

U. S. Sends Goods to Axis But Hampers USSR Trade

Immense Oil Shipments Reach Japan and Europe Despite Apparent Curbs; Labor Sees U. S. Deal for Spreading War

[This is the second of a series of three articles on the officially sanctioned activities of American munitions makers in providing war supplies to the Axis powers as well as to Great Britain. The first appeared in yesterday's Sunday Worker.]

By Adam Lapin

(Daily Worker Washington Bureau)

WASHINGTON, June 15.—Joseph Curran, president of the National Maritime Union, told the Senate Foreign Relations Committee some time ago that substantial quantities of American oil are now being shipped to Italy and Germany via Teneriffe and the Canary Islands.

Months have passed since that statement by Curran but the administration has done nothing to stop these indirect shipments of oil to the Axis powers.

Nor has the administration made any effort to stop the sharp increase in shipments of war supplies to Spain where they are re-shipped to Italy and Germany.

Through shipments to Spain, the Canary Islands, Portugal and Finland, American munitions makers continue to carry on profitable war trade with the Axis powers—while the administration winks and blocks every effort at a Congressional investigation of this trade.

Standard Oil, which has cashed in heavily on trade with Japan, is also sending substantial quantities of oil to Spain and the Canary Islands.

Oil shipments to Spain increased from 2,571,000 barrels in 1938 to 4,456,000 barrels in 1940. And Spanish imports of lubricating greases reached 3,931,000 pounds in 1940 as contrasted with 577,000 pounds in 1938.

In 1939 Spain received from the United States no shipments of toluene which is one of the obscure but important constituents of TNT.

But in 1940 the United States shipped 1,574,000 pounds of that important war material to Spain.

No one in Washington seriously believes that Spain has suddenly begun to need huge quantities of

(Continued on Page 2)

U.S. Sends Goods to Axis But Hampers USSR Trade

(Continued from Page 1)

American toluene. It is admitted in official circles here that these shipments are in fact destined for the German and Italian war machines.

In 1939, Spain bought only 183,000 pounds of cotton in the United States. In 1940, cotton shipments rose to 2,450,000 pounds, and cotton, of course, is another important ingredient in munitions.

United States shipments of tinplate to Spain jumped sharply from 6,105,000 pounds in 1939 to 20,346,000 pounds in 1940.

Tin shipments to Portugal have risen even more spectacularly, from less than two million pounds in 1938 to 35 million in 1940.

But a few short months ago the reactionary government of Finland was officially depicted to the American people as one of the great strongholds of world democracy.

Now it is generally admitted even in administration circles that Finland has become an important base for the indirect shipments of war supplies to Germany and several other countries.

During 1940, the United States sent 17,602,000 pounds of lard to Finland as contrasted with only 732,000 pounds in 1939.

Lard is an essential ingredient in the manufacture of munitions and Germany is exceedingly short on lard and other fats. There is little doubt here that Finland's huge imports of lard are ultimately intended for use by Germany.

The President's executive order freezing German and Italian credits in this country does not by any means affect the indirect trade which the United States has carried on with these countries via Spain, Portugal and Finland.

TRADE WILL CONTINUE

While the latter three countries are included in the executive order they are to receive general licenses permitting them to use their credits for trade purposes with the United States. Thus every sign points to the conclusion that the indirect trade with Germany and Italy will continue.

One of the most significant aspects of the President's executive order is that while the Soviet Union was included with the proviso that it may obtain licenses to unfreeze credits, Japan was not mentioned at all and there are apparently to be no new restrictions on trade with Japan.

As a result of the furore which

has been caused by charges that American tankers Diamond Syndicate are shipping oil through the Axis countries at a time when there is a shortage in tankers for domestic use, the Maritime Commission has issued a blanket denial that American-owned tankers are carrying oil "directly or indirectly" to the Axis powers. The Maritime Commission statement does not, however, explain the substantial increase in oil shipments on American-owned tankers within recent months to Spain and the Canary Islands. As a matter of fact, Standard Oil stated in its recent report to its stockholders that oil shipment to the Canary Islands are continuing with permission of the United States and Great Britain.

DIAMONDS TO NAZIS

An outstanding example of continued trade by Great Britain and United States with Germany was furnished recently in *In Fact*, a weekly news-letter.

Diamonds are considered an indispensable item for the production of machine tools and all kinds of precision machinery.

In this respect Great Britain apparently had a tremendously important advantage over Germany. At the start of the war Germany was understood to have only six months' supply of diamonds which are used for drilling, polishing, turning and machining gears, while Great Britain had a world-wide monopoly through the British Diamond Syndicate.

But *In Fact* reported that the British Diamond Syndicate had made a deal whereby Nazi Germany continues to receive regular shipments of diamonds for use in war production.

J. P. Morgan and the Guggenheim financial group both have interests in the British Diamond Syndicate which has recently transferred its main headquarters from London to Rockefeller Center, so that the United States will now have a more direct role in supplying diamonds for Germany's war machine.

These facts about continued war shipments to Germany and Italy are particularly significant in view of the outcry which has been repeatedly raised both here and in England about alleged shipments from the Soviet Union to Germany.

Even Representative Coffee, who has made a study of trade with the Axis in connection with his resolution to investigate this trade and therefore should know better, has repeated these allegations without producing any actual proof.

DENIAL CORROBORATED

The Soviet Union has repeatedly denied that it permits transshipment of supplies from the United States to Germany.

And this denial is corroborated by the fact that in practically all cases Soviet imports in this country were intended to replace materials which it bought from England before the war.

This was stated officially by the Department of Commerce in a recent survey of American-Soviet trade.

As far as shipments of oil are concerned the United States exports to the Soviet Union about 1,000,000 barrels, which is less than monthly shipments to Japan at the present time.

EASY TO STOP IF . . .

So it would not appear too difficult to establish the fact that the way to stop trade with the Axis is to stop shipments to Japan, to Spain, to Portugal and to Finland.

But the State Department has followed the opposite course. It has placed severe restrictions on Soviet purchases of machine tools and other supplies in this country and it has continued to tolerate the booming trade with the Axis powers.

Despite professions of sympathy for China, the State Department has imposed no real embargo on war supplies to Japan, while it has very definitely obstructed peaceful trade between the United States and the Soviet Union.

In the next article of this series we will examine some of the tie-ups between German business firms and American corporations, including those which are represented on the OPM.

A concluding article will appear in tomorrow's *Daily Worker*.