' technological superiority in the air.

On the ground, GM and Ford subsidiaries built nearly 90 percent of the armored "mule" 3-ton half-tracks and more than 70 percent of the Reich's medium and heavy-duty trucks. These vehicles, according to American intelligence reports, served as "the backbone of the German Army transportation system." In addition, the factories of Ethyl G.m.b.H., a joint venture of I. G. Farben, General Motors and Exxon subsidiaries, provided the mechanized German armies with synthetic tetraethyl fuel. During 1935-36, at the urgent request of Nazi officials who realized that Germany's scarce petroleum reserves would not satisfy war demands, GM and Exxon joined with German chemical interests in the erection of the Ethyl tetraethyl plants. According to captured German records, these facilities contributed substantially to the German war effort: "The fact that since the beginning of the war we could produce lead-tetraethyl is entirely due to the circumstances that shortly before the Americans had presented us with the production plants complete with experimental knowledge." "Without lead-tetraethyl," the wartime document added, "the present method of warfare would be unthinkable."

It was, of course, in the best interests of GM and Ford to cooperate in the Axis war effort. Although GM, for example, was in complete management control of its Russelsheim warplane factory for nearly a full year after Germany's declaration of war against the United States on December 11, 1941, its refusal to build warplanes at a time of negligible demand for automobiles would have brought about the economic collapse of its Opel plant. Moreover, it might have resulted in confiscation of the facility by the German Government. In fact, on November 25, 1942, the Reich did appoint an administrator for the Russelsheim plant who, although not permitted to interfere with the authority of the GM-appointed board of directors, was instructed to oversee operations. Nevertheless, communications as well as materiel reportedly continued to flow for the duration of the war between GM and Ford plants in Allied countries and those located in Axis territories.

General Motors had owned 100 percent of Adam Opel A.G. continuously since 1929. Accordingly, it selected the Board of Directors and appointed the management which supervised wartime production of all Opel plants, including the aircraft production facility at Russelsheim. Alfred P. Sloan, Jr., Board Chairman of GM-USA and GM vice presidents James D. Mooney, John T. Smith, and Graeme K. Howard served on the GM-Opel Board of Directors throughout the war.[1]

GM continued to operate its Opel plants after the United States had formally declared war on Germany without any apparent interference by the German government up until Nov. 25, 1942. At that time Prof. Dr. Carl Luer was appointed as an administrator of the Russelsheim warplane plant. The Darmstadt Provincial Court of Appeal stressed in its appointment of Luer, however, that "the authority of the board of directors shall not be affected by this administrative decision."[2] In fact, the only noticeable wartime change in plant operations was the departure of American personnel. The GM-appointed directors and management remained. "The management during the war remained essentially the same as prewar, with the exception of American personnel."[3]

Communications as well as materiel continually flowed between GM plants in Allied countries and GM plants in Axis-controlled areas, presumably in direct violation of trading with the enemy legislation.[4] A review of the Opel-Russelsheim financial records also reveals that this plant was dealing with GM companies in Axis and Allied countries all over the world, including General Motors Japan (Osaka), General Motors Continental (Antwerp), General Motors China (Shanghai and Hongkong), General Motors Uruguaya (Montevideo), General Motors do Brazil (Sao Paulo), General Motors Overseas Corp. (Detroit).[5]

After the cessation of hostilities, GM and Ford demanded reparations from the U.S. Government for wartime damages sustained by their Axis facilities as a result of Allied bombing. By 1967 GM had collected more than $33 million in reparations and Federal tax benefits for damages to its warplane and motor vehicle properties in formerly Axis territories, including Germany, Austria, Poland, Latvia, and China. Likewise, Ford received a little less than $1 million, primarily as a result of damages sustained by its military truck complex at Cologne.

Due to their multinational dominance of motor vehicle production, GM and Ford became principal suppliers for the forces of fascism as well as for the forces of democracy. It may, of course, be argued that participating in both sides of an international conflict, like the common corporate practice of investing in both political parties before an election, is an appropriate corporate activity. Had the Nazis won, General Motors and Ford would have appeared impeccably Nazi; as Hitler lost, these companies were able to reemerge impeccably American. In either case, the viability of these corporations and the interests of their respective stockholders would have been preserved. On the other hand, the inevitable conflict of loyalties and potential for abuse inherent in such a corporate posture would seem to suggest that in the case of powerful concentrated industries engaged in war-convertible production, multinational expansion may adversely affect America's legitimate interest in national security.

**1. "Foreign Economic Administration Business Holdings in Germany of United States Firms," 3-4 (Oct. 1944).**
**2. Resolution, Handling of Enemy Property: Adam Opel A.G. Company in Russelsheim a. Main (transmitted by the Darmstadt Provincial Court of Appeal to the Reich Commissioner for the Handling of Enemy Property. Berlin W.8, on Nov. 25, 1942).**
**3. U.S. Strategic Bombing Survey. Munitions Division. Motor Vehicles and Tanks Plant Report: Adam Opel—Russelsheim, Germany 1-26 and exhibits D-1, E-1 through E-4 (18 August 1945: Confidential; declassified June 22, 1973).**
**4. Telegram, U.S. Secretary of State, Washington, to American Legation Bern (Switzerland) Doc. No. 508163 (sent) July 7, 1943, 2 p.m.**
**5. Adam Opel Aktiengesellschaft-Russelsheim Am Main. Jahresbericht Und Bilanz Fur Das . . . Geschaftsjahr 1944.**

 *Mr. Snell is assistant counsel to the Senate Monopoly and Anti-Trust Subcommittee. He is presently writing a book on GM to be published by Knopf.*

# Trying to Stay Alive:

# Collective Bargaining in Brooklyn

*Do-All negotiating committee: Andy Seay (second from [illegible]), and Pedro Diaz, Arcadio Pinto, and Felix Tirado*

*The days are over when unions went into negotiations without considering the employer's well-being. Trade unions, for better or for worse, accept certain rules, the most notable of which is that anything won by labor can be maintained or improved upon only by associating the workers' interest with that of the economy in general and the industry in particular. When times are good, and workers feel the promise of the good life coming within their reach, they rally behind their union.But in a time of inflation, fuel and raw materials shortages, and threatening unemployment, interest lines break. The delicate alliance between employer, union, and worker cracks and strains. Long-latent conflicts and tensions emerge. And it often turns out that the long-term interests of the union conflict with the prompting of rank-and-file militancy.*

*The troubles of the times are most threatening to the small, marginal unions and the small, marginal companies. Big Labor does not, after all, represent the majority of unionized workers; and most employers are not corporate giants. While the Autoworkers or the Steelworkers negotiate on behalf of hundreds of thousands of workers with titans like General Motors or U.S. Steel, much of organized labor remains to this day an amalgam of tens of thousands of affiliated locals. Their jurisdictions are scrambled. Their memberships range from the thousands to a dozen. Their methods vary. Their autonomy, honesty and militancy also vary. Yet these locals are the rank and file of the American labor movement. And when it comes time to negotiate a new contract, the small local and the small employer circle each other like two little fish, preparing to do battle in a sea full of sharks.*

* * *

Anderson W. Seay (pronounced C-A) is a business agent, negotiator and troubleshooter for Local 107 of the United Paperworkers International Union. Local 107 represents about 2500 mostly semi-skilled workers in 65 disparate and mostly low-wage shops in and around New York City. Late last year Local 107's contract with the Do-All floorwax company was due to expire. Andy Seay, for ten years himself a worker in a paperboard plant, was responsible for opening negotiations on that contract:

As Seay arrived at Do-All's sooty, brick-faced Brooklyn factory, he was a man in the middle. He was carrying demands for a $20 pay increase and an increase in health and welfare benefits; he was facing a company that he knew couldn't meet all the union demands in a year when it had been hard hit by shifts in the national economy.

A negotiating committee had been formed. It consisted of four workers who had volunteered at an open shop meeting—the same men who had worked on the 1970 contract, and substantially the same ones who had negotiated in 1967.

All the men of the committee were Puerto Rican, as are all Do-All's workers. There was Arcadio Pinto, a 20-year Do-All veteran, and by his seniority something of a patriarch. There was Angelo Reyes, expansive, mellow, another long-term Do-All man. Felix (Filly) Tirado, buoyantly pudgy, betrayed a tiny shameful smile, as if to say, "OK, let's see what they'll give us." Finally, there was shop steward Pedro (Petie) Diaz, strikingly younger than the others and much more fluent in English. He stood waiting for the union man with his feet spread apart, his hands thrust deep into the pockets of his grey work uniform, and a sharp, almost creased look of worry upon his face.

Seay came in. "All right, let's go," said the business agent, and led his platoon forward into the company offices.

They entered a windowless, airless room piled high with maintenance product catalogues. Do-All Vice President Ted Stevens sat at the head of a bare wooden table, dressed in a blue worksmock. He began to address the committee on either side of him and Andy Seay on the other end.

"I couldn't afford that kind of increase if I wanted to, Andy," he began. "If anything, the company's been running at a loss. If I had to give you $20 a week I'd be out of business."

It's a standard gambit from the

Photographs by Abby Robinson

by Jonathan Maslow