

Post
Daily
FIVE CENTS

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Friday, March 27, 1942

Cool, rain.

COMPLETE EDITION

Saturday Evening Post's
Attacker of Jews

Page
13

A Chicago Isolationist

Standard Oil Accused of Treason

Sen. Harry S. Truman charges that deals made by oil company with Hitler's chemical trust were "treasonable" relations. The charge was made after Assistant Attorney General Thurman Arnold revealed that even after

Pearl Harbor, Standard Oil refused to turn over to the U. S. A. its improved process for making synthetic rubber.

PM Gives You the Details on Pages 2, 3, 4, 5 and 6.

To the 136,355 American Men and Women

Who Own the Standard Oil Co. of N. J.

AN OPEN LETTER

By Ralph Ingersoll

An Assistant Attorney General of the U. S. A. has told you that the officers of your company made a deal with the Germans which gave Hitler our synthetic-rubber secrets—and choked development of synthetic rubber in this country for "military reasons"—*Hitler's* "military reasons."

The Attorney General's representative made clear that your company's officers were not traitors—because when they made the deal no one was at

war with the U. S. A. At the same time, he pointed out that the deal included a secret clause, discussing the way your company would live—the company memorandum used the Latin term *modus vivendi*—with the Nazi chemical trust during the war—even though the U. S. A. was involved.

During the making of this deal the U. S. A. was not at war. But during the last years of its negotiation, the Nazi Government was at war, and practically throughout the length of the deal Mr. Adolf Hitler was roaring his hatred of the democracies, including and specifying your country. And since 1937, the President of your country

MORE 

PM TELLS YOU MORE NEWS IN LESS TIME

Standard Oil Deal Called 'Treason'

Truman Finds Arnold's Revelations of Pact With Nazis 'Outrageous'

By NATHAN ROBERTSON
PM's Bureau

WASHINGTON, Mar. 27.—Congress, which has been acting as though the only thing wrong with the country were the labor unions, had something real to think of today—what Sen. Harry S. Truman (D., Mo.) called the "treasonable" relations of the Standard Oil Co. of New Jersey with Hitler's chemical trust.

Truman based his charge on testimony before his investigating committee by Assistant Attorney General Thurman Arnold that until the Government brought criminal charges against the company this week it had been acting as the agent for the giant Nazi cartel.

Arnold testified that even since Pearl Harbor the Standard Oil Co. had refused to turn over to the U. S. Government its improved process for making synthetic rubber, which it had given to Hitler four years ago.

He also accused the big oil company of "frustrating" the development of an American synthetic-rubber industry right up to now.

Arnold also warned that even the settlement he reached with the company would not prevent it from resuming its illegal relations with the Germans after the war. And he voiced the opinion that the big contracts Standard was now getting in the Government's synthetic-rubber program would give it a dominant position after the war that would be in conflict with antitrust policy.

Committee Shocked

Members of the investigating committee were clearly shocked by Arnold's story—particularly his emphasis on the point that Standard's case was not unique—that it was typical of many other industries. Truman commented.

"Here's an agreement made with one of our enemies with whom we are actively at war and here's our greatest corporation holding patents absolutely essential to the war program, and it becomes necessary for us to use all the legal and legislative power we have to get these patents into a pool to prosecute the war effort. It's an outrage."

Asked if he regarded as treasonable Standard's agreement to continue the deal whether or not the U. S. A. was in the war, Truman said:

"Why, hell, yes. What else is it?"

The Truman Committee, which is used to playing before empty houses, drew a big and

distinguished crowd to the famous Senate Caucus Room for its inquiry into the Standard patents. High Government officials mixed with the big shots of the oil and rubber industries.

Here are some of the highlights of Arnold's first day's testimony:

¶ Standard's motive was not to help Hitler, but to maintain monopoly here.

¶ Its conduct is "the principal cause of our present shortage of synthetic rubber."

¶ The "conspiracy" was designed to last through this war—even after America's entry.

¶ Threats of patent litigation were used to prevent other companies from developing synthetic rubber, even after this Government was trying to develop the industry here.

¶ The company concealed from the U. S. Navy the process and the status of its rubber development a year after giving it to Hitler.

¶ While Standard refused its product to England and the U. S. A., it told Italy how to get it from Germany.

¶ In 1940, Standard refused to make its synthetic Toluol, ingredient for TNT, available to an American powder company, although Germany had it.

¶ In 1941, despite the reluctance of the British Government, Standard negotiated with Shell to make its process for aviation gas available in France, through the German trust.

¶ In 1939, Standard, fearing a break in trade relations between Japan and the U. S. A., suggested a partnership with the Japanese looking to post-war business.

¶ In the Spring of 1941, Standard was selling aviation gas to Italy, through South America, despite objections from Secretary of State Hull.

Arnold completed less than half his story yesterday. Testimony of Jesse Jones, scheduled for today, was postponed to let him finish

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Nazis but
Usual. A

How Standard Oil Helped the Axis War

Company's Motive Was Not Sympathy for Nazis but Desire to Keep Making Profits as Usual, Arnold Says

PM's Bureau

WASHINGTON, Mar. 27.—Here is must reading for every American interested in knowing how businessmen who believed they should do business with Hitler helped to build up the Nazi war machine, and in the possibilities for a better world after this war is over. It consists of excerpts from Thurman Arnold's testimony yesterday before the Senate Truman Committee:

In appearing before this committee to testify about synthetic rubber, I feel that a preliminary statement should be made in fairness to the defendants in the prosecution which has just been settled by the payment of fines and a consent decree opening up the patents. We believe that the cartel arrangements with Germany, which I am about to describe, are the principal cause of our present shortage of synthetic rubber. Nevertheless, these arrangements were not entered into with any desire to aid or assist Germany. The sole motive was an attempt on the part of the Standard Oil to get a protected market and to eliminate independent competition, and finally to restrict production in world markets in order to maintain that control.

The shortage in synthetic rubber, due to the suppression of independent experimentation, production and distribution by a cartel agreement, is in the limelight today because the consumer realizes it more keenly than the shortage of other basic materials. Nevertheless, there is essentially no difference between what the Standard Oil of New Jersey has done in this case and what other companies did in restricting the production of magnesium, aluminum, tungsten carbide, drugs, dyestuffs, and a variety of other critical materials vital for the war. So long as such cartel agreements continue to exist, the inevitable result will be shortages in essential materials. It is impossible to accomplish the purpose of a cartel—to maintain high prices, to keep a tight control over the market, to eliminate independent competition, — without restricting production. Not only is production restricted but experi-

mentation is restricted. These world cartels have made us dependent upon foreign nations for many of our most vital supplies by preventing production at home.

A justification for these cartel arrangements is sometimes made on the theory that by means of such agreements we get the advantage of foreign inventions. In other words, it is claimed that by keeping American enterprise out of the field and stifling American experimentation we encourage foreign countries to do that experimentation for us. That justification has been attempted in all of the cases of cartel arrangements which I have listed above. The drastic shortage in critical materials today is proof of how fallacious that justification is. And further, the story in this case as well as the stories in other cases shows that the American concerns do not actually get the benefit of information from hostile countries. They give everything they have and in return only get the privilege of stifling competition.

Therefore, I wish this case to be considered not as one which singles out the Standard Oil of New Jersey but as a dramatic illustration of the viciousness of an industrial practice that restricts production in order to dominate the market. Such practices must not be allowed to continue because they directly hamper war production. We must uncover these practices during the war when they are hurting us and not leave them to some future Nye committee. Furthermore, they must not be allowed to be reinstated after the war or we will find ourselves in the same situation all over again.

Terms of the Agreement

In general terms, the arrangement was as follows: Standard Oil of New Jersey desired a world monopoly in oil and synthetic gasoline. I. G. Farben was interested in chemicals. Each wanted to be free from competition of the other and also from independent competition. They, therefore, agreed that in the chemical field, which included synthetic rubber, I. G. Farben would have control. To implement that agreement Standard Oil was to turn over any chemical processes to I. G. Farben—either the information or the patents to any chemical processes which it discovered not directly connected with its oil production. This included even the right to sell in the United States. In return, I. G. Farben agreed to turn over to Standard Oil any patents or discoveries which directly concerned oil production, including synthetic gasoline.

At the direction of the German interests Standard Oil refused to license independent producers in the United States for the production of synthetic rubber. It turned over all its discoveries to Germany even though Germany declined to give them anything in return. The effect of this arrangement con-

tinued during the war and up to a time shortly before the filing of the information and decree against Standard Oil.

The whole case is based upon documentary evidence. I will, therefore, explain the details about the relationship between I. G. Farben and Standard Oil in the language of the documents:

The overall conspiracy was consummated in four agreements on Nov. 29, 1929.

One of the parties characterized these agreements as constituting the full marriage between the companies. The agreements were so fashioned that no law might separate the other parties in their illegal conspiracy. In accordance with this basic marriage of the 1929 agreements, the parties entered into a new agreement in September, 1939. This 1939 agreement divided the world properties and interests of the two companies in accordance with the basic agreements of 1929, so far as was possible, under the changed conditions of the world. More than that, this agreement of 1939 provided in effect that the parties will, in the future, make readjustments of this 1939 agreement in such a way as to carry further, even an

through this period of war, the basic 1929 conspiracy.

The principal officer of the Standard Oil Co. who was in charge of the Hague memorandum, 1939, and is also in charge of the negotiations with I. G. Farben dealing with synthetic rubber, described the Hague memorandum in a letter dated Oct. 12, 1939, in such terms that it is impossible to doubt that the Hague memorandum is anything but a device for a continuance of the conspiracy throughout the war. I quote:

"Pursuant to these arrangements I was able to keep my appointments in Holland, where I had three days of discussion with the representatives of the I. G. They delivered to me assignments of some 2000 foreign patents, and we did our best to work out complete plans for a *modus vivendi* f

the Axis War Machine

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The principal officer of the Standard Oil Co. who was in charge of the Hague memorandum, 1939, and is also in charge of the negotiations with I. G. Farben dealing with synthetic rubber, described the Hague memorandum in a letter dated Oct. 12, 1939, in such terms that it is impossible to doubt that the Hague memorandum is anything but a device for a continuance of the conspiracy throughout the war. I quote:

"Pursuant to these arrangements I was able to keep my appointments in Holland, where I had three days of discussion with the representatives of the I. G. They delivered to me assignments of some 2000 foreign patents, and we did our best to work out complete plans for a *modus vivendi*

which would operate through the term of the war, whether or not the U. S. came in."

Through this continuing conspiracy, I. G. Farben and Standard Oil have withheld from this country the I. G. Farben and Standard Oil developments in synthetic rubber. The I. G. Farben development in synthetic rubber is the so-called Buna rubber. The requirements of the German Army and German industry are now supplied by the I. G. Farben Buna rubber, and Germany's production of rubber equals her former imports. This has freed Germany from the necessity of running the United Nations blockade on rubber. As I shall show, Standard Oil delayed the use of Buna rubber in this country because the Hitler Government did not wish to have this rubber exploited here for military reasons.

U. S. Production Thwarted

Now as to the stopping of experimental developments in the United States. Between 1932 and 1934, four rubber companies and one chemical company approached Standard desiring to secure licenses to enter into the manufacture of synthetic rubber. Negotiations in 1932 between Goodrich Co. and Standard were subject to supervision of I. G. Farben, which refused to accept various portions of a proposed agreement. As early as 1932, Standard indicated an attitude toward the rubber companies calculated to discourage those companies from entering into the production of synthetic rubber.

As early as 1935 Standard realized that I. G. Farben was not releasing full information concerning Buna because:

"The Hitler Government does not look with favor upon turning the invention over to foreign countries."

This refusal of the German Government was, according to Mr. Howard's testimony (Frank A. Howard, vice president) before an executive committee of Standard Oil:

"Because of military expediency."

In 1938 an executive-committee memorandum states:

"Mr. Howard deplored the fact that the German Government's restrictions on I. G.'s freedom of action have prevented our (Standard) making material progress in the American field, particularly as there is some indication that the American rubber companies are making independent progress."

Discouraged Rivals

Faced with the refusal of I. G. Farben to turn over this information Standard, perhaps because of its full marriage with I. G., decided to abide by the restrictions which I. G. Farben had put upon them.

The documents are very plain that Standard, in its treatment of the rubber companies, was attempting merely to delay matters in such a way as to discourage these other companies from going into independent production of synthetic rubber while at the same time not committing itself to any program. Thus, Mr. Howard in a letter dated Apr. 14, 1938, stated as follows:

"Our primary objective in our talk with the Goodyear and Dow people was to convince them of our good faith and our willingness to co-operate with them in order to avoid having them proceed prematurely with an independent development which would make it impossible to bring them in to any general plan later."

In the very same letter in which Mr. Howard explained the desire of the Standard people to convince Goodyear and Dow

of Standard's willingness to co-operate with them, Howard admitted:

"The thing that is really holding us up, however, is not the lack of a plan either from Goodyear or ourselves, but the inability of our partners to obtain permission of their government to proceed with the development in the United States."

'Monopolistic Desire'

On Apr. 20, 1938, Standard was still asking permission of I. G. Farben for authority "to proceed in a preliminary way with a rather lengthy discussion which must be had here with the various interested rubber companies preparatory to organizing them into a co-operative group."

Standard's activities thus frustrated the creation of an American synthetic-rubber industry.

Not only was the production of synthetic rubber in this country absolutely stifled by Standard's adherence to the restrictions imposed upon them by the I. G. Farben which they always loyally preserved, but after 1939 when Standard received permission to enter into negotiations with companies, Standard proceeded to further retard the development of synthetic rubber because of its natural monopolistic desire to keep complete domination over this industry. Standard, apparently, could not bring itself to offer terms to those rubber companies which would afford even a modicum of independence. Restrictive licensing provisions, requirements of cross-licensing back, onerous royalty terms, limitations on use and sale and threats of patent litigation—the common patent weapons of the modern cartel, all served to further Standard's domination.

The type of licenses offered to the rubber companies is summarized in a memorandum by Dr. M. B. Hopkins of the Standard Oil, as of Feb. 1, 1940. Dr. Hopkins wrote as follows:

Threatened Suit

"The effect of these terms is to limit rather drastically what the rubber companies may do under their license and to leave Jersey free to itself manufacture and sell, or participate along with rubber companies in a manufacturing organization, or confine its activities to licensing and supplying raw materials. Therefore, the licenses offered may be considered as a stop-gap."

A factor in the negotiations for a license agreement was the implied threat of patent litigation in which the combined strength of I. G. and Standard Oil of New Jersey would be pitted against the rubber companies.

MORE →

CONTINUED

Standard Gave Nazis Formula It Hid

Arnold Reads Memo Admitting Naval Expert Was Stalled Along

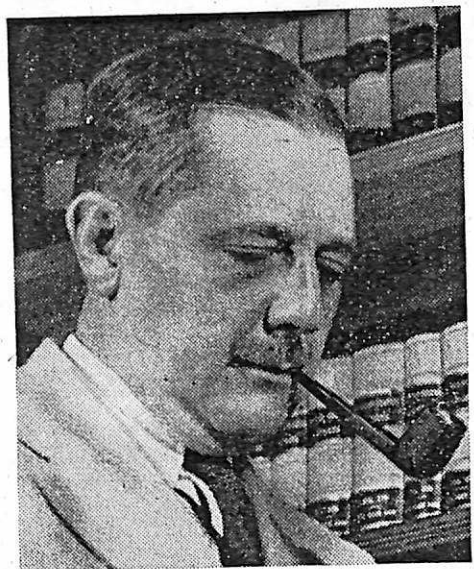
I have already indicated how the development of synthetic rubber in this country was stifled because of Standard Oil's partnership with I. G. Farben and the refusal of I. G. Farben to make available to this country the Buna process. During the period of this refusal, Standard had developed a different type of synthetic rubber—Butyl rubber. . . . It was reported at a discussion of Butyl rubber between U. S. Rubber Co. and Standard that:

"The use of Butyl rubber for inner tubes is quite promising basically, since data obtained by the laboratories and the U. S. Rubber Co. both checked on the fact that Butyl rubber is more impermeable to air than natural rubber."

Its cost, as estimated by Standard, was between 7 and 15 cents per pound, compared with approximately 20 cents per pound for natural rubber. In addition it apparently can be used to make an overall tire. No natural rubber is necessary for the carcass. Moreover, Butyl rubber is made almost entirely from isobutylene, which costs about one-eighth as much as Standard's price for butadiene, the basic raw material for Buna, and is available in much larger quantities than butadiene.

At the very time that Standard was loyally adhering to the restrictions which I. G. put upon them and when I. G. was refusing to turn over to Standard its Buna process, Standard decided that, "the best thing from every standpoint" was to pass on to I. G. full information on Standard's Butyl development. As a consequence, while the Hitler Government, for military reasons, was refusing to make available to this country the German Buna rubber, Standard sent to I. G. Farben information as to the American Butyl rubber and Standard's files show that a recommendation was made that 50 pounds of sample Butyl should be sent to I. G. Farben. Thus, full information was sent to I. G. Farben in 1938 but in 1939, Standard failed to disclose full information as to Butyl rubber to a representative of our own Navy's Bureau of Construction and Repair. I quote:

"Some time ago we received a rather detailed report on the preliminary work carried out by the Navy's Mare Island Laboratories on the evaluation of the three synthetic rubbers submitted to them, i. e., Buna, Perbunana, and Butyl rubber. Last week Mr. Werkenthin of the Navy's Bureau



Thurman Arnold
Photo by Harris & Ewing

of Construction and Repair in Washington spent the day with us here at Bayway to discuss the Mare Island Laboratories results, and to get some firsthand information on the compounding and general hauling of these synthetic rubbers.

"Mr. Werkenthin was particularly interested in ascertaining how far we had proceeded in the development of Butyl rubber. He seemed rather favorably impressed by the properties of this product as brought out by the movie and with the work in general, but perhaps he was somewhat disappointed to find that we are not closer to commercial production as he seems to be particularly impressed by the properties of Butyl rubber.

"Because of the possible application of Butyl rubber to some of the Navy's requirements, Mr. Werkenthin had been instructed also to look into the manufacturing process. You will recall that I took up this question with you before his arrival. As agreed upon, I took Mr. Werkenthin over to see the K plant when it appeared that I could not very well steer his interest away from the process. However, I am quite certain that he left with no picture of the operations other than considerable amount of distillation and refrigeration is involved in the handling of the light hydrocarbons, and that refinery gas rather than straight butadiene is the raw material."

liver the samples broadcast as early as Sept. 15, but if we had our own way, we would probably delay general distribution still further."

(Questioning developed that this Reed, who apparently wanted to delay passing around the Butyl secret at a time when the Government was trying to get synthetic-rubber production started, is the same one who now heads the industry branches in the War Production Board. He is the one who caused Robert R. Guthrie to resign with a blast

Italy Got Secrets,

At the same time that Standard was refusing to make available samples of its Butyl rubber to English and American concerns, it had already sent full information to I. G. Farben and in answer to an inquiry of an Italian company, it referred the Pirelli Co. to I. G. Farben in accordance with the instruction of Mr. Howard:

"The rights for Butyl rubber for Italy are held by the I. G. Farben A. G. of Germany."

Undoubtedly another factor in the delay in Standard's exploitation in Butyl rubber has been the desire of Standard to maintain its monopoly position over any general development. On Nov. 6, 1939, Howard wrote:

"There is considerable temptation to publicize this Butyl rubber development and to seek contact with the rubber companies on it immediately, but sounder policy apparently is to confine the development to our own organization up to the point of standardized operation of our pilot plant about next January or February. This will give us an opportunity to feel out the whole synthetic-rubber situation in the United States with the duPont company and with the four leading American rubber manufacturers through our contacts with them on the Buna matter. The additional time is also desirable from a patent standpoint."

As usual the device for control was uppermost in Standard's mind rather than the development of the product. This was true even though Standard recognized in a letter dated June 4, 1940, that:

"From the standpoint of very large production within the shortest possible time, Butyl rubber is especially important."

Other U. S.

The Committee will understand that the ramifications of this cartel arrangement are enormous and that synthetic rubber is only a part of a larger story. I cannot, within any short time, sketch all of the cartel arrangements which flow even from the synthetic-rubber portion of the cartel. Nevertheless, it is impossible to understand the synthetic-rubber situation unless it is viewed as part of a gigantic cartel structure affecting Standard's relationship to numerous other companies.

For instance, there is no doubt that one factor in the delay in Standard's synthetic rubber program was Standard's cartel obligations toward duPont.

Of course, one of the reasons for the cartel obligations toward duPont was because duPont had developed a synthetic-rubber product in 1939 which is today called Neophrene, and in an endeavor to control all possible sources of synthetic rubber, Standard and I. G. had obligated themselves not to open the field of synthetic rubber in the United States without first

Pearl Harbor Made No Difference

Until the consent decree, which I will discuss later, which we signed yesterday, Standard, with the exception of testing arrangements with two rubber companies and some specialty users, has held back use of Butyl rubber, even in this time of rubber shortage. It is difficult for one to explain this holding back in view of the reports in Standard's own files concerning the qualities of Butyl rubber. I think we can understand the tremendous pressure which undoubtedly has been exerted upon Standard by various companies who did not wish to retard the development of synthetic rubber but nevertheless wished to make sure that they are given priority in its development. It may be that the pressure of such companies as General Electric to delay the

release of samples of Butyl by Standard to other companies has played its part.

I refer, for instance, to a letter dated July 24, 1940, signed by Mr. Howard, which reads as follows:

"Mr. Reed, chairman of General Electric, called me on the telephone in Washington today to advise that they are ready to accept our letter agreement on Butyl rubber in the same form it has been accepted by Firestone. Mr. Reed pointed out that Firestone had a three-month head start over the industry in general, whereas General Electric would have only about six or seven weeks, if we actually release samples broadcast on Sept. 15. I told him that I did not know what we would actually do in this connection. Pressure might require us to de-

liver the samples broadcast as early as Sept. 15, but if we had our own way, we would probably delay general distribution still further."

(Questioning developed that this Reed, who apparently wanted to delay passing around the Butyl secret at a time when the Government was trying to get synthetic-rubber production started, is the same one who now heads the industry branches in the War Production Board. He is the one who caused Robert R. Guthrie to resign with a blast

against dollar-a-year men.)

"This refusal to facilitate the development of synthetic rubber by giving samples persisted even after Pearl Harbor. A memorandum dated Jan. 6, 1942, indicated the unwillingness of Standard to co-operate with the Standard Co. of Indiana in making available information for compounding, curing, and testing Butyl rubber so that Indiana might carry out the same procedure on Butyl rubber with which they had been experimenting on a small scale.

Italy Got Secrets, Britain Rebuffed

At the same time that Standard was refusing to make available samples of its Butyl rubber to English and American concerns, it had already sent full information to I. G. Farben and in answer to an inquiry of an Italian company, it referred the Pirelli Co. to I. G. Farben in accordance with the instruction of Mr. Howard:

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"From the standpoint of very large production within the shortest possible time, Butyl rubber is especially important."



Frank A. Howard, vice-president.

Photo by Wide World

On May 21, 1941, Germany gets it, but not England. In a letter signed by M. B. Hopkins and addressed to Mr. W. R. Carlisle of Westminster, London, the following is stated:

"We have not yet made Butyl rubber samples available to manufacturers generally in the United States and for this reason as well as because of the local need for current production, I am sorry that we cannot supply F. A. Hughes & Co. with samples for experimental purposes."

This was after enactment of the Lend-Lease Act.

Other U. S. Companies Involved

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offering a share to duPont.

There are broader reasons for the cartel relationship between I. G. Farben, Standard Oil, and duPont, however.

In other words, Standard was seeking to eliminate not only all independent production, but also competition with the duPonts.

The unfortunate results of this type of close relationship between American companies on essential war production can be shown by one example and I only give this example because it is imperative that this Committee appreciate the ramifications. I submit herewith a letter dated May 15, 1940, found in the files of Standard Oil, dealing with the activities of Standard Alcohol Co., a subsidiary of Standard Oil.

This letter appears to show that Standard Alcohol Co. refused to make available synthetic Toluol (for making TNT) to the Trojan Power Co. of Allentown, Pa.

And I shall have to further tell the Committee that a letter dated June 18, 1940, shows that Standard Alcohol sold the Toluol to the duPont Co.

PM Exposed Standard Oil's Nazi Deal 8

Nazis Get Business Secrets Vital to

Connections and Contacts Established Before War
Hitler Prepare to Conquer World Markets

o American or neutral affiliates. Example: re-
transfer of I. G. Farben's title to I. G. Swiss an
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PM
JULY 6
1941

Oil Company Trusted Hitler; That's Why We Lack Rubber

Nazi Doublecross on Synthetic Product Secrets Handicaps
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By KENNETH G. CRAWFORD

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Nazis Blocked Rubber Output

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Standard Faces Quiz on Rubber

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WORLD-
TELE
MAR. 26
1942

New York World-Telegram

Local Forecast: This afternoon mild temperatures; tonight not quite so cold as last night, frosts in likely places in suburbs.

VOL. 74—NO. 226—IN TWO SECTIONS—SECTION ONE NEW YORK, THURSDAY, MARCH 26, 1942

LATEST WALL ST. PRICES PRICE THREE CENTS

STANDARD OIL RUBBER SECRETS GIVEN TO NAZIS, ARNOLD SAYS

U. S. to Lend Unarmed Freighter Sinks U-Boat We Will Win Synthetic Product Kept From U. S. Topped Anything

Standard Oil's Nazi Deal 8 Months Ago

Business Secrets Vital to American Defense

Relations and Contacts Established Before War
Prepare to Conquer World Markets

**Company Trusted Hitler;
Why We Lack Rubber**

Uncross on Synthetic Product Secrets Handicaps

**Senate Rubber
Inquiry Asked**

**Memorandum Says Ger-
mans Hoodwinked American**

**Esso Blocks
Rubber Pool**

**Standard of New Jersey
Won't Tell Government Its
Synthetic**

**Nazis Blocked
Rubber Output**

**Truman Committee Hears
How German Dye Trust
Stalled Synthetic Rubber**

**Standard Faces
Quiz on Rubber**

**Truman to Ask What Oil
Company Did to Block Do-
mestic Production**

**By NATHAN ROBERTSON
PM's Bureau
Mar. 25—Settlement of**

New York World-Telegram

LATEST
WALL ST.
PRICES
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Forecast: This afternoon mild temperatures; tonight not quite so cold as last night, frosts in likely places in suburbs.

NEW YORK, THURSDAY, MARCH 26, 1942

OIL RUBBER SECRETS TO NAZIS, ARNOLD SAYS

Freighter Sinks U-Boat **We Will Win** **Synthetic Product Kept
From U. S. Topped Anything**

o American or neutral affiliates. Example: transfer of I. G. Farben's title to I. G. Swiss Chemie, and General Aniline and Corporation to Swiss and American

By registration of trade mark so on, by German citizens to American or neutral corporations under German control. Example: is registered for General Aniline Sterling Products.

By employment by newspapers inside Germany of "papers" who have taken out first-class subscriptions in America. Such persons have not broken off relations with the Nazis. They are useful as espionage agents and otherwise.

employment of neutrals of "sell America" on the honor of corporation ownership. Example: Werner K. Gabler is work for General Aniline products in Washington. Incidentally also employs David Corcoran of "Tommy the Cork," famous for opposing American patents.

By making royalty agreements

revised after the war. And by hurried transfer of I. G. Farben's title to I. G. Swiss and royalty deals in Latin America such

Our Readers Were Posted on Details

PM revealed more than eight months ago that secret agreements existed between the Standard Oil Co. of New Jersey and the German chemical trust, through which the Nazis obtained patent information invaluable for their war effort.

Yesterday and today the rest of the press sensationally played up the same story. The World-Telegram's two-line eight-column banner on the front page was typical:

"Standard Oil Rubber Secrets Given to Nazis, Arnold Says."

But on July 6, 1941 PM printed that:

Standard Oil was among "the principal American groups through which Adolf Hitler's Supreme Economic War Council has access . . . to vital American industrial research and production information."

Such information was got by the Nazis through joint ownership with American corporations of subsidiaries and through trade mark, patent and royalty agreements with U. S. firms.

Those facts were confirmed yesterday by Thurman Arnold, Assistant Attorney General in charge of antitrust prosecution, in testimony before the Senate Truman Committee.

Nazi Dodges

The same PM story said the Nazi economic-war makers had tried to keep their vast holdings safe by:

Transferring title of German-owned property to American or neutral affiliates, and registering patents with nonsuspect corporations, but reserving a right to profits.

Opposing U. S. patent legislation and by making royalty agreements subject to change at the end of the war.

Arnold testified before the Truman Committee that these dodges were used by Standard Oil and I. G. Farbenindustrie in connection with their agreements on synthetic-rubber production.

On Feb. 18 PM reported: "The War Production Board (WPB) told the Truman Committee in secret session yesterday that the Standard Oil Co. of New Jersey had refused to disclose to the Government its process for making synthetic rubber."

Arnold has confirmed that the process was made available to the Nazi Government in 1938.

Probe Revealed

The Feb. 18 account said further that:

The Justice Dept. was investigating the Standard Oil-Farbenindustrie tie-up.

While other corporations experimenting with synthetic rubber had pooled their information to get large-scale production started, Standard Oil withheld its fully developed process for an economical product.

Other PM stories on Jan. 28 and 30, Mar. 24 and 25 hammered away at the same theme. The rest of the press maintained a rigid silence.