

CHEMICALS

Who Owns Aniline?

The \$62,000,000 General Aniline & Film Co., whose Swiss owners want to sell it, was understood to have found a bidder last week. The would-be buyer was not named. When and if the sale is made, a medal—whether for bravery, ingenuity or at the very least dope-upsetting—will be in order for the buyer.

General Aniline is a desirable property. It is the second largest U.S. manufacturer of photographic equipment (after Eastman), and is tied for third place with American Cyanamid (after Allied Chemical and Du Pont) in the making of dye-stuffs. Its earnings—\$4,106,000 last year—are bolstered with defense business; among other things it is the largest U.S. producer of khaki dyes.

But it was formed under the auspices of I. G. Farbenindustrie, the great German dye trust, and it has prospered with the help of Farben skills and patents. Two years ago General Aniline—until then known as American I. G. Chemical Corp.—reorganized, and has since denied or minimized any Nazi affiliations. But it cannot seem to convince the U.S. Government that its ownership is in trustworthy hands.

More than 90% of General Aniline's stock is owned "of record" by the I. G. Chemie of Switzerland, but nobody has said who the "beneficial" (real) owners are. I. G. Chemie is a holding company, set up by and once on intimate terms with I. G. Farben. The intimacy was ostensibly terminated a year ago; I. G. Chemie paid I. G. Farben 25,000,000 Swiss francs, and the Farben's interest in I. G. Chemie seemed almost to vanish.

But General Aniline's outward charac-

teristics remained not Swiss but German. Its president, Dietrich A. Schmitz, is a brother of the chairman of the board of I. G. Farben, Hermann Schmitz. Walter H. vom Rath, Aniline's secretary, is the son of a Schmitz predecessor as chairman of the Farben. General Aniline had some distinguished American directors when the Germans set it up in '27. But Walter Clark Teagle, chairman of Standard Oil of N.J. (with which the Farben used to share patents) resigned from the Aniline board last year, and Edgar M. Clark (a Standard Oil man) and Edsel Ford followed suit early this month. As the U.S. got less & less neutral, the Nazi cloud over Aniline looked thicker every day.

Few months ago a remarkable new character appeared on the stage. Blond, blue-eyed, young (32) Dr. Werner Karl Gabler is a Zurich-born Swiss who is also a New Dealer. He has been in the U.S. about



Harris & Ewing

SALESMAN GABLER

He reported his telephone calls.

five years, taken out his first papers, once served as ghost writer to the late philanthropic Edward A. Filene, became well known in Washington as economist-lobbyist for the liberal American Retail Federation. Suddenly, at the suggestion of the Swiss Minister (whose wife is Henry Wallace's sister), Gabler was offered a new retainer: the I. G. Chemie. His assignment: to negotiate the sale of Chemie's 90% interest in General Aniline to Americans, thus get Aniline out from under its Nazi cloud.

Economist-Negotiator Gabler, a pronounced anti-Nazi, went about his task with great circumspection. He carefully described his mission to people in the Treasury, State and Justice Departments, FBI and SEC. He says he never phoned Basel without first telling FBI and State. Furthermore, his relations with General Aniline were correctly stormy. Messrs. Schmitz, Vom Rath and other directors, he says, threatened to resign in a body when he proposed a voting trust to control

Aniline, on which a U.S. Government and a Chemie nominee should have equal voice. They seemed to fear any arrangement that would lessen their managerial domination of Aniline. Dr. Gabler does not like them.

His job was tough enough without their opposition. Dr. Gabler's wares have three deterrents to purchasers:

1) General Aniline (with other chemical companies) is under investigation by Thurman Arnold and a grand jury is now sitting on the evidence. The Department makes its now-familiar allegation that international patent agreements with I. G. Farben led to current shortages of vital materials in the U.S. Any purchaser of Aniline would buy into a possible indictment.

2) Some of Aniline's voting stock, though physically in a U.S. bank, was owned "of record" by Dutch interests until 1939, and was caught by the U.S. freezing order before its recorded ownership could be fully transferred to I. G. Chemie. Since Dutch assets in the U.S. are frozen much solidier than Swiss, I. G. Chemie might have a hard time delivering those shares.

3) If the Swiss sell General Aniline, they will want to be paid. But U.S. funds cannot be paid to Swiss nationals unless the Swiss Government can convince the Treasury that the recipient is un-Nazi. Whether I. G. Chemie is un-Nazi is the question around which the whole sale revolves.

I. G. Chemie is on the British blacklist. The Department of Justice (in its recent magnesium suit) implied that it was Nazi-controlled. Important individuals in State, Treasury and SEC believe it to be Nazi-controlled. The whole Swiss economy is under Nazi pressure, since German coal and iron are essential to it. (Last week the two nations signed a new trade agreement.)

Since General Aniline is a technologically important company, its sale to U.S. interests would seem an obvious boon to U.S. defense. But if Washington believes the seller is Nazi-controlled, Washington will look doubly hard at any buyer. Some of Dr. Gabler's fellow New Dealers, though no more anti-Nazi than he, believe he was hired because he had an "in" with the New Deal. If that was a Nazi plan, it could be an example of the superingenuity of Nazi infiltration tactics. Now that the U.S. has declared open economic war (*see p. 63*), a sale of General Aniline is not necessary to keep its skills and money in the country.