

U. S. Ready to Probe Foreign Restraints On Defense Items *Sta 4/11/41* Nation-Wide Quiz Waits Fund to Sift Evidence Of Alien 'Penetration'

By the Associated Press.

Justice Department officials said today they were ready to push a Nation-wide investigation of foreign restraints on production of vital defense items as soon as Congress supplies enough money.

Anti-Trust Division lawyers and economists have carried on such an investigation only in the New York area thus far, an official said, because not enough men are available to set up investigative forces elsewhere.

However, he added, in addition to several important indictments already returned, the department has uncovered material indicative of enough cases to keep investigators and grand juries busy in several cities for a year or more.

Needs Extra \$1,000,000.

Thurman Arnold, anti-trust chief, told the House Appropriations Committee he wanted to establish staffs in Detroit, Chicago and Los Angeles and could use up to \$1,000,000 more than the Budget Bureau had recommended. The House later voted an increase of \$750,000 and if the Senate concurs in this Mr. Arnold is ready to tackle a heavy backlog of cases.

The investigation, which has been under way on the general subject of patents since late 1939, entered a new and important phase this week with disclosure that subpoenas had been issued for the records of half a dozen chemical companies allegedly affiliated with German interests.

Complaints in this connection

have indicated, officials said, that Germany was avoiding the British blockade in part by having United States plants fill German orders in South America, and was using the income for "penetration" of this country's neighbors.

U. S. Secrets Acquired.

Thus far, the New York grand jury has returned indictments involving military optical instruments, magnesium, tungsten-carbide, bentonite and magnesite.

Justice officials said that, in general, their evidence tended to show that, through patent licensing agreements, foreign corporations had restricted the quantity and quality of American production of items of great military value, had gained access to American secrets through information exchange arrangements, restricted American foreign markets, caused artificial shortages of vital items, and raised prices.