

tion, and matters relating thereto, along with the consideration of the profits amendment, if it is the intention of the committee to include that subject in the consideration of the bill.

Mr. O'MAHONEY. Mr. President, I quite agree with the Senator from Florida that the method he has adopted probably is a very effective one by which to call the attention of the country and of the Government to the subject matter of his amendments; and I am hopeful that, as a result of what he has done, immediate consideration may be given to these fundamental problems.

As I understand from this very brief acquaintance with the Senator's proposal, he is asking only that the policies which are embodied in these amendments shall be incorporated in our law for the duration of the war. There is no purpose upon the part of the Senator from Florida to enunciate a permanent policy with respect to any of these matters. I think I have correctly understood him; and the Senator nods in acquiescence.

ECONOMIC TREATIES BY PRIVATE GROUPS

Mr. President, there is a permanent phase to this matter as well as a temporary phase. It has been illustrated by numerous events during the past several weeks. One of the most striking of all these, I think, was the testimony given before the Truman committee by representatives of the parent Standard Oil Co., known as the Standard Oil Co. of New Jersey, with respect to international cartels controlling patents.

There has recently been called to my attention an advertisement which appeared in the Los Angeles Times on March 27, 1942; and I ask that it may be read from the desk by the clerk.

The PRESIDING OFFICER. Without objection, the advertisement will be read. The legislative clerk read as follows:

The Standard Oil Co. of California is in no way whatsoever involved in the assertions of the Department of Justice, concerning relationship between the Standard Oil Co. of New Jersey and Axis countries. This company is not in any way interested in the patents for the manufacture of synthetic rubber under discussion.

STANDARD OIL CO. OF CALIFORNIA.

MARCH 27, 1942.

Mr. O'MAHONEY. I think it is very significant that the Standard Oil Co. of California should find itself called upon or, perhaps, I should say that the Standard Oil Co. of California should find it desirable, in a newspaper advertisement to disavow any connection with the cartel arrangement which was made in 1929 by the parent New Jersey corporation.

This incident suggests to my mind the desirability of entering in the CONGRESSIONAL RECORD the text of the agreement which was reached by the Standard Oil Co. of New Jersey with I. G. Farben, the German Dye Trust. It should be borne in mind that I. G. Farben was an organization created in Germany shortly after the Versailles Treaty was agreed upon, and its purpose was to reestablish monopolistic control of the dye industry by industrial leaders of Germany. The purpose went much further than that; the purpose was not only to establish world-wide control of the dye industry; the

purpose also was to destroy the German Republic. The German imperialists succeeded in that purpose, and some of the leaders of I. G. Farben were the very men who financed Herr Hitler in his rise to power.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Tennessee.

Mr. McKELLAR. I ask for information whether it was found by the Truman committee that this contract or cartel was still in existence?

Mr. O'MAHONEY. The Truman committee, as I understand, has made no finding. I desire to be utterly fair and utterly just. It should be pointed out that the officers of the Standard Oil Co. of New Jersey agreed with the Department of Justice that a consent decree abolishing this particular cartel should be entered.

Mr. McKELLAR. When was that?

Mr. O'MAHONEY. I think I have a copy of the judgment on my desk, but, at any rate, the date of the decree was within the past 30 days; I do not know the exact date.

Mr. President, as I had occasion to say when the Truman committee was good enough to permit me to intervene in the hearing last week and address a few questions to Mr. Farish, the president of the Standard Oil Co., and to Mr. Howard, the vice president, I have no doubt whatsoever of the patriotism of these gentlemen; I make no charge whatever against their loyalty to America. I believe that their intention is to do everything in their power to aid the United States to win the war. As a matter of fact, I have reason to know, from personal conversations which I had several years ago with Mr. Farish, that he gave his full personal approval to the foreign policy of this Government. That, however, is altogether aside from the question.

What we are dealing with here is a fundamental effect upon the peace of the world, the prosperity of mankind, of international cartel agreements.

They amount, Mr. President, to economic treaties which are put into effect by private groups without any review whatsoever on behalf of all the people of the United States. When the founders of this Government drafted the Constitution of the United States they were so jealous of international agreements that they provided that the President could negotiate treaties but that the treaties could not become effective until approved by the Senate of the United States by a two-thirds vote. Nevertheless, the fact stares us in the face that numerous great corporate entities existing in this country have through many years been engaged in making international economic treaties dividing world trade and fixing prices. Those treaties are written and consummated not only without any approval by any branch of the Government of the United States but without the approval even of the stockholders of the corporations which are bound by the agreements.

I said a moment ago that I thought there ought to be incorporated in the RECORD the full text of the cartel agree-

ment which was entered into by the Standard Oil Co. of New Jersey with I. G. Farben, because, Mr. President, it tells the story in simple, straightforward language of the difficulty, of the tragedy, indeed, in which the world is involved. Governments, social organizations of all kinds, are the product of the life of men; the economic demands which are made upon individual men and women for the maintenance of their own lives are the circumstances which enter into the creation of all types of organizations, and particularly into organizations both of business and of government.

INDIVIDUAL RIGHTS SUPREME

When the Declaration of Independence was written, Mr. President, it was drafted by men who understood that the purpose of government was to enable individual men to protect those great gifts of providence—life, liberty, and the pursuit of happiness. There can be no doubt as to what this Government of ours was established to protect. The Declaration of Independence which is honored by word, but frequently, I fear, is not well understood. We say we support the Declaration of Independence, but do we know what it declares? Let me read it, Mr. President, or at least a portion of it:

We hold these truths to be self-evident, that all men are created equal.

Not some men; all of them; the Filipinos, the Malaysians, the Burmese, the Hindu, the white man, the Negro, the American Indian, every man, "all men are created equal."

That they are endowed by their Creator with certain inalienable rights, that among these are life, liberty, and the pursuit of happiness.

Observe the next phrase:

That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it.

The whole reason that this world is today involved in war and that the people of this country, the Members of this Congress, and the Executive of this country are wondering what we shall do to win the war, and how it should be fought, is that the world-wide arrangements which have been made, affecting the economic existence of all peoples, are such that they have closed the door of economic opportunity. Because economic opportunity has been restricted, governments are tottering.

Mr. McKELLAR. Mr. President, I am inclined to think the Senator is correct. But is not this the remedy? When there is a contract in restraint of trade made between citizens of our country and citizens of another country for the purpose of confining the business to themselves, and leaving others out, are not the contractors punishable under the anti-trust laws which are now on our books?

Mr. O'MAHONEY. Oh, yes, Mr. President.

VIOLATIONS OF FUNDAMENTAL LAW

Mr. McKELLAR. Cannot such agreements be abolished, be set aside, just as

the particular agreement to which the Senator is referring was set aside by the court, by a consent decree of court? Could not such agreements as the Senator has mentioned be set aside in the same way?

Mr. O'MAHONEY. Yes; with great difficulty. There is no specific law requiring the registration of these cartel agreements, and one of my reasons for occupying the floor at this moment is that I intend in a few moments to present a bill which will undertake to make that necessary. It is true, as the Senator from Tennessee has very well said, that agreements of this kind are in violation of the fundamental law of our people that combinations in restraint of trade are unlawful per se. They are condemned by the common law, as the Senator, who is an experienced lawyer, well knows; but the difficulty has been in enforcing that condemnation.

Mr. McKELLAR. They are inhibited by specific statute. Just as the cartel arrangement of which the Senator has just spoken, signed by the Standard Oil and by I. G. Farben, of Germany, was restrained, all contracts made with citizens or aliens in restraint of trade come under the ban of what is known as the Sherman anti-trust law, passed many years ago.

Mr. O'MAHONEY. The Sherman anti-trust law has been more honored in the breach than in the observance.

Mr. McKELLAR. I agree; and I say to the Senator that I think his proposed bill to give further jurisdiction to our courts to deal with the matters concerning which he is speaking is very timely, and I have no doubt it will pass if the Senator pushes it.

Mr. O'MAHONEY. Let me read the agreement which was entered into by I. G. Farbenindustrie Aktiengesellschaft and Standard Oil Co. of New Jersey on the 9th day of November 1929:

I. G. Farbenindustrie Aktiengesellschaft, a German corporation, of Frankfurt-am-Main, Germany, hereinafter referred to as "I. G." and

Standard Oil Co., a corporation incorporated under the laws of the State of New Jersey, hereinafter referred to as "the company."

Whereas I. G. and the Company are two of the four parties named in the agreement of even date herewith, a copy of which is annexed hereto, and the terms of which require close cooperation between I. G. and the Company along technical lines; and

Whereas the Company recognizes the preferred position of I. G. in the industries known as chemical, and I. G. recognizes the preferred position of the Company in the industries known as oil and natural gas; and

Whereas neither party has any plan or policy of so far expanding its existing business in the direction of the other party's industry as to become a serious competitor of that other party, but each recognizes that certain overlapping activities will exist—

Mr. President, let me read that paragraph of this formal agreement once more. Its importance cannot be over-emphasized.

Whereas neither party has any plan or policy of so far expanding its existing business in the direction of the other party's industry as to become a serious competitor

of that other party, but each recognizes that certain overlapping activities will exist:

Now, therefore, with a view to preventing such overlap from becoming a source of mutual irritation and unwillingness to cooperate on technical lines as is required under said four-party agreement, the parties hereto have agreed that their policies shall be as follows:

ARTICLE 1. New chemical developments by the company.

Now, Mr. President, we are dealing with new chemical developments by the American Co., by the American partner to this international cartel.

If the company shall desire to initiate anywhere in the world a new chemical development not closely related to its then business, it will offer to I. G. control of such new enterprise (including the patent rights thereto) on fair and reasonable terms.

CONTROL OFFERED TO GERMAN MONOPOLY

Can it be imagined, Mr. President, that any organization created in America by operation of law would be willing to bind itself to offer control to a foreign group?

Bear in mind what I say, that the organization to which this control was offered was the very organization which destroyed the German Republic, destroyed democracy in Germany, and brought about the establishment of the present unholy dictatorship.

Mr. BONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BONE. I should like to have the Senator from Wyoming enter in the Record as a part of his remarks the last effective binding date of this contract.

Mr. O'MAHONEY. The date of the consent decree, by which, let it be remembered, the officers of Standard agreed without a suit to abandon its obligation.

Mr. BONE. On what date was the decree entered?

Mr. O'MAHONEY. Within the past 30 days; I do not recall the exact date. It was the consent decree which was brought about by the Department of Justice, under the activity of Thurman Arnold, Assistant Attorney General in charge of antitrust proceedings.

Mr. BROWN. Mr. President—
The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Wyoming yield to the Senator from Michigan?

Mr. O'MAHONEY. I yield.

Mr. BROWN. The Senator does not say in his statement whether the control of patents by the Farben Co. was confined to Germany, or to Germany and her satellites, or whether the control existed with respect to patent rights all over the world.

Mr. O'MAHONEY. I was about to come to that. The understanding was, in terms and in effect, a division of the world into two groups. The Standard Oil Co. of New Jersey was to have free hand with respect to oil, and I. G. Farben was to have free hand with respect to chemicals. That is why the matter has become of such supreme importance at this time, because the synthetic-rubber process is a chemical process, control of which, under this agreement, was given to Germany.

Mr. BONE. Mr. President, will the Senator yield further?

Mr. O'MAHONEY. I yield.

Mr. BONE. I do not wish to bother the Senator from Wyoming if he desires not to be interrupted. I wonder if he objects to interruptions.

Mr. O'MAHONEY. They do not bother me at all.

Mr. BONE. Over the years the Senator and I have indulged in colloquy on the floor of the Senate about these cartel arrangements, and I think the Senator understands my attitude of mind toward them. They now, and will always, I think, present to students of history a very peculiar picture. Most students of history had come to believe that the feudal system had been shot to death in the French Revolution, but now we see feudalism in a new dress being engrafted on our capitalist society. I think it is one of the most astounding manifestations of modern history to see a feudalistic control. The baron on the hill, with his castle, disappeared, but the baron behind the mahogany desk now sits with another baron or group of barons, and, by virtue of economic control, buttressed by laws which we pass, they parcel out the whole world for exploitation.

One group takes one segment of the world, another group another segment, while we sit here thinking that we exercise power, whereas the real power—the economic power—is being exercised without limit by private individuals, through sanction of law.

I think there is one effective answer to this sort of control. I know we will probably never get around to it because we are like a small boy who has his finger in a doorjamb and is closing the door on it, the while shrieking his agony so that everyone may hear him. If it is suggested to him that he merely open the door and take his hand out, he thinks that is not the orthodox way to do it. He prefers to suffer rather than to save his finger.

These gentlemen can have all the cartel controls they please, in aluminum or anything else, but I suggest, though I realize the suggestion may perhaps cause consternation on the part of some of my brethren, that one effective answer would be for Uncle Sam to build some aluminum factories and manufacture aluminum. Congress could control the patents and the cartel would not be worth a snap of the fingers. As a lawyer, I know that to be so, and I am sure the Senator from Wyoming knows it. I realize that it is asking too much to suggest that we manufacture aluminum for our own Government. That would not be right. It might offend high heaven if we undertook such an atrocious thing as that.

ARBITRARY POLITICAL CONTROL FOLLOWS

Mr. O'MAHONEY. I am glad the Senator has made these remarks because he points up the argument I am making. The existence of arbitrary private control over the economic lives of the people leads directly to arbitrary political control. It was precisely because I. G. Farben was controlling the economic destiny of the people of Germany and of Europe that finally the political control passed

into the hands of the dictators. It is just as inevitable as the following of night after day. If we surrender economic control to a small group, we cannot quarrel if political control in the hands of a small group immediately follows.

Mr. President, what I am saying now is directed to the leaders of corporate business in the United States.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BROWN. I should not want the Senator to leave the implication that there are not at least some of us in the Senate who hope that we shall have some free enterprise in our economic relationships with other countries after the war. I think that what the Senator from Wyoming is pointing out is that the Standard Oil Co. and the I. G. Farben Co. entered into an arrangement which would be illegal under the Sherman anti-trust law or the common law. In reality, the Sherman antitrust law is merely a statutory expression.

Mr. O'MAHONEY. The Senator is quite correct.

Mr. BROWN. I presume almost every great enterprise in my great State of Michigan—Parke, Davis & Co. in drugs, General Motors Co., the Ford Motor Co., and other great enterprises—had branches throughout the world. As the Senator knows, the Oppeln plant in Germany was owned by the General Motors Corporation when Mr. Hitler took it over in 1939, and he sent to Mr. Knudsen, through his representatives there, a little piece of paper saying, "We have taken over the Oppeln plant." Nothing was said as to whether anything would ever be paid for it; but it was taken over. I do not think we ought to leave the implication that it was unpatriotic for these great industrial enterprises to have their branch establishments in many countries of the world.

Mr. O'MAHONEY. Mr. President, the Senator does not think that I gave such an implication, does he?

Mr. BROWN. No; but I fear that such an inference might be drawn from some of the things the Senator has said. The Senator is talking about political freedom and economic freedom. I desire to emphasize that I do not want anything that is here said to imply that all of us, or at least the Senator from Michigan, will approve of a situation after the great scourge of war which now afflicts us shall have passed which will prevent us from giving to the 300,000,000 people of India the benefits of America's economic progress, from giving to them the benefits of mass production, of the patent rights which we have established, which enable us to make goods and merchandise beneficial to those people. In other words, I am hopeful that when the time comes we shall have a little less of narrow nationalism and a little wider participation on the part of all peoples, particularly in the Far East, in the benefits of American mass production.

Mr. O'MAHONEY. Mr. President, the Senator is now talking about a subject that is altogether different from that which I am discussing. I quite agree

with him. I have no thought whatsoever that there should be any such thing as a narrow nationalism. What I am inviting the attention of the Senator from Michigan to is that in the past great organizations in this country and in Germany have entered into economic treaties without the knowledge of their government, which have resulted not only in the exploitation of the peoples of foreign countries, but have resulted in the exploitation of our own peoples.

Mr. BROWN. And which were illegal under the laws of this country.

Mr. O'MAHONEY. And which were illegal. That is correct. As I see it, there is only one way effectively to prevent that sort of thing, which is to require that when a corporation of the United States undertakes to enter into an agreement of this kind with a corporation of some foreign country, it shall at least file notice of its intention with the Government of the United States. The representatives of the people of this country ought to be apprised of the economic adventures of our private organizations throughout the world, otherwise it will be possible to discover that only by the expenditure of large sums of money and by difficult and tortuous investigations.

Mr. President, I have no desire to build up an all-powerful and arbitrary government. I wish to see private enterprise protected and preserved and maintained. I do not wish to see corporations, as such brought under a regimentary policy by the Government; but I am convinced, after years of study, that there is only one way to preserve free enterprise, and that is by making certain that all private groups of this kind shall observe certain definite standards of conduct and of policy to be laid down by the Government of the United States. I would set them free from regimentation; I would not clothe any Government board or commission with the power to operate business; but if we are to avoid that, Mr. President, there is only one way to do it, and that is by having the Congress of the United States lay down the standards which shall guide the activity of these organizations. Mr. President, it will not be dreamed for a moment that the Standard Oil Co. could have entered into an agreement not to become a serious competitor of I. G. Farben if the people of the United States knew what it was doing at the time it was doing it.

Mr. BONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BONE. It seems to me that in merely trying to curb men's greed by resorting to some forms of publicity such as have been suggested by the Senator from Wyoming, we run into another angle of the problem which makes the publicity feature seem rather futile at times. If a private corporation has grown so great that it is, first, virtually a monopoly because of its size, and, second, it exercises monopolistic control because of control of basic patents, there is not any effective way of controlling its prices.

Let us take the field of Aluminum as an example. The aluminum combine in this country is not even subjected to that form of regulation which is applied to power companies, for instance. I do not stand here and admit for one moment that that form of regulation is effective. I think it is a fake and a fraud, and it has been proven so times without number. The public has been mercilessly rooked even under this so-called regulation, when one sees the utility companies go into politics and become so potent in American life as to become the regulators of their own regulators.

But we do not have that form of regulation for certain kinds of private monopoly. They do not mind some form of publicity if they can control market prices. That is why I suggest to the Senator that if we reach a point where businessmen lay aside all those restraints which ought to be self-imposed by business which does not want to have socialistic practices put into operation in this country—and I often wonder whether these men flirt with that sort of thing—if they are not willing to impose upon themselves some reasonable and rational restraints in the matter of prices charged the public, what right have they to expect that the Government will not compete with them in time?

The Senator from Wyoming [Mr. O'MAHONEY] and I have lived long enough to know that the antitrust statute has been virtually a dead letter on the books. A few venturesome souls such as Thurman Arnold have occasionally invoked the thunderbolts of the law, but he has been roasted all over the country for doing so, and his name has been made obnoxious in many quarters because he undertook to invoke the antitrust laws of the country. After a while that spasm of virtue will die down and the public will forget about it, and we will go back to the old abuses.

I say to the Senator from Wyoming, who may not agree with me, that if we had one Government aluminum plant which could be a yardstick for aluminum, such as a gigantic power plant can be a yardstick for power in one section of the country, all the boys in the game would be good boys. The Government then would have something in the nature of a yardstick by which it could assure reasonable prices. But if we are simply going to rely on prosecutions and publicity these slick boys are going to get around them. The Senator and I have lived long enough to know how they get around them. Look at the discussion which went on in this body for 3 or 4 years about what the Axis was doing long before we got into the war. Yet we were doing business with them right along. That is an example of how careless we are in our operations.

THE CARTEL AGREEMENT

Mr. O'MAHONEY. I was reading article I of the charter of the international I. G. Farben-Standard cartel. Let me begin again, so that Senators who have been diverted by the colloquy may pick up the thread:

ARTICLE I. New chemical developments by the company.

Meaning the Standard Oil Co.

If the company shall desire to initiate anywhere in the world a new chemical development not closely related to its then business, it will offer to I. G. control of such new enterprise (including the patent rights thereto) on fair and reasonable terms.

Examples: (a) A development not related at all is the production of artificial silk by present methods.

(b) A development related but not closely related is the production of nonhydrocarbon solvents from natural gas.

In framing this agreement, the drafters were not content with the plain statement of their purpose in the words of the article, but they gave examples of the sort of process which the company would have to give away, and the sort of process which was so related to the oil industry that it could keep it.

ART. II. New chemical developments by I. G.:

1. If I. G. shall desire to initiate outside of Germany—

That is, anywhere in the world outside Germany—

(as "Germany" is defined in art. XIV of said four-party agreement) a new chemical development which cannot be advantageously carried on except as a department of an oil or natural-gas business, it will offer control thereof (including the patent rights thereto) to the company on fair and reasonable terms.

That was a binding obligation upon I. G. to give control to the Standard Oil Co. in cases of the kind mentioned in that paragraph.

Examples: (a) The production of solvents, whether hydrocarbon or nonhydrocarbon, from olefines produced in refining oils.

(b) The production of an antiknock compound to the extent that the name shall be sold to or through oil companies.

2. If I. G. shall desire to initiate outside of Germany (as "Germany" is defined in art. XIV of said four-party agreement), a new chemical development not covered by subparagraph 1 of this article, but related to the then business of the company, as, for example, by use of natural gas or petroleum products, I. G. will offer to the company a substantial but not controlling participation.

Examples: (a) The production of fixed nitrogen from natural gas.

(b) The production of acetylene from natural or refinery gas.

Article III. Duration of this agreement.

This agreement shall be binding upon and inure to the benefit of the subsidiaries of the respective parties hereto as provided in article XIII of said four-party agreement, to the same extent as if said article were incorporated in this agreement, it being understood that no subsidiary corporation or the character referred to in paragraph B of said article 13 shall have the privilege of ratifying either the four-party agreement or this agreement without also ratifying the other.

In witness whereof the parties hereto have set their hands, and seals on the day and year first above mentioned.

I. G. FARBENINDUSTRIE
AKTIENGESELLSCHAFT.

By (signed) SCHMITZ V. KNIERIEM.

That, Mr. President, is the same Mr. Hermann Schmitz who was one of the backers of the Hitler movement, and who was one of the group which conspired in Germany for the destruction of the German Republic.

The agreement is signed on behalf of Standard Oil Co. of New Jersey by W. C. Teagle.

The parties to this cartel charter were very careful to make certain that it should be maintained in principle, no matter what governments should do. As a consequence, a so-called coordination agreement was embodied in a letter signed by Mr. Teagle, who was then president of Standard. From this letter I quote the following significant paragraph:

In the event the performance of these agreements or of any material provisions thereof by either party should be hereafter restrained or prevented by operation of any existing or future law, or the beneficial interest of either party be alienated to a substantial degree by operation of law or governmental authority, the parties should enter into new negotiations in the spirit of the present agreements and endeavor to adapt their relations to the changed conditions which have so arisen.

It will be observed that this was an undertaking to the effect that if any material provision of the private economic treaty between Farben and Standard should thereafter be "restrained or prevented" by law or governmental authority, the parties nevertheless should enter into new negotiations "in the spirit of the present agreements."

Mr. President, without taking all the time that would be necessary to do so, it is important only that I should mention that the agreement entered into in 1929 was reasserted in 1939. It was reasserted by what was known as the Hague compact, the purpose of which was to make certain that if anything transpired which should upset this agreement, it could thereafter be renegotiated and reestablished.

The 1939 agreement made at The Hague contained these paragraphs, outlining the obligation of the Standard Oil Co.:

* * * If it shall appear from * * * reports that the division of territory of exclusive ownership between the parties as herein effected have not been equitable in its financial results as judged by the agreement of September 30, 1930 (which was based on the 1929 agreement), then the parties shall correct the inequity in such manner as may seem most fair and advantageous at the time.

Pursuant to the foregoing, I. G., the Standard Development Co., and Jasco shall make or cause to be made any formal assignments or execute any further instruments necessary to put into effect the present readjustment and any required future readjustment of the rights and interests of the parties to the agreement of September 30, 1930.

That agreement was entered into in 1939, in contemplation of the war. Its purpose was, so far as possible, to retain the cartel arrangement so that when the war was over the division of territory and the division of profits might be reasserted. This was the purpose which actuated the partners as late as February 20, 1941, when, according to the statement presented to the Truman committee by Mr. Thurman Arnold, a confidential letter was written to Mr. Howard, vice president of Standard Oil Co. by one of his staff. The letter reads as follows:

DEAR FRANK: As intimated to you briefly the other day, Dr. Ringer came to Paris to see me before I left the end of January—

Dr. Ringer, of course, was a representative of I. G.—

and asked me to give you the following message in regard to cable which he had received, I believe, from your good self:

"Jasco cable will be difficult but one underlying point is that Jasco contract has not been wiped out as agreed; whatever done the final financial outcome original intention of old Jasco agreement should govern."

Thereby indicating that as late as February 1941 it was still the purpose of the partners to this world cartel agreement to maintain the arrangements which they had made.

AGREEMENT NOW TERMINATED

Mr. President, it is only proper to say that when Mr. Farish, the president of Standard, and Mr. Howard, vice president, were on the stand before the Truman committee, the quotations which I have now cited to the Senate were called to their attention and they were asked whether, in their opinion, the consent decree was a Government act which could be set aside by them for their private purposes after the war. Mr. Howard, with the approval of Mr. Farish, agreed, in response to the question which was directed to them, that the consent decree has put an end to that cartel agreement.

Mr. HILL. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. HILL. Does the Senator understand the consent decree virtually to mean an admission on the part of the Standard Oil Co. of the charges alleged in the bill of complaint? It practically amounts to that, does it not?

Mr. O'MAHONEY. There can be no other conclusion.

Mr. HILL. There can be no other conclusion except that it is an admission.

Mr. O'MAHONEY. That is true.

Mr. HILL. What happened in this case was that the Standard Oil Co. practically made what we would call in a criminal case an admission of guilt, threw itself on the mercy of the court, and the court proceeded to hand down a finding. Is not that what it amounted to?

Mr. O'MAHONEY. The Senator is quite right; but, Mr. President, it would be unjust and unfair to assume that the Standard Oil Co. of New Jersey is the only organization which has been engaged in international agreements of this kind. It was brought out during the Truman committee hearing that Procter & Gamble have an international agreement with I. G. Farben with respect to synthetic fats. It has been brought out and referred to upon this floor that General Electric had an agreement with Krupp, the munitions manufacturers of Germany, with respect to certain products. The hearings of the Temporary National Economic Committee developed much testimony on world cartels. The hearing is part 25 of the T. N. E. C. hearings.

Mr. President, I desire to make it as clear as possible that, in my judgment, this is a more or less natural development of the expansion of trade; and I cite the instances not for the purpose of casting

any reflection upon the patriotism of the men who negotiated this agreement but for the purpose of calling attention to the essential need of hereafter establishing a formula which will prevent the creation of international cartels, which stifle economic opportunity.

NATIONAL STANDARDS NECESSARY

Mr. President, there never has been a leader of political or economic thought in America who has not agreed that the public, in self-protection, should establish some controls and some direction over the activities of organizations of this kind. It is not only in the world-cartel field but in domestic fields that the agreements and combinations of private groups without any public supervision in the way of standards operate to the disadvantage of the public. Labor organizations and farm organizations, as well as industrial organizations, come into existence, follow policies and adopt agreements which intimately affect the lives of millions of persons who have no way under the sun of controlling or shaping or directing those activities. Over and over again, Mr. President, I have called attention to the fact that since the creation of this Government of ours, and the admission by the ratification of the Constitution of the Original States, no new State has ever entered the Union until its charter was approved on behalf of all the people by the Congress of the United States. Go into each State and you will find that no city is set up and the people of that city permitted to govern themselves unless in accordance with the standards laid down by the State legislature in the municipal corporation law of each State.

As long ago as 1911 Senator John Sharp Williams, representing the great State of Mississippi, introduced upon this floor a bill to bring corporations under some sort of Federal supervision by way of licensing. It was not his purpose to regiment the corporations. His purpose was only to provide that their organization should be in accordance with the standards and with the policy laid down in the interests of all the people.

THE WICKERSHAM BILL

During the administration of William Howard Taft there was introduced in this body by a predecessor of mine from the State of Wyoming, the Honorable Clarence D. Clark, who at that time was chairman of the Committee on the Judiciary, a measure setting up standards for national corporations. The late Senator Borah and I on numerous occasions presented to this body bills intended to provide this sort of public direction, again I say not in the sense of regimentation but in the sense that the organizations, the groups created by individual initiative to affect the economic welfare of all the people should receive their authority from the only body which can speak for all the people, namely, the Congress of the United States.

Mr. HILL. Mr. President, if the Senator will yield at that point—

Mr. O'MAHONEY. I yield to the Senator from Alabama.

Mr. HILL. I desire to say that the Senator has, in my opinion, rendered a very distinguished service in this matter.

As chairman of the Temporary National Economic Committee, and since in committees and on this floor, he has brought to the attention of the Senate, the Congress, and the public many facts which constitute a very real contribution to this subject. I know how the Senator has labored in this matter; and I, for one, want to thank him and to wish more power to him in his efforts.

Mr. O'MAHONEY. Mr. President, I thank the Senator. He is very kind in his reference to the humble efforts I have been making. I can speak frankly about this matter because the idea is not mine. It did not spring from my mind. It is a suggestion as old as the system under which we live.

No corporation ever came into existence without the authority of the people. We have not had a national corporation law solely because the Congress of the United States has desired to retain that power for the States. The progress of invention has been such, such great advance has been made in technological matters, that it is no longer possible for the States to protect their own people with respect to matters of this kind. This became apparent more than 50 years ago when the first Interstate Commerce Act was passed. It was passed because the national railroads had become so great and powerful that the separate States could not regulate them in the public interest; and so we began to build up in Washington the bureaucracy, and the Interstate Commerce Commission was created. There has scarcely been a 5-year period since, whether under the Democrats or under the Republicans, in which we have not seen the Federal Government expand; and it has been expanding in the direction of discretionary control because we have not been willing to set up by law standards for corporate control.

NATIONAL CHARTERS FOR NATIONAL CORPORATIONS

So, Mr. President, I am now going to introduce another form of the bill which has been before the Senate for more than 30 years, in one form or another, sponsored by men of great ability and great learning. The first bill, as I say, was drafted by Senator John Sharp Williams. The second bill of which I have knowledge was drafted by George Wickersham, Attorney General in the administration of William Howard Taft. Another bill was drafted by the late Senator Borah. With some assistance, I myself drafted one. A little later Senator Borah and I collaborated and introduced a bill; and now, Mr. President, I introduce a new Federal incorporation bill, and ask that it may be referred to the Committee on the Judiciary.

The first section of the bill is the title section.

The second section deals with definitions.

The third section requires that every corporation engaged in commerce, every trade association, and every labor organization engaged in commerce, or which represents or is composed of any person the cessation of whose work would affect commerce, shall obtain from the Commission a certificate of statutory

compliance. The purpose is not to do away with State charters, but merely to set up standards which, in the national field, shall be followed by these organizations.

Section 4 provides for the issuance of a certificate of compliance to any corporation the articles of incorporation or association of which, in addition to conforming to the requirements of the State of incorporation, shall conform to the following requirements:

A. Prohibit that corporation from having as a director any person who is (1) a director of, employed by, or has any financial interest in, any competing corporation; or (2) a director of, employed by, or has any financial interest in any corporation which has business with such corporation.

B. Provides that each director of such corporation shall have an actual and bona fide financial interest in such corporation.

I shall not attempt to read each of these sections, Mr. President. I ask unanimous consent that the bill may be set forth in full in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. O'MAHONEY. I wish, however, to call attention to two of the provisions dealing with the subject of cartels. The first of these, which is subparagraph (E) of section 4, which reads:

E. Provides that a copy of any general plan or program with any foreign corporation or foreign national, directly or indirectly, and with any corporation or person controlled by any foreign corporation or national, to effect the exchange or transfer of property, franchises, or other rights, including patents or licenses, whether through purchase, assignment, lease, or sale or otherwise, shall be filed with the Department of Justice of the United States, and shall be completely disclosed to each stockholder of record prior to the time that such general plan or program shall become legally effective.

F. Provides that a copy of every contract, agreement, or arrangement and any purchase, assignment, lease, or sale of property, franchises or other rights, including patents and licenses, with, to, or from any foreign corporation or foreign national, directly or indirectly, or with, to, or from any corporation or persons controlled by a foreign corporation or a foreign national, shall be filed with the Department of Justice of the United States at least 30 days after such contract, agreement, arrangement, purchase, assignment, lease, or sale has been entered into or made.

Mr. President, I think it is obvious that the effect of those provisions would merely mean public disclosure of facts of the most intimate importance to all the people of the United States.

Section 5 deals with the statutory compliance by trade associations.

Section 6 deals with a statutory compliance by labor organizations. This section provides that the charter of such labor organizations dealing in interstate commerce shall have the following requirements:

(a) Election of officers shall be held at least once each year;

(b) Ballots shall permit voters to vote for any person nominated as a candidate or for any other person. Any member of the organization shall be permitted to observe the collection and counting of ballots.

(c) There shall be a detailed accounting by independent accountants of the funds, assets and liabilities, expenditures and receipts of the organization, not less than once every 2 years. A report of such accounting shall be made public, and a copy thereof filed with the Commission.

(d) No initiation fee for any member shall exceed \$10.

Section 7 provides penalties for the act as a whole.

Section 8 deals with the jurisdiction of the courts.

Sections 9 and 10 are formal provisions.

THE PUBLIC INTEREST PARAMOUNT

Mr. President, I wish to say that a bill of this kind is not hostile to any such organization, whether it be an organization of capital or of labor. A bill of this kind is essential in the public interest, to establish public standards which shall guide all these organizations.

The people of the United States are not very much concerned with what transpires in the legislature of a particular State because such matters ordinarily affect only the people of the State. The laws passed by the State of Massachusetts or the State of Indiana or the State of Kentucky or the State of Vermont seldom have any national significance because they are essentially local; but when a great corporation, such as the Standard Oil Co. of New Jersey, enters into an international cartel agreement it enters into an agreement which affects the intimate existence of every citizen of this country, and of many other countries, too. Likewise, when a great labor organization such as the United Mine Workers of America, the C. I. O., or the A. F. of L., adopts policies and programs it frequently affects the welfare of the whole people.

As I say, it is no attack upon any of these organizations to say that the standards ought to be laid down by the representatives of all the people of the United States; and the sooner, Mr. President, we recognize the fact that such standards should be formulated and that the public has an interest in them, the sooner we shall escape from the evils of pressure groups and group government.

The war which is now going on is a war which has resulted from pressure groups. What happened in Germany, what happened in Russia, what happened in Italy was that the class conflict became so acute that in each instance a particular class took charge of the Government, to the detriment of every member of every other class.

If we are to preserve democracy, if we are to preserve the essentials of individual liberty, if we are to preserve the Government of the United States as a government of all the people, then there is only one way to do it, and that is to take action of this kind, which will prevent the emergence of a particular class with sufficient power, either by way of money or by way of numbers, to take control of the government of all of us.

Mr. President, I ask that the bill I have introduced be referred to the Committee on the Judiciary. I think I have already obtained unanimous consent that it may

be printed in full in the RECORD at this point.

There being no objection, the bill (S. 2438) providing for the issuance of certificates of statutory compliance with certain national standards to certain corporations, trade associations, and labor organizations engaged in or affecting commerce, was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

[Exhibit 1]

Be it enacted, etc.,

SECTION 1. This act may be cited as the Federal Charter Compliance Act of 1941.

SEC. 2. Definitions: As used in this act (a) "person" means any individual, partnership, association, corporation, business trust, legal representative, or group of persons.

(b) "Commerce" means commerce, trade, traffic, transportation, or communication with foreign nations or among the several States or from any State to any place outside thereof or in the District of Columbia.

(c) "Affecting commerce" means in commerce or burdening or obstructing commerce or the free flow of commerce.

(d) "State" means any State of the United States, or the District of Columbia, or any territory or possession of the United States.

(e) "Corporation" shall include any body corporate, business trust, joint stock company, limited partnership, or syndicate, and shall include related corporations.

(f) A corporation shall be deemed to be engaged in commerce if the corporation itself or any related corporation is engaged in commerce.

(g) "Trade association" shall mean any association, corporated or unincorporated, any of the members of which engage in commerce, which gathers information from its members concerning trade practices or concerning the individual business of its members or which advises its members as to trade practices, or the future conduct of business.

(h) A related corporation is a corporation which is a subsidiary or affiliate of, or which directly or indirectly controls, or is controlled by, or is under direct or indirect common control with, another corporation. Two corporations shall be deemed to be related if — percent of the stock of either such corporation is owned by the other or by any related corporation.

(i) The term "labor organization" means any organization, of any kind, or any agency or employee representation committee or plan, including separately each central or national organization and each local or branch or lodge whether or not affiliated with such an organization, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rate of pay, hours of employment, or conditions of work.

(j) The charter of a corporation, trade association, or labor organization shall mean the charter, articles of incorporation, certificate of incorporation, constitution, agreement, or other document or documents setting forth the basic structure of the corporation or organization and the fundamental rules under which it operates.

(k) "Commission" shall mean the — Commission.

SEC. 3. Certificate of Statutory Compliance: (a) On and after 1 year from the date of approval of this act, every corporation engaged in commerce, every trade association, and every labor organization engaged in commerce, or which represents or is composed of any persons the cessation of whose work would affect commerce shall obtain from the Commission a certificate of statutory compliance.

(b) An applicant for a certificate of statutory compliance shall file with the Commission a certified copy of its charter. If the charter conforms to the requirements prescribed in sections 4, 5, or 6 of this act, the Commission shall issue a certificate of statutory compliance.

(c) A certificate of statutory compliance shall be given if the charter filed with the Commission complies with the requirements of this statute. Any applicant to whom a certificate of statutory compliance is denied may, within 60 days after such denial, file a petition to compel the Commission to issue it a certificate of statutory compliance in any district court of the United States in which the applicant has an office, does business, or in which any of the members of a labor organization are employed, or in the District Court of the United States for the District of Columbia, and if the district court determine that the applicant's charter complies with the provisions of this act, it shall order the Commission to issue a certificate of statutory compliance. Proceedings filed pursuant to this paragraph shall be summary in form. The charter filed by the applicant shall in each instance be attached to the petition. Such proceedings shall be set for hearing at the earliest possible time. Appeals from the decision of the District Court may be taken as in ordinary civil actions.

SEC. 4. The Commission shall issue a certificate of compliance to any corporation, the articles of incorporation or association of which, in addition to conforming to the requirements of the State of incorporation, shall conform to the following requirements:

A. Prohibits that corporation from having as a director any person who is (1) director of, employed by, or has any financial interest in any competing corporation; or (2) a director of, employed by, or has any financial interest in any corporation which has business with such corporation;

B. Provides that each director of such corporation shall have an actual and bona fide financial interest in such corporation;

C. Provides that such corporation shall reasonably compensate its directors and provide a procedure by means of which the directors shall be at frequent intervals fully informed as to the operations of the corporation; and provide for the meeting of such directors not less frequently than once each month. There shall be kept full and complete transcripts of all meetings of the board of directors or any committee thereof;

D. Provides that complete disclosure in a written report mailed to each stockholder of record shall be made of all transactions between any director and the corporation during the year preceding, and any dealings by the directors in the stock or other securities of such corporation;

E. Provides that a copy of any general plan or program with any foreign corporation or foreign national, directly or indirectly, and with any corporation or person controlled by any foreign corporation or national, to effect the exchange or transfer of property, franchises, or other rights, including patents or licenses, whether through purchase, assignment, lease, or sale or otherwise, shall be filed with the Department of Justice of the United States and shall be completely disclosed to each stockholder of record prior to the time that such general plan or program shall be come legally effective.

F. Provides that a copy of every contract, agreement, or arrangement, and any purchase, assignment, lease, or sale of property, franchises, or other rights, including patents and licenses, with, to, or from any foreign corporation or foreign national, directly or indirectly, or with, to, or from any corporation or persons controlled by a foreign corporation or foreign national, shall be filed with the Department of Justice of the United

States within 30 days after such contract, agreement, arrangement, purchase, assignment, lease, or sale has been entered into or made.

G. Provides that the directors of such corporations shall be deemed to be trustees for the stockholders and required to exercise the degree of care employed by a trustee in the administration of a business with which he is familiar.

H. Provides that any directors of such corporation shall be individually and civilly liable to the corporation for any damage caused to the corporate estate through the violation by the corporation of any Federal law, where any act constituting such violation was authorized, ordered, or done by any such director.

I. Prohibits the reimbursement by the corporation to any director or officer of any expense sustained by him or incurred in his behalf as a result of his violation of any Federal law.

J. Provides that any director who fails to attend meetings of the board of directors over a 6-month period forfeits his directorship.

K. Provides that each share of stock shall give the holder thereof the right to cast one vote in all matters which are determined by vote of the stockholders.

L. Provides that any proposal which is approved by the board of directors and which alters the existing rights of any stockholder or security holder shall be fully disclosed to the stockholders within a reasonable time before their consent to such proposal is sought.

M. Provides for full disclosure to the stockholders of any voluntary payments made by the corporation.

N. Provides that any amendment of the charter which alters the existing rights of any stockholders or security holders shall be submitted to, and shall not become effective until approved by, such class of stockholders or security holders for a vote by such class voting as a class.

O. Provides that such corporation shall not directly or indirectly in the future purchase shares of stock or other interests in any corporation or company principally engaged in a business other than the principal business of such corporation.

SEC. 5. The Commission shall issue a certificate of statutory compliance to any trade association, the charter of which conforms to the following requirements:

The association shall file with the Commission a semiannual report (a) stating the services performed by such association and the type of data collected or disseminated by such association, (b) listing the publications of such association and designating the subject matter and date of all letters or other documents published by the association to its membership, and the officers, directors, employees, and members of such association, and (c) including full minutes of all meetings of the officers, directors, or members of such association. Affidavits required by the responsible officers of the association shall accompany such report and shall state that there has been disclosure of all relevant acts and services of the association.

SEC. 6. The Commission shall issue a certificate of statutory compliance to any labor organization, the charter of which conforms to the following requirements:

(a) Election of officers shall be held at least once each year.

(b) Ballots shall permit voters to vote for any person nominated as a candidate or for any other person. Any member of the organization shall be permitted to observe the collection and counting of ballots.

(c) There shall be a detailed accounting by independent accountants of the funds, assets and liabilities, expenditures and receipts, of the organization, not less than once every 2 years. A report of such accounting

shall be made public, and a copy thereof filed with the Commission.

(d) No initiation fee for any members shall exceed \$10.

SEC. 7. Penalties: (a) Any corporation or trade association engaging in commerce without having received from the Commission a certificate of statutory compliance shall be liable for civil penalties in the following amounts:

(1) \$25 for each of the first 30 days upon which the corporation or trade association so engages in commerce;

(2) An amount equal to 1 percent of the book value of the capital stock of the corporation or of the assets of the trade association for each month after the first 30 days during any part of which the corporation so engages in commerce.

(b) Any labor organization subject to this act which has not received a certificate of statutory compliance will be disqualified to act as collective-bargaining agent under the National Labor Relations Act and, in addition, will be liable for civil penalties in the following amounts:

(1) \$10 for each of the first 30 days during which such organization continues to operate without such a certificate.

(2) An amount equal to \$1 per member for each month after the first 30 days during any part of which such organization continues to operate without such a certificate.

(c) Such penalties shall be recoverable in a civil action brought in the name of the United States in a United States district court in any district in which the corporation, trade association, or labor organization has an office or engages in business. Suits for penalties on behalf of the United States shall be prosecuted by the United States district attorneys or by the Attorney General. The corporation, trade association, or organization shall have the right to recover penalties it has paid or owes the United States from any officer, director, or other person responsible for its violation of this act. Such officers, directors, or other persons shall also be liable for such penalties jointly with the corporation, trade association, or organization, and the United States may join as defendants such officers, directors, or other persons in any action brought against the corporation, trade association, or organization.

(d) The United States, through the United States district attorneys or the Attorney General, may bring suit to enjoin or restrain any violations of this act and to restore the condition of any corporation, trade association, or organization as nearly as possible to that which would have existed if this act had not been violated. The United States may also, acting through the Attorney General, bring action to revoke the certificate of statutory compliance of any corporation, trade association, or labor organization which has willfully, knowingly, or repeatedly violated the provisions of sections 4, 5, or 6 of this act, or the charter provisions required by this act, or which has amended its charter so that a certificate of statutory compliance would not now be granted. Any person who discriminates against or willfully injures any other person because he has brought or might bring an action authorized under this act shall be subject to a fine of not more than \$10,000 or to imprisonment for not more than 1 year, or both such fine and imprisonment.

SEC. 8. Jurisdiction of courts: The district courts of the United States shall have jurisdiction to entertain all actions and proceedings authorized under this act.

SEC. 9. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons and circumstances, shall not be affected thereby.

SEC. 10. The right to alter, amend, or repeal this act, or any part thereof, is hereby expressly reserved.

Mr. PEPPER. Mr. President, when a few moments ago I gave notice of my intention to move hereafter to suspend paragraph 4 of rule XVI of the Standing Rules of the Senate for the purpose of proposing a certain amendment to H. R. 6868, which is now before the Senate, I incorporated in that notice what might well be considered two amendments. I should like, at this time, to give notice in writing, in accordance with the provisions of rule XL of the Standing Rules of the Senate, of my intention to move hereafter to suspend paragraph 4 of rule XVI of the Standing Rules of the Senate for the purpose of proposing certain amendments attached to the notice in connection with House bill 6868.

Mr. President, I want it distinctly understood that I have given altogether three notices in writing, as will appear in the RECORD. Two amendments are presented together, and then I have two additional notices which separately embody certain amendments.

The PRESIDING OFFICER. The notices presented by the Senator from Florida will be received and printed in the RECORD.

Mr. PEPPER submitted the following notice in writing:

In accordance with the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing of my intention to move hereafter to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6868) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, the following amendment, viz: At the proper place in the bill insert the following additional section:

"It shall be unlawful to receive, require the payment of, or pay any sum of money, or fee of any nature as an initiation fee or charge which is made a condition precedent to the right, or opportunity, to work upon any war work as defined by the War Production Board. Any person violating this provision shall upon conviction be punished by imprisonment not exceeding 1 year or by fine not exceeding \$1,000."

Mr. PEPPER also submitted an amendment intended to be proposed by him to House bill 6868, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

Mr. PEPPER also submitted the following notice in writing:

In accordance with the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing of my intention to move hereafter to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H. R. 6868) making additional appropriations for the national defense for the fiscal year ending June 30, 1942, and for other purposes, the following amendment, viz: At the proper place in the bill insert the following additional section:

"Sec. —. The President shall proclaim a day and, if necessary in his judgment, an exact time of day within the last 2 years which shall be deemed for the duration of the war to be the date on which existed the standard maximum level of prices for all goods, articles, or commodities, including rental of property and interest on money, and the standard maximum level of compensation for all services.

"The price or compensation existing at the time fixed in the proclamation of the President shall for the duration of the war, or until the revocation of the Presidential proclama-