

End to Patent Abuses Urged

Expert Tells Senate Committee U. S. A. Must Act Quickly

PM's Bureau

WASHINGTON, May 1.—Irving Lipkowitz, concluding his story of the pact between Standard Oil and I. G. Farbenindustrie, told the Senate Patents Committee that the Government must act quickly to stop U. S. patents from being used by foreign interests to obstruct our war-production program.

The Justice Dept. spokesman said it was unlikely that business could "clean house by itself" because of legal limitations and "the fact that these international corporations seem oblivious of the political and military implications of their world-wide patent pools and understandings with foreign corporations."

"The mechanization of war and the advent of Hitler with his barter diplomacy have intensified tremendously the need for giving primary attention to these features of foreign trade," Lipkowitz added.

"I. G. Farben, for example, in recent years was first and foremost an instrumentality of Nazi political and military strategy and only secondarily a business enterprise. But our own international corporations seem to have disregarded these radical developments."

"Standard Oil knew as early as January, 1934, that every foreign business move made by I. G. Farben had to be disclosed first to the Nazi Government and approved by them. That did not affect Standard Oil's performance under the 1929 partnership agreement even though it necessarily curtailed I. G. Farben's performance thereunder."

"The attitude of the international corporation seems to be that as long as it is legal and good business (that is, in the opinion of corporate management), then it is all right to enter into patent pools and friendly agreements with foreign corporations, no matter what the latter's motive might be or how such a deal might affect the welfare of the United States as a political and military power."

"The political and military aspects of this branch of business has gained so much in relative importance during the past decade that the traditional machinery for coping with this problem has become woefully inadequate."

Excess-Profit Tax May Contain Joker

WASHINGTON, May 1.—The House Ways and Means Committee is expected today to announce that it has adopted a new and stiffer excess-profit tax. But it may be a joker.

Committee and Treasury experts agreed yesterday on an increase in the tax rate on excess profits to 90 per cent. The present top rate is 60 per cent. They also agreed to a slight strengthening of the formula defining what constitute excess profits, but the change won't hit most of the big-money-makers.

The joker is that in return for this improvement, the Committee wants to cut down the normal tax and surtax which applies to all corporate income from 55 per cent to 40 or 45 per cent. The net result is likely to be less taxes on corporations than the Treasury has asked for.

War Effort Harmed By General Motors

House Committee Told That GMAffiliate Played Ball With Nazis

PM's Bureau

WASHINGTON, May 1.—Evidence made public at a hearing before the House Naval Affairs Committee yesterday showed that the General Motors affiliate, Bendix Aviation:

¶ Has been in a patent pool with the Robert Bosch Co. of Stuttgart, Germany, under conditions designed to control production of plane parts throughout the world.

¶ Received \$392,843.49 in royalties from the German concern since the war began in September, 1939.

¶ Sent information and specifications of military value to the German company as late as May, 1940, in a letter seized by British naval authorities.

¶ Laid down a policy of charging the U. S. Government more for plane parts than it charged private firms.

¶ Offered the Navy Dept. a \$73,000,000 refund on its war contracts the day Ernest R. Beech, president of Bendix, received a subpoena from the House Naval Affairs Committee, now investigating war profits.

¶ Was asked by its German partner before we entered the war not to supply certain instruments to Canada and Australia because they were at war with the Reich.

120 Per Cent Profit

Edmund M. Toland, counsel to the Vinson Committee, put Bendix interoffice memoranda into the record. One of them said: "How do we send (blueprints) to Bosch, Germany? (By air?) I suppose you know boat mail was captured and showed up in England?"

The parentheses were in the original. The memo was from R. P. Lansing to N. B. McLeah.

Toland showed that: ¶ Bendix sales jumped from \$30,700,000 in 1938 to \$606,000,000 in 1941.

¶ It was common practice and a matter of policy to charge the Air Corps more than private consumers.

¶ Profits ran up to 120 per cent on some contracts.

• The company makes parts and aviation appliances and instruments.

Ernest R. Beech, president of Bendix, was formerly vice president of General Motors. GM owns 20 per cent of the stock of Bendix and is regarded as the controlling influence in the latter.

Under questioning by Toland, Beech denied that he sent the letter giving the Navy Dept. a \$73,000,000 rebate because he had received a subpoena from the House Naval Affairs Committee. He said the refund was offered because of the "publicity" about exorbitant war profits.

Winant and Stark Arrive in London

John G. Winant, U. S. Ambassador to Britain, and Adm. Harold R. Stark, commander of U. S. Naval forces in European waters, arrived yesterday in London from the U. S. A. Mrs. Winant accompanied them.

WPB Penalizes GM For Using Vital Metals On Nonessentials

PM's Bureau

WASHINGTON, May 1.—General Motors received a slap on the wrist today from the War Production Board (WPB) for using critical materials for automobile brightwork in violation of Government priorities orders.

The WPB order citing GM for violations at its Ternstedt Division confirmed charges first made in PM, Mar. 11, by Victor G. Reuther, assistant co-ordinator of the Defense Employment Division of the CIO's United Auto Workers Union.

The WPB reported:

¶ Between Jan. 7 and Mar. 9, GM used 10,259 pounds of chrome steel for decorative moldings for automobiles.

¶ Before Mar. 13 this year, GM used 9239 pounds of primary aluminum and 11,492 pounds of secondary aluminum to produce auto radiator grills and other hardware.

Use of these critical war materials in these non-essential parts had previously been forbidden by the WPB.

The penalty imposed by the order bars GM from making nonessential auto parts of this kind and limiting itself during the next three months to manufacture of functional parts.

Manufacture of these nonessential parts, WPB officially admitted privately, was unlikely anyhow.

The WPB might have forbidden the sale of the brightwork made in violation of the law, confiscated the parts so made, or refused other critical materials to GM.

Issuance of the order reveals:

¶ WPB surveillance of industry stockpiles is so poor that materials as scarce as aluminum and chrome steel can be used for nonessential purposes in violation of law without the Government ever knowing about it.

¶ The UAW seems to do a better "policing" job on priorities in the auto industry than the WPB.

The WPB announced at the same time that use of copper, nickel and zinc by GM in making replacement parts was not a violation of priorities orders.

On the contrary, the WPB granted the auto companies a preference order to obtain these critical materials to make functional replacement parts for autos during the first half of this year. They may make one-and-a-half times as many replacement parts during the first six months of this year as they sold during the whole of last year.

Harvester Co. Accepts Labor Board Decision

Special Correspondence

CHICAGO, May 1.—The International Harvester Co. yesterday agreed to comply with a War Labor Board order providing for membership maintenance clauses in union contracts covering eight plants.

The board of directors announced that the company still disapproved of the policy, but decided to drop its opposition to avoid possible interruption of war production.

The company has contracts with both CIO and AFL unions.

Patriotism Plus



Special Correspondence

CHICAGO, May 1.—The U. S. Chamber of Commerce yesterday adopted a resolution favoring a ceiling on compensation, including bonuses and commission, for corporate officers and executives, but emasculated it a few minutes later.

A substitute resolution was passed, after further deliberation by the body, which recommended a lid on salaries and wages, but contained no mention of bonuses and commissions.

Bonuses and commissions form a large part of the swollen war compensation being received by industry's top men.

4 Negro Colleges Get ROTC Units

WASHINGTON, May 1.—Four new senior Reserve Officer Training Corps units have been authorized for training Negro college students, making a total of seven

such units now in operation providing future Negro officers for the Army, the War Dept. announced today.

The colleges selected for this purpose, with the types of their units, are:

¶ West Virginia State College, Institute, W. Va.; field artillery unit.

¶ Hampton Institute, Hampton, Va.; coast artillery unit.

¶ North Carolina Agricultural and Technical College, Greensboro, N. C.; infantry unit.

¶ Prairie View State Normal and Industrial College, Prairie View, Tex.; infantry unit.

Students successfully completing the advance courses, and whatever additional training the Secretary of War may direct, will be commissioned as second lieutenants in the officers' reserve corps, and may be assigned immediately to active duty.

Until these units were designated, only three Negro colleges offered ROTC courses. They were Howard University, Washington; Wilberforce University, Wilberforce, O., and Tuskegee Institute, Tuskegee, Ala. All were infantry units.

Soldier Pay Boosts Another Step Nearer

WASHINGTON, May 1.—The House Military Affairs Committee yesterday reported favorably on the Military Pay Bill granting substantial increases to enlisted men and the lowest rank of commissioned officers in the armed services.

The measure already has been approved by the Senate.

PM has long campaigned for the increases.

