ARMS MAKER, UNION BUSTER

Litton Industries: A Corporate Profile

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This booklet was researched and written by members of the Cruise Missile Conversion Project in Toronto. The Cruise Missile Conversion Project is a collective of people who aim to change Litton's military production to production which meets human needs. It is clear to most economists and people in general that military spending creates relatively few jobs, accelerates inflation and hinders the development of civilian technology.

The members of the Cruise Missile Conversion Project do not believe that the only options open to Litton are military production or loss of jobs. CMCP is working to promote planned economic conversion to useful production. CMCP fully supports the right of working people to have a say in what their factories are producing.

This project was completed with financial assistance from Project Ploughshares.

GENERAL HISTORY

Litton's three principal founders were Charles 'Tex' Thornton, Roy Ash and Hugh W. Jamieson. In 1953, they borrowed $1.5 million and invested in Litton Industries, a San Carlos, California producer of microwave tubes. Charles Litton, its founder, retired shortly thereafter taking only $1 million in cash, no Litton stock.

'Tex' Thornton was a business administration student in the U.S. Air Force during World War II, where he helped introduce modern management controls. Later he was among those who helped revamp the Ford Company. Also with Thornton at Ford was Robert McNamara, later U.S. Secretary of "Defence". Thornton then moved on to work for Howard Hughes in the electronics section of Hughes Aircraft. There he raised company profits by building gunfire control systems for Korean War planes "better and faster than anyone else," as he says. He left Hughes amid charges that government contracts were overcharged and records falsified. Then he started Litton Industries. We'll learn more about Roy Ash later.

From the beginning, Litton put its main research and development laboratories in California to work on inertial navigational systems (INS) for aircraft.

Litton diversified widely by buying into other businesses. First it got into the business machine market. Then Litton bought into the energy survey field, the shipbuilding business, electronic components, hand and machine tools, etc. Between 1953 and 1969 Litton acquired more than 100 independent companies.

Litton's electronic systems companies were its fastest growing ones. The impetus for this success was the sales of inertial navigational systems to NATO and the U.S. Air Force. In 1954 Litton set up a team of scientists to miniaturize an INS. This would revolutionize the field; an INS now could not be electronically jammed and wouldn't emit signals. In 1956, Litton convinced the U.S. Army to pay for a prototype. However, the first INS went to the German airforce after Litton bought two German companies to produce it.

In May, 1963, Fortune magazine reported: "The secret of Litton Industries growth has been superb timing in acquisitions and choice of markets." In its first 10 years, sales per year had risen from $9 million to $22 million, and assets from $7.6 million to $333 million. In 1963, 55 percent of Litton's sales were to the military.

In 1968 Litton had a serious downturn; its quarterly profits declined for the first time. Several of its business equipment groups had losses in sales. Also, Litton had to write off $8 million in excess costs at its Mississippi shipyard. This was a civilian contract and unlike military contracts was not granted on a cost-plus percentage for profit basis. Litton underestimated the cost, underbid and lost money.

However, the downturn was shortlived. More and more contracts were signed with the U.S. Navy. Orders for the Litton INS were beginning to multiply. Deals with the new military government in Greece led to large Litton profits. The firm's foothold in the micro-

wave oven field began to pay off.

At this time Litton also first received a contract to run a Job Corps program. It was used, in part, to funnel mainly Black recruits into the armed forces for Viet Nam service.

Litton thrived on military contracts, as Ramparts magazine reported in 1968: "Its vulnerable, soap-bubble growth strategy could never have carried Litton so far had it not possessed the ability, though a small firm at the outset, to get a front-line position in the prime military contract game and latch onto that secret fuel which alone can launch space age corporations towards the moon: the financial largess of the states." The McNamara and other Washington connections were starting to pay off.

Making Fred O'Green company president also contributed to the upswing. Roy Ash had gone to Washington. O'Green started with Litton in 1962 as production director of the INS manufacturing. He was also responsible for the turnaround at Litton's shipyard in Mississippi. O'Green sold unprofitable companies and transferred staff as needed. He also stressed a revamping of the business machine side of the conglomerate.

Litton cut back on acquisitions and began to build large cash assets. The company placed money in its energy exploration and development sector. In 1979 Litton was appointed major contractor for the Saudi Arabian air defence system (AWACS) and also contracted to build air traffic control systems at each of the country's airports.

In October, 1979, Fortune reported that Litton had "a hammerlock on the world market for inertial guidance systems for military and commercial aircraft." It had divisions in California, Utah, Oregon, Canada, Germany and Italy working on the INS.

Further consolidation in the 1980s has seen Litton sell its typewriter and publishing businesses and focus on three areas: "defence", energy and productivity. These translate into electronic countermeasures and computerized battlefield controls, passive detection systems, tactical data systems and digital weapons, energy control systems, floating gas conversion plants, methanol production, computerized warehousing and retail data control systems.

By 1982 Litton was the 88th largest industrial corporation in the United States, with annual sales exceeding $4 billion. It was the 41st largest employer, with 75,400 employees. During fiscal year 1978–1979 Litton was the Pentagon's eleventh largest supplier.

LITTON'S CORPORATE ORGANIZATION

Litton Industries is corporately divided into six groups. These groups are further divided into divisions or individual companies.

The six groups and their product market areas are:

(1) Business systems and equipment: business machines, retail information systems, office products, furniture and fixtures.

(2) Industrial systems and services: machine tools, resource exploration, material handling.

(3) Electronic and electrical products: microwave cooking products, medical and electronic products, electronic and electrical components.

(4) Paper, printing and publishing: specialty paper, printing and forms, educational and professional publishing.

(5) Advanced electronic systems: navigational and control systems, communications and electronic data systems.

(6) Marine engineering and production.

Groups 3, 5 and 6 are involved in military production.

Litton executives Thornton and O'Green reported the sale of most of Litton's publishing business to the Thomson corporation, in a spring 1981 report. "Energy related resource exploration and "defence" electronic activities have been particularly strong," they reported, "Litton's operating and financial condition today is the strongest it has ever been."

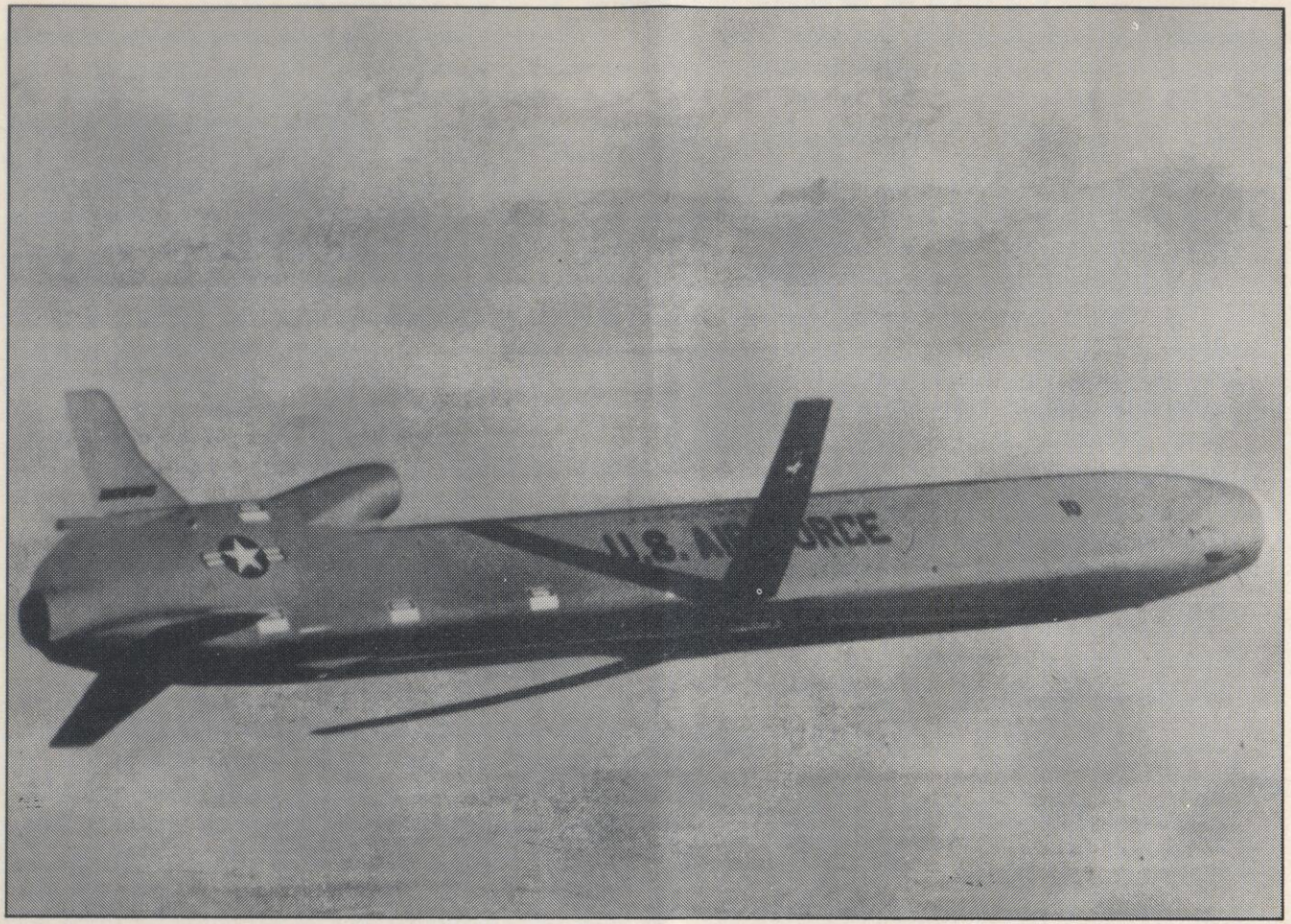
In the same report the six groups were reviewed:

The business systems and equipment group saw an expansion of the Monroe computer line and the Sweda point-of-sale register line.

In the industrial systems and services segment, energy-related work has been most profitable. Western Geophysical completed a new seismic vessel for ocean floor mineral and energy exploration. Aero Service gained two contracts to do aerial surveys for minerals and energy sources. Litton's Unit Handling System signed a contract for its computer-controlled warehouse system.

In the electronic and electrical products group, military market increases helped offset losses in commercial markets. The Electron Tube division completed a new line of night vision devices for military usage. Microwave ovens became highly competitive, with Litton producing four new consumer countertop models. Hellige Medical Equipment finished its state-of-the-art hospital patient monitoring system.

In the paper, printing and publishing group, the big news was the sale of Litton's publishing interest. That included seven medical periodicals, Next magazine and six U.S. and three foreign book publishing companies in the textbook and professional fields. These include Canada's Van Nostrand Reinhold. Litton's McBee divisions in the U.S., Canada and Mexico, and Decotone-Permeco in Europe increased sales by 61 percent in the specialty paper, printing and forms market.



The Boeing AGM.86 Air Launched Cruise Missile, a 20 foot long weapon capable of carrying its 20 megaton warhead some 1500 miles and depositing its destruction with pin-point accuracy. Litton Canada manufactures the guidance system for this weapon.

In the advanced electronic systems segment, $129.4 million worth of contracts were awarded by the Joint Cruise Missile Project. Data Systems received two contracts worth $120 million for military communications systems from NATO and South Korea. The U.S. Air Force ordered 282 INS as part of its standard INS procurement program. The Aero Products division received INS orders from the Kuwaiti Airways, Delta and Middle East Airlines.

The marine engineering and production segment announced the first launching of its guided missile cruiser and the completion of the first of four guided missile destroyers. It also launched the first two of 17 oil drilling platforms.

OWNERSHIP AND CONTROL

Litton's 12 directors average 66 years in age. One is female. The directors have and have had linking directorships and/or high positions with the following: Coca-Cola, United Brands, Rockwell, Ford, Wells Fargo, Sylvania, Gulf Oil, Getty Oil, and five banks in four states. The directors have university connections (presidents, trusteeships, Board of Regents) at the University of Pepperdine (California), Georgetown University, Fitzer College (California), University of Southern California, George Washington University and Springfield College (Massachusetts).

Beside stock holdings and other personal benefits, the executive officers earn from $350,000–$555,000 per year. All officers and directors as a group, 42 persons included, earn $8 million per year in total.

Other than Litton directors, the only company owning more than five percent of Litton's voting stock is Teledyne, Inc., which has 130 companies in its corporate fold. Teledyne, headed by Henry Singleton (formerly of Hughes Aircraft and then of Litton until 1960) bought 12 percent of Litton in 1976. This prompted take-over concerns at Litton and anti-trust studies by the U.S. Justice Department. Both companies are big weapons contractors engaged in electronics and avionics. Teledyne's insurance subsidiaries have bought Litton stock. In 1974, Teledyne converted its insurance investments into cash. These were reinvested in the stock market. By 1979 Teledyne had bought 27 percent of Litton, or 9.3 million shares.

Some securities analysts have suggested that an investment of such magnitude indicates plans for a future take-over. Others say that it is just part of Teledyne's stock market investment.

In the early 1970s Litton pioneered the management information system. Using desk top computer systems, Litton's top managers were able to keep closer watch on their vast holdings. This development by Litton was a response to its 1968 downturn. Litton began to gain access to data (sales figures, labour productivity, etc.) only eight days old when other big companies had 45-day gaps. The system provided for

daily reports, showing divisions using more or less cash than planned.

In 1970 Roy Ash, then Litton president, recommended the management information system to President Nixon as part of a planned presidential executive re-organization. Nixon liked the Litton system and introduced it in the White House.

Ash also proposed three major changes later accepted and incorporated by the Nixon administration. One was institution of a Domestic Council, an advisory committee on domestic affairs. The second was to create an Office of Management and Budget (OMB) to oversee the federal budget. Third, Ash recommended the reorganization of environmental agencies into a cabinet-level department.

In November, 1972, Ash accepted the position of director of the OMB, succeeding Caspar Weinberger. This job is considered one of the most powerful in the American government and as part of the White House staff doesn't require Senate confirmation.

The move reflected the tight links between big business, the government and the military. Ash had been with Thornton during the war and later at Hughes. He resigned his Litton job and sold his Litton holding worth $3 million.

Litton Industries, being in the forefront of the conglomerate philosophy of diversification and free-wheeling capitalism, is a model for many U.S. corporations. Litton executives have been in high demand. They've taken over top spots in other companies and have founded new ones. Litton's management philosophy stresses entrepreneurship and maximum executive mobility. Former Litton executives have become presidents or chairmen at Walter Kidde, Hunt Foods, City Investing, Teledyne, Western Union Telegraph, Republic Corp., Mattel and American Export Industries.

LITTON SYSTEMS CANADA

Litton Systems Canada was formed in 1961 to produce the inertial navigational systems (INS) for Canadian fighter planes. It then had 41 employees. After its success with that contract, Litton won another from NATO countries for 1,696 INS. Thus, Litton Canada has followed the lead of its parent company. Its major innovative developments have been with aircraft guidance systems.

Litton proceeded by researching and developing, with grant money from the Canadian government, INS for commercial aircraft. The first was produced in 1971. Litton has successfully developed two generations of INS, which are built into 70 of the world's airlines.

During the Viet Nam War, Litton Canada produced parts for two U.S. aircraft. For the F-4 Phantom aircraft, a fighter-bomber, Litton produced the INS and weapons release computer sets. Litton also had a contract for INS for the F-111 fighter-bomber.

April 10, 1981, U.S. Rear Admiral Locke, Jean Jacques Blais, Minister of Supply and Services for Canada, and Ronald Keating, President Litton (Can.) Ltd., celebrating the delivery of the first navigational system for the Cruise missile.

Litton's dependence on military contracts continued after the war had wound down. With the help of Trudeau government grants ($13 million between 1968 and 1978 from the Defence Productivity program), it won contracts for command and control systems for Canadian destroyers, navigational systems for long-range patrol aircraft and various other equipment for the Department of National Defence. It also supplied electronic components for the U.S. F-4 fighter and exported many other military items.

Litton is currently bidding in a consortium of five companies for a $1.5 billion contract for six patrol frigates.

In October, 1978, Litton Systems Canada was one of two companies chosen to build the INS for the U.S. Cruise missile. The inertial navigation system operates by comparing the missile's position at any time with a programmed course, using a terrain correlation technique. This provides for course adjustments to keep the missile on its predetermined flight path.

In September, 1979, Litton handed over the first test INS for the Cruise missile to McDonnell Douglas, which had contracted out the guidance system. Litton handed over the first guidance system on April 15, 1981 to the U.S. Joint Cruise Missile Project.

The United States plans to build 10,000 Cruise missiles during the next decade. Litton expects to produce 5500 guidance systems during that time. Cruise-related contracts are expected to reap $1.2 billion for Litton during the coming decade, making this the largest American military deal ever made with Canadian industry.

These contracts could create as many as 1700 new jobs during the 1980s. The jobs at Litton will be mainly on the assembly-line and for test staff. Litton has 19 major suppliers for its Cruise work and 380 smaller ones. These jobs, however, are by no means secure since they depend on decisions by the Pentagon and the U.S. government and are short-lived.

According to an advertisement in the Toronto Globe and Mail on April 15, 1981, Litton Canada now produces airborne search radar, flight inspection systems, computerized training simulators, automated test equipment, total naval command,control and communications systems, and integrated security systems.

Litton, thus, is by no means dependent on its Cruise work or on military production. "It's difficult to assess because of the inter-weaving of military and civil applications of various systems, but off the top of my head I'd say we do 60 percent commercial and 40 percent defence (work)," said company spokesperson C.W. Pittmann in an April 8, 1982 Toronto Star article.

Litton Canada has expanded greatly in recent years. Annual sales soared from $22 million in 1971 to more than $100 million by 1981, of which 85 percent are in exports. The company's cumulative sales since 1960 have exceeded $1 billion. The forecast is for another $1 billion in sales within the next five years.

By late 1978 Litton's workforce had topped 1400. The workforce grew by over 700 between late 1979 and

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A representation of the deadly product that Litton Systems is manufacturing.

the spring of 1981, to 2,500.

Litton's management has successfully resisted union organizing drives. During the 1960s the International Association of Machinists tried twice to organize Litton Canada workers, unsuccessfully. In the spring of 1981 the United Auto Workers tried to organize the workforce, but decided not to go for a union certification vote since not enough pro-union workers came forward. Litton's infamous anti-union bias has both prevented union sympathizers from getting hired and has limited the ability of company employees to gain better working conditions.

Other Litton Industries subsidiaries in Canada include Western Geophysical of Calgary, Standard Desk of Laval, Que., Butterfield of Rock Island, Que., Hewitt-Robins, Litton Atherton, LICC, Rust Associates, all of Montreal, Litton Medical Products, Orillia; Marine Consultants and Designers, St. Catharines; Kester-Solder, Brantford; Eureka Specialty Printing, Paris, Ont. In the Toronto area there's McBee, Litton Microwave Cooking Products, Litton Business Equipment, Sweda International, Litton Industrial Systems, Kimball Systems, Monroe, Cole, Contemp and Servomachanism.

Canadian directors of Litton Systems Canada include W.D. Russell, and R.R. Keating, company president. Other executive officers includes L.A. Meikle, vice-president of program management; L.A. Borth, vice-president of engineering; J.K. Scott, vice-president of contracts and pricing; James T. Spinks, vice-president of finance and administration and secretary-treasurer; V.V.R. Symonds, vice-president of business development; A.G. Temple, vice-president of operations; W. Wallace, vice-president of advance programs; and E.J. Bush, vice-president of marketing.

Litton Systems Canada is a wholly-owned subsidiary of Litton Industries of Beverly Hills, California.

LITTON'S ETHICAL PRACTISES

In 1971 U.S. Congressional investigators charged that Litton created "an image of technological and organizational superiority by developing flamboyant sham into an art and (it) has made overstatement a way of life. It is adept at concealment, misdirection and incomplete statement." The following incidents also indicate that Litton management often ignores ethical considerations.

The Federal Trade Commission in the U.S. ordered Litton to divest itself of Triumph-Adler, a German typewriter company. The Commission ruled that Litton's 1969 acquisition of Triumph-Adler illegally eliminated competition. But Litton president Fred O'Green vowed to appeal the order, and in 1975 the ruling was reversed.

In June, 1981, American Bearings Company was awarded $2.9 million in an anti-trust suit against Litton.

The New York Post reported on Feb. 28, 1968,

that the American government would renew a multi-million dollar contract with Litton to run a Job Corps program, despite scandals. Litton bought $337,000 in unneeded books from one of its own companies and charged the cost to the government. (Among the books it bought for Job Corps participants, many of whom could barely read, were texts on the theory of relativity, the stock market and the slide rule).

The Post article noted that Litton's 'Tex' Thornton was a close friend of President Johnson and former business associate of Defence Secretary McNamara.

A May 18, 1973 Washington Post article reported that Litton was suspected of bilking U.S. taxpayers out of millions in customs payments while it was headed by Roy Ash. The information came from a disgusted Litton controller. Litton was deliberately underestimating its labour costs abroad to keep the duty low.

On Oct. 30, 1973, a U.S. Federal Grand Jury charged Litton with falsifying customs data to reduce duties on imported gear.

The Pentagon awarded a $2.1 billion contract for 30 destroyers to Litton Industries' Ingalls Shipbuilding Division in August, 1970. Nearly two years later Senator William Proxmire, chairman of the Subcommittee on Priorities and Economy, reported after an investigation of Litton that: "It is becoming increasingly clear that Litton is unable to perform any of its major shipbuilding contracts without running up huge cost overruns and shifting the costs of its own inadequacies to the American taxpayer."

Even U.S. Navy's own Admiral Rickover claimed on Jan. 4, 1973, that Litton was responsible for misrepresentation, if not fraud. In testimony before Congress Rickover called Litton's cost estimates "greatly inflated and based on how much extra the contractor wanted rather than how much he was actually owed. Sometimes the claims were many times the desired objective so that the company would appear to be accommodating the Navy by settling for a fraction of the claimed amount." (The Conversion Planner, April–May, 1982.)

The Los Angeles Times reported on Jan. 21, 1973: "Given that Litton has monumental overrun problems, President Nixon's choice of Litton's president Roy Ash, for a super-cabinet post, has thrust the company into the controversy over big business and its connections in the Administration. Ash is responsible only to Nixon — not to Congress."

Ash was given a subpoena on Oct. 25, 1973, to testify regarding a libel suit involving Litton and a $434 million overcharge to the U.S. Air Force in the 1950s.

The New York Times reported on Nov. 15, 1973, that the U.S. General Accounting Office claimed that some Litton officials engaged in "questionable procurement practises."

Litton and the U.S. Navy ended a nine-year court battle in June, 1978, over construction costs for American assault ships and destroyers. Litton ended up building fewer ships (five instead of the originally-contracted nine) and received more money!

A U.S. federal judge set a trial for criminal fraud

against Litton, according to a Dec. 9, 1978 article.

In a June, 1980 decision, the Federal Trade Commission of the United States ruled that Litton microwave oven ads violated federal law.

The American Securities and Exchange Commission filed a civil complaint against Litton in a U.S. District Court, in March, 1981. Litton had made inadequate disclosures regarding millions of dollars in cost overruns.

Harper's magazine highlighted Litton in a May, 1973 article exposing the "seven rules of big-time defence contracting":

1 — The contractor need not deliver what he has contracted for.
2 — The weapon need not be needed.
3 — The contractor can afford to be wrong.
4 — The contractor must promise miracles.
5 — The contractor can make absurd mistakes.
6 — The contractor must understand the art of bookkeeping.
7 — The contractor is in the business of politics.

LITTONS' ANTI-LABOUR RECORD

Litton's labour relations history is a litany of labour law violations and union-busting drives, including threats, firings, plant closures and runaway shops (A runaway shop is a non-unionized one set up in a new area after shutting down an existing unionized factory.)

The company's anti-union policy involves three stages, as noted in a report by Notre Dame University economics professor Charles Craypo:

1 — Stop union organizing drives through interrogation and surveillance of workers, threats against individual employees, threats to close the factory and discipline of union supporters. This phase can also include plant closures.
2 — Refuse to bargain with newly-certified unions.
3 — Undermine existing unions by claiming that an existing union no longer represents a majority of the workers, by encouraging union decertification efforts, and finally by interfering in the decertification election.

Litton is now the target of six international unions, the first time that several AFL-CIO unions have co-ordinated efforts against a conglomerate. They include the Machinists, Teamsters, Steelworkers, United Electrical Workers, International Brotherhood of Electrical Workers and the International Union of Electrical, Radio and Machine Workers.

The unions charge the company with repeatedly breaking federal labour laws, citing Charles Craypo's report as evidence. Craypo showed that between 1963 and 1981, the National Labour Relations Board (NLRB) charged Litton subsidiaries with breaking U.S. labour law 42 times. The charges included refusal to bargain and discrimination against union supporters. The study found that in 20 cases the complaint was later upheld. Litton agreed to settle and take remedial action in another 13 cases, usually reinstatement or back pay or both.

Craypo noted that "Litton has pursued a policy of flagrant systematic and calculated lawlessness in its aggressively anti-union policy." His report details Litton's criminal activity (see "Litton Industries as a Repeat Violator of the National Labour Relations Act" by Charles Craypo, University of Notre Dame Economics Department, February 1982).

The unions point to these situations, which were cited by the NLRB:

— In Minneapolis Litton Microwave moved jobs from a unionized plant to a new, nonunion shop in Sioux Falls, South Dakota, cutting employment from 1500 to less than 300. The NLRB issued an unfair labour practice charge against Litton for refusing to bargain over the transfer of work.

— The Sioux Falls plant was organized by the United Electrical Workers in 1980, but as late as mid-1982 no contract had been signed. The NLRB charged that Litton had refused to bargain, cut wages and fired union leaders in an effort to break the union.

— Litton's Triad-Utrad workers in Huntingdon, Indiana began organizing with the International Union of Electrical Workers in 1980. Litton fired four organizers and threatened other firings, plant closings and even physical violence against union supporters. Workers were interrogated about their union views. This is the sixth time in 17 years that Litton has used illegal tactics to stop an organizing campaign at this factory.

— Workers at Litton's Jefferson Electric plant in Athens, Alabama voted for representation by the Aluminum Workers Union in 1980. By May, 1982, there was still no contract. The NLRB charged Litton with firing union organizers, threatening to close the plant, giving the dirtiest jobs to union supporters and firing two supervisors who refused to follow company orders to "get rid of union troublemakers."

— At least six times during 1971–1981 Litton firms refused to bargain with unions which had been certified by the Labour Relations Board. The excuse given was that the company's original objections to the bargaining unit approved by the Board were not given an adequate hearing or that the union didn't represent a majority of the bargaining unit — despite the Board's certification.

Litton workers have also been adversely affected by plant shutdowns. In 1966 Litton bought Royal Typewriter in Hartford, Connecticut, whose workers were United Auto Workers members. Then Litton said, "Royal Typewriter has been here for 60 years and we expect to be here for at least another 60 years." (Boston Globe, Dec. 14, 1982).

Litton then began a union decertification drive, which the union won. The company retaliated by shifting production to England in 1972. The transfer cost Hartford 6,000 jobs. It took place despite an offer by UAW officials to keep the Hartford factory open by foregoing wage hikes.

In 1980 Litton shifted its New Britain Machine Company's unionized Hand Tools division to a non-unionized factory in South Carolina. In 1981 it shifted a warehouse operation in Newington, Conn. to Tennessee and closed its Kohler-Dayton branch in New Britain. These measures have cut the number of Machinists' union members in Connecticut from over 900 to about 380.

In 1979 Litton's Financial Printing division voted for Printers union representation. Litton appealed the election results for two years. In August, 1981, the NLRB ordered Litton to bargain with the union. A month later Litton closed the plant and moved production to a non-union shop.

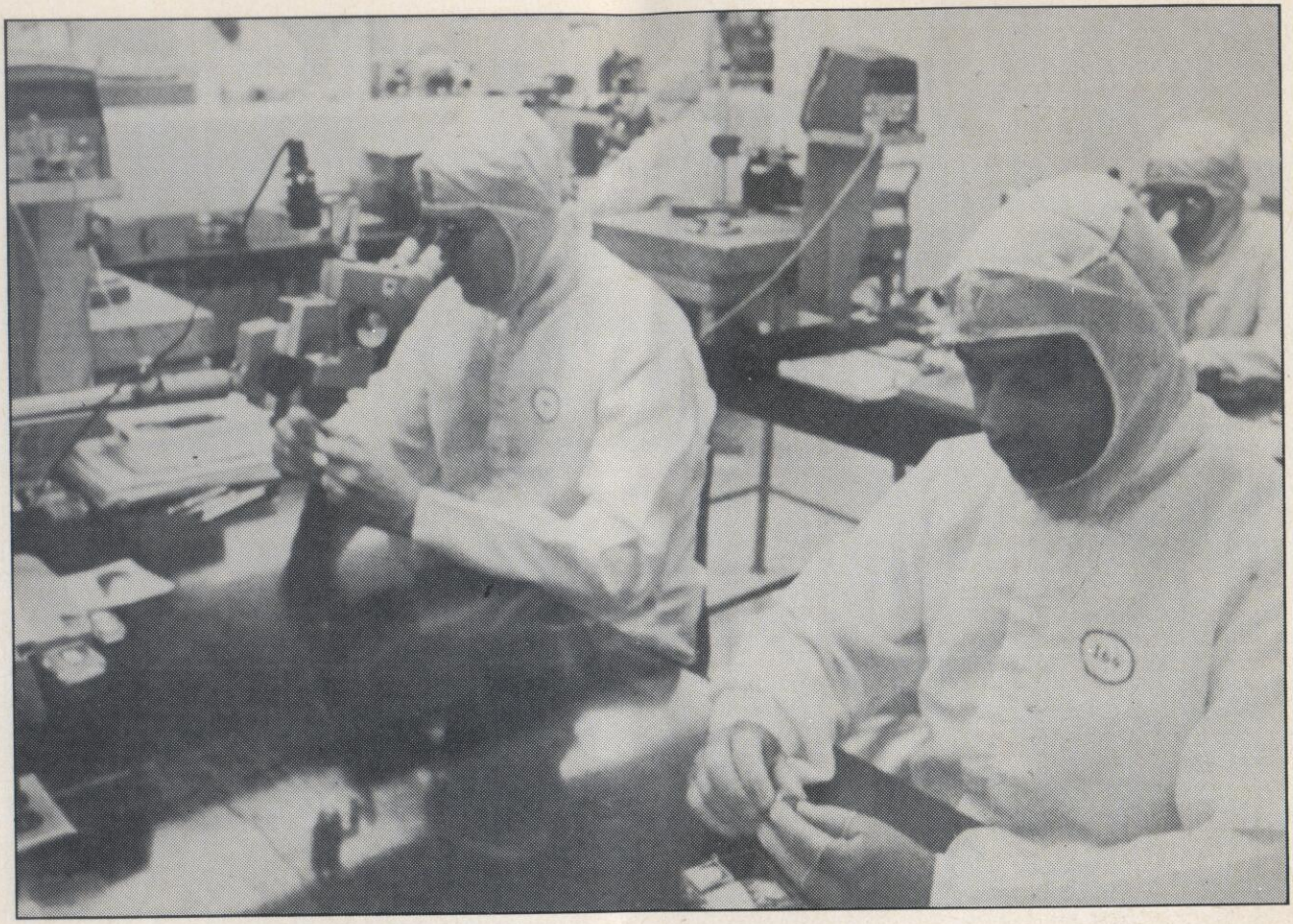
"I think that you would be hard-pressed to find a company that has done it (union-busting) so often, so brazenly, with such a callous disregard for so many communities", says Ronald Carver, a United Electrical Workers organizer and leader of the anti-Litton campaign (Boston Globe, Dec. 14, 1982). Many unions, he says, see Litton as "the J.P. Stevens of the 1980s, a corporate lawbreaker." (Wall St. Journal, Dec. 7, 1982; Stevens, a large textile maker, was notorious for unfair labour practices during a 17-year union campaign).

The labour campaign is aimed at creating enough public pressure to force Litton to change its labour relations policies. It has won support from several religious groups, including the Interfaith Centre on Corporate Responsibility, a national coalition of 170 Roman Catholic orders and 17 Protestant denominations, and the Committee on the Economic Crisis, an ecumenical coalition.

Litton claims to be puzzled by the campaign. "We really don't understand it" says Robert Knapp, company spokesperson. "There have been unions at Litton right along. We never interfered with the unions' right to organize, and they did organize." (Boston Globe, Dec. 14, 1982).

FOREIGN VENTURES

Within the context of an unsettled world economy, Litton expects substantial increases in exports of some of its major products during the coming years. The company has branches in 31 countries outside the United States. These foreign operations include nearly 34,000 employees, 89 manufacturing plants and 432 major sales and service centres organized to handle the



Pictures of workers at Litton from the employee's manual, "The Litton Way."

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Dan Heap, Member of Parliament for Spadina, addresses a small group of people in front of the Litton Systems Toronto plant on August 6, 1982, the anniversary of the bombing of Hiroshima.

production and sale of thousands of Litton products.

A strong demand worldwide is expected for many kinds of war-related Litton products. Litton also hopes to sell inertial navigation systems for commercial aircraft to China and the countries of Eastern Europe.

In 1971 Litton president Roy Ash stated the company's global goals: true internationalization of both management and capital. "The company is a citizen of the world", he said.

Here are some examples of Litton's involvement in foreign arms sales:

September, 1974 — Litton proposes to the Shah of Iran a plan to co-develop the company's LN-40 advanced aircraft inertial navigator.

March, 1977 — Under a proposed $15.9 million agreement with the Israeli Ministry of Defence, Litton will supply 75 LW33 weapon delivery systems for Israel's McDonnell Douglas F4E and RF-4E aircraft.

October, 1978 — Litton Systems Canada is to be the second Litton division to build the inertial guidance system for the Navy/General Dynamics Tomahawk Cruise missile. (McDonnell Douglas Astronautics Co. is the Tomahawk associated contractor responsible for the overall missile guidance). Litton produces the LN-35 design.

March, 1981 — Litton Industries is awarded a NATO job worth $103 million to build missile minder systems to be deployed in Italy and France.

May, 1981 — Litton Systems Canada is awarded a $30.6 million contact to provide display units for CF-18 Hornet aircraft, for the Canadian armed forces.

Litton's history with Greece has been an unusual one. In 1966 the Greek government planned to hire Litton management to replace Greek bureaucrats and speed up economic development. The government would hand two regions over to Litton for intensive economic development. Litton would use the "systems approach", an approach used to do several complex tasks at the same time, all with a given goal, such as missile construction.

But opposition in the Greek parliament, led by Socialist Andrea Papandreou (now president of Greece), forced cancellation of this $1 billion contract.

But after the 1967 military coup in Greece, Litton got an agreement with the Greek generals to go ahead. In return Litton responded to claims of repression and torture by its client, the Greek junta. Litton claimed the generals were simply trying to help wipe out "poverty and lack of opportunity. . . ."

Litton's goal of attracting foreign investment to Greece was not realized. Indeed, Litton barely managed to attract investments from its own group of companies. In 1969 the Greek government called off the multimillion-dollar contract with Litton due to the company's failure to secure adequate foreign financing for Greek economic development projects.

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The gates of the Litton Systems Toronto plant being blocked by some members of the Cruise Missile Conversion Project August 6, 1982, in memory of Hiroshima.

THE INGALLS SUBSIDIARY

One Litton division deserves special mention: the Ingalls Shipyard in Pascagoula, Mississippi. The American marine industry had been ailing since World War II due to lack of investment and upkeep. The Swedes and Japanese had far surpassed the U.S. technologically. In the early 1960s the U.S. Navy decided to remedy the situation by following the Air Force's system of letting out a "total package" or "weapons system" to one contractor, responsible for everything from crew training to maintenance.

This was thought to be the push needed to entire private business to construct a modern shipyard. None of the shipyards had this kind of capability, but the giant aerospace corporations did.

Litton, being privy to inside Pentagon information, bought the Ingalls Shipyard in 1961. It had been, and continues, to build and repair nuclear submarines and ammunition ships for the Navy. Litton Ingalls later became the base on the Gulf of Mexico for the U.S. atomic-powered submarine fleet. When the Navy let out the first big "total weapons system" contract in 1965, Litton, with an attractive cheap labour pool in the South, won the contract over North East and West Coast aerospace corporations.

Litton then went about financing and building a $100 million modern shipyard, adjacent to Ingalls. Being the largest employer in the state of Mississippi, Litton threatened to move to Florida unless the state financed the shipyard. In 1967 a special bond issue for $130 million was approved. Even though the state had financed the shipyard, it received neither profits nor control.

The project generated 12,000 jobs under longterm "sweetheart" union contracts that included legal loopholes to keep Blacks from getting the more skilled jobs.

Litton ran into trouble with two large Navy contracts in the 1970s, one for nine landing helicopter assault ships (LHAs) and another for 30 destroyers. These were fixed-price contracts. Technological problems and labour strife, including a five-week strike in 1971, caused delays and tremendous cost overruns totalling hundreds of millions of dollars. The Navy cut the LHAs order to five ships and ordered expensive design changes. The destroyers went over cost at $10 million per ship. Litton and the Navy, with the U.S. Congress heavily involved, began a long and controversial legal dispute over costs. Litton claimed $1.9 billion in costs and eventually settled for $200 million.

During the middle and late 1970s, after getting over the initial technological problems and delivering the LHAs and destroyers, Litton began to realize huge profits from Ingalls. The shipyard has continued to land large military contracts. It's also doing more commercial work, as the world's largest producer of automated cargo ships and as a builder of railroad cars.

Litton's successful turnaround at Ingalls came partly as a result of a clampdown on labour. This has led to continuing fights with the Pascagoula Metal Trades Council, AFL-CIO, which represents 11 unions and more than 15,000 of 24,000 shipworkers in Mississippi.

CONCLUSIONS

As this booklet shows, Litton Systems Canada is not being unfairly singled out by the Cruise Missile Conversion Project. Litton has long been a target of anti-war activists and has been continuously investigated by the U.S. Congress for cost overruns. Litton is currently the target of six American unions in their campaign "Litton Industries: Union Buster and Corporate Lawbreaker."

Litton continues to represent what is most reprehensible in corporate capitalism: blatant disregard for the rights of their own workers and the concerns of others. The experience of the Cruise Missile Conversion Project in Toronto has certainly shown Litton's complete disregard for the peace movement. We've organized a broad campaign against their amoral practises.

The skills of Litton workers (especially those at Litton Systems Canada) should be used for socially useful purposes, not for nuclear war preparations. We welcome your help in building our campaign. Contact:

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