

U. S. Enters New Economic War Phase as Roosevelt 'Freezes' All Axis Assets in America

Order Affects Whole Of Europe; 6 Billions Believed Involved

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BACKGROUND—

In freezing American assets of foreign nations, this Government takes funds and property of such nations into protective custody to prevent their use for purposes harmful to this Nation and the objectives of its foreign policy. State Department has opposed suggestion that American resources of all foreign countries be frozen, arguing this would work hardship on friendly nations, particularly Latin American.

By JOHN C. HENRY

A new phase of American economic participation in the war was under way today, ordered by President Roosevelt yesterday with the immediate freezing of assets here of all continental European countries, including Germany and Italy.

At the same time, the President directed the Treasury Department to make a comprehensive and detailed census of all foreign-owned property in the United States.

In embracing all assets, the freezing order takes in important rights and contracts which German corporations have in this country. Some members of Congress have contended that these patents gave the Nazis control over important segments of American industry.

Axis Protest Expected.

Actually, yesterday's order, sweeping and complete in its application to every European country except Great Britain and Ireland, closes the last loopholes for employment to German-Italian benefit of assets held here by any continental nation, either at peace or at war. Axis protest or retaliation was expected here.

For those countries not yet invaded or occupied by Axis forces, however, it was specified that "through the medium of general licenses the freezing control will be lifted * * * conditional upon the receipt of adequate assurances from the governments of such countries that the general licenses will not be employed by them or their nations to evade the purposes of this order."

The nations to be accorded this special treatment are Finland, Portugal, Spain, Sweden, Switzerland and Soviet Russia.

Their inclusion within application of the broad order was determined, the White House explained yesterday, "with a view to implementing the control of German and Italian assets in this country and in view of the interrelationship of international financial transactions."

Warning was added, furthermore, that in addition to the requirement of "adequate assurances," transactions to be permitted under the general licenses "will be subject to reporting and careful scrutiny."

As a defensive tactic, the White

Italians Expected To Answer Freezing By Taking Property

By the Associated Press.

ROME, June 14.—Seizure of American property in Italy in immediate reprisal for blocking Italian assets in the United States was predicted tonight in usually reliable circles.

Fascists quarters were not entirely surprised by President Roosevelt's action today on Italian assets in America. Some observers characterized it as "another example of gangsterism" following the United States' "piracy" in sequestering Axis ships in American ports.

Retaliatory measures were considered a certainty. Unusually informed sources said such American properties as the Socony Vacuum Oil refinery at Naples probably would be sequestered.

American holdings in Italy are said to be few, however, most having been liquidated in recent months in anticipation of such action as today's.

House explained in a statement accompanying the order that it was designed, "among other things, to prevent the use of the financial facilities of the United States in ways harmful to national defense and other American interests * * * and to curb subversive activities in the United States."

An additional purpose, it was declared, was "to prevent the liquidation in the United States of assets looted by duress or conquest." In this connection, it is understood here that Axis pressure has been exerted against the governments or nationals of countries invaded or occupied by German or Italian forces to compel them to liquidate their American resources to advantage of their conquerors.

Total About 6 Billions.

In some cases, the assets of these countries already are under United States Government control and yesterday's order completes the sweep to take in the remainder—Andorra, Albania, Austria, Czecho-Slovakia, Danzig, Liechtenstein, Poland and San Marino. The total of frozen assets here was believed now brought to \$6,000,000,000.

Earlier orders, dating back to April 8, 1940, apply to Norway, Denmark, The Netherlands, Belgium, Luxembourg, France and Monaco, Latvia, Estonia, Lithuania, Rumania, Bulgaria, Hungary, Yugoslavia and Greece.

"These measures in effect," the White House said, "bring all financial transactions in which German and Italian interests are involved under the control of the Government, and impose heavy criminal penalties upon persons failing to comply therewith."

In view of the sweeping geographical nature of the order and of the fact that Japan is an Axis partner, some surprise was expressed here that that country was (See FROZEN CREDITS, Page A-3.)

Frozen Credits

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not included yesterday. Recent indications that this Government is hopeful of weaning the Tokio government away from the Axis may be the answer to this question.

Warning to Russia Seen.

Similarly, it was believed by some that the pointed White House reference to intent "to curb subversive activities" was meant partly for Russian notice, and to be interpreted as a warning that licenses would not be issued for Russian transactions if they are found to be financing Communist sabotage and obstruction.

The President's order also made it clear to Russia that her American funds may be frozen if it is found they are being used to finance the purchase of food and materials intended for trans-shipment to Germany.

Specifically forbidden to foreign interests covered by the order of yesterday, except on express sanction of the Secretary of Treasury, are transfers of credit within the United States, or between the United States and any other country, transactions in foreign exchange, withdrawn from the United States or earmarking of gold or currency here, transactions involving notes of indebtedness or deeds or property, or the dealing in securities.

Penalties for convictions in violation may be \$10,000 in fines and 10 years' imprisonment.

Property Census Deadline Set.

Regarding the property census, which applies not only to European but to all foreign ownerships, the Treasury Department regulation specifies that by July 14 there must be filed information on property of non-American ownership as of June 1, 1940, and June 14, 1941.

The Treasury definition of property for purposes of this whole action of yesterday is significantly broad and includes the following:

"Money, checks, drafts, bullion, bank deposits, savings accounts, any debts, indebtedness or obligations, financial securities commonly dealt in by bankers, brokers, and investment houses, notes, debentures, stocks, bonds, coupons, bankers' acceptances, mortgages, pledges, liens or other right in the nature of security, warehouse receipts, bills of lading, trust receipts, bills of sale, any other evidences of title, ownership or indebtedness, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, real estate mortgages, vendors' sales agreements, land contracts, real estate and any interest therein, leaseholds, ground rents, options, negotiable instruments, trade acceptances, royalties, book accounts, accounts payable, judgments, patents, trademarks, copyrights, contracts or licenses affecting or involving patents, trademarks or copyrights, insurance policies, safe deposit boxes and their contents, annuities, pooling agreements, contracts of any nature whatsoever, etc.

Nazi Patent Control Probed.

The Department of Justice already is looking into the extent of German penetration into American industry through control of patents and manufacturing licenses. In connection with yesterday's order, the Department said it was preparing to set up a special bureau within the Alien Property Custodian's office to exercise investigating and

prosecuting functions for its enforcement.

With the order and all its ramifications effective as of yesterday, the White House said Treasury Department enforcement machinery already was in motion when issuance of the order was announced.

No accurate figures on the holdings of the countries involved were available, but the total of German-Italian holdings, although already depleted, was estimated at more than \$500,000,000, the Associated Press reported.

Russian holdings were described as small, and Swiss holdings as very extensive.

U. S. Assets Abroad Large.

Available figures indicate that American funds in Germany and Italy are considerably greater than Axis assets in the United States.

The American assets in Germany have been estimated at \$427,500,000, which includes \$228,000,000 of direct investments (such as common stocks or property), \$160,000,000 of bonds and \$39,500,000 of short term assets or cash.

This country's assets in Italy have been placed at \$142,000,000, including \$70,000,000 of direct investments, \$70,000,000 of bonds and \$2,000,000 in cash.

Some American officials long ago described these as "lost." Early in the Nazi regime, currency restrictions were applied which have prevented Americans from realizing any return from investments in Germany.