

Truman Says Treason Charge Still Stands

Chairman Finds Standard Oil Hasn't Cleared Itself of Stigma of Aiding Hitler

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WASHINGTON, Apr. 3.—The Senate Truman Committee turned to a new phase in its rubber investigation today still convinced, after a three-day torrent of defensive words from the Standard Oil Co., of New Jersey, that the charges against the company were basically correct.

Chairman Harry S. Truman (D., Mo.), reminded of his earlier comment that the corporation's relations with Hitler's chemical trust were "reasonable," said:

"I haven't changed my opinion a bit."

Today the Committee began following up some of the leads developed during the three days of testimony by company spokesmen. First was an inquiry into the State Dept's attitude toward the company's sale of aviation gasoline to the Italians last year.

Although the evidence showed that Secretary Hull had opposed such sales, the State Dept. last night issued a statement which, without quoting any official, tended to support the company position that it had followed State Dept. policy. The Committee wants to know who issued that statement and why.

Next week the Committee will explore a more sensational angle. This turned up in a memo from Standard's files placed in the record yesterday, indicating that Jesse Jones's reluctance to start synthetic-rubber production was based to some extent upon advice from the British rubber monopoly which was selling the U. S. A. natural rubber from the Far East at fancy prices.

Britain's Intervention

The memo, dated Feb. 21, 1941, and signed by Frank A. Howard, company vice-president, reported that the "RFC program for production of 40,000 tons (of synthetic rubber) is being held up," because Jones is "unable to come to point of making a definite affirmative decision."

After noting the financial considerations which were influencing Jones, the memo added:

"Also, Sir John Hay, representative of the British Rubber Control, has been very persuasive in his argument that the production of synthetic rubber is uneconomic, that the construction of plants will impose a drain on the American productive power at a time when it is badly needed, and that in any case the plants could not be completed until the emergency is passed.

"In view of the above situation, Mr. Schram (president of the RFC under Jones), admitted last Tuesday that the rubber program of the RFC is in a state of suspended animation."

Truman announced that Jones would be called next Tuesday. The Committee also wants to ask him about testimony presented by Standard Oil that in September, 1941, only three months before Pearl Harbor, the RFC ordered it to suspend work on a project designed to furnish 15,000 tons of raw material for synthetic rubber.

But more than anything else, the Com-

mittee wants to question Jones about the financial aspects of the rubber program, particularly Standard's part in them. The evidence yesterday disclosed that until Truman Arnold got the antitrust settlement against the company last week, it was slated to get a 3 per cent royalty on all the rubber produced under the Government program.

There was much controversy over the royalties. Will Clayton, Jones's assistant, did not think any should be paid. But apparently others in the Government did, although some of the rubber companies were further ahead in developing synthetic rubber than Standard. The Committee discovered that one of those favoring royalties was R. R. Deupree, president of Procter & Gamble Soap Co., former dollar-a-year head of the rubber division of the Office of Production Management (OPM), and later special rubber adviser to the RFC.

P & G Involved

Hugh Fulton, Committee counsel, submitted evidence showing that Procter & Gamble had a "limited partnership," with Standard in some of the German Chemical trust's processes for producing fatty acids.

When the company officials completed their testimony yesterday, there was plenty of evidence that didn't jibe with their arguments. For instance:

¶ They denied they had withheld information on Butyl rubber from the Government. But they admitted they had never submitted to the Government figures showing it could be produced for about eight cents a pound. They admitted it was the cheapest, quickest, and from the standpoint of raw materials, the best method for making tires for civilian, light duty. They even turned over to the Committee a tire made in 1940 from Butyl rubber. In February, 1941, they reported to Clayton, who was handling the RFC program, that Butyl rubber was "still in an experimental stage"; and didn't license others to use it until Mar. 11 this year, on the eve of the Truman Committee hearings.

¶ The company denied delaying production of the German Buna-S rubber. But the evidence showed that until the Government stepped in it had granted only licenses designed to restrict the material's production to higher-priced specialty products. And the company officials admitted the Germans had consented to producing the rubber in this country only after Standard had pleaded for a year that the rubber companies were getting ahead of them, and if they didn't move they would lose their patent position.

Sen. Joseph O'Mahoney (D., Wyo.) commented that the trust agreements with the German cartel forced the company into a position where it was "bound by two royalties—one to the I. G. Farbenindustrie, the other to the United States."