

Standard Oil Admits Nazi Deal Hurt U. S.

Confesses It Hid Secrets From Army And Navy and Delayed Synthetic-Rubber Production

By NATHAN ROBERTSON
M's Bureau

WASHINGTON, Apr. 2.—The Standard Oil Co. of New Jersey's sweeping denial of Thurman Arnold's charges is crumbling under the Senate Truman Committee's questioning.

The company got its story on the front pages from one end of the country to the other; but although less than half the story has been read into the record, the company already has had to backtrack on:

¶ Its claim that it had given the Army and Navy full technical information on synthetic-rubber developments.

¶ Its denial that the German chemical trust withheld information on German rubber development.

¶ Its argument that it did not delay synthetic-rubber development in this country.

¶ Its claim that synthetic rubber was too costly to compete with natural rubber.

These were the major points in the Standard Oil denial of the Arnold charges. The company contended it had freely given the Government all its information on synthetic rubber.

Revised Statement

Even before he took the stand yesterday for cross-examination on his denial, W. S. Farish, company president, had changed his story. He distributed to newspapermen a revised version, toning down the company assertion that Germany had provided information on its rubber patents.

The original version flatly asserted that "the only thing I. G. Farbenindustrie was withholding was the detail of its government-sponsored program of producing Buna rubber from coal in Germany." The revised version left this out and admitted that as the I. G. fell "more and more under the control of the German Government there was an apparent reluctance to respond to further requests for information."

Before Farish finished reading the second paragraph of his statement, he had been forced to make a more damaging admission. He testified that his company had the "know-how" on making the German rubber. But under questioning by Sen. Joseph C.

O'Mahoney (D., Wyo.) and Hugh Fulton, Committee counsel, he changed his story.

Fulton placed in the record a letter from the company files admitting that on Oct. 20, 1939, it had received no information from the Germans for eight years. Farish finally conceded that his experts worked out the method for making Buna rubber from the published patents, rather than from information from the Germans.

Claim Challenged

O'Mahoney, who is not a Committee member but was sitting in by invitation, challenged the company claim that it had given the Army and Navy full technical information on the synthetic-rubber developments. O'Mahoney read to Farish the letter from the company files showing it had attempted to conceal from a Navy representative the process for making Butyl rubber.

Farish finally admitted, after much quibbling, that the company had not disclosed technical information on the rubber processes. He claimed the Navy was not interested in this technical information.

"So when you testified you were making a full disclosure," O'Mahoney commented, "as a matter of fact you were not."

A little later, Farish was explaining his statement that it was impossible to develop synthetic rubber for use in tires without Government subsidies, because it was more expensive than natural rubber. He estimated Buna-S, the German tire rubber, would cost 30 cents a pound to produce.

Fulton quickly asked him to identify a report from the company files, dated June, 1940, estimating the cost of Buna-S at about 18 cents a pound, on a quantity-production basis. The same report estimated the cost of Butyl rubber at about 8 cents a pound.

Fulton commented that even the 18-cent price was below the market price of natural rubber in 1941. Frank A. Howard, vice-president, testifying with Farish, replied that market prices in 1941 were "scandalous," that rubber which cost five cents to produce was selling for 21 and 22 cents a pound.

Hearings Continue

Though the company officials still contended that synthetic rubber could not compete with natural rubber, Fulton's figures changed the whole atmosphere of the case. Standard has been contending that until Pearl Harbor the use of synthetic rubber for tires was out of the question because of cost.

Today, the Committee will attempt to find out whether Standard ever hinted to the Government that synthetic rubber could be made so cheaply. There is no evidence in the record that it did. The evidence all points in the other direction.

The process of breaking down the com-

Who Offered Stan Gold for Hungaria

On Tuesday, W. S. Farish, president of the Standard Oil Co. of New Jersey, told the Senate Truman Committee:

¶ In July, 1941, Standard Oil refused a German offer of \$24,000,000 in gold for its properties in Hungary. He said the offer, made by Germany, was refused on advice from the State Dept. and the Economic Defense Board.

This testimony was the latest chapter in the story of the attempted Hungarian oil deal. The first was written last Spring when Kurt Rieth, economic hatchet man for the Nazis, came here on a mission. He was exposed, jailed, and deported to Germany, and the fact of a German offer for the properties was first revealed. Farish did not mention Rieth but here is his story:

Rieth, a Belgian-born German, turned renegade when the Germans invaded Belgium in 1914.

Was German Diplomat

From 1914, until at least 1937, he was officially a German diplomat. After that time, and well into 1941, he represented Germany in the economic warfare that the Nazis carried on against the democracies. He has been accused of fostering the Nazi plot which resulted in the death of Chancellor Engelbert Dollfuss of Austria.

Rieth's father had been a Standard Oil official in Europe. Rieth, as a young man, worked for Standard Oil.

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pany statement is proving slow and painful. The company spokesmen are admitting almost nothing, even when confronted with direct evidence. Furthermore, they are getting help from two members of the Committee—Sens. Tom Connally (D., Tex.) and Clyde L. Herring (D., Ia.).

Neither Connally nor Herring has asked a single question. But both have interfered with questions by Fulton and members of the Committee. Once yesterday, when Fulton had the company spokesman finally tied down on one point by a long series of questions, Connally interrupted and objected to Fulton's question.

Sen. James M. Mead (D., N. Y.), insisted that Fulton be allowed to proceed, and after a squabble, Chairman Harry S. Truman ruled that he should go ahead. But the continuity of the questioning had been lost, the effect was gone.

Questioning Difficult

Without such interruptions, the pinning-down process was hard enough. The synthetic-rubber story is extremely complicated, and full of scientific terms. The witnesses took full advantage of the situation. They would jump from one rubber process to another, and Fulton had to constantly keep them to the point.

Often they ducked questions by saying they were coming to that in their prepared statement. Once Mead challenged them on that, asking where the answer could be found. Farish admitted it wasn't there. Truman warned that he would be asked to answer.

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Standard Oil Admits It Hid Secrets From Army Delayed Synthetic-Rubber

4/4/42

LATHAN ROBERTSON

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try by way of South America. While there, he had formed a committee of Italians, Germans and Japanese to work with American isolationists.

He arrived in this country at Brownsville, Tex., to attend to "personal business." Immediately after his entrance he called on numerous businessmen and bankers. To all of them, he represented himself as "an intimate friend of Walter C. Teagle" (Teagle is chairman of the board of Standard Oil of N. J.).

Farish Denies All

He came to New York, took a \$600-a-month suite at the Waldorf-Astoria.

In May, the *Herald-Tribune* broke the story of his visit here. It gave his background and said the most important reason for his visit was:

¶ To effect the sale of Standard's Hungarian oil properties to the Nazis for \$25,000,000.

Immediately, Farish, who is now presenting Standard's denials to the Truman Committee, denied:

¶ That Teagle knew Rieth.

¶ That Standard Oil was involved in any dealings with Rieth.

Soon after this, the FBI arrested Rieth and sent him to Ellis Island. He was described as the "No. 1 Nazi in the United States."

Rieth was deported to Germany last July. He sailed on the *West Point* along with 447 other Axis agents and diplomats.

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PM's Bureau

WASHINGTON, Apr. 2.—Another Standard Oil of New Jersey official is going on the Government pay roll, despite the disclosures of Assistant Attorney General Thurman Arnold before the Senate Truman Committee.

The Office of the Petroleum Co-ordinator (OPC), headed by Secretary Ickes, admitted today that it is hiring John P. Withers, a high official of the Standard Oil Development Co., which has handled Standard's synthetic rubber business.

Withers began work for the OPC before the recent Standard case developed, but his appointment has not yet gone through officially. He is due to take the oath of office within the next day or two as senior chemist and hydrocarbon specialist in the refining division.

Five other Standard of New Jersey men already are on the OPC pay roll.

A spokesman for the OPC said the developments in the antitrust case would not affect either Withers or the other men on the pay roll.

"I don't believe they are in a position to harm us," the spokesman said. "None of them is heading a division or determining policy."

Nevertheless, PM learned of Withers's new job from the official of a small oil company doing business with the Government, who was somewhat concerned over the appointee's former connections.