

U. S. Victory Held Aim Of Standard

Company Striving To Give America Synthetic Rubber, Farish Declares

4/17/42
By Windsor Booth
Post Staff Writer

Standard Oil (N. J.) is co-operating "absolutely and without qualification" with the Federal Government to assure a supply of synthetic rubber to fill both military and civilian needs, W. S. Farish, president, and Frank A. Howard, vice president of the company, told the Truman Defense Investigating Committee, yesterday.

"We didn't delay the rubber program," President Farish said. "If an explanation for lack of rubber must be found, look to Japan. It took Pearl Harbor and the fall of Singapore to bring home to the people the rubber shortage in which we now find ourselves. Whatever the cause, the fact is we need rubber. The job before us is to get it. We have done and shall continue to do our best in cooperation with the Government to keep America on wheels."

Agreed to Divide Markets

Yesterday's hearing, lasting all day and concluding Standard Oil's part of the record, was carried on in a spirit of amity lacking in earlier sessions. Voices were raised only once, when Senator O'Mahoney (Democrat), of Wyoming, accused officials of dividing royalties between their country and the I. G. Farbenindustrie, the German chemical trust.

Howard testified that with Germany already at war Standard agreed with I. G. to divide up world markets for petroleum-chemical products, I. G. having a monopoly on sales where Germany was dominant and Standard getting the remainder.

"Your difficulty," O'Mahoney said, "is that you are bound by two loyalties—one of loyalty to the German dye trust and its world cartel and the other to the United States and its world policy. I am certain that the latter loyalty will prevail."

Howard denied emphatically that he or any other Standard official divided his loyalty to the United States.

Farish caught the committee's attention when he proposed a way to supply civilians, as well as the military establishment, with a tire supply during the war. He said that with less than one day's production of steel to build the factories and with a capital investment of approximately \$15 for every car in the United States, it would be possible to assure a supply of synthetic rubber tires for everybody.

"Fortunately," Farish said, "the United States has unlimited quantities of the raw materials from which this synthetic rubber is produced—oil and natural gas. No other country in the world can create a synthetic rubber industry as speedily or as effectively as the United States.

"Instead of junking 30 million autos, they should be allowed to wear out in useful war time service—a saving for their owners, at a modest average of \$200 for each car, of six billion dollars. None of us knows how long the war will last, but it is important that civilian automobiles should outlast the war."

Committee Counsel Hugh Fulton dwelt at considerable length on Standard's policy of licensing its patents on synthetic rubber and other products to smaller companies, charging them royalties of from three to seven per cent. Fulton introduced evidence from Standard's own files to the effect that the company licensed its patents only after the licensee agreed to give Standard the benefits of any improved processes he might discover. At the same time, Standard declined to give the licensee the benefit of Standard's own improvements.

Fulton brought out that as late as 1940, Standard sought to prevent individual oil companies from using its synthetic rubber patents to make automobile tires. Instead, Standard gave licenses for making only "specialty rubber"—gasoline hose and waterproofing material. Howard said this policy was adopted in the belief that large-scale development could be achieved only by cooperative action with the major rubber companies.

Only "Stop-Gap" Licenses

"We didn't see how synthetic rubber could ever compete with natural rubber," he said, "unless all the interested parties pitched in and tried to make a go of it as a cooperative matter."

As a result of that belief when Standard acquired control of I. G. Farben patents in 1939 it issued only "stop gap" licenses to rubber companies for specialty products, and not for tires. A cooperative program for the big four rubber companies never was completed, he agreed, because such a combination would have been suspect under the antitrust laws.

Howard told the committee that Standard, under the consent decree entered into with the Department of Justice last week has cut all its German ties, both for the present and after the war ends. No longer, he said, can the German company, through the connivance of the Hitler government, control information and patents of vital importance to American war production.

His company, he said, has given to the Federal Government all the information Standard possesses on the manufacture of synthetic rubber.

To Take No Royalties

"We have turned over all of our patents, all of our processes and all of our 'know how' to the Government for the duration, and we have agreed to take no royalties so long as the war continues," Howard said.

Chairman Truman (Democrat), of Missouri, ordered the hearing to resume this morning at 10:30. He said two "surprise" witnesses, whom he declined to name, will appear and testify on the sale of high-octane gasoline in South America. Secretary of Commerce, Jesse Jones will testify on the synthetic rubber situation next Tuesday, Truman said.