

quoted in the New York Journal of Commerce at 7½ cents. Thus the tank-car buyers are paying 2 cents more per gallon on the East coast than earlier this year. Only a part of this has been passed on to the public as yet. But the consumer on the East coast is certainly going to be hurt worse on gasoline and fuel-oil prices than is the consumer in the Middle West.

OFFICE FOR EMERGENCY MANAGEMENT,
OF PRICE ADMINISTRATION,
AND CIVILIAN SUPPLY,
Friday, May 23, 1941.

Representatives of leading oil companies operating in the New England and Mid-Atlantic areas held a general discussion on recent price trends for gasoline, industrial fuel oil, and lubricants, with officials of the Office of Price Administration and Civilian Supply today.

Office of Price Administration and Civilian Supply officials have been concerned over recent price increases for such products along the eastern seaboard.

It was the consensus of the meeting, with some reservations, that no further substantial increases in gasoline prices are called for unless basic cost conditions change. All refiners and marketers present agreed to the request made by Office of Price Administration and Civilian Supply officials not to institute further increases of a substantial character on gasoline prices without prior consultation with Leon Henderson, Administrator of Office of Price Administration and Civilian Supply.

It was insisted by industry representatives that increases to date have been due to cleaning up of distress gasoline stocks and increases in costs.

It was stated by Office of Price Administration and Civilian Supply officials that a conference with crude-oil producers and buyers will be held in the near future to consider the price situation in that sector of the industry.

The meeting was conducted by Dr. J. K. Galbraith, head of the Price Division, and Quinn Shaughnessy, price executive in charge of the fuel section of the Price Division. Twenty-two companies were represented.

TRADE WITH AXIS POWERS IN ESSENTIAL
WAR MATERIALS

Mr. GILLETTE. Mr. President, there is pending in the Senate, having been reported by the Commerce Committee, and now in the hands of the Committee to Audit and Control the Contingent Expenses of the Senate, a concurrent resolution whose purpose is an investigation into the charge that American companies dealing in essential war materials are selling them to the Axis Powers. I very much hope—and I am sure every other Senator will agree with me—that favorable action will be taken on that resolution.

In that connection I ask to have printed in the RECORD two newspaper articles dealing with this subject.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From Coronet for May 1941]

HOW THE UNITED STATES AIDS THE AXIS—QUICK TO RECOGNIZE THE DANGER OF THE DICTATORS—SHIPS, AMERICA IS SLOW TO STEM THE FLOW OF GOLD TO THEM

(By Michael Evans)

Adolf Hitler sneers sarcastically at the "degenerate" democracies, and well he may. All our talk is of aid to Britain. We have offered the brimming dipper of American industrial production to the thirsty lips of an England fighting for her life.

But our dipper leaks, and a hundred spurt-ing streams gush to the aid of the dictators—to Hitler, to the Mikado's bewitched little militarists, to Mussolini, and to the cryptic Stalin.

Let's look at these leaks that honeycomb America's defense mobilization. Some exist because no one has thought to plug them. Others can never be plugged completely unless we enter the war as a full belligerent.

Do you remember Gen. Charles de Gaulle's fiasco at Dakar last September? There was a lot of mystery at the time, but now it is known that part of the stake for which De Gaulle gambled was a billion dollars or more in gold, stored in special vaults completed by the French only after the war's outbreak. De Gaulle wanted to get that gold before Hitler did. But he failed.

And here's where we enter the picture. Early in the New Deal, the United States Treasury posted an offer to buy gold from any source at \$35 an ounce. The offer still stands. Of course, the Treasury would not knowingly buy stolen gold, but gold is the perfect international medium of exchange. Once it has been melted and cast into bars, no test can show whether it came from a vault at Dakar or a mine in the Urals.

If Russia or Japan will obligingly recast those Dakar bars they can be shipped to the United States Treasury, and every ounce will put \$35 of badly needed dollar exchange into Hitler's pocket. You can't prove it, but some financial experts suspect that very thing has already happened.

The United States gold law is a hole in our armor against totalitarianism. It will be hard to close, but Germany's dollar famine makes it most important.

That's why technically neutral United States is a happy hunting ground for Nazi financial tricks. Look in any of the fifty-odd German-language papers published in the United States. You'll find it filled with ads calling on German readers to buy small food orders to be "shipped" to persons in Germany. Actually, of course, no food is shipped from the United States. The order is just cabled over and delivered from a Nazi storehouse. A messenger boy delivers the goods and gets a signed receipt for the folks back in America. The next day, some say, SS men come around and confiscate the foodstuffs. But that is another matter. From the Nazi standpoint, all that counts is the addition of a few more dollars to German currency reserves.

Sworn reports made to the United States State Department show that some \$1,137,000 was collected last year in the United States for food orders and other German "relief" work. There are three big organizations soliciting Nazi funds here. They are Fortra, Inc., and the Hamburg-Bremen Steamship Agency, Inc., which deal largely in "food orders" and the Kyffhauser League of German War Veterans. The Kyffhauser League has headquarters in Philadelphia and also aids Nazi war prisoners in Canada and Jamaica. On the Pacific coast the United German Societies of Portland, Oreg., make some small collections.

Possibly the most important and certainly the most obscure phase of United States aid to dictators is that which stems from international corporate relationships and patent contracts.

Such a corporate agreement usually means dollars for the Nazi foreign-exchange fund. And more important, it means that German military experts have a constant check on what the United States Army and Navy are ordering to improve America's defenses.

We all know how the United States has aided Tokyo's war machine, how we have shipped \$700,000,000 in iron and steel scrap, finished steel, machine tools, gasoline, copper, and zinc—a tidy catalog of the basic weapons of total war—to Japan from 1937 to 1940.

We know that we've footed a big share of Japan's war bill by buying her silk, but we have the impression that the spigot of war aid to Japan has been closed at least half way by President Roosevelt's embargoes on aviation gas, iron scrap, and machine tools.

What we may not know is that last year we sold Japan more goods than any other countries except Britain, Canada, and France, and we bought more goods from her than from any country of the world except Canada. The plain fact is that the United States today is still the foundation stone of totalitarian Japan's economy.

One reason why America today is short of ships to fill Britain's desperate needs is the fact that for 6 years or more Japan and her scrap agents bought almost every American cargo vessel placed on the auction block, using them for scrap to feed the blazing steel mills of Nippon.

This sort of aid goes on despite table-thumping debate and columns of newspaper editorials.

Actually, no one really knows how many hundred agreements like that still exist. They were made in pre-war days because United States firms saw a chance to turn an honest dollar. They were legitimate transactions. But war gives a changed aspect to many routine commercial dealings.

These agreements keep bobbing up at critical bottlenecks. There was one in the beryllium industry, Beryllium, discovered only a few years ago, makes amazing light and strong new alloys for airplane parts—altimeters, cowl hinges, feed lines, magneto parts, valve springs, etc. The contract was between the Beryllium Corporation of America and the great electrochemical firm of Siemens & Halske in Germany. They agreed to exchange all patents, information, and techniques and divide sales territory.

The British discovered this agreement shortly before the war broke out. When they found themselves dependent on a German firm for this vital metal they cracked down.

There is an antitrust case which charges a patent pool, market division, royalty contract existed in the magnesium industry. Magnesium is another light material used in bomb casings, truck parts, fast-moving machine tools, and airplane construction.

The Government contends that Germany got a royalty of 1 cent a pound on America's production of magnesium, that United States magnesium could be sold to Britain only with German approval, and that although United States production never amounted to more than a quarter of Germany's, a big share of our output was shipped to the Reich.

The importance of such agreements is obvious. They provide Germany revenue. They provide a day-by-day check on the progress of United States technology. They offer a brake which can often be applied to United States defense production.

In the last war Germany lost her enormously valuable patents in the United States. They were confiscated and handed over to American firms. That won't happen on a large scale again. Germany has thoughtfully transferred patents to American holders this time. In United States hands, they can't be touched.

Meantime the Reich uses the United States as a base of operations from which to direct a far-flung trade and keep alive commercial connections despite the British blockade. Germany even uses American industry and American goods in a fight to keep United States business from taking over the pre-war Nazi markets in South America and elsewhere.

In Latin America German, Italian, or Japanese agents represent many United States firms. These hostile agents even use advertising appropriations of American products to subsidize totalitarian propaganda sheets in some cases or as a pressure device to force

newspapers to take a pro-Axis line. Usually, a Government inquiry reports, the American firms have no knowledge that their dollars are being spent to foster anti-American causes south of the Rio Grande.

This only scratches the surface of the ways in which the United States contributes to the German war effort. The most direct method, of course, is through American investments and industry located within Germany and the conquered countries. It is hard to underestimate the value of these United States holdings to Hitler.

Hitler has within his grasp upward of \$2,000,000,000 of American capital and property in the Reich and in France, the Netherlands, Belgium, Poland, and Scandinavia. Some estimates run much higher, one being that the United States has a frozen investment of \$2,000,000,000 in Germany alone.

This stake is in the form of property—great industrial plants like the subsidiaries of General Motors and Ford, which are integrated right into German war production—and investments which Germany freely uses to finance her war. United States owners get no return whatever from their holdings except for an illegal trickle over the border.

A list of United States firms involved reads like a blue book of American industry. It makes no difference whether these firms like Hitler or not; whether they favor Nazi methods or not. The Germans have their plants and their money. They use both as they please.

The Nazi foreign-exchange headache increases the strong suspicion that the Germans have attempted to loot the stock holdings of conquered countries. Evidence is hard to get at. Even special experts of the Federal Reserve and the British Treasury, who have made every effort to prevent this form of robbery, can't be too sure of the situation. A few facts are known. The conquered countries held about \$1,000,000,000 in United States stocks. They had United States bank balances of \$800,000,000 to \$1,000,000,000. As fast as each country was invaded, the United States froze these holdings, prohibiting any transactions without special United States Treasury permission. It is suspected, however, that where the Germans actually laid their hands on stock certificates they have smuggled out some, probably through Switzerland to South America, and then up to the United States. Here, it is thought, unknown quantities have been marketed privately with great care and probably at prices below the market. The origin of the securities, of course, would be concealed.

In these and other complex international operations the Nazis find Switzerland a convenient stepping stone to the United States and other more distant neutrals. Six months before the outbreak of war it was authoritatively estimated that at least a third of Swiss holdings of United States securities and Swiss deposits in United States banks actually were German, held by Swiss dummies.

The United States was the first democracy to recognize the world menace of the dictators. It may be the last democracy to stem the flow of bright new dollars into totalitarian war chests, to stop selling matchless Yankee machines to antidemocratic armies, to ban from its soil the busy agents of its enemies, to break dictator-devised bottle-necks which constrict American defense production in a score of vital sectors.

[From the Washington Post of May 28, 1941]

NAZIS' LATIN DEALERS LINKED TO THREE UNITED STATES FIRMS

NEW YORK, May 28.—The New York Herald Tribune is able to shed light today on the mystery of German profits from the patent medicine trade of the 21 American republics.

Evidence has come to hand that manufacturers in the United States are supplying

German dealers south of the Rio Grande with products exactly the same as those made in Germany, in similar boxes under exactly the same labels and trade-marks.

On one portion of the trade, estimated at \$4,000,000 annually, Germany receives 75 per cent of the profits, but in a larger trade, estimated as high as \$20,000,000 a year, the terms of profit-sharing remain unknown.

The problem has puzzled Washington ever since the early days of the war, when American products began turning up under German labels in Latin America despite the British blockade which cut them off from Germany.

This trade not only keeps the German products before the market ready for a resumption of trade after the war, but also supplies Nazi agents in Latin America with funds for propaganda.

To date three companies have been found engaged in the German-label trade in Latin America—the Bayer Co., Inc., of New York; the Schering Corporation, of Bloomfield, N. J., and the Bilhuber-Knoll Corporation, of Orange, N. J.

Chief of these is the Bayer Co., Inc., manufacturers of aspirin products. This company has a contract with I. G. Farbenindustrie, the German dye trust, by which 75 per cent of the profits from the sale of aspirin products in Latin America goes to the German trust, whether the products are manufactured in the United States or in Germany. The remaining 25 per cent goes to the Bayer Co. in New York.

Until the war, the German company manufactured all or almost all of the aspirin products sold in Latin America. Recently the American company has taken over that trade, selling the same products under the same labels as those used by the German company.

What resulted is shown by two packages bought by Walter Kerr, Herald Tribune correspondent, in Caracas, Venezuela. Both contain "cafiaspirina," a combination of aspirin and caffeine, and both are exactly the same except for the manufacturer's name.

In one case the label, translated from the Spanish, reads "Made by I. G. Farbenindustries, Aktiengesellschaft, Leverkusen, Germany, for La Quimica Bayer, Weskott & Cia., Caracas."

On the other box the label reads: "Made by the Bayer Co., Inc., New York, N. Y., U. S. A., for Farma Pan-American, S. A. Caracas."

SUPPLIED FROM UNITED STATES

When the German sources of supply were cut off, Bayer in the United States began supplying aspirin products to German dealers in Latin America, and agreements were made governing the use of the Bayer trade-mark in that area.

The name of Bilhuber-Knoll was found on two packages in Caracas, one containing "bromural," a sedative, and the other "cardiazol," a heart stimulant. In each case the same product was bought under labels similar in all respects except that the name of the manufacturer was "Knoll A.-G. Ludwigshafen, Germany."

Questioned in his factory, Dr. E. A. Bilhuber, president of Bilhuber-Knoll and of E. Bilhuber, Inc., said he knew nothing about what happened to his goods after he sold them to shipping agents, but in any case his Latin-American trade was very small.

Dr. Bilhuber said the idea of imitating the German labels originated with the Latin-American buyer.

Dr. Bilhuber denied that he had any connection with Knoll, of Germany, although he admitted that before the last war he had acted as its agent in the United States. He also admitted that some of his products were made under patents obtained from the German company.

Officials of the Schering Corporation, four of whose hormone products were bought in Caracas under the same trade-mark as used

by Schering A. G., of Berlin, told a somewhat different story. Dr. Julius Weltzien, president, said he sold his products, some in bulk and some in packages, to importers in Latin-American countries. Delta Pharmaceutical Co., Inc., a subsidiary, handles the sales.

These importers, called in most cases "Quimica Schering S. A.," own the trade-marks they use and pay no royalties to anyone. They are owned by "a Swiss company," Dr. Weltzien said, adding that he had made sure of that before trading with them. Until recently, these companies were all owned in Germany.

SUGAR QUOTAS

The Senate resumed the consideration of the bill (S. 937) to amend section 204 of the Sugar Act of 1937.

Mr. ADAMS. Mr. President, I desire to make rather an introductory comment on the pending business, the so-called sugar bill. I realize that it is a difficult time, but there are certain items which I think should go in the RECORD. I hope Senators will bear with me for a brief time, not for a full discussion, but in order that I may put certain essential facts before them.

Only 29 per cent of American continental sugar consumption is produced within continental United States. More than 70 per cent of the sugar consumption of the United States must come to the United States in ships.

Sugar is a vital essential of American life. It is almost as critical a material as is ammunition. Our country requires it.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. OVERTON. The Senator has just made the observation that only 29 per cent of the sugar consumption of continental United States is produced in continental United States. Does not the Senator think a better way to phrase the statement is that only 29 per cent of the sugar consumption of continental United States is permitted to be produced in continental United States and that continental United States is capable of producing much more than 29 per cent?

Mr. ADAMS. That is the situation.

Mr. President, as I was saying, 70 per cent of this vital essential to American life must come to our shores today by water, in ships. Never before has there been such hazard to water-borne commerce; but what do we find? We find that those charged with the administration of sugar production are restricting the production in the United States of this essential commodity. There is not, so far as I know, a single sugar-producing area, cane or beet, which is producing as much as it could or as much as it would.

I come from a State which at times has had as much as 246,000 acres of sugar-beet production. Today it is limited to 136,000 acres. In other words, the sugar-beet acreage in my State is reduced almost 50 per cent. The same condition prevails throughout the country—reduction and repression and discouragement to American production of this crop which is a minority crop. We struggle and we spend money in order to dispose of surplus crops, but here is a crop of which we do not produce enough for our