

TREASON'S PEACE

HOWARD WATSON AMBRUSTER

TREASON'S PEACE



GERMAN DYES & AMERICAN DUPES

A CROSSROADS PRESS BOOK

NEW YORK: THE BEECHHURST PRESS

Contents

A NOTE OF APPRECIATION AND GRATITUDE

The material for this volume would neither have been assembled nor recorded here except for the loyalty and sacrifice of Ursula Ambruster, whose unswerving support despite years of hardship, made it possible for both of us to carry on.

The author is deeply indebted to a number of others whose assistance and support have made possible the preparation of this book. To name a few of these would be unfair to the others; to name all of those who have aided me would result in disaster to those to whom I should not, knowingly, bring disaster. But I would be lacking in candor if I did not express here my profound appreciation to Jack Morris, to whose untiring efforts its final publication is largely due, and to Jack Shuttleworth, for his collaboration in the preparation of this volume. I pay grateful tribute also to the fact that, as strangers to me, Jack Shuttleworth and Jack Morris came forward from the throng who turned away.

THE AUTHOR

Preface	The Pattern of Farben	vii
I.	Graft—and America Unarmed	1
II.	Congressman Metz of the Bleeding Heart	15
III.	The Lost Provinces Regained	33
IV.	New Conquests of America's Industry	47
V.	Farben's Royal Family	69
VI.	"Tarnung" The Magic Hood [which renders the wearer invisible]	89
VII.	False Fronts Become Bold	107
VIII.	Republicans—Open the Door	132
IX.	Democrats—Facing Both Ways	155
X.	Senators and Congressmen—Who Never Knew	181
XI.	Two Drug Laws—and Two Wars	202
XII.	Patent Medicines—and Freedom of the Press	228
XIII.	Good Neighbors, and Bad	254
XIV.	Again, Espionage and Sabotage	269
XV.	Propaganda for Wall Street and Washington	286
XVI.	Counter Propaganda and The Lobby	305
XVII.	Alibis and Excuses	313
XVIII.	No Sacrifice on the Altar of Moloch	325
XIX.	Behind America's Iron Curtain	350
XX.	Plans for Peace—In Time of War	378
XXI.	Another Farben Peace	395
Conclusion	Democracy at Its Worst, and At Its Best	414
Appendix		417
Index		422

DEDICATED TO

CAPTAIN WATSON AMBRUSTER II, U.S.A. AIR FORCE
AND TO HIS CHILDREN,
WATSON III AND MARGARET URSULA,
FOR WHOSE FUTURE SECURITY, WITH
THOSE OF THEIR GENERATION, THIS STORY
HAS BEEN WRITTEN.

The Pattern of Farben

THE HUGE INTERNATIONAL chemical combine and cartel leader that is known today as I. G. Farben had its beginning some seventy-five years ago, with the founding in Germany of six small coal-tar dye companies. By 1939 these six companies had grown into the ominous-sounding INTERESSEN GEMEINSCHAFT FARBENINDUSTRIE AKTIENGESELLSCHAFT, of FRANKFORT am MAIN, which translated literally, means "community of interests of the dye manufacturing companies."

I. G. Farben is usually discussed as a huge German cartel which controls chemical industries throughout the world and from which profits flow back to the headquarters in Frankfort. Farben, however, is no mere industrial enterprise conducted by Germans for the extraction of profits at home and abroad. Rather, it is and must be recognized as a cabalistic organization which, through foreign subsidiaries and by secret tie-ups, operates a far-flung and highly efficient espionage machine—the ultimate purpose being world conquest—and a world super-state directed by Farben.

Perhaps the chief distinguishing characteristic of this vast organization is the definite pattern to which it holds. From its beginning the Farben pattern—based upon intensive research wedded to applied science, plus a cynical disbelief in the existence of social, economic, or political morality—has never varied; its rhythm appears changeless.

This book is the story of the Farben pattern—as it has appeared in the United States, and a glimpse of its extent in Latin America. It is a story of the shadowy designs that repeatedly have come up through the fabric of our industrial, social, and political life.

Viewed over a long period of years it appears as an interlocking design of propaganda, espionage, sabotage, and corruption.

Fragments of this pattern have been revealed to the public from time to time in press reports of official investigations and court actions here in the United States. These detached items, however, could mean little to the public. To understand their significance—as a part of a never ending menace to world peace—the activities of Farben must be traced from the beginning, and chronicled in some kind of sequence.

The events in this story are not set forth in chronological order. Rather, they are grouped according to subject matter—to bring out the many designs of the pattern, and to make clear each phase of the menace that is Farben. Space does not permit a history of this nebulous structure, or the part it has played in German politics—in making Hitler Chancellor, and providing money and munitions for his armies.

For more than forty years the author, through business, professional and official contacts, has followed the activities of this colossal cartel structure and its predecessors, the "Big Six" dyestuff companies. He has followed the establishment of their chemical cartels in this country prior to the first World War; the partial destruction of those monopolies during that war; and the rebuilding, in the next two decades, of a far stronger and more sinister framework inside our militarily strategic industries, our agencies of public opinion, and the very fabric of government itself.

He believes that the story told here shows clearly that Farben was largely responsible for our spiritual and physical disarmament when the present war began—just as the Big Six was largely responsible for our unarmed condition at the start of the first World War.

He believes also, that the story shows what we may expect from Farben during the peace.

It is well to say now that every statement of fact in this book is supported by irrefutable evidence in the form of official documents, court records, or private papers. From these the reader may draw his own conclusions regarding the guilt or gullibility—or both—of some of those American citizens who find mention in these pages.

Be it admitted that unhappy instances of corruption, double dealing and cupidity appear and reappear in our history from the earliest days of this republic and will continue—yet a distinction must be made between ordinary violations of our criminal statutes and those committed, or secretly instigated, by an enemy which is obsessed with the lust of enslaving this nation.

This, then, is the pattern of Farben.

Graft—and America Unarmed

ON A STORMY

evening early in 1912, a raiding party armed with a search warrant proceeded to one of the fashionable residential districts of Philadelphia, broke down the door, and ransacked the apartment of one Alfred J. Keppelmann.

Mr. Keppelmann was the executive in charge of the Philadelphia office of the American Bayer Company, owned and directed by one of the leading German dyestuff manufacturers. The local office of the Bayer company was at 9 North Water Street, but the young attorney who led the raiding party had been tipped off that Mr. Keppelmann kept his more important business correspondence in his home.

The tip was a good one and resulted in a rich yield of evidences of bribery and fraud engaged in by Mr. Keppelmann over a period of years.

Thus was launched an exposé of commercial corruption that is without parallel in the history of legitimate business in the United States. But that raid was the first of a long series of ineffectual blows at the German-controlled chemical cartels that for seventy-five years have operated within our borders—ineffectual because

they have not yet destroyed the corrupt influence and power of these monopolies, whose purpose, since their inception, has been to stifle our military effectiveness and to strengthen the resources of the Fatherland.

The leading German chemical companies before the first World War were known throughout the world as the Big Six. Direct predecessors of the gigantic I. G. Farbenindustrie, in which they were later merged, these six companies were:

1. Badische Anilin und Sodafabrik. (known as Badische)
2. Farbenfabriken vorm. Friedr. Bayer & Co. (known as Bayer or Elberfeld)
3. Aktiengesellschaft für Anilinfabrikation. (known as the Berlin Company)
4. Farbwerke vorm. Meister Lucius und Brüning. (known as the Hoechst Co.)
5. Leopold Cassella G. m. b. H. in Frankfurt. (known as Cassella)
6. Kalle & Company. (known as Kalle)

All of these companies made dyestuffs and the intermediates from which coal-tar dyes are produced; several of them also produced pharmaceutical products from coal-tar intermediates and other chemical bases.

There were numerous other smaller German dyestuff producers but these six concerns, with several hundred million dollars in assets, united early in the century in two cartels, dominated the coal-tar industry in Germany, and controlled the world's markets for dye stuffs.

In America, where business was a strictly private affair, and all attempts at government supervision were fought tooth and nail by our rugged individualists, the Big Six found fertile ground for their "peaceful penetration." Here in America with the cooperation of the German government, they established their agencies, and pursued a ruthless policy of economic strangulation, with the result that upon our entry into World War I, America's organic chemical industry, the very lifeblood of modern warfare, consisted of little more than a series of small assembly plants.

The completeness with which we failed to develop this mili-

tarly strategic industry attests the determination of purpose and the typical German thoroughness with which the representatives of *Kultur* carried out, within our borders, their coordination of industry with the forces of war.

The early history of these six German companies takes in the birth of the commercial development of dyes made from coal tar. Three generations ago these dyes began to replace many of the natural or vegetable dyes. However, it was not a German, but a young English chemist, William H. Perkin, who discovered in 1856 that a usable purple, or mauve color, could be produced from aniline, the oil-like product distilled from coal tar, which had been produced originally in 1826.

History records that young Perkin was not attempting to make a dyestuff at the time, but was experimenting, unsuccessfully, with the aniline in an attempt to produce synthetic quinine. Some 70 years later, one of Farben's chemists succeeded in doing what Perkin had set out to do and produced the coal-tar derivative known as Atabrine which today, as a substitute for quinine, occupies such a vital place in our control of malaria.

It was the Germans, however, who most industriously followed up Perkin's discovery of an aniline dye. Intensive research was encouraged at German universities, and by subsidies from the German government. The late Congressman Nicholas Longworth told of a conversation he had with a distinguished American chemist who had graduated from the University of Heidelberg many years before, and who told Longworth that when he said goodbye to his head professor he asked why it was that so much of the German research work in chemistry was in the development of coal-tar dyes. The professors so engaged were receiving higher salaries than their colleagues, and the industries were receiving government bonuses. The German professor replied, "Young man, some day this work will save the Fatherland." In light of more recent events, that professor can hardly be considered a good prophet, but his remark indicated the early German vision of world supremacy in science—out of which the Farben pattern of world conquest was to emerge.

The objectives of the original German dye cartels in the United States were by no means confined to obstructing our development

of the dye industry. It was of utmost importance to forestall the establishment of any primary phase of the coal-tar industry which might make this country independent of Germany for coal-tar intermediates, and for other chemical products used in making dyes during peace, or explosives and munitions during war. In the early development of the dye industry in Germany, the high cost of individual dyes was due to the large quantities of certain by-products which had no value but which had to be extracted from the coal tar in order to produce the dyes. And the great variety of colors was due largely to the continuous research devoted to the profitable utilization of these by-products. Despite this research, however, the stock piles reached enormous size. Then, early in this century the Germans realized the military significance of the coal-tar product, trinitrotoluol (TNT) which could readily be made from the by-products. Thereupon, research to produce certain new colors suddenly ceased, and the stock piles were allowed to accumulate for the war that was to come.

The two Big Six cartels appeared perfectly willing that the few American manufacturers who were trying to make dyes should continue their struggle to do so, providing they secured the bulk of their intermediates from Germany. They laughed at this competition, but they were systematic in their price cutting and utterly ruthless in their determination that a coal-tar industry which could quickly be turned from dyes to munitions should not exist in the United States.

Throughout this period, while our coal-tar industries languished or were still-born whenever attempts were made to start them, it is estimated that we were letting a billion dollars worth of coal gas go to waste annually through the chimneys of the old-fashioned beehive ovens in which substantially all of our coke was then made. The gas went to waste because we had no coal-tar dye industry to make it profitable.

At one time, when a group of three of the largest American manufacturers of heavy chemicals decided to start the production of aniline oil so that our feeble dye industry would not be totally at the mercy of the Germans, a special emissary of the Big Six came to the United States with the impudent demand that production of the oil be stopped, and made the equally impudent offer

that the cartels would repay the Americans for such expenditures as had been incurred.

To protect the domestic producers from the price slashing on aniline that followed the refusal of the Americans to shut up shop, Congress placed a 10 percent duty on aniline oil. The Big Six, however, retaliated by dropping the price on aniline far below any possible cost of production in the United States.

Originally the German dyes were exported to the United States through houses which handled a variety of imported products. Later, exclusive selling agencies or branch houses were established here by each of the Big Six. These branches and agencies had their main office in New York City, and maintained branches in New England, Philadelphia and other centers where dyes were consumed in quantities by textile, leather, paper and printing ink manufacturers.

The author's first contact with these powerful German firms was in the early 1900s, while working on the original production of rayon, or artificial silk, as it was then known, in a plant located in the suburbs of Philadelphia. Continuous experimental work was required in order to determine which dyes were suitable for the new textile yarn, and we received much assistance and many fine samples of dyes from the local agents of the Big Six. Our interest in dyes was confined to samples and laboratory experiments. The subject of bulk purchases did not arise, and the matter of graft, of which I had heard a great deal in my visits to commercial dyeing establishments, never arose. A few years later, however, I cornered a textile mill owner, a most forthright citizen with whom I had been doing business, and asked him why he tolerated the graft which the German dyestuff companies were handing out to the boss dyers who used their products. It was common knowledge, I told this mill owner, that this bribery was what made it practically impossible for the few American makers of dyestuffs to compete with the Germans. My friend's reply was characteristic of the dejected attitude of the men who were paying the bills for German dyes. Without pretending to quote his exact words, his reply was: "I know perfectly well that my boss dyer receives bribe money on every ounce of dyestuff that goes into the products which my mill turns out. However, it happens that we are making money on the

work this man is doing. Now, if I fired him, as I am justified in doing, I would have to get another boss dyer. I can't dye these fabrics myself, and the new man would also take bribes from the German companies. Competent dyers are hard to get, but good or bad, they all accept the graft. So why make the change? We mill owners all know that this thing exists, but each of us feels that he is helpless to do anything about it without risking ruin."

Not long after this conversation, I was invited to have lunch with an executive of one of the American branches of the Big Six. This man was a native born American whom I had known when he was engaged in another branch of the chemical industry. In the past, I had found him a reputable business man. During that luncheon he offered me a position with the German company he was representing, and quite casually mentioned that one of my duties would be to handle the Saturday pay-offs of bribe money to the boss dyers. He remonstrated with me when I declined. "It's customary," he protested. "Everyone in the industry does it, everyone knows it is done and no one is objecting except a few small concerns that don't count—so why be squeamish about it?"

I have recounted these personal experiences to illustrate the corruption, and the callous acquiescence to it, through which the Germans maintained their impregnable monopoly in the American dyestuff market during the two decades preceding the first World War. Along with the bribery and other dishonest practices went the legend, then accepted in America, that products derived from coal tar did not present an attractive field for exploitation because American chemical brains were inadequate to fathom the mysteries of coal-tar dyes.

However, the bribery of the boss dyers had become so notorious that the storm was bound to break. Late in 1911 the grafting was brought forcibly to the attention of the top executives of John and James Dobson, the oldest and largest of the carpet manufacturers in the Philadelphia area. The owners' investigation which followed, disclosed that an astounding annual excess cost was being paid by their firm for its supply of colors. Also, that the bribery had reached much higher up than the boss dyers of the several mills operated by the Dobsons. Criminal proceedings of various kinds were started, and a group of mill owners from Philadelphia, New York and New

England formed themselves into the Textile Alliance, Inc. This group was very bitter at the revelations of how its members were being robbed and their employees corrupted by the German dye companies.

This investigation, which began with the raid on Mr. Keppelmann's apartment, was conducted by three Philadelphia attorneys under the leadership of the late Thomas Earl White, and lasted for several years. Hundreds of witnesses were examined, and much of the sordid story of bribery, corruption and fraud came tumbling out and became a matter of court record.

It might be pointed out here that the American dyestuff market of that period was peculiarly susceptible to dishonest manipulations of both quality and price. The consumers of coal-tar dyes were numerous, and most of them operated relatively small establishments. Few textile mills or commercial dye houses had laboratories, so formulas and sample dyeings were frequently supplied by the Big Six salesmen, through their head-office laboratory. In many of the dyeing establishments, individual purchases of various colors and shades, which changed with the fashions, were small, and the constant variations made it impossible for the owners, who were not dyers, to determine which dye was best or which should cost the least. Under these conditions, the owners were compelled to depend on their boss dyers. These men were usually highly skilled, self-taught artisans, frequently of foreign birth, who carried in their heads the trade secrets of mixing colors and blending shades for the peculiar requirements of each fabric. They had neither union nor guild, each boss dyer was a rugged individualist who regarded himself as a master craftsman and held his employer in contempt.

As an illustration of the huge extent of the corruption at the time of the exposure, it was revealed that Bayer claimed an allowance of \$700,000 from its colleagues in the German cartel on the allegation that this sum represented graft payment in the United States for the preceding year. Evidence in another case revealed that a mill had been paying eighty-five cents a pound for a black, the correct price of which was twenty-one cents. When the graft was stopped at another mill, its yearly bills for dyes dropped from \$265,000 to \$125,000.

Elaborate systems of bookkeeping and filing were maintained in the American offices of the Big Six companies to keep track of the graft without revealing more of its details than were necessary. These records identified each color or blend shipped on each order, with its correct price; the phony name it had been billed under; whether salt, which adds to the weight, but doesn't affect the quality of the dye, or any other adulterant had been added; and, finally, how much bribe money was paid the boss dyer. These records went to the New York offices, other copies to the home offices in Germany. All of the records were in code, except the one set which represented the actual billing. These last records were always available in case a customer should drop into the office to discuss a previous purchase.

Alfred J. Keppelmann, the branch-office manager who played an important part all through this exposé, was an upper class German who apparently had no inhibitions about the peacetime service he owed to the future welfare of the Fatherland. The boss dyers of Bayer's important customers were paid by Keppelmann personally, and Keppelmann's chauffeur testified to the frequent occasions when he drove his employer to call on these susceptible gentlemen. Usually the car would be parked around the corner from the dyer's home. At other times, this energetic executive would meet his beneficiaries at a saloon, or pick them up in his car at some pre-arranged place, for Keppelmann had had trouble with salesmen who held out on the dyers and wickedly pocketed the graft. In one instance he had lost a customer because the dyer only secured half the graft he was "entitled" to. According to this dyer's own testimony, Keppelmann finally straightened this out by a special Sunday visit to the dyer's home, where he gave the latter his promise as a gentleman that there would be no further trouble about the graft. "This promise he kept," testified the dyer. "Two or three times each month Mr. Keppelmann came to my house and paid me the graft money which was due me."

Another witness, a chemist, who had been employed by the Bayer branch, testified that Keppelmann had instructed him to experiment in the laboratory to find a compound which, when put into a dye bath, would ruin the fabric. This was to be used when Keppelmann deemed it advisable to get rid of a competitor. The

compound to be planted had to be one which would not so change the dye bath as to be conspicuous, but would be strong enough to spoil or streak the material. This, the witness said was a common practice and many different compounds were devised to spoil the various types of dyes in use. Keppelmann had still another social-business side. He kept a yacht on the Delaware River near Philadelphia, and his engineer testified to luxurious yachting parties that were given for employees of the textile mills and, on occasion, for some of the mill owners themselves: "They served rare food and champagne, and ladies were frequently present to help entertain the guests."

Keppelmann also had a private stenographer, one of whose duties was to count out the bribe money and place the correct amounts in envelopes marked with the code numbers of the boss dyers. The stenographer was, of course, in the complete confidence of her boss. She even went on the yachting trips at times. After the exposé, this young lady indicated her willingness to talk freely to the investigators, and so was scheduled to become an important witness for the prosecution.

Joseph H. Choate, Jr., distinguished New York lawyer, who was one of the early attorneys for the Textile Alliance, told the following story at a Congressional hearing in discussing the bribery practices of the Big Six: "A prosecution was begun against the Philadelphia agent of the Bayer Company, and I might say that they had the goods on him. The man had a duplicate set of books which showed what he paid everybody. All the parties were gathered at the trial, which centered around the testimony of a stenographer. As the trial was about to be called, somebody burst into the office of the District Attorney and threw up his hands. 'It's no use, boys, it's all off, the defendant has married the evidence, and it is not admissible!'"

Keppelmann, the night before, had in fact made his stenographer the second Mrs. Keppelmann, having divorced his first wife after settlement on her of \$100,000. The Bayer companies' Mr. Keppelmann was no piker!

Criminal prosecution of the individuals involved in the dyestuff graft was faced with innumerable difficulties, and the attorneys representing the mill owners finally decided upon another ap-

proach to the problem—by invoking provisions of the Sherman Antitrust Act against offenders.

The late Nelson Aldrich, Senator from Rhode Island, had been instrumental in having translated and printed as a Senate Document, a revealing German publication called, "The Great German Banks and Their Concentration in Connection with the Economic Development of Germany" by Professor J. Riesser of the University of Berlin, who described in detail the then recent cartel alliances of the Big Six dyestuff companies. The professor also indulged in a little prophecy—which was to come true—when he indicated that a complete consolidation of all the important aniline producers was in prospect. (In 1916 this prophecy was fulfilled when the companies comprising the Big Six were combined into the German I. G. Dyes.) The translation of this German book turned attention to the fact that Germany permitted combinations which the Sherman Act forbade. It was also discovered that the United States branches and agencies of the German companies were acting under rigid instructions from Germany in dividing the United States market on sales.

More than thirty separate actions under the Sherman Act were thereupon instituted in 1913 in the Federal Courts of Pennsylvania and New Jersey against the members of the Big Six and their agents in the United States; damages were asked not only for bribery and dishonest commercial practices, but for combinations in restraint of trade by all concerned. In these actions the Big Six was represented by a New York attorney, Charles J. Hardy (later to become president of American Car & Foundry Company), who fought so vigorously for his clients that the cases were never brought to trial. All were finally dismissed in 1916, long after the outbreak of the war. Before the dismissals, however, large cash settlements were made out of court by several of the defendants.

Twenty-five years later, after Germany had again started a war of conquest, another series of anti-trust law actions was instituted against the I. G. Farben affiliates and subsidiaries in the United States. Among them are the direct successors of the Big Six affiliates; and this time it was not just dyestuffs, but many other vital national-defense products which were involved. Again, as will be discussed in other chapters, this second series of antitrust suits

against the Farben pattern of unlawful practices were ineffectual in providing real punishment for the culprits, and were for the most part compromised and settled, or remain, at this writing, untried.

One member of the Big Six, the Hoechst Co., was first represented in the United States by an importing house which went through several changes to become, in 1902, the H. A. Metz Co., of New York. Brooklyn-born Herman Metz, president of this company denied on numerous occasions that he or his company had ever been involved in the bribery of boss dyers. Elected to Congress in 1912, just before the antitrust suits were instituted, Metz said that he knew he would be "a shining mark for attack." "So," said Metz, "I settled, rather than fight in Court."

In one of his public statements on the subject, made before a Senate Committee, Metz declared with some heat that "so much is made of this bribing of dyers—this tipping business. It is not limited to the dye industry." Metz also pointed out that with the exception of Keppelmann, all of the dye company agents involved were Americans. "The Germans were not doing it," said Metz, "it was their agents here."

Metz's special pleading, characterizing the bribing of dyers as a customary American way of doing business, constituted a rather contemptible libel upon his fellow citizens. The author has been active, and behind the scenes, so to speak, in a great many American industries during the last forty-five years, especially those connected with or dependent upon chemical products of one kind or another. Commercial dishonesty and fraud have been encountered here and there, it has existed and always will exist among a small and shifty percentage of the human race. But with the exception of one other industry, never in my experience or in the knowledge of any one with whom I have discussed the subject has there existed in the United States such systematic corruption, on a large scale and by a recognized plan, as was engaged in by the predecessors of I. G. Farben to obstruct the development of our domestic coal-tar industry during the two decades preceding the first World War. The one exception mentioned is discussed in a later chapter on patent medicines.

The late Francis P. Garvan, who more than any other prominent American fought to destroy the German dye cartel's hold in Amer-

ica and to prevent its reentry after the war, always refused to accept the denials of Metz that his company was involved in the bribery. Garvan first delved deeply into the affairs of the Metz company, and all of the other German dye houses, when he was made Chief Investigator for the Alien Property Custodian in 1917. He based his allegations about Metz on letters which were taken from Metz's own files in the New York offices of the Hoechst Co. Metz, said Garvan, was present when these letters were produced at Congressional hearings and has never questioned their authenticity. Some of these letters, addressed to Metz by Dr. Haeuser, president of the German company, are revealing. In one of them dated July 31, 1913, Dr. Haeuser wrote Metz:

As for what concerns the paying of dyers I inform you confidentially about the development of matters as follows: The proper assistance has been explained to the Elberfeld (Bayer) gentlemen, at the establishment of the new business over there, that they must unconditionally avoid in the future any graft, else the matter may become very bad for them. Elberfeld has then, the comprehensible endeavor, that not they alone, but also all other firms, should cease payments to dyers in future. They immediately came to an understanding with Ludwigshafen (Badische) and Berlin, and then also secured the consent of Cassella. After these four firms were agreed, there remained nothing for us to do but to agree likewise, as Kalle had also to consent. It is also to be expected that still other factories will join, and if they refuse to join this shall be used against them among the customers Aside from the fact that we were in a forced position, we had little cause to hesitate as you wrote to me repeatedly that the payments to the dyers must unconditionally stop. We are of the opinion that it must be serious, at least for the six firms concerned, to discontinue all affairs with the dyers in the future, and we are furthermore of the opinion that the business will get along very well without the payments to the dyers, since substantially all large firms share the same point of view. A certain transition period is very likely necessary, and therefore the union should first go into effect on January 1 of next year.

It will not be feasible then any more that you set expenses in the bill; you will have to get along without the expenses.

Your independence, as far as it is concerned, will not be affected by this agreement, and at all events, no one, even in America, will wish to reproach us for an agreement whose purpose it is to further the discontinuance of the unlawful acts on the part of our customers. If you wish to come over here this year yet, which would please me very much, I would ask you not to arrive here in October, as I must go on my vacation in that month after having endured it here the whole summer long. In case Mr. George Gordon Battle should come here, I will receive him with pleasure. With best greetings, yours respectfully,

Dr. Haeuser

Dr. Haeuser was also the president of "The World Society for the Preservation of German Business." Emphatic as this letter appears to have been on the matter of stopping the bribing of dyers by January 1, 1914, a later letter dated February 6, 1914, from the German Hoechst office to Metz indicated otherwise. This letter read:

Now as far as extras are concerned, I hear with regret that according to your opinion not much will be changed. I agree with you that you will not be able with one stroke to wipe out all extras but the striving must be to abolish this unwholesome condition entirely. The propositions that you now make seem to me to indicate a practical way in this direction, and we are satisfied therewith.

Again, on March 30, 1914 Metz received another letter from Hoechst from which Garvan quoted as follows:

So far as "extras" are concerned, I am of the opinion that this practically amounts to simply a transition period and that the same will rapidly go backward. At any rate, all our endeavors must be in that direction. Your idea that the paying out of extras in future could be done through a third party in cash, as for instance through your carpet mill at Worcester, I do not find sound. You give yourself through this into the hands

of such third party, who could at any moment turn against you Regarding the charging of your account in your letter of March 3, I have to remark that it is not entirely clear, as in the past year, besides the \$100,000 you also according to your letter of October 14, 1913, have kept back a further dividend of \$50,000 for extras. As you do not mention this last \$50,000 it seems to me that you have already used this in the previous year for extras. Will you please confirm this?

Said Garvan, "These 'extras' meant graft, pure and simple."

Still another light upon the pattern of bribery of the Big Six, and the innocent surprise of their executives when exposed, is the report of a later convention called by members of the cartel at which a resolution was entered upon the minutes reading as follows: "Resolved, that henceforth bribery shall be abolished, except in the United States and Russia."

Congressman Metz of the Bleeding Heart

ENGLAND KEEPS

her navy intact and her soldiers at home; she will carry on the war until the last Frenchman has been killed." With these words Dr. Hugo Schweitzer closed his address to a gathering of leading textile manufacturers who, with the speakers of the evening, were guests of the Drysalters Club of New England on January 20, 1915.

The next speaker, our old friend, Congressman Herman A. Metz, began his address with this statement: "If I had any doubts about Dr. Schweitzer's neutrality before I heard him speak tonight those doubts are now removed." Thus was fabricated, and approved by a member of Congress, this still familiar-sounding canard about the British people.

America had just discovered how dependent she was on the chemical industry of Germany. With the outbreak of war in 1914, our imports from that country ceased. American manufacturers were panicky, and President Wilson was being bombarded with demands for relief in the name of the suffering consumers of German dyes and pharmaceuticals. Accordingly, the President had lodged a formal protest with the British Government—a request that the blockade be relaxed so that trade between the United States and Germany could continue.

Dr. Hugo Schweitzer's address before the Drysalters Club was entitled, "The President's Protest to Great Britain and its Justification by Perils to Our Trade and Industries." The speaker was introduced as president of the American Bayer Co., and former president of the Chemists Club of New York.

The Drysalters Club guests, already in a state of high indignation about the dye shortage were, of course, in a most receptive mood for an attack upon England. They ate it up that night and they spread it far and wide thereafter.

During that period no public suspicion had been aroused regarding the under-cover activities of Dr. Schweitzer, and it was not to be revealed until later that at the very time of his anti-British address the illustrious doctor was secretly making plans to secure control of substantially all of the phenol (carbolic acid) then manufactured in the United States, in order to prevent its use in the manufacture of munitions for England.

Thomas A. Edison had been a very large consumer of phenol as a material for making phonograph records. Prior to the outbreak of the war his supply had come from Germany—the cartels having seen to it that we had no domestic production. However, when his foreign supply was threatened, Mr. Edison, with characteristic initiative, began producing it here and did so on a scale sufficiently large to have a considerable excess supply over his own requirements. This excess would have gone into the production of war munitions for Great Britain had not the neutral Dr. Schweitzer quietly grabbed every bit of it.

Schweitzer accomplished this by secretly organizing a company called the Chemical Exchange Association which contracted with Edison for his entire excess production of phenol. The Chemical Exchange was not identified with Schweitzer nor did it become known until later that it had been financed with funds supplied by the notorious Dr. Heinrich Albert, financial adviser to the German Government. Von Bernstorff, the German Ambassador, also collaborated in this Schweitzer project. The Chemical Exchange resold all of the Edison phenol to another domestic company, also German owned, which used it to make salicylic acid for medicinal purposes.

So delighted was Dr. Albert with the success of this means of depriving England of munitions that he sent Schweitzer flamboyant congratulations:

"One should picture to himself what a military coup would be accomplished by an army leader if he should succeed in destroying three railroad trains of forty cars, containing four and one-half million pounds of explosives."

Dr. Albert's letter then went on to urge the doctor to next go after America's bromine supply, because:

"Bromine, together with chloral, is used in making nitric gases, which are of such great importance in trench warfare. Without bromine these nitric gases are of slight effect; in connection with bromine, they are of terrible effect."

When it finally came out that Dr. Schweitzer was the brains behind the Chemical Exchange-Edison contract, Schweitzer defied criticism with an attack upon what he called the "greedy explosives manufacturers who were paying fabulous prices for carbolic acid." Said Schweitzer:

"I wish emphatically to state that all carbolic acid purchased by me is now and will be converted into highly salutary medicinal remedies It needs no imagination to realize how many men would have been killed, wounded, and maimed by the use of this enormous quantity of one of the highest explosives known. I made Mr. Edison especially happy by converting this carbolic acid into medicines, because, as he personally said to me, he would dislike very much that any of the merchandise manufactured by him should be used for killing people."

These humanitarian sentiments of Dr. Schweitzer might have been more impressive but for the fact that those same deadly chemical gases, first used by the Kaiser's army at Ypres in violation of Germany's pledge at the Hague convention, were manufactured by Dr. Carl Bosch, Schweitzer's colleague in Badische. And the formula of one of them, the dread mustard gas, had

already been invented, in 1913 in a New Jersey laboratory, by a Schweitzer employe, Dr. Walter Scheele. The latter, again directed by Bayer's Schweitzer, later prepared the incendiary sabotage bombs used to destroy ships in New York harbor after World War I began.

During this period, Dr. Schweitzer's activities spread to many fields which were remote from his duties as president of a company making dyes and pharmaceuticals at Rensselaer, New York. With funds supplied by the German Government Schweitzer organized the Printers and Publishers Association, and the German Publishers Society—for the dissemination of Teutonic culture. He is also credited with being the instigator of the scheme through which the *New York Evening Mail* was purchased with German funds by Dr. Edward A. Rumely, and, for a short time, turned into an organ of German propaganda.

The good doctor's advice was, of course, relied upon by Ambassador von Bernstorff on all problems relating to chemical munitions. When Congress, to encourage the newly created domestic dyestuff industry by an embargo and very high duties, passed the Tariff Act of 1916, Schweitzer wrote von Bernstorff that it would be "child's play" to defeat the purpose of the bill. A special clause in the Act, Schweitzer pointed out, permitted the President to remove the duty on certain of the more essential dyes after five years. In the meantime, the cartels could absorb the high duties and dump dyes into the United States so far below costs that they could "apply the lever" and regain domination of the market. Dr. Schweitzer's "child's play" also was to include the election of the right kind of a President of the United States. "Party politics," said Schweitzer, will control whether the President to be elected to office "will make an honest effort to abolish the specific duty, and again let in the German dyes without restriction." His letter, however, did not explain how he proposed to bring about the election of the right kind of President. Perhaps he thought the Ambassador, or his friend, ex-Congressman Metz, could handle that minor detail.

The good doctor, of course, was confident that Germany would win the war while the United States was being persuaded by propaganda and corruption to keep out of it. However, the Farben

pattern is always based on win or lose, and when Germany did lose, Farben, as will be shown later, merely moved in and under cover of American-born citizens and American corporation, regained control of many of our vital industries.

Eventually, it came out that Bayer's Dr. Schweitzer was in reality the undercover head of the German espionage and sabotage organization in the United States. When Dr. Albert had first arrived in the United States, it was Schweitzer who met him and supplied him with an automobile. And when the United States Government forced Albert's departure in 1917, it was to Dr. Schweitzer that he handed over his remaining espionage funds—some \$1,800,000.

But busy as he was, Dr. Schweitzer always found time to write articles and make public addresses on scientific and business subjects. These, like his Boston speech to the Drysalters Club, were then neatly reprinted in small booklets of uniform design, and copies bearing the legend, "Compliments of the Author," were mailed to important public and college libraries, and to newspapers and other publications throughout the United States. Schweitzer always spoke and wrote as a patriotic American citizen devoted to the welfare of his country; and observed our relations with Germany and England with the detachment of a true scientist. Some of the titles of these speeches and articles are of interest: "The Present and Future Peril to our Commerce and Industry," "German Militarism and Its Influence upon the Industries," "Can Germany be Starved into Submission?" The theme was always the same, that his fellow-American citizens should learn from scientific facts that friendship with Germany was a matter of self-interest. How familiar that false slogan has become! In one of his papers entitled, "The Chemists' War," Dr. Schweitzer set forth at great length how Germany's chemists had contributed more to the success of their country's armed forces than either the Army or Navy. He would also seem to have anticipated some of Farben's future activities and tie-ups in the United States as he stated in this article that German chemists had already solved the problem of synthetic rubber, and had made the important discovery of magnesium-aluminum alloys for war purposes.

A decade later Schweitzer's successors in I. G. Farben were making their secret and illegal agreements with American industrialists to discourage or control all developments here in synthetic rubber, magnesium alloys and other war essentials. In another ten years—when Schweitzer's successors were to give the word to the German army: "We are now ready, you may start marching," the success of these efforts had contributed greatly to our pitiful state of unpreparedness. And when once again Farben's lust for world conquest has been thwarted we are now told, again, that as a matter of self-interest we should permit Farben's industries to survive.

When Congressman Herman Metz at that Boston meeting in January 1915 put his public approval on Dr. Schweitzer's vicious anti-English sentiments, he also informed his audience that he had just returned from a trip to Germany where he had talked to high officials in Berlin and to the leaders of the German dye cartels, including, of course, Dr. Schweitzer's German employers in the Bayer Company. Anyone who chooses to do so is now welcome to assume that Congressman Metz at that time had no knowledge or suspicion of the real character and purpose of Dr. Schweitzer's activities in the United States. However, in December 1917, shortly after Dr. Schweitzer's death, and after at least a part of his secretly conducted treasonable activities had become public, Metz, by then an ex-Congressman and a colonel in the U.S. Army, joined with several other American representatives of the German cartel and with other citizens who should have known better, in organizing a Hugo Schweitzer Memorial Committee to pay tribute to the sterling qualities of this late-departed German spy.

Five years later Mr. Metz was not quite so proud in public of his late colleague, for although he informed a Senate Committee in 1922 that Dr. Schweitzer had a right to buy up the phenol supply with German money in order to deprive Great Britain of munitions, he also referred to Schweitzer's activities as "unpatriotic" and objected vigorously to being compared with his former friend.

The part played by Herman Metz, however, in the German-inspired political pressure upon the U.S. Government is indicated by the following:

New York, March 6, 1915

Hon. William J. Bryan,
Secretary of State, Washington, D. C.

My dear Mr. Bryan:

Referring to my letter of yesterday regarding the dyestuff situation, I beg to say that I received the following cable this morning from Germany via Milan: 'Latest developments make further shipments dyestuffs impossible.' The cable was sent to me by Dr. Adolph Haeuser the president of the Verein zur Wahrung der Interessen der Chemischen Industrie Deutschlands, which is composed of the various chemical and dyestuff manufacturers of Germany, with headquarters in Berlin, and shows the attitude of German manufacturers of dyestuffs in the present crisis. It is safe to assume that they will take every precaution and go to any length to prevent their products from reaching consumers of enemy countries, and unless some agreement can be reached to have the present condition modified, the manufacturers of this country will suffer as much as those of belligerent countries.

Yours very truly,

H. A. Metz.

Mr. Metz thus served official notice on his own government, in the name of the German cartel, that we must change our policy toward Great Britain or suffer the consequences. That this diplomatic pressure was inspired by the German Government was made clear by an intercepted cable which Dr. Albert sent from the United States to his home office on April 26, 1916. In this message Dr. Albert said:

The policy of withholding dyestuffs was at the beginning of the war without doubt the only possible one.

A week after Metz's letter to Secretary Bryan, Ambassador von Bernstorff contributed his advice to the home office by cabling Berlin that:

the stock of dyes in this country is so small that 4,000,000 American workmen may be thrown out of employment.

Dyes, in fact, were so scarce that the mills would pay any price for such as were available. Old warehouse stocks were overhauled and revealed priceless treasure in odds and ends of discarded German colors. In one instance a barrel of abandoned dye which originally cost 23 cents a pound sold for \$7.50 a pound.

Meanwhile Congressman Metz did succeed in arranging for several cargoes of German dyes to be brought to the United States through the British blockade and was widely acclaimed in certain circles for his success in so doing. Then, on March 11, 1915, the British Government issued its Order of Council prohibiting all trade with Germany, which so tightened the blockade that further shipments appeared impossible.

In July 1916 the American people received a real thrill of excitement when it was announced that the German submarine *Deutschland* had arisen from beneath the surface of Chesapeake Bay and proceeded to a dock in Baltimore to discharge almost 300 tons of dyestuffs. These dyes had been concentrated to save cargo space and the shipment really represented about 1300 tons of dyes of the prewar standards. Hearst's pro-German *American* hailed this exploit "as marking a new era in the world's commercial history." Another paper termed it "Man's greatest single victory over the forces of the sea."

It was of course ridiculous to suppose that an occasional submarine could bring any real relief to the shortage of dyes and medicinals that existed in the United States, but as a propaganda stunt this first submarine voyage was a great success. So, while editorial writers were busy acclaiming German ingenuity, it remained for a well-known consulting chemist, the late Dr. F. X. Harold, to point out that the character of the undersea cargo indicated that the motive of the German dye trust was propaganda rather than profit or real friendship, since an equal amount of coal-tar medicinals would have yielded a far greater return, and would have been even more welcome. Said Dr. Harold:

It seems therefore, that Germany's object in sending dyes must be regarded as a sort of warning to American manufacturers. If she can postpone, even for a few months, the investment of further capital in the American dyestuff industry, it

will facilitate greatly her efforts to regain her dye monopoly after the close of the war.

Despite the selection of the less profitable merchandise for this first cargo, almost a million dollars profit to the cartels was represented by this single trip. Four months later the *Deutschland* again turned up in an American harbor, this time at New London, Connecticut. It was said that this cargo was worth \$10,000,000 and included a limited quantity of drugs, securities and diamonds in addition to dyes.

There was a romantic, Jules Verne-like aspect to the resumption of commerce between this country and the German dye concerns, that appealed to the emotions of many Americans. This was made good use of in anti-British propaganda, with jests at the futility of a blockade when the Germans could outwit the great British navy by merely sailing under it.

The next German submarine that paid us a visit shelled our coast.

The Senate hearings in 1922 at which Mr. Metz objected to being compared with the departed Dr. Schweitzer were held in compliance with a resolution introduced by Senator William H. King of Utah which called for an investigation of expenditures by American dye interests for the maintenance of a lobby at Washington. These expenditures, Senator King alleged, were being made to secure a wicked monopoly of the domestic dye markets by keeping out the Germans. Senator King stated that this was most reprehensible. He opened the proceedings with a vituperative attack upon American dye manufacturers, and elaborated on six reasons which he alleged proved that the domestic dye industry needed no embargo to protect it. Ex-Congressman Metz supported Senator King's charges, and informed the Committee that he had placed at the disposal of the Congress one of his own employes, Dr. Eugene R. Pickrell, who had been chief chemist for the U.S. Customs Department from 1912 to 1919, and who was therefore well qualified to advise the Senators on the pending legislation.

These hearings were lengthy and many witnesses for and against the embargo were heard. Late in the hearings, Mr. Metz's employe, Dr. Pickrell did testify, and, after qualifying as an expert on

domestic dyes and dye imports, gave high praise to the arguments and findings of Senator King, which he termed unanswerable. Here were three American-born citizens, one a Senator from a western state, one an ex-Congressman and ex-army officer, and one an ex-government expert, all vigorously opposing the embargo, and maintaining that sufficient protection for the new domestic industry could be had by duties instead. It was only a few years back that Mr. Metz's friend, Dr. Schweitzer, had written von Bernstorff that it would be "child's play" for the cartel to break through any tariff duties, however high.

Senator King apparently stood for the highest ideals of disinterest: "The war is over," said King, "and if we can begin to think in terms of world peace and world unity it will be better for the United States." The Senator went back in history more than a century and a half, to the first treaty between the United States and Germany, to sustain his allegation that the United States should not have seized the properties and patents of the German dye cartel, and should have returned them after the war. Metz pleaded for the ultimate consumers of dyes—"for whom my heart bleeds," he said. Dr. Pickrell put into the record of these hearings page after page of complex tables to support his contention that the domestic dye industry did not need an embargo. However, Dr. Pickrell made no reply when a letter was introduced showing that he, too, had stated previously, before entering the Metz employ, that not even a 100 per cent duty on dyes would be as efficacious as an embargo. None of these three Americans appeared to be at all concerned about the danger to their country if it were again to be deprived of an essential war-munitions industry.

Eight years after these hearings another Senate Committee, which was investigating lobbies and lobbyists, drew from one Samuel Russell, the former secretary of Senator King, an admission that in 1922, in the dye-embargo fight, Mr. Metz had paid Russell \$1000 in cash to be used in the Senator's campaign for reelection—and that the money had been handed to the witness in Metz's New York office by none other than Dr. Eugene R. Pickrell. An account of the relations of these three disinterested American citizens, whose hearts bled for world peace and the poor

consumer, is to be found in the minority report of the 1930 Lobby Committee.

Dr. Pickrell testified that he had left the employ of the H. A. Metz Co. the year before, and had opened an office in New York as a consulting chemist. He denied repeatedly that he represented the German dye cartel, or that he knew anything about its interests in the United States. The Committee, however, drew an admission from the doctor that his income included payments of \$12,000 a year, plus expenses, from four Farben-controlled companies. These four Pickrell clients were: General Dyestuff Corp., of which Herman Metz was president; Agfa Anasco Company, which, in 1929, had been taken over by American I. G. Chemical Corp.; Kuttruff-Pickhardt & Co., the old Badische agency; and Farben-owned Synthetic Nitrogen Products Co.

To accusations that he had used Senator King's office as his headquarters while representing the interests of these clients, and had prepared material for the speeches of Senators favoring his cause, Dr. Pickrell replied that he only saw Senator King a few times. The Committee's Minority report found this statement to be "decidedly at variance" with other evidence given before it; and called Frank K. Boal, a Washington newspaper correspondent, to the witness stand. Mr. Boal testified that it was known among newspaper men that when Pickrell was in Washington he could be found in Senator's King's office, and that he had seen the doctor there—with his coat off, dictating to a stenographer. Direct questioning also brought out that Dr. Pickrell was the author of material Senator King had presented to the Senate Committee of 1922. Small wonder the doctor had been so lavish with his praise.

Ex-Congressman Metz was inclined to be irascible on the witness stand, and complained bitterly at questions of Republican Senator Arthur R. Robinson, especially those which had to do with his activities as treasurer of the American I. G. Chemical Corp., and that company's relations with Farben. "Everything is inference," he protested. Metz also denied vigorously that he was a lobbyist, but he did affirm his friendship for Dr. Bosch and the German dye companies, and described them as "my friends abroad, by whom I have been standing all of these years, and they have stood by me."

Prior to the minority report of the 1930 Lobby Committee, I had made a number of efforts to awaken the Senate to the menace to our national security that was being revealed by that Committee. The report was issued May 22, 1930. One of my letters, dated March 8, 1930, was as follows:

Hon. Guy D. Goff,
United States Senate
Washington, D. C.

Dear Senator Goff:

Noting your remarks in the Senate yesterday regarding the activities of Dr. Pickrell, the paid agent of the German I. G., it occurs to me to send you herewith copy of a letter addressed some time since to the chairman of the Senate Lobby Committee. The information contained therein, so far as I can learn, has not been utilized as yet for the purpose of developing the extent of the activities, the background, and the connections of this Dr. Pickrell.

Without attempting to discuss the merits of a high or low tariff with relation to any domestic product, I would point out that the so-called German I. G. is the one group which has attempted to influence pending tariff legislation which, by no stretch of imagination, may be said to have any proper motive relating to the social well-being or prosperity of our working class, our agricultural groups, or the industrial and commercial developments of the American people.

It is also obvious that control of our chemical manufacturing industries means control of the munition plants of the next war that control of our pharmaceutical industry means control of an important factor in the public health.

It is also obvious that secret control of an enormous group of the most profitable patent medicines in the United States means secret control of the expenditures of unlimited funds for advertising with its secret influence on news and editorial expression on all subjects.

I am not an alarmist trying to wave a bloody shirt, but I say to you without fear of contradiction that the uncovering

of the tentacles of the so-called German I. G., in every element of our social order in the United States at this time, will astound and shock the American people.

Please use the letter which I have inclosed herewith as you see fit.

Respectfully yours,
H. W. Ambruster

Senator Goff acknowledged receipt of this letter with his thanks, and the comment that he would use the material in it to advantage if the opportunity arose. Apparently that opportunity did not arise.

A similar letter, sent to Senator Joseph R. Grundy, of Pennsylvania, received a more forthright reply. "I am quite sure," he wrote, "that not only what you stated in your letter but the apprehension contained in your closing paragraph are correct, and the American people have comparatively little knowledge of what is going on in this country to undermine their material wellbeing." Senator Grundy, a high-tariff Republican, was also a Quaker and appears to have had sufficient insight to be fearful of the dangers to our future peace. Be that as it may, the Senate took no action.

Twelve long years after my letters to Senators Goff and Grundy, the "shock to the American people" that I then prophesied was echoed when Senator Harry S Truman, in another Senate hearing, shouted "treason" at revelations of some of the agreements entered into by the Standard Oil Co. of New Jersey which had enabled Farben to obtain such control of our chemical-manufacturing industries that the production of synthetic rubber in the United States had been obstructed to the grave injury of our war economy. As will be shown in a later chapter, these Standard Oil-Farben agreements were actually being arranged and consummated at the time of Pickrell's activities [and prior to the date of my letter to the Senators].

After the 1930 exposure Mr. Pickrell dropped out of sight as a disinterested dye expert before Congressional Committees. Later, he was listed as a director of H. A. Metz Co., and as an attorney at 10 East 40th Street, across the hall from the notorious German-American Board of Trade—which was organized by Herman Metz

in 1924 and operated as Farben's high level propaganda machine by one Dr. Albert Degener until that gentleman was interned after the outbreak of the present war. According to the published statements of the *Bulletin* of the German-American Board of Trade, Attorney Pickrell was listed as one of its directors in 1940; and as appearing before Secretary of State Hull in protest at the British blockade after the war started and before the Treasury Department in customs matters in 1941.

Senator William H. King retired from the Senate in 1940 and opened a law office in Washington. As for Herman Metz, it seems that while he was still vehemently proclaiming sole ownership of his two companies, his loyalty to the German cartel was rewarded by the round sum of \$1,750,000—the purchase price of his General Drug Company and the Metz Laboratories. While Winthrop Chemical Company was ostensibly the buyer of these profitable enterprises, it was our old friend I. G. Farben that put up \$875,000, or half the purchase price.

Ex-Congressman Metz, the Democrat, turned Republican to support Harding because his old party was mean to his German friends, the American consumer's friend with the bleeding heart who had so bitterly denounced the American dye manufacturers as an iniquitous monopoly in 1922, and who claimed that he did not represent the cartel, in 1925 helped to organize, and became president of, the General Dyestuff Corp., a concern that was to become the exclusive U.S. sales agency for Farben's dyes. At the very time his company was being sued for damages in American courts by Farben's Hoechst, Metz was being paid huge sums by Farben to turn over his drug and dye interests to Farben's new American hideouts. In 1929 Metz helped Hermann Schmitz, chairman of I. G. Farben, organize the American I. G. Chemical Corp. which took over the General Aniline Works and the Agfa Anso Corp. Metz became vice-president and treasurer of American I. G., and shortly afterward issued a public statement denying that the company was a branch of I. G. Farben. In 1934, while still head of his German-American Trade Board, after a visit to his friends in Farben and in Hitler's new government, Herman Metz died and was buried with military honors.

In 1939, shortly after Germany started the present war, Farben

caused the American I. G. Chemical Corp. to change its name to General Aniline & Film Corp. In 1941 and '42 multiple indictments were filed in U.S. District Courts accusing General Aniline & Film, and several other corporations and individuals, of conspiring with Hermann Schmitz, and with I. G. Farben to restrict the production of dyes and chemicals in the United States, to prevent domestic exports from the United States, and to control competition with imports from Germany. Among those indicted on these charges were the E. I. duPont De Nemours & Co., Inc., and the Allied Chemical & Dye Corp. It was also set forth in these indictments that systematic efforts had been made from the beginning to conceal the ownership by I. G. Farben of the American companies with which Metz had been associated.

In December 1941, the Treasury Department seized General Aniline & Film Corp., and prior to the seizure, Winthrop, owned jointly by General Aniline & Film and Sterling Products, Inc., had already been prosecuted for illegal relations with Farben. After the seizure, the Treasury removed several of Winthrop's employes and officers as objectionable enemy aliens, and a complete removal of every trace of the Farben influence was announced. Then, in October 1942, the Winthrop management announced in the press that as a master stroke of this housecleaning, it had appointed as its director of research one Dr. Chester M. Suter, professor of chemistry at Northwestern University. One fact, however, that the announcements neglected to mention was that Dr. Suter had completed his chemical education at Yale University on what was known as the Metz Fellowship. This fellowship was established at Yale in 1925 by Farben's Herman A. Metz and was financed thereafter by Metz and his Farben-controlled companies.

Herman Metz had four sons, one of whom was to carry on with Farben as a banker and an aid to its Central Finance Administration at Berlin (the polite name for the Farben foreign espionage and propaganda bureau) and who was also to marry into royalty, not of the ersatz Farben variety but that of the ancient 14th century duchy of Schleswig-Holstein, subject of many disputes between Denmark and Prussia before it became finally an integral part of Bismarck's German Empire.

So, when Richard, son of Herman, in 1941, married Marie Luise,

daughter of the 14th Duke of this Danish-German principality, who came from war torn Europe to wed in New York, the family of Metz, of humble Brooklyn origin, became linked with the Royal families both of Germany and Denmark, and, by those same ties, with England's Kings and Queens, and even with Carol of Roumania. And young Metz also became related, through his princess, with the millionaire American Leishman family, the duke's first wife having been Nancy Louise Leishman, daughter of our Ambassador to the Kaiser's court when William Howard Taft was President.

As some of the readers of this story may recall in news dispatches at the end of the war, it was Princess Valerie-Marie, sister of Marie Louise, who was so indignant with a squad of American doughboys on their way to Berlin when they bivouacked on her 16,000-acre estate and permitted her to retain as living quarters only 14 rooms of her 300 room palace.

Richard Metz, according to a report of the American Military Government of Germany (O.M.G.U.S.), as submitted to a Senate Committee in 1945, was in Belgium in 1940 in some connection with Farben's espionage bureau, and, returning to the United States in October of that year, was requested to deliver a message to one of Farben's most notorious agents in Latin America, Alfredo Moll (see Chapter XIII) instructing the latter how to get his confidential reports out of Peru, Brazil or Mexico.

So Herman's son, as a private banker living on Park Avenue, New York, carried on the traditions of the name.

It would appear to the author that nothing could better reveal the threads and texture of the Farben pattern than a study of the life and activities of Herman A. Metz, Brooklyn-born American. Back in March 1914 in one of the letters written to Metz by Dr. Haeuser—from which excerpts on bribery of the boss dyers have already been cited—the head of the German Hoechst Co. wrote these significant words: "So far as our other agreements are concerned I have no objection to having you send these back; *our entire relationship is really a confidential relationship, and it will be and must without agreements, so continue in the future as in the past.*" When Dr. Haeuser wrote that all-inclusive phrase "in the future as in the past" he must have anticipated what was

to happen within the five months following, when Germany was to make "scraps of paper" of written agreements, and begin its march through Belgium.

Should Germany have won the first World War, it is interesting to speculate on the influence and power which might have come to Colonel Herman Metz through his "confidential relationship" with Dr. Haeuser and other German cartel leaders. Metz's pre-war written agreements with Hoechst might not carry over, but the record shows that the confidential relationship was all that the cartel required to hold the Metz loyalty. We have had similar revelations of carry-over relationships and post-war understandings reached by other American industrialists with Farben's leaders during the early period of World War II. Metz's career gives at least some indication of what Farben's leaders have prepared for, and, unhappily, have a right to expect, in the peace to come, as will appear in chapters to follow.

Herman Metz was self-made. Starting as an office boy he became a successful business man, manufacturer, politician, Congressman, Army Officer, philanthropist, and leader in many walks of American life. Always a rough-and-tumble fighter, he stormed through all accusations of impropriety with assertions of patriotic motive and vindictive slander of his opponent. As a table thumper Metz was in a class by himself.

My personal acquaintance with Metz started just after the first World War, when the chemical company of which I was the general manager was supplying the Metz Laboratories with arsenic acid. At an official reception at Washington in 1926 I asked Metz if he would care to meet my good friend, the late Dr. Charles Herty, distinguished engineer and adviser to Francis Garvan in many of the latter's battles with Farben and Farben's agents. "Sure" shouted Metz at the top of his lungs. "Where is that old son-of-a-bitch? I'll meet him any time, any place, and tell him what's what about that gang of goddamned horse thieves he runs with." So Mr. Metz started with me to look for the mild and gentle doctor, and I was much relieved that we did not succeed in finding him in the crowded hall.

In 1932, several years after I had first publicly denounced Farben and its activities in the United States, I had my last

encounter with Herman Metz, and received the high distinction of having him call me a lunatic. This was in reply to a letter in which I denounced as criminal the advertising slogan of Bayer aspirin: "It does not harm the heart." I did not respond in kind to Metz's description of my mentality.

Instead I sent him a form of affidavit to fill out and sign in which, if he chose, he could swear to his approval, as an authority, of that advertising claim. This letter also requested Metz to present to his friend "Doctor" Weiss, of Sterling, my comments relative to the advertising. Metz declined to take advantage of the opportunity to give his personal seal of approval to the therapeutic qualities of one of Farben's most celebrated products. That he was wise in refraining came out some two years later when these claims were admitted to be dangerously false—in actions brought by the Federal Trade Commission as a result of my complaint.

CHAPTER III

The Lost Provinces Regained

ON SEPTEMBER 1, 1939 when the mechanized armies of Adolph Hitler thundered into Poland and began a war which was to spread across the face of the earth, most of the people of America were smug in the fancied security of their geographical position, entirely unaware that a gigantic industrial pincers movement had again rendered them very nearly helpless.

These pincers were the result of a grandiose plan initiated by the leaders of the German chemical cartel a few short months after the gunfire of World War I had ceased—while the exile of Kaiser Wilhelm and the feeble pretense of a German Republic were being hailed as the birth of a new day for the innocent people of the Fatherland.

In this post-war period of delusion and muddled thinking, Farben's predecessors proceeded quietly to reconstruct their international framework of industrial and political domination. During the war many of their properties in America had been confiscated, and a number of their key men deported or interned. For these Teutonic tycoons the struggle for world conquest had not ended when the German army had quit. The armistice and the

paper peace merely signalled a change in pattern that had been determined long before. This time the plan was to be made possible by corruption on a scale which would make another failure in combat war impossible. Industrial encirclement was to be accompanied with peace propaganda, social espionage and sabotage of law enforcement. Compared with these plans the earlier pattern of activities of the "Big Six" was insignificant.

In the last months of 1918 and thereafter, when Germany's military leaders were in disgrace, the big boys of I. G. Dyes had become the strongest cohesive force in Germany, despite their apparently hapless economic plight at the mercy of the Allied Reparations Commission. They could say, with some appearance of logic, that it was not their fault that the war was lost, and that Germany, to be restored, must depend upon their world-wide resources and industrial leadership. Their prestige had increased by the failure of the military war for which they had been so largely responsible. Chemistry had so advanced through the individual efforts of these men that it was now recognized as the keystone of modern warfare. The tremendous increase in the quantity and destructiveness of gunfire, due to the use of coal-tar explosives, had lifted these Big Six leaders to positions of far greater importance in German military circles than had been accorded them prior to 1914. The use of poison gas was wholly their plan, and the supply of gases had come wholly from their dye factories. The process of extracting nitrogen from the air had been invented by Dr. Fritz Haber, of the Kaiser Wilhelm Institute, and the nitrogen production of the Badische plants, directed by Dr. Carl Bosch, had been on such a vast scale that for the first time Germany had become independent of the great nitrate beds of Chile.

The one great lesson which the I. G. leaders learned from the first World War was that their original pattern of industrial conquest had not been sufficiently broad to prevent the twofold disaster of the armistice and of the loss of most of their branches and properties in the United States. The seizure of thousands of their United States patents covering dyes, pharmaceuticals and other chemical products had been an especially hard blow, and it was of the utmost importance that control over these products be regained as quickly as possible. And it was apparent that

better methods must be devised to disguise the American fronts to which titles to new patents and processes might safely be transferred. Some of the earlier disguises had been too crude and their wearers too obvious. The German industrialists had learned their lessons from the war, but as events were so tragically to prove, the people of the United States had not.

To some readers, the record which follows of a few of the many agreements and tie-ups consummated by Farben in the United States may prove a tiresome list of industries, companies and dates. However, it is impossible to understand the framework which the men of Farben erected in order to destroy our national security, unless their activities in this country are pictured in some kind of chronological grouping of the more important products and companies involved. These industrial tie-ups, the start of the German pincers movement in America, included agreements, partnerships and subsidiary controls of every conceivable kind for sharing processes, patents, profits and markets. Where specific control was not secured by Farben, a sharing of management gave Farben great influence; where both were lacking, Farben held negative control through its power to withdraw its participation and thus destroy the share of profits by which its American associates were induced to serve its purposes. Behind and above written documents and formal legal contracts were verbal understandings and "pledges of gentlemen" which bound certain of our American patriots to their Farben associates with personal ties and obligations that neither court proceedings nor war itself might obliterate.

The list of American corporations involved in the Farben pattern reads like a roster of big business, high finance and bi-partisan politics in the United States. A roll of the names of the men who consummated these tie-ups, and without whose active participation the Farben framework would have remained a lifeless skeleton, achieves its greatest significance when it is realized that these individuals were not the broken-English, German-Americans of the Bunds and singing societies. They were and are native born Americans, many of them nationally known industrialists to whom thousands of their fellow citizens look for leadership.

In those early post-war years there was a strong feeling of re-

sentment at what the "Big Six" had done, and an equally strong and bitter conviction that our new organic-chemical industries must be protected against competition from the Germans. This latter belief was tempered somewhat by distrust of the two largest American companies making dyes, E. I. duPont de Nemours & Company, and the National Aniline & Chemical Corp., the latter having been absorbed into the huge Allied Chemical & Dye Corp. in 1920 by Eugene Meyer, and the late Orlando Weber.

M. R. Poucher of duPont was a former Badische agent in the United States, and William J. Matheson of National Aniline the former Cassella agent. Years later it was to be revealed that this early distrust of duPont and Allied had some substance of fact to support it. As early as 1919 and 1920, while duPont and Allied were leading the cry for protection against imported dyes, representatives of both companies were meeting the leaders of I. G. Dyes in Germany and France to negotiate for process and marketing agreements on dyestuffs and atmospheric nitrogen.

It was in this early postwar period that Attorney General A. Mitchell Palmer, former Alien Property Custodian, made the prediction that: "The next war, if it ever does happen, will be a chemists' war, and the country which has the best-developed dye and chemical industry is the country which is going to come out on top." Mr. Palmer said that, "of all the important industries developed during the recent war, none stands out more conspicuously, or is of more vital importance to the health, the commercial life and the preservation of American institutions than the dye and chemical industry." There was of course complete agreement among patriotic Americans with Mr. Palmer's conclusion that the new organic chemical industries should be developed; unfortunately, his forebodings of a future war went unheeded by all but a few.

Throughout this period the author occupied what might be called a front-row seat at the fight between friends of the "Big Six" and the advocates of a strong American-owned chemical industry. Early in 1918 I had become associated with the late Frank Hemingway, chemical manufacturer of New York City and Bound Brook, N. J., later becoming general manager of his company; Hemingway was one of the organizers of the American Dyes In-

stitute, started in 1918 to bring together all of the American manufacturers in the fight to protect the new industry. Later, I opened my own office in New York City as a consultant, and, although active in other branches of the chemical industry, I was brought in contact with many of the principals in the fight for and against American-made dyes and drugs.

It was not long after the armistice that I. G. Dyes resumed open business relations with the firm of Kuttroff, Pickhardt & Co., which had escaped seizure on the specious plea that it was not a Badische branch or subsidiary. However, that firm did not hesitate to re-cross the lines into the green pastures of I. G. Dyes as soon as the government lifted the ban on communications with Germany. William Paul Pickhardt, son of one of the founders, and an officer of the company, cabled Badische for prices on dyes, and then left for Germany to begin a vigorous campaign to import German dyes through his firm—dyes which the U. S. Government had decreed could come into this country only on license through the Textile Alliance, and then only when they were dyes that the new domestic producers could not supply. As a result of Pickhardt's activities, the State Department cabled its representative at Paris in December 1919 that Kuttroff, Pickhardt & Co. had attempted to induce the German cartel to refuse to ship dyes to America through the Textile Alliance, in order to force all importations to come through their own company.

As the German I. G. got under way in their new activities in the United States a mass of rumor, conjecture and, in some instance, fact, was broadcast as each step was taken. It so happened, however, that the first of the new I. G. tie-ups, which was in the drug industry, attracted no attention at all. The principal on this side was Sterling Products, Inc. (now Sterling Drug, Inc.), a comparative newcomer and relatively unimportant at the time. The Sterling executives had a good reason for keeping this first tie-up secret, as it was made in direct violation of a pledge they had made to the Alien Property Custodian.

One of the war-time seizures of German property which caused great public interest had been that of the American Bayer Co., and its subsidiary, Synthetic Patents Corp., and the partial disclosure of the subversive activities of Dr. Schweitzer and some

of his colleagues in Bayer. This company, with the Bayer aspirin trademark as its most valuable asset, was the first to be offered at public sale in 1918 by the Alien Property Custodian. Sterling Products was the buyer for \$5,310,000. Details of the sale were arranged by Earl I. McClintock, an attorney on the staff of the Custodian, and one of the first acts of the new owners was to hire this public servant at more than triple his government salary.

Before the sale was consummated, Francis P. Garvan, then Alien Property Custodian, attempted to make sure that the executives of the new company were native-born Americans, and demanded their solemn pledge that there would be no renewals of the contacts with German interests.

The rules adopted by the Alien Property Custodian of World War I (unlike those of World War II) provided that deception by a purchaser of enemy property sold, if acting for an undisclosed principal or for resale to, or for the benefit of, a person not a United States citizen, should be subject to a fine of \$10,000, or 10 years imprisonment, or both; and the property thus purchased should be forfeited to the United States.

Perhaps as this story unfolds, the reader may ponder on the possible relation of this rule to some of the incidents which occurred after Warren Harding became president of the United States.

The original contact between the Sterling management and the German cartels is a matter still shrouded in mystery. In the fall of 1919, however, and only a few months after he had given his pledge to the U. S. Government, William E. Weiss, president of Sterling, was in Baden Baden, Germany, in conference with Dr. Karl Duisberg and Rudolph Mann. At these meetings an informal understanding was reached in which the German and American Bayer companies would work in harmony in marketing Bayer aspirin in South America. Within a year Sterling had signed a formal, fifty-year agreement on this with the Germans.

In view of subsequent tie-ups with many of the largest corporations in America, through which the cartel extended its pattern in dyestuffs and in other chemical industries related to our national defense, it is significant that this first new tie-up by the Germans was with a relatively small patent-medicine group. Also, that the

agreement provided, among other things, that expenses for "propaganda, advertising and legal costs," were to be shared, and that the Americans were to consult with their German partners on their advertising. So far as is known, not one of the many agreements which Farben had with other American industries mentioned propaganda, advertising and legal costs.

Sterling, originally known as the Neuralgyline Company, was started in Wheeling, West Virginia, in 1901 by two retail druggists, William E. Weiss and Albert H. Diebold. In 1917, these two nostrum vendors purchased the original Sterling Remedies, which was marketing a fake, lost-manhood cure called No-Tobac, and the candy cathartic, Cascarets, which had as its slogan, "They Work While You Sleep." Sterling Remedies was founded in 1887 in Attica, Indiana, and is said to have made its early profits from the tasty candy Cascarets rather than from the bad tasting No-Tobac.

Soon after the purchase of Bayer, Sterling organized the Winthrop Chemical Company, Inc., to handle Bayer's ethical preparations; a name being needed to which none of the odium of Sterling's patent-medicine advertising was attached. Winthrop was made the vehicle of the second important formal agreement with the cartel in 1923. On the basis of a fifty-fifty division of all profits, the cartel agreed to assign to Winthrop all of its new medicinal patents in the United States. The agreement was perpetual, and Sterling also bound itself to keep hands off the trademarks and patents of its subsidiaries so as not to interfere with the cartel's profit-sharing in Winthrop.

Weiss had written to a German Bayer executive the day the 1920 agreement was signed, that some parts of that document were not altogether clear and "would have to be worked out in the spirit in which it is entered into as forming a copartnership in a joint enterprise." When the 1923 Winthrop agreement was signed a clause was included by the German Bayer company declaring that it was not "a partnership or a joint venture" between the companies. The Weiss theory of partnership implied an equality which, apparently, the Germans did not relish. If Weiss and Diebold were to be partners they must be made to understand that they were the inferiors in the association.

In 1925 and 1926 the I. G. Farbenindustrie succeeded I. G. Dyes, adding to the original "Big Six" and their earlier associates another group of five of the larger chemical companies of Germany. It was then that Farben, with its world-wide affiliates, became the largest corporate structure in the world's chemical and allied industries. A new agreement was then consummated between Farben and Sterling by which the Germans' share of Winthrop profits was exchanged for assignment of fifty per cent of Winthrop's stock.

In the course of these corporate changes the Metz pharmaceutical interests were transferred (as revealed in Chapter II) to the now jointly-owned Sterling-Farben-Winthrop Company. Following the Metz deal, Farben also contributed another million dollars as half of its share of the purchase by Winthrop of the Cook Laboratories, and the Antidolor Company. So a total of something less than \$2,000,000 was all the cash that Farben ever paid to recover a firm hold on its pharmaceutical interests in the United States,—interests which we had been told were wrested from Germany for all time during World War I.

While the details of the agreements with Farben remained a secret so far as the public was concerned, in 1926 the fact that Sterling-Bayer-Winthrop had close ties with the great German cartel began to receive frequent mention in the press. "We now have the Metz representation, and the I. G. representation," boasted Weiss, "conditions are now different." Yes, conditions were, in truth, different. Sterling had become a real power in drugs, and Weiss, even then, had visions of the financial and political power which his alliance with Farben was to bring him.

Sterling had also acquired all of Farben's U. S. patent interests and marketing rights in cosmetics, perfumery, agricultural insecticides and disinfectants, and all materials used in these products. As a result of these additions, the Sterling-Winthrop management was able to bring the duPont Company into a Farben tie-up and, in 1928, the Bayer-Semesan Company was formed with Weiss as president. This company, which was owned coequally by duPont and Winthrop, was organized for the development of all inventions by either party relating to insecticides. (In 1943 Sterling sold its 50 per cent share of Bayer-Semesan to duPont.)

Meanwhile, Sterling had purchased a number of the most profitable patent-medicine concerns in the United States. These included the makers of Fletcher's Castoria, Phillips' Milk of Magnesia, and other nationally advertised remedies. Then, in 1928 Weiss started to gather the entire American drug industry into one huge cartel; and, with Louis K. Liggett, put together Drug, Inc.—a holding company for all the Sterling-Bayer-Winthrop properties, the United Drug Co. and the Liggett chain of retail drug stores. Farben's new affiliate, Drug, Inc., then absorbed Bristol Myers Co., owned by the Bristol family—makers of Sal Hepatica and other so-called home remedies; Vick Chemical Co., owned by the Richardson family—makers of Vick's Vapo-Rub; and Life Savers, Inc., controlled by Edward J. Noble—maker of the well-known package candies. Each of these companies added to the already huge structure of Drug, Inc., and greatly increased the far reaching influences of its enormous volume of national advertising. Its stores and distributors were found in every city in America, its salesmen in every hamlet, its advertising slogans and products in every home.

It was at this time that another influential American citizen whose name was Musica, but who was known as Donald Coster, attempted to induce his good friend, Bill Weiss, to absorb the McKesson & Robbins wholesale drug company into the new pharmaceutical cartel. It was reported in financial circles that Coster worked hard to convince Weiss that it would be a splendid arrangement to have under his control not only the thousands of Rexall-Liggett retail drug stores, but also the hundred or more wholesale drug distributors which Coster already had or was preparing to absorb in the McKesson & Robbins chain.

Everyone who was at all active in the drug industry, however, had heard rumors that Coster was a common criminal, that McKesson & Robbins was based on fraud of some sort, and that Coster was planning to unload the securities on the public as soon as a financial statement could be put together which would enable him to list the securities on the New York Stock Exchange.

Weiss and his associates, although pressed by some bankers to do so, would have none of Coster's fake securities in their Drug, Inc., but they did encourage Coster to expand, and thus provide

a more unified distribution for Sterling's increasing lines of drugs and patent medicines.

Any one who chooses to believe that no leader of the drug industry knew that Coster was a crook, and his financial empire a stack of phony bookkeeping entries, is welcome to that opinion. The fact remains, and the record proves, that I knew these things, and made repeated attempts to induce Washington to do something about them. And if I knew them, so did others. Incidentally, the famous accounting firm of Price, Waterhouse & Co., which so conveniently overlooked the nonexistence of the McKesson & Robbins Canadian warehouse inventories—and received more than half a million dollars for audits which included examination of many of these fraudulent book entries—was the same firm which has been certifying and approving the books and accounts of two of the leading American affiliates of Farben: Sterling, and Standard Oil Co. of New Jersey.

When Drug, Inc., was formed in 1928 Louis K. Liggett made the statement that the tie-up of the United Drug Co. with the Sterling group had the approval of the Department of Justice. Liggett was Republican National Committeeman from Massachusetts, and the Department of Justice, under Coolidge, quite evidently was not interested in the existing Sterling-Farben agreements—every one of which, thirteen years later, was admitted in court to have been illegal from the day it was signed. The blessings of Washington, however, were not proof against the coming depression and the ousting of the Republicans which followed. In 1933 after Herbert Hoover's oblivion, Drug, Inc., was dissolved, and the Sterling group returned to its original status as Farben's principal affiliate in the American drug industry.

In 1928 Sterling became involved in a cartel agreement in the vitamin D field through patent rights which Farben had assigned to Winthrop in the United States, and around which a tie-up was arranged with Wisconsin Alumni, Inc. (This has no connection with the University of Wisconsin.)

Conflicting patents relating to the activating of ergosterol, the product so useful in fortifying milk, bread and other food products to combat rickets, were thus pooled and restricted. Winthrop, duPont, and numerous other leading pharmaceutical, dairy and

prepared food manufacturers were then licensed under these patents by Wisconsin Alumni.

Meanwhile we observe two figures which appear to be new in the Sterling-Farben post-war orbit, in the persons of the notorious Dr. Edward A. Rumely, who had been let out of jail by President Coolidge after conviction for pro-German activities during the first world war (in which Bayer's Dr. Schweitzer was involved), and one Robert McDowell Allen, president of the Vitamin Food Co., of which Dr. Rumely was organizer and director.

Under Sterling auspices a new company was organized in 1928 called Vegex, Inc., with Dr. Weiss, Earl McClintock and Farben's Winthrop director, William Hiemenz, as officers, and the Rumely-Allen team as directors. Judging by their lavish advertising in the *Journal of the American Medical Association*, and in *Hygeia*, Vegex and Vitamin Food Co. specialized in pepping up soups and gravies with Vitamin B, but this advertising was repudiated later by Dr. Fishbein's Council on Foods and Nutrition.

Dr. Weiss soon lost his enthusiasm for these tasty soup and gravy flavors, or for the lack of profits so derived; and Sterling turned Vegex over to Mr. Allen who became president of Vegex as well as of Vitamin Food, with Dr. Rumely still on their directorates.

However the Sterling-Winthrop-Farben interest in the Wisconsin Alumni licenses for ergosterol continued unabated, and in 1937 we find Dr. Weiss and his colleagues again discussing Farben vitamin matters with Dr. Rumely. (The latter, by that time was engaged in a new variety of educational propaganda, as will be revealed later.)

In 1935 another new Sterling-Farben subsidiary called Alba Pharmaceutical Co., was organized with capital supplied jointly by Farben and Winthrop, and with Weiss's son William E. Weiss, Jr., as president. This company received the processes and American patents of two of Farben's German subsidiaries. Meanwhile all of the Sterling-Farben tie-ups relating to Bayer or affecting property and patents originally purchased at the auction of 1918, were in direct violation of the pledge given to the Alien Property Custodian. In a little over a decade, Weiss and his associates had built up Sterling with German aid into a corporate structure which dominated the entire pharmaceutical industry in America.

Weiss and McClintock dominated the small group directing Sterling, and participated in the constant exchange German-American visits which the ramifications of the mutual interests of Sterling and Farben made necessary. Albert H. Diebold, more conservative, was the financial wheel horse, and James Hill, Jr., a former Internal Revenue official, the controller and treasurer. Another member of this select little band was Edward S. Rogers, the Weiss legal adviser, whose connection with the company dates back almost half a century. Rogers, like McClintock, had been associated with the Alien Property Custodian during World War I. He signed the 1926 Winthrop contract with Farben as witness for the signature of Weiss, and later represented the Sterling interests before government officials in tariff controversies. He attained prominence after 1929 as the American delegate to several inter-American conferences held in South America on trademarks and industrial properties. The importance of these conferences was made clear some ten years later, when Thurman Arnold stated that, "German control of drug outlets in South America has been one of the most effective instruments of propaganda and German influence in this hemisphere."

The late Frank A. Blair, president of Sterling's Centaur Company, and of the Proprietary Association, which Sterling dominated, was one of this group until he died in 1939. Blair, as will be shown later (in Chapter XI), was also a power behind the scenes at Washington.

In 1941 Weiss and Diebold were forced out of Sterling because of their personal relations and contacts with Farben. The others remained; McClintock as president of Sterling International in charge of foreign sales, Rogers as chairman of the board, and Hill as president. Weiss died after an automobile collision in Wisconsin in 1942. His death was as sudden and as unexpected as had been the mysterious demise in 1917 of Dr. Hugo Schweitzer, his predecessor as head of the American Bayer Company.

Once the cartel had regained a foothold in the United States through the friendly offices of our patent-medicine patriots, they lost no time in initiating the next step of their pincers strategy. Embargo and high tariff could keep out most of the German-made dyes, but there was nothing to prevent the "Big Six" from

engaging in the production of dyes within the United States, always providing that American companies and American citizens could be induced to make these dyes inside the new tariff walls. Certain of our citizens not only did not object, they actually welcomed the Germans with open arms—sold them their holdings, took them in as partners or entered into agreements and iron-clad contracts to share patents, profits and markets.

In 1919 the Grasselli Chemical Company had established itself firmly as a domestic dye producer by purchasing from Sterling all of the dyestuff interests, including patents which Sterling acquired with the American Bayer Co. In 1924 Grasselli made an agreement with German Bayer to pool their respective United States interests in dyes in a new company known as Grasselli Dyestuff. Profits were to be divided equally and the initial German stock interest, forty-nine per cent, was to equal that of the Americans as soon as certain financial obligations were met. The control of foreign markets remained with the I. G., but the latter bound itself to turn over all of its United States patents on dyestuffs to the new company. It was also agreed that the production of heavy chemicals by Grasselli should be restricted.

Then, in 1926 when the huge I. G. Farbenindustrie cartel was formed in Germany, another new company known as General Dyestuff Corp., became the sales agent for all of the dyes made by Farben's affiliates in this country. And the Germans were back in American dyes, in the one industry that can be converted overnight to poison gas and munitions production.

Dr. Carl Bosch, head of I. G. Farbenindustrie, was not impressed when the League of Nations outlawed the use of chemical gas in warfare. The League had also abolished the use of force as an international policy, and the United States had taken the lead in disarmament. These peace moves fitted splendidly into the Farben pattern, and Bosch was all the more determined upon a complete penetration into every phase of the American dye industry. In 1928 Grasselli was taken over by duPont, and the latter thereupon was induced to hand over to Farben the entire Grasselli interests in the dyestuff industry. The transfer of title of the Grasselli dye interests to the Farben-owned General Aniline Works passed first through the hands of Farben's handy

man, Herman Metz, and gave the Germans another good-sized chunk of the new American dye industry. Farben's strategy was crabwise, when a direct approach was repulsed.

Later Allied Chemical & Dye joined with duPont in agreements with Farben's Continental dye cartel covering certain foreign dye markets; these agreements were extended several times to cover different countries. Other agreements between duPont and Farben covered license or assignment of dye patents in the United States and Germany. These various interests required many meetings and understandings, the final outcome of which (according to allegations in several indictments handed down in 1941 and 1942 by Federal Grand Juries), was to enable Farben, acting through General Aniline & Film and other American companies, to restrict production of dyes and intermediates in the United States, and to eliminate competition through market-sharing in foreign countries.

When World War II began, Farben was not in such complete control of the coal-tar dye industry in the United States as its predecessors had been in 1914, but in 1939 Farben's American drug and dyestuff affiliates were much more powerful than those "Big Six" agents who had so effectively prevented the establishment of our munitions industry prior to the first World War. Drugs and dyes were Farben's "lost provinces" in industrial America. Deprived of the whole loaf, Farben had crept back through side doors and cellar windows and seized a good half, meanwhile adding its own Nazi flavor to the entire composition.

New Conquests of America's Industry

THE OIL INDUSTRY came next on Farben's agenda. There were several reasons for this, the main one being that Standard Oil Co. of New Jersey, the largest industrial corporation in the world, was reported to be interested in new chemical developments which were related to, or based on, the petroleum and natural-gas industries. The Germans knew that these new chemical products promised to be among the most important munitions of the next war. So Farben, within a few brief years, had induced the leaders of the all-powerful Standard Oil to pay them over \$30,000,000 for an oil refining process that turned out to be a commercial fizzle in the United States. They also bamboozled the New Jersey executives into turning over to them technical details of the new chemical processes which Standard Oil's research men might discover; and were given control of the exploitation of such processes as well. Thus the Farben overtures turned into an industrial strip poker game, the results of which would have been highly amusing had not so

much of the Standard Oil raiment which passed over to Farben between processes and products vital to our national security.

The first understanding between Farben and Standard was in 1925, according to statements made subsequently to stockholders by Walter C. Teagle, then president of Standard. This informal understanding developed into negotiations of a comprehensive character and, in 1926, an agreement was drafted covering exploitation by Standard of Farben's new refining process for the hydrogenation of oil through the use of tremendous pressures. This process was the bait which brought about the strange union between Farben and Standard—a union which ultimately went far afield from petroleum, and led Senator Truman to cry "treason" at a Senate hearing after Germany had declared war upon the United States.

In 1927 a formal contract was consummated between Farben and Standard by which Farben agreed to supply the details of its new refining process to Standard, and Standard agreed to erect a commercial plant in the United States to demonstrate the process. Others were to be licensed to use the processes on a royalty basis in which Farben would share. Standard paid Farben with more than a half-million shares of its stock, worth approximately \$30,000,000, as consideration for this contract. In addition to the stock transfer, Standard expended a great many more millions erecting hydrogenation plants in the United States and demonstrating that the process did not come up to the rosy expectations of its young technical expert, Robert T. Haslam, who had inspected the Farben plant in Germany, and had recommended the purchase. Apparently Standard missed one point about this new high-pressure cracking method—its cost. Farben used it to produce gasoline from coal. Germany had plenty of coal, and to the Germans, the excessive cost of the gasoline over that produced from oil was not important. They knew that the time was coming when Germany would again begin war and probably be cut off from the most of its crude oil supplies by another British blockade.

Dr. Bosch and Hermann Schmitz played the leading parts for Farben in negotiating the 1927 contract; Teagle and Frank A. Howard, who was later made head of Standard Oil Development Company, looked after the interests of Standard and its stock-

holders. To Farben this tie-up was of vast importance, because it not only established a close working alliance with the world's largest industrial company, but it was also to lead to tie-ups with other American companies on important chemical developments related to the petroleum industry. Some of these new processes have little real relation to oil, but they did very directly relate to Farben's preparation—and our own lack of preparation—for World War II.

Other aspects of Standard Oil which made it an ally of great potential value in Farben's eyes included the fact that its distribution system of filling stations reached into the intimate life of so many communities. Unlike Sterling, prior to the latter's expansion, Standard already had a nation-wide army of employees. Also, Standard's organization was world-wide—in South America and the Far East as well as in Europe. This army could feel the pulse, and possibly even change the beat, of countless blood-streams. Standard's political power and influence with many governments were not the least of its attractions to Farben.

That Farben had long contemplated and sought such an arrangement was indicated by a statement made early in 1926 to William Weiss by one of the Farben leaders that they had to be careful in negotiating with Sterling for any products other than pharmaceuticals, because Farben was already negotiating with Standard Oil, and did not want to give Sterling any of the products that should go to the other company. Standard was big game, even for Farben, and had to be stalked with great care. Personal friendships between the negotiators sometimes count much in affairs of this sort, and personal ties were made use of in this instance. Agreements are entered into by corporations acting as legal entities but they are negotiated, wrangled about, drawn up and signed by corporation officials who are real persons, not legal fictions. Mr. Teagle, in a public statement quoted in the *New York Times* in November 1929, referred to his "close and pleasant personal relationship of some years standing with the leaders of the I. G.," which, said Teagle, was the reason why he had consented to serve as a director of the newly organized American I. G. Chemical Corp., in which he denied Standard had any financial interest.

Dr. Bosch of Farben reciprocated these expressions of Teagle's friendship in 1930, after Teagle had interceded between Farben and duPont in a controversy relating to the manufacture of synthetic ammonia. Bosch wrote his friend Teagle to thank him for arranging the meeting with Lamot duPont, and concluded his letter with:

"I believe that as a result of this intervention, the deadlock in the negotiations between duPont and I. G. has now been overcome, and that thereby our desire will be realized to reach a cooperation with this very energetic and cleverly proceeding firm, which we have endeavored to bring about for years. The reason for the failure of our former negotiations may be the lack of the right personal contact which has now been established, *thanks to your personal interest.*"

Farben was the largest corporation in Germany and the greatest chemical cartel in the world; Standard was the largest industrial corporation in the world; duPont was not much smaller and, with its multiplicity of products and its stock control of General Motors, U. S. Rubber, Remington Arms and others, it ranked with Farben and Standard in importance. When it came to drawing up written contracts, however, or even arriving at gentlemen's agreements, it was the conclusion of Dr. Bosch that the earlier refusal of the huge duPont Corporation to play ball was due mainly to the aloofness of Mr. duPont—an aloofness which Mr. Teagle, as mutual friend, had changed into the right personal contact. On the other hand it is quite possible that recollections of the part played by Bosch and his associates in World War I lingered longer in the memory of Lamot duPont than they did in that of Walter Teagle.

After the 1927 contract Farben and the Standard leaders continued their meetings, Farben constantly pressing Standard with the advantages of a more comprehensive tie-up between the two companies. At one of these meetings, early in 1929, Dr. Bosch stated that it appeared certain Standard would be compelled to expand its activities far beyond oil refining, into the chemical field, and naively suggested that as Farben was already supreme in the chemical industry, it should of course have a dominant posi-

tion in any such arrangement. This sounded plausible, and Teagle signified his willingness to let Standard become the junior partner provided the minority interest was sufficiently large. Mr. Teagle, it would seem, had little confidence in the ability of Standard's research men to forge ahead in those new chemical developments which were already being discussed in the technical journals as certain to arise from the petroleum industry. DuPont and other American corporations had already demonstrated that American chemical research was amply qualified to compete with the Germans. The prewar legend of the supremacy of German chemical brains had been punctured. But the Standard leaders seemed to ignore this fact.

Thus, Dr. Bosch cozened his friend Teagle into handing over to Farben what amounted to the direction and control of the chemical-munitions affairs of the largest industrial organization in America. If Mr. Teagle and his colleagues realized what power they were giving away they didn't care. If they did not realize it, then they were among the few in the chemical industry who were not aware of it.

The result of these negotiations was four new agreements, entered into in November 1929 between Standard and Farben, which provided for exchange of chemical patents and processes. They also covered the commercial exploitation of new products, payment of royalties, and the division of world markets. The more important of these agreements expressed the intention of the parties to cooperate with each other and avoid overlapping and competition through a recognition by Standard that Farben had a preferred position in chemical products, and a recognition by Farben that Standard had a preferred position in oil and natural gas. The joker in the agreement provided that such new chemical processes contributed by either party, which were not directly related to the refining of oil or natural gas, should be controlled by Farben. Dr. Bosch thus extended the Farben pattern to a dominant position in the group of chemical developments which were on the way, and which he knew would have a vital bearing on the rearming of Germany, and on the national defense of the United States.

The relationship established by the 1929 agreements was aptly summarized several years later by Mr. Howard in a letter to one of his colleagues in which he stated:

The I. G. may be said to be our general partner in the chemical business as to developments arising during the period beginning in 1929 and expiring in 1947. The desire and intention of both parties is to avoid competing with one another The general theory of the agreement is that chemical developments more closely related to the oil business than to the outside chemical business remain in control of Standard, with I. G. participating whereas developments more nearly akin to the outside chemical industry than to the then existing business of Standard pass to the control of I. G. with suitable participation by Standard One additional fact might be pointed out: for a variety of reasons it seems quite probable that if we desire to make any additional important affiliations in the oil-chemical field, such affiliations will be with the duPonts, the Shell Company or both. The I. G. relationship is in no respect a handicap but on the contrary, a definite asset to us in considering the possibility of any such affiliations.

Standard was courting duPont, as was Farben, but for different reasons. Standard's great power lay mainly in one industry—oil, and the Standard Oil executives were dazzled by the audacity of the duPonts, who were then entering one new field after another with such brilliant success.

In 1930 another Standard-Farben agreement was consummated which provided for the organization of a jointly owned development company, later established as Jasco Inc., at Baton Rouge, La. The name Jasco stood for Joint American Study Company, but might well have meant Jackass Americans Surrender a Continent. In Jasco, under Standard management, but acting under Farben instructions, a group of technicians were to develop new chemical processes outside of oil and gas refining. Jasco appeared to be an American corporation operated by Americans, and was not identified in the public mind with Farben. Actually it became the medium through which Farben secured the results of chemical

research done by Standard. Farben in return, furnished Standard with a bare minimum of its own research.

When pressed for more data by Standard, Farben at first procrastinated with the excuse that its research was incomplete, then bluntly stated that the Hitler government would not permit the information to leave Germany. In one instance it was revealed later than Standard had even supplied data relating to the production of high-test aviation gasoline which Standard research had not developed, but which had been secured through an association with other large oil-refining concerns, including the Anglo-Iranian Oil Company, which is controlled by the British Government. Standard was accused of continuing to send these developments on aviation gasoline to Farben until November 1939, two months after the war between Germany and England had started.

Synthetic rubber was one of the new products which should have been turned over by Farben to Jasco. This development was, in fact, the choicest bit of the limburger with which Farben had baited its trap.

Back in 1927 Standard learned that Farben had developed commercial production of synthetic rubber. Standard also knew that duPont was working on synthetic rubber and, in April 1930, before the Jasco agreement was signed, a Standard vice-president, E. M. Clark, wrote Farben warning them to review their patent situation on artificial rubber so that duPont could not get ahead of them.

Farben, in Germany, developed a type of synthetic rubber called Buna. Standard, later at Jasco, developed one called Butyl. Buna was considered better than Butyl for some purposes, especially for tires. Butyl was cheaper to produce and better for other purposes, particularly inner tubes. What happened in the jug-handled one-way pot called Jasco? Standard, as rapidly as it made progress in its Butyl research, supplied all pertinent data to Farben, whereas Farben not only delayed supplying the data on Buna but, for a period, actually attempted to discourage Standard about its new synthetic. "It's not so hot," indicated Farben. "Why bother with it? Let's wait until we develop something really worth while."

At this time, duPont was making rapid strides in the commercial production of its own synthetic rubber, Neoprene, which had ex-

cellent qualities but under normal conditions was too expensive to compete with natural rubber for making tires. Farben had already succeeded in making a number of agreements with duPont on exchange of other patents, but duPont was still gun shy; and Farben wanted Neoprene very badly indeed. So, in 1935 Farben notified Standard that they had a proposal from duPont for a tie-up on the latter's synthetic rubber. Accordingly, suggested Farben, it might be well if a new development company should be organized to take care of synthetic rubber research and exploitation for all three. One third of the proposed new company was to go to Standard, duPont and Farben respectively, and each was to put all of its synthetic rubber patents and processes into this new pot. Thus Farben tried to play Standard against duPont, and duPont against Standard. By suggesting a minority part for itself and leaving a two-third interest to the Americans, Farben was sugar-coating the syphon through which it hoped to extract the desired technical information on this vital synthetic. This proposal did not go through, possibly because the Messrs. Irenée, Lamot and Pierre duPont had a more acute sense of smell than had their friends, Messrs. Teagle, Howard and Haslam.

Farben, however, does not become discouraged easily, and some three years later succeeded in getting duPont to grant it certain patent licenses to make a Neoprene type of rubber in Germany. Meanwhile Farben was building synthetic rubber plants for the Hitler Government large enough to supply Germany's requirements and supplement the reserve stock pile of natural rubber which was being imported in anticipation of the blockade which would again cut off her outside supply.

Reports of the success of Germany's synthetic rubber production were discounted by many when Austria was invaded in 1938, and stories strangely leaked out of Germany that its motorized troops were delayed in getting to Vienna because the new ersatz tires blew out. Eventually, a few individuals in our government became mildly alarmed at the possibility of losing our natural rubber supply, and Standard, responding to pressure, renewed its efforts to induce Farben to put the Buna developments into Jasco where, under the 1930 agreement, they belonged.

In 1938 Howard reported to his Executive Committee that Far-

ben continued to decline to supply its data on Buna rubber, since, because of military expediency, the German Government refused to allow the information to leave Germany. Thus the Farben-Hitler military machine clearly showed its teeth.

As late as October 19, 1939, after the war had started, Howard again reported sorrowfully to his Standard colleagues that Buna rubber had never been made at Jasco because Farben had not supplied the necessary information. A week later Howard explained in writing:

We haven't complete technical information on Buna, and cannot get any more information from Germany. The only thing we can do is to continue to press for authority to act, but in the meantime loyally preserve the restrictions they have put on us.

So, until December 1940, after our Lend-Lease program was under way, and Hitler's intentions were clearly defined for the whole world to see, Standard loyally continued to preserve the restrictions of the Germans and to transmit to Farben its latest research data on this strategic material of national defense.

Synthetic rubber was by no means the only new research development which came within the provisions of the lopsided mé-salliance between Farben and Standard. Farben had discovered a process for making acetic acid from natural or cracked gas by means of an electric arc. This process tied into synthetic rubber research, and also produced an acetic acid of superior purity and at what promised to be lower cost than resulted from the methods then in use.

Acetic acid, widely used in the industries of peace, is invaluable in the manufacture of various chemical munitions in war. (In World War I its price advanced in this country from a few cents to more than a dollar a pound.) This acid was being made by various American companies, but the market was expanding, and Standard had ample supplies of both natural and cracked gas. So the new Farben method fitted splendidly into the Jasco program of joint research and exploitation.

A pilot plant was erected at Baton Rouge, and the excellence of the process demonstrated. The plant produced acid beyond the

normal requirements of Standard, and it was proposed to sell the surplus to various large consumers. Farben, however, was very definitely opposed to the commercial production of acetic acid, or of any other acetylene products from the electric arc process. Some strange reasons were given: Farben had other commitments in America which might be interfered with; a disagreeable price war might result in Europe; the acetic acid market offered no incentive to take up the manufacture of this product, etc, etc.

When Standard persisted in its desire to enter the acetic-acid field, Farben came up with the suggestion that the acid sales be handled, not by Jasco or Standard, but through Advance Solvents & Chemical Corp., with which Farben had other ties. This plan fell through, however, as did a later effort to interest the Shell Oil Co., the American subsidiary of the Dutch Shell interests. Farben then informed Standard that it was developing improvements in the original acetylene process but that the German Government would have to approve any contracts relating to it. Finally, Farben threw all pretense aside and requested that the Jasco acetic acid plant be abandoned. This was done. Standard dismantled the plant. In 1940 the patents covering the acetic acid process were transferred by Farben to its own subsidiary General Aniline & Film Corp., which at the time was engaged in a furious campaign to convince the American public and the U. S. Government that it was not controlled by Farben.

Another product which was turned in to Jasco for development was a laboratory curiosity called Oppanol. Oppanol had not been considered previously as a basis for compounding lubricants, but through Jasco research it was found to have great value in the production of a superior lubricating oil for planes, tanks and naval vessels. These developments, invaluable in war, and wholly the result of research by Standard technicians, were promptly handed over to Farben and thus became available for the German war machine. Other processes and products which were worked on by Jasco, became the mediums through which numerous American companies were brought within the Farben orbit. Through the kindly offices of Standard Oil, the intelligence department of Farben was thus enabled to peek into technical minds, and enter doorways that would not otherwise have been open to it.

When the present war started, Standard and Farben entered into a new series of agreements, some of which, by their wording, were undoubtedly intended for carry-over understandings, effective for the duration and until such time as the old agreements could be reinstated and "business as usual" resumed. While Hitler's army was on its way to Warsaw, Standard's Mr. Howard was on his way to Europe to meet a Farben representative. This meeting resulted in what came to be known as the Hague Agreement—a most interesting document which was signed by Mr. Howard for Standard, and by Dr. Fritz Ringer for Farben, on Sept. 25, 1939, two days after the German Army announced its victorious destruction of Poland's resistance. Messrs Howard and Ringer, however, dated the document back a few weeks to September first, feeling perhaps, that it would read a bit better as a peacetime understanding.

By the Hague Agreement Farben purported to transfer to Standard all of its rights in Jasco in consideration of a small cash payment which was to be paid to a Farben designee. A division of market rights on the products was also included. Standard to have the United States, the British and French Empires and Iraq, Farben to retain the rest of the world. Then came carry-over provisions which obligated Standard and Farben to report to each other on all future business in their respective territories, with the understanding that if there should be inequities in the monetary returns, adjustments would be made on the basis of the original agreements of 1930. War or no war, the Standard-Farben alliance was to go on.

Mr. Howard reported to his colleagues that this agreement was a *modus vivendi* which would operate for the duration—"whether or not the U.S. came in." The report continued with:

It is hoped that enough has been done to permit closing the most important uncompleted points by cable. It is difficult to visualize as yet just how successful we shall be in maintaining our relations through this period without personal contacts.

In making this report, Mr. Howard may have had in mind the

fact that the Trading with the Enemy Act, passed during the first World War, had never been repealed.

Despite Mr. Howard's anticipated suspension of communications, in June 1940, Standard asked Chemnyco, Inc., Farben's New York headquarters, for a license and transfer of title on a patent on an asphalt process, with a provision for retransfer of title under suitable conditions. And, six months later, Farben suggested an understanding through which it would sell on a royalty basis certain products for Standard in countries the latter could not reach. Meanwhile on Sept. 4, 1940, Standard's executive committee ratified a brand-new arrangement, covering payment of royalties on hydrogenation patents with Farben, which was dated back to January 1, and in which some provision of the original 1929 agreements were either reaffirmed or modified.

After the fall of France, Farben kept in touch with Standard by meeting the latter's representative in Paris. And, in February 1941, a message from the French capital informed Mr. Howard that his friend Dr. Ringer wished to reply to a question raised by a cable with the advice that:

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.

The exchange of information continued until a few weeks before Germany declared war upon the United States. On Oct. 22, 1941 a cable went to Farben advising that Jasco had filed suit against the B. F. Goodrich Rubber Co. for alleged infringements of patents covering Buna. The cable also asked Farben to send copies of the German patent applications which should be duly certified by a United States Consul. Again, war or no war—business as usual.

In addition to Messrs. Teagle, Howard, Haslam and Clark, among those most actively concerned in the later negotiations with Farben was the late W. S. Farish, who came into the Standard organization in 1919 when that company purchased control of the Humble Oil Co., of Houston, Texas. Farish had organized the Humble Co. a few years previously with several men who were high in Texas political affairs. In 1933 Farish became chairman of Stand-

ard, and in 1937 he succeeded Teagle as president. Another Standard stalwart was Dr. Per K. Frolich, director of their chemical laboratories. Dr. Frolich, in 1942, was elected president of the American Chemical Society.

Mention has already been made of the kindly intercession of Mr. Teagle in bringing about a friendly conference between Dr. Bosch and Lammot duPont. Previous meetings had not run too smoothly, as indicated by the 1929 conference at which Lammot duPont challenged Dr. Bosch about the report that Farben and Standard Oil planned a joint synthetic nitrogen plant in Louisiana. Dr. Bosch replied that the report was true and that a company had already been formed in which Farben held fifty-one percent of the stock. This, of course, was entirely untrue. The 1929 agreements between Farben and Standard had not been signed at that time, and the stock interest of which Bosch bragged was not in those agreements. Apparently Farben was bluffing and had no intention of building a synthetic plant here in its own name or at its own financial risk. Why invest in a horse and buggy if someone else could be induced to furnish a free ride? What Farben was after was to hold the reins, no matter who owned the steed.

Synthetic nitrogen was the personal baby of Dr. Bosch, and Farben's annual production of 600,000 tons was one-third of the world's consumption. So the good doctor was fully aware how great had been the loss to Farben when, in 1918, the Haber-Bosch patents for the production of the synthetic nitrogen were seized by the Alien Property Custodian. Prior to the war, an unsuccessful attempt had been made in the United States to produce nitrogen commercially by atmospheric fixation, and while the war was in progress a huge nitrogen plant was started with government aid at Muscle Shoals, Alabama—too late for the war effort.

However in the postwar decade atmospheric fixation had begun in the United States and with this background and the prospect of a large American production of synthetic nitrogen and ammonia, Farben did not relish the thought of new American plants which might serve as munition factories in the next war. As always, Farben was looking to the future, and the importance with which its leaders regarded a participation in the production of these synthetics in the United States has been amply justified by

the tremendously increased use of high explosives in the present war. Their use has dwarfed all earlier needs for nitrates and ammonia; an example were the huge two and four-ton "Block Busters" charged with amatol, a new high explosive which is made by compounding TNT with ammonium nitrate. Yes, Farben knew what was coming.

Eight years after the friendly conference arranged by Mr. Teagle, Farben caused the formation of the International Nitrogen Association, a world cartel, which brought into unity of action the producers of both natural and synthetic nitrogen and ammonia. Ostensibly this cartel was to rule the markets for fertilizer materials. Actually, the far more important objective was to limit the capacity of synthetic nitrogen plants outside of Germany.

Farben went far around Robin Hood's barn to secure some sort of nitrogen and ammonia tie-ups in this country, and to bring duPont within its sphere of influence on these important synthetic war munitions. DuPont's main interest in synthetic nitrogen and ammonia in the decade after World War I was for the explosives department of its business. Fundamentally duPont has been a producer of gun-cotton rather than fertilizer.

In January 1926 duPont entered into a rather illusive agreement on explosive patents and processes with Dynamit A.G., which later became a Farben subsidiary in that field. The agreement that was drawn up was not signed, but was held as a gentlemen's understanding. It covered ammunition of various sorts, industrial explosives, and the countries in which licenses under the patents should be granted. It did not however, mention military explosives as such. Dynamit A.G. was also a manufacturer of celluloid, which is made from nitro-cellulose, and another informal agreement was reached by which duPont and D.A.G. would exchange information and give each other the first option on rights to patents and processes. These two casual understandings are significant because, apparently, they were the first through which duPont became allied with Farben.

A later tie-up which was to have wartime repercussions was made in 1929 between Dynamit A.G. and the duPont-owned Remington Arms Co., by which information was exchanged and royalties paid by Remington on a patented chemical product of

German invention known as Tetrazine, a substance of great value as a priming charge for ammunition. This agreement stipulated that Remington could not sell military ammunition containing Tetrazine in any of the countries comprising the British Empire. When war began in 1939, Remington received huge orders for ammunition from the British Government, but because of the clause in the contract with the Farben subsidiary, it had to supply the British with cartridges containing an inferior priming agent. This restriction continued in 1941. Later it was rescinded. Only a tiny speck of the primer is required in each cartridge, but the efficacy of that small particle might well mean the life or death of a soldier.

Returning for a moment to the period immediately following the Armistice, we find that the great chemical plants that had mushroomed up in the United States during the war presented a big reconstruction problem. Clearly, it was up to the industry to evolve new peace-time products, and in this effort the duPont chemists outstripped all other American research workers. The war plants which gave the impetus to this research were largely in the organic chemical field—based upon the conversion of coal tar or other once-living organisms as distinguished from inorganic materials such as sulphur, sodium and other metallic elements.

Among the most important developments of this post-war research were various types of synthetic resins or plastics made by what is known as polymerization. This may be described briefly as a method of changing liquids into solids through application of heat, light or the use of catalysts. Chemically, polymerization is the combination of a number of molecules to form a single new and larger molecule. The number of new materials in which these rearranged molecules may be formed is endless. It might almost be said that the chemist, having unscrambled matter down to what seemed to be its smallest particles, the physicist then stepped in to rebuild it into heretofore unsuspected forms. Thus such elements as oxygen, hydrogen, nitrogen, carbon and chlorine, all obtained from inexpensive raw materials, are formed into solids of surpassing beauty that for many constructive uses are unequalled in nature. Unhappily, however, these new substances supply some of the most important implements of war.

Among these postwar products in which duPont research kept so far ahead of its competitors in the United States and at least abreast of Farben's technicians were Neoprene, Nylon and the glass-like product called Lucite. This last was an evolution of the laminated safety glass, designed primarily for automobile windshields. Lucite proved to be a most superior product. It was far stronger than glass, was practically shatterproof, and provided equally good visibility.

DuPont's commercial production of Lucite began in 1935. It had been preceded by the production of a somewhat similar plastic known as Plexiglass produced in Germany by the firm of Röhm & Haas A. G., Darmstadt; and in the United States by a company of a very similar name, Röhm & Haas Co., Inc., of Philadelphia. Years before, when the firm was founded, Dr. Röhm was the German and Mr. Haas the American partner. During World War I the American Röhm & Haas had been seized by the Alien Property Custodian because of an alleged sixty per cent enemy interest. The enemy interest was sold by the Custodian to a Chicago concern which promptly sold it back to the American Röhm & Haas company. A forty per cent interest in the American company was then trustee so that the dividends would go to Dr. Röhm and his family in Germany. Thus the partners lost no time in circumventing the seizure by the United States Government.

In 1927 there began a series of agreements between the American and the German Röhm & Haas companies, and between the latter and I. G. Farben. These agreements related to new developments in sheet plastics. In this same period duPont and the English Imperial Chemicals Industries were cooperating in similar plastic developments. Conflict over patents arose between these two groups. Finally, in March 1936, after protracted negotiations, duPont and the American Röhm & Haas agreed on an exchange of patents and processes, which arrangement tied in with Imperial Chemicals and the German Röhm & Haas, and thus with Farben.

Three years later, just a few months before World War II started, the two American makers of plastic glass entered into several more understandings which provided for control of prices, market sharing and restriction of production. Also, restrictions on the sale of the plastics abroad were entered into by the American Röhm & Haas with its German namesake and with Farben.

By this time the use of plastics for airplane enclosures and gunners' screens had become of vital importance. And a result of the limitation of production was said to be a shortage of these sheets of plastic for the construction of military airplanes and other military equipment scheduled for the Lend-Lease program, and the long-delayed United States national defense program. Farben strategy, again by the indirect approach, had succeeded.

The relationship between the American Röhm & Haas and Farben is illustrated by correspondence between them after the war had started. Farben, in December 1939, wrote to the Philadelphia company releasing it from restrictions on the exportation of certain of its products, and requesting it to take care of Farben's customers in Latin America—orders from whom would be referred to Röhm & Haas through another of Farben's allies in the United States, Advance Solvents & Chemical Co. Mr. Haas replied on January 22, 1940, that his firm would of course comply with Farben's request, also that:

No matter who is doing the shipping we shall revert to the *status quo antem* as soon as normal conditions have been restored. The thought uppermost in my mind is to serve you in the most faithful and most efficient way possible in this emergency.

Otto Haas, an American citizen for many years, was not only faithful to Farben in the emergency of war, but appeared confident that when the war should end he and his supposedly American firm would be permitted to resume their relations with Farben—and that Farben would again rule the roost as before.

In October, 1935, two of Farben's leading officials, Georg von Schnitzler and Dr. Fritz ter Meer, came to Wilmington and attended a meeting at the home of Lamot duPont. At this meeting Farben's representatives pointed out how friendly Farben's attitude had been in cooperating with duPont on the amicable settlement of patent disputes and foreign market problems and that Farben had invited duPont participation in the synthetic rubber developments. Yet duPont, according to the Farben report of this meeting, remained apprehensive that Standard Oil, by reason of its Farben tie-ups, might break into duPont's field in the chemical industry.

DuPont's ideas on the subject of its relations with Farben are recorded in a memorandum dated March 18, 1936, in which was stated:

"The duPont-I. G. relationships have notably improved, due partly to the personalities of individuals entrusted with negotiations, and partly to an officially more friendly attitude from higher up in the I. G. organization."

This memorandum also indicated that patent disputes were being settled very satisfactorily, especially those handled by Dr. George Lutz, an expert employed by duPont, who formerly had been associated with I. G. Dyes. The memorandum further suggested that the relations with Farben which did not seem to stand so well were on artificial silk and cellophane. However, on May 23rd, 1939, Farben finally induced duPont to sign an agreement which covered Nylon.

Artificial silk has had its place in the list of chemical-munition products since the first World War, when its value was demonstrated for powder bags, electric insulation, and other military requirements. More recently the use of different types of rayon as a substitute for cotton in heavy-duty airplane and auto tires, and to replace silk for parachutes, had placed these synthetic textile fibers definitely among the more important chemical munitions. These qualities, plus the adaptability of some of the chemical processes involved in rayon production to other war materials and the rapid advance of technical developments, made it important to the Farben strategy to add this industry to the list of those in the United States to be penetrated, and handicapped for war.

Farben first reached into the United States photographic field in 1926, shortly after it succeeded I. G. Dyes. At that time William E. Weiss of Sterling Products wanted Farben to turn over to him the American development of the photographic interests of Kalle, which owned the German Agfa, and was already in a strong position in Germany. Farben refused Weiss's request, and proceeded to purchase complete control of the Ansco Photo Products, Inc., of Binghamton, N. Y., the oldest maker of photo supplies in America.

Farben also organized Agfa Raw Film Corp., and Agfa Photo Products, of New York City. Then, in 1928, it combined all these

interests in the Agfa Ansco Corp. Ten years later Agfa Ansco had become the second largest concern of its kind in the United States. Its importance as a supplier of materials for war requirements, especially for aerial photographic maps and for blueprinting war plants and equipment, made this Farben-owned company a potential menace to the national defense of this country.

We now come to a phase of Farben's strategy which reached out into metallurgy rather than chemistry, although its inception came from the chemical process by which metallic magnesium is recovered from solutions of brine. Farben's early development of large-scale magnesium production and the light metal alloys into which this metal is combined, constituted a most important contribution to the German war machine—incendiary bombs and airplane metals.

As already mentioned (in Chapter II), Dr. Schweitzer, World War spy and head of the American Bayer Company, had boasted of the day when his colleagues' development of magnesium alloys would be of great value to the Fatherland. It was. Germany made great strides in the first postwar decade in producing the metal and its alloys, and in making castings of the latter.

In this same period the Dow Chemical Co., and the American Magnesium Co., began to produce metallic magnesium in the United States. The Aluminum Co. of America (Alcoa) then took over the American Magnesium Corp., and shut off its production of the metal, leaving Dow the sole American producer. In 1927 Alcoa made a cross-licensing arrangement on alloys owned respectively by Dow and American Magnesium, and also secured licenses to United States patents on magnesium owned by British Aluminium Co.

Farben had been biding its time. It had taken out various United States patents which were of no great value on the production of the metal, but which did have some advantages in its fabrication. Then, in 1929 Farben made advances to both Dow and Alcoa for partnership arrangements covering the entire magnesium field—production, alloys and fabrication. Dow repulsed these advances and refused even to discuss any partnership with the Germans.

Possibly they recalled an experience twenty-five years earlier, when a visitor from Germany came to Midland, Michigan, and warned the senior Dow that if his firm did not discontinue export-

ing bromine, the Germans would retaliate by dumping two pounds of bromine in the United States for every one that Dow exported.

Dow had defied those early threats, and the Germans dumped their bromine in this country at less than the cost of transportation and duty. This vicious commercial blackjacking continued to handicap Dow's business until war broke out in 1914, but Dow had not yielded to the Germans then, and did not intend to do so on magnesium.

However, Dow failed to reckon with the power of the new Farben strategy which tied up Alcoa as its partner in 1931, and a year later organized the Magnesium Development Co. Under joint ownership, but with Farben's Dr. Walter H. Duisberg as president, the new company pooled all the magnesium patents and developments of Farben and Alcoa, and notice was served on Dow to play ball—or else.

Dow held what appeared to be trump cards in development of processes, valuable patents and contracts with Ford and other automobile companies. But the heat was on, and threats of patent litigation were made. One suit was actually started.

A gentler approach was through a series of luncheons at which one Edward L. Cheyney, suave Alcoa sales executive, entertained an aged director of the Dow company at the gloomy Union Club in Cleveland and, between courses, pictured the doleful things that could happen to a company that persisted in bucking the Farben-Alcoa combine. No threats were made but the deep regret of Alcoa was expressed at the unfortunate obstinacy of the Dow management. The luncheons were held on direct instructions from Farben, but Mr. Cheyney soft-pedaled the Germans' place in the setup, and emphasized the probity of Alcoa. Dow finally decided that further resistance was useless, gave up the unequal contest and, in 1933, signed up with the Farben-Alcoa magnesium team.

During this triumph of the Farben strategy in breaking into another American industry on the traditional German shoestring, its emissaries were negotiating with the Ford Motor Company on the fabrication of magnesium alloys for piston heads and other automotive parts where light weight was an advantage. Quite possibly these negotiations traced back to the Ford Motor Company's plant in Germany, and may also have had bearing on the

willingness of Mr. Edsel Ford to act as one of the directors of the American I. G. Chemical Corp. to which Farben's fifty per cent interest in the Magnesium Development Corp. was assigned.

However, once Dow was securely tied into the Farben-Alcoa combine, Farben's next step was to make sure that the production of magnesium metal in the United States be restricted, and its fabrication in alloys be developed as slowly as possible. This was important, because magnesium, in its natural form, is one of the most plentiful of the elements, and so many new methods of extracting it had been experimented with, and so many new uses were in sight that there were good prospects of lower costs for the metal and the consequent rapid expansion of its production.

In its first 1931 agreement with Farben, Alcoa had accepted a restriction on initial production of the metal should a new United States plant be built by the partners. When Dow signed up, the plans for a new plant were at once abandoned, and competition in the domestic magnesium industry was at an end. Farben meanwhile had greatly expanded its own production of magnesium and magnesium alloys in Germany. With one hand Farben prepared Germany for war by creating a sufficient supply of light metal for its huge fleet of warplanes; with the other it throttled the growth of the industry in America, and saw to it that a good part of the limited United States production was shipped out of the country.

Thus Farben inoculated our magnesium producers with industrial sleeping-sickness, which the larger of its partners, interested mainly in aluminum, did not resent, and which the other partner, shanghai'd into a shotgun Farben marriage, was unable to prevent. When the United States started its schedule of expanded airplane production, one of the greatest, and seemingly insurmountable barriers which confronted the Army and Navy was the acute shortage of magnesium alloys.

Other metals of vital importance to national defense which are found in restrictive agreements involving American producers with Farben, directly or indirectly, included aluminum, nickel and molybdenum.

Contrary to opinion so frequently expressed elsewhere, it was merely incidental to the Farben strategy (as illustrated in this chapter and that preceding it) that the cartel mechanism lent itself to Farben's purpose in tying into some of the great industrial

corporations of this country. The almost complete abandonment of anti-trust law enforcement had made many of these American combinations inevitable and likewise made Farben's technic possible. This technic would have been ineffective and Farben's task much more difficult if the anti-trust laws had been enforced. Farben's part in procuring two decades of lax enforcement of federal statutes may best be understood after reading other chapters of this story.

When the war started in 1939 Farben's tie-ups in the United States were by no means confined to the particular products and companies which have been mentioned thus far. The thousands of United States patents taken out during the preceding seventeen years by Farben and its affiliates in Germany had been utilized to effect an almost countless number of agreements with corporations and individuals in the United States. These agreements ranged from royalty payments on products of relative unimportance to complete control of militarily-strategic industries. The greatest number of these patents related to coal-tar dyes and pharmaceuticals; others involved a wide range of chemical and metallurgical products.

It is proper to state that the mere fact that each of those many companies had relations of some sort with Farben or its affiliates, does not necessarily imply any degree of illegality on the part of each such American company. Farben's broad purpose was to accomplish so complete a saturation of our industrial structure, by fair means or foul, that our progress at all times would be under observation, and, when advisable, might be restricted.

As we have seen, some of its contracts were viciously illegal. Other arrangements however were not tainted with illegality.

An indication of the extent and diversification of this penetration is a partial list, in the appendix, of some of the better-known American corporations, including those already mentioned, which are officially reported to have made agreements with Farben or to have been involved in some of Farben's direct tie-ups with other companies. This list reads like a directory of American industry. Because of the character of these agreements and relationships, at least some degree of Farben's influence or espionage may have resulted in each instance.

Farben's Royal Family

LIKE MOST great industrial corporations, I. G. Farben has a royal family—the original members of which created its pattern and formed its corporate policy.

Leading members of the Farben royalty are Dr. Hermann Schmitz, perhaps the most dangerous of Germany's living war criminals, and the late Doctors Karl Duisberg and Karl Bosch.

These three gentlemen, their relatives, and their associates appear from time to time in other chapters of this story. But the plan to plant their offspring in our midst plays so important a part in the Farben pattern that the individual profiles gathered here may appear of value.

Dr. Hermann Schmitz, by sheer brain power and complete ruthlessness, came up the hard way from his boyhood commercial school in the iron city of Essen and a bank clerk's training. Then World War I shoved him into the Dye Trust Badische nitrogen affairs as a staff member of the Kaiser's war machine.

Entering the Badische management in 1919 Dr. Schmitz was an Executive Committee Managing Director of Farben from its beginning in 1926—became chairman in 1938, and also was Farben's

director on the board of Fritz Thyssen's Vereinigte Stahlwerke from the time the Steel Trust was tied in with Farben in 1926. Active in politics from the early days of the Weimar Republic, Schmitz made personal contributions to the Nazis, was a member of Hitler's puppet Reichstag, and War Economy Chief before and during World War II.

This elder statesman of the Schmitz family did not emigrate to America to become a citizen but he commuted regularly during the years when, as shown elsewhere, he personally directed Farben's American subsidiaries and consummated many of Farben's most important partnerships and illegal tie-ups in this country. He enjoyed intimate friendships with top men in American industry and finance. Dr. Schmitz created the Swiss I. G. Chemie as a hide-out for Farben's false fronts abroad and installed his brother-in-law, Albert Gadow, as its resident manager, with instructions to acquire Swiss citizenship.

Dr. Schmitz was also a Director of the great Deutsche Reichsbank and of the Bank of International Settlements, that financial catch-all for cartel members at war, with its headquarters in Switzerland where Schmitz throughout the war was able to maintain direct contact with its American president, Thomas H. McKittrick, and with various cartel associates, to put out peace feelers after his criminal gang finally decided that Farben should call for an intermission before another war.

In his various capacities in finance, industry and government, corruptionist in each, and as chairman of the American I. G., the Swiss I. G., and the German I. G., Schmitz appears as a triple threat, one of the most vicious and dangerous of Germany's war criminals. Frequently addressed as Geheimrat (Privy-Councillor), the doctor was also entitled to be called Justizrat as a doctor of laws (honoris causa).

On his many visits to this country Dr. Schmitz personally took an active part in directing Farben's American subsidiaries—as a result of which activities he won top honors in having been indicted on three separate occasions as Farben leader and organizer or head of General Aniline. The Justizrat was also named as co-conspirator in two other criminal cases. His three indictments remain untried as this is written, also one of those in which he was

called a co-conspirator, and the other was abandoned by a complacent Attorney General.

In July 1945, while being examined at Frankfurt by the United States Army, Schmitz admitted that he had tried to persuade Hitler to use a new and very deadly Farben war gas on the Allied Armies. Then, a few weeks later, the good doctor publicly proclaimed his ambition to become Germany's representative on the Security Council of the United Nations. This from the man who is credited with having developed the plan of making I. G. Farben a vast international espionage machine cloaked under cover of industrial and commercial activities—and the most important part of this vicious design was the Schmitz proposal that trustworthy members of the Farben families emigrate to other countries, especially to the United States, to serve the Fatherland's Farben in peace and in war.

Dr. Karl Duisberg, who died in 1935, was known, and deservedly, as the father of German industrial chemistry. Holding high office in the first World War, it was he, as founder of the American Bayer Company, who sent Hugo Schweitzer to this country to become Bayer's chief chemist in public, and Germany's espionage and pay-off man in private. Dr. Duisberg was also leader of the I. G. Dyes plan of postwar strategy, and personally negotiated the first of its new tie-ups with Sterling by which control over American Bayer was reasserted. His secretary, one H. Gattineau, like his son-in-law, Max Ilgner, is said to have been a main Farben connecting link with the Hitler Government after the Nazis came to full power in 1933.

Duisberg probably more than any of his colleagues epitomizes the vicious union of applied science and industrial productive brains—which in itself is the core of Farben's potential for world conquest.

A young relative of Karl Duisberg (through his wife, who was Johanna Seeböhm) appears in the notorious Hermann C. A. Seeböhm, who had come to America before World War I and gotten kicked out. He was a director and Secretary of the American Bayer Company, involved in the World War I espionage and crooked business of this Dye Trust false front by which sabotage

in North and South America was financed and the company was milked of its assets. So Mr. Seeböhm was arrested and interned in 1918, later to be shipped back where he came from, to turn up as a Managing Director of Farben, and after the rape of Austria, as chairman of one of the Farben subsidiaries in that unhappy country.

Dr. Duisberg had two sons, Karl Ludwig and Walter H. He kept Karl at home to serve on the Farben boards, and Walter H. was sent overseas to join the Farben colony in America. Another Duisberg, of uncertain relationship, turned up in Frankfurt in 1945 after the American Army seized Farben's headquarters there, and was quoted in news dispatches as saying that "German industry can make a quick recovery after the war if the Allies will be so kind as to permit it so to do."

Dr. Karl Bosch, winner of the Nobel Prize, with Fritz Haber, for invention of the first synthetic ammonia nitrogen process by which Badische made it possible for the Kaiser to launch his war; and inventor of war gases introduced by the Kaiser's armies, became the first chairman of Farben's board of managing directors. After the death of Duisberg, Dr. Bosch shifted to chairman of its supervising board until he died in 1940.

Bosch, like Duisberg, sought only one thing—world conquest through perverting science. This criminal of two world wars had a son, Dr. Karl Bosch, Jr., whom he trained with great care and affection to carry on for Farben. He also had a brother, Robert, of Bosch Magneto fame—who also appears elsewhere in this story and whose American subsidiary, like several of those of brother Karl, had the dubious distinction of being seized by the Alien Property Custodian, during both world wars.

This criminal of two World Wars had a magnificent estate near Heidelberg, where he royally entertained his American partners on their frequent visits to Germany. In his gentler moments of relaxation when not planning treachery, aggressive war, or mass murder, Dr. Bosch enjoyed displaying his collections of crystal and of beetles and butterflies, said to be the best in Germany.

Another royal family of Farben, from the earlier days of the

I. G. Dyes cartel, was headed by two Frankfurt aristocrats and Junkers, Dr. Walther vom Rath and Dr. Wilhelm von Meister, who prior to the formation of Farben in 1926, had been controlling and interrelated figures in Farbwerke vorm. Meister Lucius & Brüning, the great Hoechst firm in which members of the Meister family, from its foundation, had played important parts. So they sent their sons to America.

The senior vom Rath had a nephew, Georg von Schnitzler, who stayed at the royal court to rise high in the Farben dynasty. Von Schnitzler was a brother-in-law of the famous, or notorious, General Fedor von Bock who led the Nazi armies to defeat in Russia, got back with a whole skin, to be shot down by the British near Hamburg as the war was ending in 1945.

Georg von Schnitzler, as a managing director of Farben, became one of its most powerful rulers, he was a heavy financial contributor to Hitler's rise from the gutter, and in his handling of Farben's foreign tie-ups, camouflage and espionage, he appears as among a half dozen of the most dangerous of Germany's war criminals.

In 1943 von Schnitzler, knowing the war was lost, established a residence in Madrid—a veritable castle in Spain—where he could keep and renew his close friendships and carry over alliances with leading American cartelists, to begin the repair of Farben's war-damaged foreign empire and preparations for World War III. So in 1945 this Farben Junker was back in Germany for the finish, and became the most notable and possibly the most informative of the Farben family in giving up secrets and conclusions about Farben's war activities.

Among the statements in his voluminous "true confessions" one ended with: "Thus I conclude that I. G. Farben is largely responsible for Hitler's policy."

Georg von Schnitzler's daughter Lilo, celebrated as a beauty and an early friend of Adolf Hitler when the latter was emerging, was married to one Herbert Scholz, an erstwhile friend of the lamented Ernst Röhm before that degenerate pal of Hitler was bumped off by his ungrateful boss. So Mr. and Mrs. Herbert Scholz, as an effective team were shipped off to American to help along Farben's cause of world conquest.

Not to a Farben hideout, but to Washington came Georg von Schnitzler's Lilo and her Albert; sinister beauty teamed with vicious brain, that historic combination for diplomatic intrigue. Mr. Scholz, as secretary to the German Ambassador, dominated his official master, while Lilo played her dazzling part among influential members of high society in the nation's capital.

As she had charmed and helped to train to Farben's social graces the unspeakable Adolf, so were those charms displayed and used to beguile democracy's chosen rulers to do those things that Farben's royalty desired. Lilo and Albert then moved on to conquer Boston, Massachusetts, where that precious scion of Farben, officially the German Consul, carried on in secret as a No. 1 Gestapo pay-off man, until June 1941, when he was grabbed by the F.B.I., to be kicked out of the country with the rest of the official Nazi brood. The full story of what Lilo and her Albert did in Washington and in Boston in the period after the war had begun in Europe must remain untold, still concealed in official files—for some strange reason.

So now we come to a few highlights in the activities of some of the younger members of the Farben dynasty—relatives who were sent over here, not as visitors but as permanent residents. Usually they became American citizens without delay, they married, established homes in suburban districts where social ties could readily be formed, and they made the right kind of professional and political contacts.

As reputable, well-to-do business men these Teutonic termites added strength and respectability to Farben's new American fronts, and, in anticipation of the war that was to come, their cloak of citizenship was designed to prevent such unhappy incidents of the past as internment and property seizure. They composed the field staff of Farben's industrial pincers in America; they received and carried out orders from headquarters, and directed the accumulation of funds and information, much of which somehow found its way back to Germany.

Among the Farben delegates to this country were William H. vom Rath and F. Wilhelm von Meister. Here they held important

positions in Farben's American subsidiary, General Aniline & Film Corporation.

William H. vom Rath, son of Walther, and cousin of Georg von Schnitzler, was also a cousin of Ernst vom Rath, Secretary of the Germany Embassy in Paris, who was assassinated in 1938 by the young Pole, Herschel Grynszpan. During World War I, Wilhelm was involved in the direction of the German Secret Service at Geneva, Switzerland.

Wilhelm came to the United States in the early 20s and after a few years was naturalized as William H. vom Rath. The "Wilhelm" was no more. In 1929, he received his first real Farben responsibility, he was elected Secretary and made a director of the newly organized American I. G. Chemical Corp.

Young vom Rath bought a fine home at Glen Cove, Long Island, and made many influential friends. Some of his activities in Farben's interest will be mentioned later on in this story. It is sufficient here to relate that in December 1941, William H. vom Rath, was indicted for conspiracy to violate the anti-trust laws, along with other Farben agents and corporate subsidiaries. As this is written the indictment has not been tried, nor is there apparently any prospect of its being tried. Until Germany threw up the sponge the official excuse was given that to try Mr. vom Rath (and some of his royal pals) would interfere with our prosecution of the war.

F. Wilhelm von Meister, son of Wilhelm, Sr., and also cousin of Georg von Schnitzler, came to this country to become vice-president of Farben's photo paper subsidiary, Ozalid Corporation, when it was ostensibly owned by Chemnyco. In 1940, when Ozalid became a part of General Aniline, von Meister was made manager, where he remained until kicked out by the Treasury Department after being indicted in December 1941 along with vom Rath and other members of the royal family.

American citizen von Meister is as yet among those sons and brothers of Farben accused of criminal acts who remain untried.

Dietrich A. Schmitz, brother of the regal Hermann, did many odd jobs for Farben in this country and in Latin America, but two incidents stand out. One occurred when Dietrich, as president

of American I. G. Chemical Corporation, brazenly and falsely denied under oath before the Securities and Exchange Commission that he had any knowledge of who was the beneficial owner of the controlling shares of that company.

Nothing being done to him for this offense, he may have felt immune, but three years later was indicted in three separate (and still untried) conspiracy actions. Then in 1945 Dietrich was summoned before a Federal Grand Jury and questioned without waiving immunity; as result of which a Federal Judge, with consent and approval of United States Attorney General Francis Biddle promptly dismissed all three indictments against this brother of war criminal Hermann Schmitz.

It is perhaps needless to say that efforts to induce the Department of Justice to explain this chain of events have been unavailing. Neither has elucidation been forthcoming as to why the indictments against Hermann Schmitz himself—which were not tried during the war because we couldn't catch him—have not now been tried; nor has this distinguished gentleman paid us a courtesy visit to plead not guilty and have the indictments dismissed.

Geheimrat Hermann Schmitz also has two promising nephews, Max and Rudolph W. Ilgner; Rudolph was shipped off to America in the 1920's. Max, the more brilliant, remained with Uncle Hermann, married Karl Duisberg's daughter, and rose to high rank as a Managing Director and head of Farben's Central Finance Bureau, which polite name cloaked Max's activities as chief of espionage, sabotage, and propaganda. In that capacity, Max was directly responsible for carrying out the financial details of Farben's cartel and patent agreements and for placing and using secret funds and secret agents in foreign countries. Max Ilgner has admitted that these activities were tremendous in scope and corrupt in character in the United States.

Strongly attracted to the vicious doctrines of Nazism as offering the appropriate vehicle for Farben's pattern of world conquest, Max Ilgner was Farben's main representative in the inner councils of the Nazi party.

Nephew Rudolph won the undying gratitude of his kinfolk, in Germany and in this country, by destroying by fire not long before Hitler invaded Poland certain secret files which a Grand Jury had

demanding. These were the files of Chemnyco, Inc., the New York firm through which Rudolph had been publicly arranging patent licenses, and secretly directing espionage, propaganda, and other subversive activities.

Instead of being jailed and heavily fined for conspiracy and arson, Mr. Ilgner, on a change of plea to guilty, was let off with a thousand dollar fine and precisely no years in jail. Whereupon he left the country club pleasures and social contacts of Greenwich, for a rural chicken farm in Connecticut, where he is today.

Among Rudolph's many propaganda jobs was running the German American Board of Trade, and his best known feat was the grand banquet he threw in New York in March 1939 to welcome Fritz Wiedemann, Hitler's old commanding officer, who after successfully conducting Herbert Hoover about Europe on an educational tour, had arrived in this country to take up his duties as a Farben gumshoe in the Consul General's office at San Francisco.

Walter H. Duisberg, son of Karl, arrived in the promised land in 1927; settled first at Quogue, Long Island, and later in a fine home in Englewood, New Jersey; registered as a consultant on United States patents; and within the next decade engaged himself in multitudinous activities both here and in South America. He was a stockholder, director or executive of every one of Farben's important corporate hideouts in this country and several in Latin America as well.

This son of America's vindictive enemy won honors approximating those of Hermann Schmitz in the various conspiracy indictments which broke out like a rash after the war began; Mr. Duisberg was named by various Grand Juries in no less than five different criminal cases involving charges of restricting the production of nitrogen and ammonia, fertilizer materials, magnesium alloys, dyes, chemicals, and photo materials. Only the magnesium cases have ever come to issue in court, but Walter Duisberg had no cause to worry about any of them because, strangely enough, he was named merely as co-conspirator. (A co-conspirator designation in a criminal indictment is like a mild case of chickenpox—a little rash, but no possibility of serious consequences, provided the patient has competent doctors.)

In such a favorable atmosphere it may not appear strange that Mr. Walter Duisberg should have decided to press his luck and try to regain possession of a large block of stock in the Farben-owned General Dyestuff Corporation, of which he was registered as the owner when the United States Government rudely seized it as enemy-owned after we entered the war.

At any rate, Mr. Duisberg brazenly went into court with a complaint that the Alien Property Custodian had stolen his property, and would the judge please make the thief give it back to him. The Court, to its credit, threw out this complaint.

Later, however, an appeal was filed on this decision and lost, so it appears that the Duisberg claim is no go; in which respect, as will be seen later, he has not been as fortunate as some of his pals.

Brief pictures belong here of other men of Farben, not rulers nor kin of rulers, who also came inside our lines in the prewar invasion. Also of some who, although born in America, appeared to regard this great privilege as a grant of right to serve the German Dye Trust first and always.

A Farben employe in South America who proved most useful in softening up that continent for the recent war was Kurt Wojahn, brother of Max Wojahn, manager of Sterling's Export Department. It was Kurt's duty to place Farben's patent-medicine advertising in those Latin American newspapers which published news and editorials friendly to the Nazi government. Max seems to have had similar duties with regard to Sterling's advertising and, as will be shown later, this brotherly relation was of considerable value in harmonizing the advertising policy of Sterling with that of Farben.

Another close relationship in Farben's American family was the Hutz father-and-son combination. Rudolph Hutz, the father, was head of General Aniline Works and vice-president and director of General Aniline & Film on that day in January 1942 when the Treasury Department requested him and a number of his colleagues to take their hats and go. His son, W. H. Hutz, was a member of Farben's New York patent law firm of Hutz & Joslin, until some time in 1942, when he also received his marching orders from the United States Government.

The story of Rudolph Hutz goes back far into the history of the Big Six. Born in Germany he was employed as a chemist by the German Bayer Company at Elberfeld from 1902 to 1909. He was then transferred to the American Bayer Company as Boston manager, and was there when Bayer and the other Big Six houses got into a little jam for bribing boss dyers, salting dyes and faking brand names in 1913. Hutz remained with Bayer until 1918, when he had a misunderstanding with the United States Government about espionage, and was indicted and interned at Ellis Island.

After the Armistice Rudolph was released and soon thereafter became an American citizen with the sanction of some federal court which was either grossly deceived or else had a strange concept of what kind of citizens this country has need of. Be that as it may, as a naturalized American, Mr. Hutz climbed high in the American front of Farben, his one other mishap of record being the mention of his name as a co-conspirator in one of those 1941 conspiracy indictments which are still on the stove—or rather in the icebox.

Many others, not related to Farben's leaders but trained in the Farben pattern, came to America to enter Farben's subsidiaries. Hans Aichelin, a former Farben dyestuff expert came over in the late 20's, was put to work with General Aniline, and later became vice-president and director of General Aniline & Film. Mr. Aichelin, too, was among those indicted in December 1941 and was named again in a criminal complaint in 1942. Forced out of General Aniline's board, he was finally ousted as vice-president by the Treasury in January 1942. He, too, will never be tried. He died in 1944.

Ernest Schwartz, himself a former official of Farben and one of its leading research men, transferred his domicile to this country and became a director and president of Agfa Ansco in 1934, later director and vice-president of American I. G. when that company changed its name to General Aniline & Film. Mr. Schwartz, whose duties included experiments with photographic equipment for the United States Army and Navy, did not become naturalized until late in 1939, after the war started—but when he did so he wanted everyone to know that he was a changed man. "I am now an

American citizen," he announced, "and have only sympathies with America." Two years later he, too, was indicted for conspiracy. And never tried.

Leopold Eckler, another Farben-trained chemist, came to America, was naturalized, and took his place in the management of Agfa Anso. There he stayed until ousted by the Treasury, in January 1942.

J. Rudolph Worch was still another newcomer whose rose to be assistant vice-president of Agfa Anso at Binghamton, N. Y., and at one time was president of the Chamber of Commerce of that city. He left Anso at the request of the Treasury in March 1942.

The plant manager of General Aniline Works at the former Bayer dye plant at Rensselaer, N. Y., was Harry W. Grimmel, who worked in a Farben dye plant prior to 1926, and was then transferred to its American operations.

Another higher-up technician was William Henry Cotton, born in Russia, who was employed by the German Hoechst from 1905 to 1928, and then sent to General Dyestuff as chief chemist.

Dr. William Hiemenz, a pharmaceutical chemist in I. G. Dyes, was sent to Rensselaer, N. Y., in the early 20s as Farben's director on the Winthrop board, and factory manager of the Winthrop Bayer manufacturing plant. The Treasury kicked him out of Winthrop in December 1941.

Another pharmaceutical expert came to the United States from Farbenland in the early 30s, and wound up in an important position in the Winthrop plant. His name is Wolfgang Schnellbach and some of the things he took part in require special mention elsewhere in the story. However, it should be related here that something actually did happen to Mr. Schnellbach. Not having been naturalized, and appearing to be somewhat objectionable, he was interned at Ellis Island where, at last accounts, he was waiting for his family to join him through some sort of special dispensation.

Dr. Bruno Puetzer was another Farben chemist who came to this country and became a Winthrop chemist. Winthrop also inherited one of the first World War technicians of the Metz Laboratories in the person of the Swedish-born A. E. Sherndal, who later became a Bayer-Winthrop expert at the Rensselaer, N. Y., plant.

Alba Pharmaceutical, after it was organized in 1935, was assisted

in its cooperative relations with Farben by the election of a German national, H. Vogel, as secretary, treasurer and director.

Dr. Karl Hochswender came to the United States and served in Chemnyco as an expert on Farben patent licenses and the collection of royalties. In 1941, at a critical time for Farben, the doctor was twice indicted as president of Magnesium Development Corp., and denied knowing his master's voice with somewhat unhappy results, when Attorney-General Robert H. Jackson impounded Farben's bank account in 1941.

There are many others who might be added to this dubious honor roll. Some are important and would be described except for the official hush-hush policy behind which, unhappily, so many of these imported Americans still remain hidden. One more sketch belongs here.

In December 1941, shortly after Germany declared war on the United States, *The New York Times* published a statement by Ernest K. Halbach in which he denied that General Dyestuff Corp. was foreign owned. *The Times*, a few days earlier had referred to an action of the United States Treasury Department in freezing the assets of General Aniline & Film Corp. and of General Dyestuff "due to foreign ownership."

Mr. Halbach, as president of General Dyestuff, thereupon wrote *The Times* that his company, "is a New York corporation; that all of its stock is owned by American citizens; and that all of its officers and directors are American citizens." "The ownership and management of General Dyestuff Corporation is exclusively in the hands of American citizens," continued Mr. Halbach, "therefore there cannot be any possible justification for your statement."

Mr. Halbach, in his dissertation on American ownership was adhering strictly to the Farben pattern, and repeating the exact words used back in 1917 by Kuttroff, Pickhardt & Co., and the New York Badische, both of which had employed Mr. Halbach, and were predecessors of General Dyestuff. The occasion in 1917, as in 1941, was the declaration of war between Germany and the United States, and the imminence of the seizure of enemy-owned property in this country.

In 1941 these protestations were of no avail. The Treasury Department disregarded them. The Department of Justice indicted

both General Dyestuff and Mr. Halbach for conspiracy, and six months later they both were again indicted and the new Alien Property Custodian seized General Dyestuff as a German- or Farben-owned concern.

Now going back for a moment to the 1917 incident, a newly formed corporation called Kuttroff, Pickhardt & Co., of which Halbach was an important employe, had just become the ostensible owner of the assets of the New York Badische, the American branch of the largest of the Big Six, which it was claimed, went through voluntary liquidation. However, World War I had started a few months previously, the Trading with the Enemy Act had been passed, and the Alien Property Custodian was threatening to seize both Kuttroff, Pickhardt & Co., and Badische. "You can't do that to us," protested Mr. Halbach's employers. "All the officers, directors and stockholders of this company are citizens of the United States." That time the American-citizen stuff partially worked. The new Kuttroff, Pickhardt concern escaped but the custodian did seize about half a million dollars which was in a New York bank.

The Custodian's investigation uncovered the fact that various records and account books had mysteriously disappeared and certain entries in those available appeared unexplainable. For example, in the early years of its existence all importations from the German house were entered on its books on a consignment basis. Then, the year before the war began, they appeared as purchases; yet during the war the bulk of its profits, amounting to more than \$1,500,000 were transferred to Germany.

When New York Badische secured German dyes from the two submarine cargoes in 1916, they were entered on its books as purchases. Later, when a profit of \$400,000 was made on these dyes, the book entries were charged to a consignment, and the funds sent to the parent company.

Finally, an agreement was turned up by the Custodian which showed that an option was outstanding by which Messrs. Kuttroff and Pickhardt were obligated to turn back their shares in the New York Badische at par value to the Big Six house on its demand. So it was evident that this company, like all the other Farben fronts, had a string tied to it—a German string to be pulled at

the proper moment in Farben's perpetual "All-American Puppet Show."

In 1919 we find the patriotic Mr. Halbach, in the interest of imported German dyes, canvassing for signatures to a petition which protested the efforts of the American Government to protect the infant domestic coal-tar dye industry then struggling to survive.

When Halbach in 1941 was proclaiming the American ownership of General Dyestuff, successor to the Kuttroff, Pickhardt dye interests, he was referring to his own alleged majority control of its stock. This alleged Halbach stock control dated back to 1939 when the company transferred to his name shares formerly held by that other American patriot, Herman Metz. Metz became majority stockholder in General Dyestuff through his holdings as an organizer of the company, plus the shares he acquired when duPont turned over to him, as Farben's agent, the Grasselli interest in General Dyestuff.

These many transfers of stock may appear complex and bewildering, but the pattern is plainly discernible—the objective always the same. The truth is that in 1941 Halbach held majority stock control of General Dyestuff, and with W. H. Duisberg, held title to nearly all of the shares. However, an option on all of the Halbach-Duisberg stock was held by Chemnyco, Inc. The latter's stock was owned nominally by American citizens, but these were also Farben agents, and Chemnyco was incorporated and functioned exclusively as a Farben agency.

Kuttroff, Pickhardt & Co., as a name, disappeared from the scene in 1931 when its various Farben interests in the United States were segregated into new companies. This name had served its purpose long and well, the original members of the firm were gone and Farben was now entrenched in several brand-new American subsidiaries. However, William Paul Pickhardt, American-born son of one of the early partners, along with Halbach, continued to play an important part for Farben. Mr. Pickhardt during the next ten years held many offices in Farben subsidiaries, including chairman of the board of Synthetic Nitrogen Products, and of Agfa Ansco; president of Chemnyco; vice-president of General Aniline & Film; and director of American Magnesium; Gen-

eral Dyestuff; Ozalid Corp.; Jasco; and Plaskon Co. The latter was a manufacturer of waterproof glue and plastics, seldom recognized as a Farben subsidiary.

William Paul Pickhardt was indicted on Sept. 1, 1939, along with Synthetic Nitrogen Products and others in the synthetic nitrogen-ammonia conspiracy. He died in January, 1941, while the indictment was still pending.

Now let us go back for another moment—a long way back—to 1871 when Adolph Kuttroff and William Pickhardt, two young German nationals, organized a firm called William Pickhardt & Kuttroff to import coal-tar dyes and chemicals from the Fatherland. In 1906 this firm changed its name to Continental Color and Chemical Co. Then, in 1917, the good old American names of Kuttroff and Pickhardt again appeared on its letterheads.

Ernest K. Halbach entered the employ of Pickhardt & Kuttroff in 1899 and from that day on, for more than half a century, this native-born American was to shuttle back and forth in the long razzle-dazzle of changes of name and concealment of ownership through which first Badische, and then Farben as the actual employers of Mr. Halbach, attempted to hide their identity.

By 1920 Halbach had risen to be a director of Kuttroff, Pickhardt and was directly involved in the firm's efforts to bamboozle the State Department into turning over to it the importation of German dyes. In 1926, when Kuttroff, Pickhardt transferred its dye business to General Dyestuff, Mr. Halbach went along with the business.

And in 1942 Mr. Halbach, living luxuriously in ultra-fashionable Short Hills, New Jersey, environment with a summer home at Nantucket, was presumably unhappy because he, an American-born citizen whose country was at war, had two criminal indictments chalked up against him which involved him with the enemy; also because the 4,725 shares of stock registered in his name or that of his wife and trustees, which carried alleged ownership control of General Dyestuff Corporation, were now locked up in the strongbox of the Alien Property Custodian.

So, Mr. Halbach consulted counsel—and it will appear that he chose his legal advisers wisely, in that old and well-known Wall

Street law firm which is still addressed as Sullivan & Cromwell (although its founders of those names have long since been gathered to their fathers).

Ornamenting this law firm is that celebrated attorney, public spirited citizen, religious leader and adviser on affairs of state, John Foster Dulles.

It was perhaps a coincidence that Mr. Halbach should have selected as his counsel the law firm of Mr. Dulles during the period when the latter, in addition to his many other commendable public activities, was the chief adviser of Republican Governor and candidate for President Thomas E. Dewey; was about to become adviser to our Secretaries of State on problems of war and peace; and was a member of the consulting committee established by the Alien Property Custodian to assist in formulating the basic policies of that office on the methods of controlling foreign property. As a sidelight on such activities it might be appropriate to mention here that Mr. Dulles is also listed, as recently as 1945, as one of the directors of the International Nickel Co., of Canada, which company, and several of its officers also have been among the unfortunate corporations and individuals like Mr. Halbach, to be accused of conspiracy with I. G. Farben and others.

As to the two indictments in which Mr. Halbach was so unhappily accused, one, that of December, 1941, was postponed as has been mentioned before; and the other, of May, 1942, after a long succession of legal technicalities and behind-the-scenes wire pulling came finally to an issue in 1946, when eight of the corporate defendants, including General Dyestuff, and General Aniline & Film, along with seven of the individuals named, were found guilty on pleas of *nolo contendere*, and fined from \$2,000 to \$15,000 each. Mr. Halbach, along with twelve of the other individuals indicted, was cleared of all culpability by having the charges dismissed. So the Halbach indictment score now stands at one down and one to go.

Meanwhile the new management of General Dyestuff appointed by Mr. Leo T. Crowley, as Alien Property Custodian, decided that it would be sadly handicapped in its efforts to drive the Farben dyestuffs—and the Gestapo secret agents who distributed them—

out of the Latin American countries unless they should retain the services of Mr. Halbach, who according to the indictments pending, had enjoyed such intimate conspiratorial relations with those very same agents of the German Dye Trust both before and after the war started, his company having been grabbed by Uncle Sam for trading with the enemy.

So Mr. Halbach was re-engaged as an adviser to General Dyestuffs at an annual salary reported to have been \$36,000 a year, plus bonuses which increased his annual take to some \$82,000, quite a bit more than the president of the company received and, strictly speaking, this cash all came out of the United States Treasury via the office of the Alien Property Custodian and the staff appointed by the latter to run this enemy property.

Then, on March 18, 1944, in the United States District Court at Newark, New Jersey, Elisabeth S. Halbach and Franklin H. Stafford, as Trustees for Ernest K. Halbach, followed the example set by Walter Duisberg in 1943, and filed suit against the Alien Property Custodian, demanding the return of the 4,725 shares of stock in General Dyestuff which had stood in Mr. Halbach's name. (Mrs. Halbach was not working for Uncle Sam or the Alien Property Custodian. Why shouldn't she sue them if she felt so inclined?)

At the same time seven other stockholders, allegedly owners of a total of 1,178 more shares in this Farben subsidiary, also filed suits against Mr. Crowley in the New Jersey and New York courts. All of these gentry were American-born citizens who, while employed by General Dyestuff, had not only taken title to certain holdings in its stock by paying various sums in cash for same, but each had also signed an agreement which, among other things, gave the company an exclusive option to repurchase these holdings. Same old stuff of the first World War—American owned, with a Farben string attached.

In these eight lawsuits, as in the Duisberg case, the Alien Property Custodian very properly began to defend the seizure of these holdings. In an affidavit filed in December, 1944, by James E. Markham, who had succeeded his friend Mr. Crowley as Alien Property Custodian, the seizure was justified by affirmations, in rather blunt language that

General Dyestuff Corporation and the record owners of the stock were acting in behalf and for the benefit of I. G. Farbenindustrie, a national of an enemy country, Germany.

and that the Government case would be proved

by bringing together the complicated threads of a conspiracy extending over many years and involving persons in many different countries.

(which was a pretty good brief description of I. G. Farben's worldwide conspiracy against peace).

This Custodian affidavit contains some other good points touching on the activities of Mr. Halbach and these employes of General Dyestuffs and, in plain language, called the titles to the stock fraudulent and a camouflage to cloak Farben's actual ownership. For all of such reasons the Custodian demanded a trial in open court of the factual issues involved in these cases.

The Halbach claim being by far the largest, it was decided that this case should be tried first, so that decision on the others could be more readily adjudicated.

Among the other claimants were one Rudolph Lenz who, prior to its seizure, had been a vice-president of General Dyestuff, H. W. Martin, and A. T. Wingender, also executives. All three were kept on the job under Mr. Crowley. Lenz was indicted along with Mr. Halbach, in the May, 1942 criminal action but unlike Halbach his indictment was not dismissed when fifteen of the defendants were fined.

Mr. Lenz was also fortunate in having Mr. John Foster Dulles' law firm, Sullivan & Cromwell, represent him against the Alien Property Custodian; as did Mr. Percy Kuttroff another of the claimants, of the old family concern out of which General Dyestuff was created.

What happened then may appear strange unless we could get behind the scenes and listen in at the secret agreement secretly arrived at—instead of the public trial in open court as demanded in the Custodian's affidavit.

As of February 2, 1945, the settlement out of court was made public, eight separate settlements, by which the claimants were

paid off in cash on condition that each should withdraw and forget their claims for the General Dyestuff stock, sums totaling some \$696,554, out of the United States Treasury.

The Halbach share of the booty was the tidy sum of \$557,550. Attorney General Francis Biddle, and the Custodian, announced through the press that the settlement "cleared the way" for the sale of General Dyestuff to some one else. We may agree that this settlement might have cleared the way, but it hardly cleared the air.

One characteristic may appear to stand out in these sketches—the arrogant defiance of law, and the gentle treatment that has been accorded the royal family of Farben when these gentlemen have been caught with the goods.

"Tarnung" The Magic Hood which renders the wearer invisible

"AFTER THE FIRST war we came more and more to the decision to 'tarn' (hood or camouflage) our foreign companies in such a way that the participation of I.G. in these firms was not shown. In the course of time the system became more and more perfect.

"If the shares or similar interests are actually held by a neutral who resides in a neutral country, enemy economic warfare measures are ineffectual; even an option in favor of I.G. will remain unaffected.

"Protective measures to be taken by I.G. for the eventuality of war should not substantially interfere with the conduct of business in normal times. For a variety of reasons it is of the utmost importance that the officials heading the agent firms which are particularly well qualified to serve as cloaks should be citizens of the countries where they reside.

"In practice a foreign patent holding company could conduct its business only by maintaining the closest possible relations with I.G., with regard to applications, processing and exploitation of patents—it is sufficient to refer to our numerous agreements providing for exchange of patents or experience.

"The adoption of these measures would offer protection against seizure in the event of war."

The above excerpts, taken from original pre-war records of Farben's legal department, describe in vivid language the purpose of Farben's American hideouts and the instructions by which Farben's American agents were guided.

Also included in these pre-war memoirs was anticipation of the victory which at that time Farben contemplated, when disguises would no longer be in order, as follows:

In the case of winning this war the mightful situation of the Reich will make it necessary to re-examine the system of 'Tarnung.' Politically seen, it will often be wished that the German character of our foreign companies is openly shown.

After the war began Farben's legal solons continued their discussions and reports on *tarnung*. Some of these also may appear appropriate here—as follows:

"These camouflaged companies proved very useful.

"Only about 1937 when a new conflict became apparent did we take pains to improve our camouflage in the endangered countries in a way that they should even under wartime difficulties, at least prevent immediate seizure.

"Camouflage measures taken by us have stood us in good stead, and in numerous cases have even exceeded our expectations."

Reference in these reports to Farben American hideouts permits no doubt as to the importance attributed to the use of *tarnung's* magic in this country.

The firm of Kuttroff, Pickhardt & Co. was always meticulous in the handling of its commercial affairs. It held itself aloof from the rough stuff indulged in by other Farben agents and conducted its business dealing with the American public with a dignity and courtesy which was in marked contrast to the loud-mouthed bulldozing and slapstick with which Herman Metz displayed his Farben wares in the American marketplace. But both, in their respective fields, were of similar value to Farben. They were "Americans."

My own contacts with Kuttroff, Pickhardt & Co., originated in the early 1920's through a request for advice regarding the production of arsenical insecticide products which that company had made to the Crop Protection Institute of the National Research Council in behalf of the German Badische. The Institute referred the inquiry to me, and I am happy to relate that as a result of my advice, Badische and Farben did not enter the field. That was one of the few branches of the chemical industries in the United States which Farben decided to keep out of; possibly they considered it wiser to save up Germany's arsenic as a reserve for making the deadly arsine war gas.

It may appear uncertain whether the earlier creation of the illusion of American ownership of Kuttroff, Pickhardt was due to the threat of anti-trust proceedings or was in anticipation of the first World War. On the record, however, the concealment of ownership of both Kuttroff, Pickhardt in 1914, and of General Dyestuff in 1941, directly preceded our two wars with Germany. And in both instances Yankee Halbach was in there pitching for Farben.

In 1919 Francis P. Garvan denounced the conduct of Kuttroff, Pickhardt with the statement that:

"If they were American citizens their conduct was such as would not entitle them to much consideration, because Mr. Kuttroff endeavored to send as much property as possible to Europe after Bernstorff had gotten his papers, and when war with Germany was certain he collected every bit of cash possible and resorted to every possible subterfuge in the manipulation of books etc., to transfer those assets to our enemy a

few days before we actually went into the war, and long after relations had been severed and Bernstorff had gone back."

When he said this Mr. Garvan might well have been foreseeing some of the same kind of transfers of American funds which in 1941 were passing into the invisible hands of Farben from successors of Kuttroff, Pickhardt.

Nor did Mr. Garvan hesitate to express his convictions about the relations between these native-born American citizens and their German I.G. masters. In 1922, after years of searching investigation of the Badische and Hoechst American companies, he announced his conclusion that the German owners had never really parted with control of these branches. Said Garvan:

"The truth is that neither Metz nor Kuttroff, Pickhardt & Co. —it is my contention—ever owned a dollar's worth of their companies here They never have been and never will be anything but clerks of the German I.G."

Mr. Garvan deeply resented the fact that after he had seized the Hoechst-Metz company as Alien Property Custodian, Metz claimed that he had already "bought" back the assets of the company in an absurd jack-in-the-box transaction by which not one cent of money was passed, and in which Metz signed an irrevocable power of attorney transferring back to Hoechst the shares he had pretended to purchase. This transfer was attached to the stock certificate, deposited in a safety deposit box outside the United States, and held at the sole disposition of the German company.

In 1919, over Metz's violent protests, Garvan seized the Hoechst New York bank account and attached the Hoechst shares in the name of the United States Government as enemy owned. Then started a protracted court battle in which Metz exhausted his vocabulary on the witness stand and in the courthouse corridors in expressing his opinion of Garvan.

There followed, in 1921, one of the most notable triumphs ever scored by Metz in his long career as the I.G. hatchet man in the United States. On June 2nd, Judge Julius M. Mayer in the Federal Court in New York City, handed down a verbose decision which

awarded the title of the Hoechst shares to Herman Metz. Judge Mayer predicated his decision upon several rather naïve pronouncements:

"As a seizure by the Alien Property Custodian is likely to carry the suggestion to those not informed in respect of the controversy, that the demandee (Metz) in some manner may have been improperly associated with the enemy, it is desirable at the outset to state that no such situation exists here The transactions here took place long before our entry into the war and, indeed, before the European war started and had no relations to either."

The court's decision conceded that some of the correspondence between Metz and Hoechst bearing on the transaction was missing, and that the testimony of Metz contained what the Judge politely described as "inaccuracies." "However," held the court, "that Metz should deliberately by his testimony falsify the true transaction is not to be thought of." Finally the court came to the conclusion that although the:

"Stock ownership would not affect the apportionment of profits (between the Metz Hoechst and the German Hoechst) this testimony of Haeuser can only be rejected upon the theory that both Haeuser and Metz have willfully deceived the court by false testimony."

Judge Mayer rejected the Garvan proofs that Messrs. Haeuser and Metz had for years been willfully deceiving the American people as well as the court. So Metz got back the Hoechst stock and the Hoechst New York bank account of more than \$500,000—a sum which came in very handy in the development of the dye and pharmaceutical factories which, a few years later, Metz was to turn over to Farben's new American fronts.

Shortly after this decision was handed down, the Harding-Daugherty administration recognized the keen legal mind of Judge Mayer and elevated him to the Federal circuit court.

Two of the more prominent of the Metz employes during this period were his brother, the late Gustave P. Metz, and Alfred E. Sherndal, both of whom were educated in Germany. Gustave was

also vice-president of Farbwerke Hoechst during the fight about its seizure, and in that official capacity served notice on the Alien Property Custodian in 1919 that he would be held responsible for all loss or damage for having swiped brother Herman's property. Later, both of these men were to have important positions on the staff of the Winthrop Chemical Company.

Winthrop, it will be recalled, was started so that Sterling could have an outlet for so-called ethical medicinals. Having progressed from the status of patent-medicine pitch artists by the acquisition of the Bayer Company, the Sterling management decided that a Dr. Jekyll was needed to sell prescription medicines to physicians, while the Mr. Hydes of Sterling peddled the nostrums.

One fact stands out in the history of Bayer, from the time it first became prominent as the Farben Fabriken of Elberfeld, up to the recent war: its pattern of hidden control, unlawful activities and subservience to Farben has varied only in the type of treachery employed and the identity of the individuals involved. On the record, if any one of the Farben names should be selected to head the roll of dishonor, that name is Bayer.

The name Bayer Company was first used in the United States in 1906; the plant of the Hudson River Aniline Works at Albany was acquired, and the manufacture of aspirin and a limited number of dyes was started. It was recognized as the American branch of the German company, but after the war started in 1914 the entire stock of the American company stood in the name of H. E. Seeböhm, one of its German-born officers. Seeböhm held this stock as trustee for three of the major stockholders of the German company, Dr. Karl Duisberg, Rudolph Mann and Christian Hess.

Thereafter a subsidiary was set up called Synthetic Patents Co., the stock of which was also trusted for Duisberg, Mann and Hess. An elaborate bookkeeping system was devised by which almost all of the profits of the parent company were siphoned off to Synthetic Patents on the pretext of patent royalties and rentals. Seventy-five percent of the Synthetic profits then went to Duisberg and his colleagues for the pay-off men of German espionage and sabotage in the United States.

After the United States entered the war, Bayer resorted to the old shell game; they organized a new company, the Williams &

Crowell Color Co., and quietly slid the cash drawer under this third shell.

The Alien Property Custodian was gratified and surprised when the Bayer executives stated frankly, "We are enemy owned," and permitted seizure without protest. It was not until some time afterward that Mr. Garvan's bookkeeping bloodhounds uncovered the dodge by which everything of value was being transferred out of Bayer's custody to their newly organized and nominally American-owned subsidiary.

Charles J. Hardy, the New York attorney who had represented the Big Six houses in the pre-war anti-trust cases, was attorney for Bayer when it was seized, and he was retained by the Custodian to continue to act in that capacity while the property was in the hands of the Government. However, according to Mr. Garvan, it was discovered that Hardy was still representing the German interests, and that they were conspiring to establish an underlying company. So Mr. Garvan bounced Mr. Hardy and hired a new attorney.

After months of painstaking investigation, Mr. Garvan's sleuths uncovered the whole sorry Bayer mess, and proved that German nationals and American-born citizens had worked together for a long period of years under the directions of German Bayer and the German government to set up and operate an espionage, sabotage and propaganda machine in the guise of an American manufacturing plant producing dyes and pharmaceuticals.

In the final report of the Alien Property Custodian, relative to Bayer, there was summarized the utterly treasonable character of its hidden control and secret activities, in part as follows:

"The Bayer Co., of New York, was the largest and most powerful German-owned dye and drug manufacturing concern in America at the outbreak of the war. Carl Duisberg, the chief of the War Trade Board of Germany, was the owner of one third of the stock, and the company was largely used for the distribution of German propaganda funds in America. The higher officials of the Bayer Co. were nearly all unnaturalized German citizens, and the entire capital stock was voluntarily reported as enemy property within two or three

months after the passage of the Trading with the Enemy Act. It became apparent, however, that this voluntary surrender was simply in line with German cunning."

"Examination of depreciation charges, profit-sharing payments, and royalties, resulted in uncovering and paying to the United States Treasury over \$1,000,000 income taxes running back to 1913 which had been systematically concealed."

Ten years later I was publicly accusing the new owners of that same Bayer Company of doing many of the same things their predecessors had done. My reward was a kick in the pants—many kicks. Another ten years passed, and the proofs that I was right about Bayer and all the rest of Farben's evil brood began to come out. I say these proofs began to come out because that coming out was stopped ruthlessly in federal administrative offices, in courts of law and in the Senate and House of Representatives of the United States, as will be shown in detail before this story is concluded.

The Sterling agreements have been described in Chapter III. Messrs. Weiss, McClintock, Rogers and the others never had any illusions about the Germans with whom they were dealing. Weiss, bumptious and arrogant by nature, did at times attempt to out-brazen the I.G. leaders; as when Duisberg and Mann demanded that Sterling permit them to buy openly into the capital structure of the Sterling-Bayer Company.

During the early negotiations for the I.G. comeback, Weiss frequently harked back to his promise to the Alien Property Custodian, and in one letter stated:

The advice of our counsel is that, this sale having been made by the United States Government, and this country still being technically at war with Germany, the Peace Treaty not being signed, we would run a grave risk of destroying the business, and of incurring the charge of bad faith in our dealings with the Government, if we entered into any contract affecting the property acquired by us at the Government sale of any part thereof.

In later years, when Sterling, Winthrop and Bayer had become in effect an integral part of the Farben Empire, and the 1919 pledge had been violated repeatedly both in letter and spirit, Weiss again referred to his probity as a reason why Farben should not assume any technical ownership in the Bayer plant at Rensselaer, N. Y. In this instance Weiss stated his position in these words:

I had always stressed to Dr. Mann and Justizrat Doermer the undertaking which we had to give to the United States Government at the time of the purchase of the Bayer Company, Inc., from the Alien Property Custodian, that under no circumstances would the property purchased at that sale be otherwise owned, in whole or in part, than by interests one hundred percent American. The grounds and the building at Rensselaer are part of the property purchased and are therefore covered by the undertaking given by us.

So Sterling then put entries on its books by which Bayer appeared to rent part of the Bayer land and factory to Winthrop—which was not one hundred percent American owned—and also sold to Winthrop machinery and equipment in the Bayer factory. This was done in order that Winthrop might claim to be a manufacturer of the medicinals it was getting from Farben and packaging as "Made in America." The manufacturing consisted mainly in diluting or tableting imported Farben products and putting them in Winthrop bottles. The celebrated Winthrop Research Laboratories were in Leverkusen, Germany, where most of its products were made.

An early and flagrant instance of breach of faith was the turning over to Winthrop of patents and trademarks on so-called ethical medicinals which were involved in the purchase of the Bayer Co. Veronal and Luminal were two of the better known Bayer trademarks transferred to Winthrop in violation of the pledge.

However, the I. G. people were persistent. During the negotiations one of them wrote: "I quite understand that in its final form the agreement will have to leave room to read between the lines." Later, another letter expressed their abiding determination in the following:

If you should still hesitate because of Washington, it should be taken into consideration, that for a certain provisional time, say, for instance, five years, another way could be found to get together so that no relation between our firm of Leverkusen and your firm of New York would be apparent to the outside world We are sure that if the will exists, a way can be found to attain the purpose we have in mind.

Weiss and his usual associate in the dickering, McClintock, stepped back gradually from critical opposition to most of the proposals put forward by Dr. Duisberg and Rudolph Mann. A possible explanation of this more compliant attitude is found in a letter written by Mann to Weiss during the 1926 negotiations. This letter contained what may appear to have been the tender of very personal advantages to Weiss. One paragraph read:

As a personal remark, we would like to add that the friendly relations between you and ourselves through such a new organization become only still more intimate You can be convinced that in the long end the new situation will be more advantageous to you.

Whatever these personal advantages may have been they were evidently effective, and for many years Sterling worked hand in glove with Farben in concealing Winthrop's German ownership.

And the United States was not the only country with which Sterling broke faith. Pledges or understandings were made to the British and French Governments when Sterling purchased the English Bayer Co., and the French Bayer trademarks respectively. In each instance it was specifically understood that Sterling was buying these foreign property rights as Americans for American ownership; instead Messrs. Weiss, Diebold and McClintock were acting, in effect, as agents of the German I.G., to whom partial or total ownership in these properties eventually passed.

Another instance of flagrant deception resulted because of a requirement by the Chemical Foundation that all licenses granted by it under former I.G. patents should go to companies owned at least seventy-five percent by Americans. The Metz company, after one half interest in it had been "purchased" for Winthrop

with Farben funds, needed a Chemical Foundation license. So the license was applied for, obtained and signed for on the basis of utterly false statements which denied a fifty percent foreign interest.

In August 1928, word came to the leaders of Sterling that that ancient institution of learning, the University of Cologne, had conferred upon Weiss the degree of *Doctor Philosophia honoris causa*.

Then, shortly after the election of President Hoover, three of the University's directors came to the United States, and at a banquet at the Biltmore Hotel, made the formal presentation to Herr Wilhelm Weiss, their beloved brother in intellectual attainment.

The three directors, Justizrat Otto Doermer, Dr. Rudolph Mann and Dr. O. von Hoeffer of Farben, were, on this auspicious occasion, tactfully announced as *die direktoren* of the University of Cologne.

Dr. Fritz ter Meer was present, also Walter Duisberg. Dr. Wilhelm Hiemenz, Colonel Metz, and Dr. E. von Salis of the original Bayer organization. Leader of the American cheering section was the great Republican potentate, the late Louis K. Liggett, who, of course, shared in the congratulations with Weiss for the recent triumph at the polls of his candidate, that eminent student of business and international affairs, Herbert Hoover. As Sterling window dressing came H. F. Behrens, Stanley P. Jadwin, John F. Murray, George C. Haigh, C. A. Aul and Otto Schenk; along with Earl I. McClintock, A. H. Diebold, Frank A. Blair, Raymond Foster and brother Fred E. Weiss. It was a happy occasion for all concerned.

The Farben academicians who were present must have laughed up their sleeves at the notable success of such inexpensive soothing syrup for the rambunctious Weiss. A piece of parchment with a wax seal and a bit of ribbon attached was a small price to pay for a more docile obedience on the part of the wild west patent-medicine man who had already demonstrated his abilities to bully the American press and seduce the learned professions of this country. When it included a tie-string to the Hoover Republican, Louis Liggett, the doctorate became a rare bargain indeed. As a matter of fact those slick Farben scholars should have made it an earned degree, rather than an *honoris causa*. His acquaintances said at

the time that Wild Bill Weiss had surely earned everything that Farben gave him.

So the ceremony of robing the learned Weiss, the delivery by Justizrat Doermer of the *Rektor's* address in high Latin; and the candidate's humble response (in drug store Latin) came to a glorious end with buckets of champagne and the haunting strains of "*Nach die Heimat Wieder*" stirring the potted palms and guests of the decorous Biltmore. A waiter who understood neither German nor Latin decided that it must be some kind of Ku Klux enrobing event. It was just that.

According to the announcements the degree was awarded Mr. Weiss, in recognition of the arduous labors of the recipient in promoting more cordial industrial and scientific relations between German and American pharmaceutical companies. Thereafter it was always "Doctor" Weiss. The pharmacist who had left his prescription counter to peddle patent medicines could now point with pride to a title which gave rise to a belief in the minds of many that he was a member of the profession of medicine. Even real physicians were fooled by that title.

It was just at this time that I was appealing in vain to Senator David I. Walsh of Massachusetts to demand a Senate investigation of Drug, Inc.

On Nov. 8, 1928, I wrote Senator Walsh a forecast which missed the Hoover 1929 Stock Market debacle by six months. In part, that letter read as follows:

Many of these who gave the mandate on Tuesday will be sick of their work inside of eighteen months, unless I miss my guess.

I would like very much to be permitted to call to your personal attention a situation which I am convinced warrants your official scrutiny, and which later, after investigation, you may be inclined to bring to the attention of those of your colleagues in the Senate who appreciate the real significance of what happened on Tuesday.

A few days later I talked to Senator Walsh at some length about the situation as I saw it and received his assurances of great interest. On Nov. 19, 1928 I wrote him the following:

Dear Senator Walsh:

To further illustrate the point I made, when I saw you last week, about the power behind the National Republican Committeeman from Massachusetts, I enclose herewith a collection of advertisements clipped from a limited number of daily papers purchased at random in different parts of the United States.

I also enclose a list of the companies which are alleged to be now all under one control, and which include these national advertisers and many others.

If you think it would be helpful or informative to you I will undertake to have a file prepared which will include:

1. The advertisements under one control appearing on the same day in at least one daily paper in every state in the Union.
2. The advertisements under one control appearing on the same day or week in every paper published in one or more states. East or West, which you may designate.
3. The advertisements under one control appearing in the same week or month in the weekly or monthly journals of the U.S., popular and professional.

I do believe that if this exhibit were made available to you you would have a picture of the background or twilight zone of the Republican Party as now constituted that would make the Trade Commission investigation of the Power Trust look like small potatoes indeed.

Hoping this may interest you and thanking you indeed for the courtesy you showed me, I remain

Respectfully yours,

Howard W. Ambruster

Enclosed with this letter was a list of thirty odd American drug and patent-medicine companies and national advertisers which, according to published reports and trade rumors, had been brought into direct or indirect affiliation with the German I. G. Farben as part of the German-American relations promoted by "Doctor" Weiss and the Liggett Republican machine.

That was the end of the interest of Senator Walsh in this sub-

ject, as regards any expression to me, or to the public, so far as I have heard.

It was never a secret that Bayer's Dr. Karl Duisberg, as former chief of the German War Trade Board, and Cassella's Dr. Karl Weinberg, as first president of the I.G. Dyes, were among the strongest early supporters of the Weimar Republic. As cabinet ministers, Reichstag members and Councillors, a succession of dye trust leaders served and directed the Reich; and through ownership of leading German newspapers, helped to make and break its ministries.

It was also a matter of official record in the United States that, in 1926, when I.G. Farben was put together, under Dr. Duisberg as its first chairman, to become the largest industrial combination in Germany, it promptly tied in to an indissoluble union with the Hugo Stinnes and Fritz Thyssen steel interests which, as the Vereinigte Stahlwerke, had become the second largest cartel in Germany.

United through their jointly owned coal mining combine, the Rheinische Stahlwerke, and through interlocking directorates and mutual stock ownership, Farben and the Thyssen Steel trust from then on were the dominant force behind the scenes, of a succession of German governments which finally descended to the gutters of Munich for Hitler's Nazis.

And it was Dr. Duisberg, for the industrialists, who joined with the Junkers or Reichs-Landbund (landed agricultural gentry) in 1927, to make the gift of the Neudeck Castle and huge estate to the senile Hindenburg, thus securing a stranglehold on the aged soldier and inducing scandals which, when the time came, served as a pretext for the downfall of the republic and the elevation of a Hitler, also financed, armed, and implemented for conquest, by the combined Farben-Thyssen interests.

While the elder Duisberg was thus occupied with the Fatherland's puppet show, his son Walter, as an American citizen by choice, was becoming a chief connecting link with substantially all of Farben's false fronts in the United States and Latin America. Weiss, McClintock, and other Sterling leaders were continually in Germany and they were advised from the inside how political and governmental affairs were developing. In the early 30s

Farben's leaders began bringing the Nazi government into the picture as a reason, or pretext, for the restrictions and conditions which they insisted upon in their dealings with Sterling. Time and again Sterling yielded to Farben demands that were predicated on an alleged government requirement. However the Sterling people were told that the Hitler Reich was right down Sterling's alley for sound money and safe international trade.

Rudolph Mann communicated the complacent viewpoint of Farben towards the Nazi government in a letter to his good friend Doctor Weiss in 1933:

With regard to Germany we undoubtedly are in a clearly noticeable change for the better, as the present National government has within their rows prominent, moderate elements so that all of us confidently believe that—irrespective of the maintenance of the strong, psychologically valuable, national feeling—they will desist from making commercial experiments.

I lay special stress on telling you and all my friends in America that the ghastly fictions on the activity of the National Socialists, which have appeared in some American papers, do not correspond to real facts whatsoever. We actually have behind us a revolution which will entail a complete remodeling of our spiritual and commercial life in the positive direction. That such a revolution will not go by without some single cases which have been dealt with in a somewhat unfortunate way, is not worth the while being mentioned. In German this is called: 'Where one planes, there will fall shavings'

Today's Germany is the safest country you can find in Europe, free from Communism, strongly conducted, with their currency in good order, and with men who not only have the desire but also the force and capability of changing the important commercial problems for the better in the interest of Germany and of international trade.

Mann was making Farben's support of Hitler attractive in the kind of language which Weiss and his pals could comprehend.

Some writers who have discussed this matter appear to believe that Farben was helpless to control the actions of Hitler's officials.

But there is abundant evidence that the Nazis were financed by Farben, that Farben leaders occupied high places in the Nazi government from its beginning, and that Hitler's armies would have been helpless without the years of preparation and continued support of Farben. History will tell which end of the dog was Farben.

However in considering the subservience of Sterling's leaders to the restrictions and continued deceptions insisted upon by Farben, it makes no difference whether the latter was in fact compelled to so instruct Sterling or whether Farben itself was really responsible for the alleged official instructions which it passed out on alleged compulsion. Either way the result was that Sterling, and all of the others in the United States who yielded to any such instructions and deceptions were in plain fact acting as agents for the Farben-Hitler government, and helped conduct its economic industrial warfare and subversive activities.

The "government" instructions insisted upon by Farben and with which Sterling complied covered every important aspect of the relationship between them. Farben compelled Sterling to pay large sums of money over and above the contract provisions on the plea that these funds were required by order of the Hitler government; Sterling was denied technical information relative to patents and processes to which, under the contracts Sterling was entitled, on the plea that the Nazi officials would not permit that data to leave Germany; Sterling was required to conceal various phases of its relationship with Farben on the plea that the government might not approve of them; and finally, Sterling's officials were compelled, or instructed, to assist in the Nazi underground work in the American Hemisphere.

What all this amounted to was that Farben was conveying to the Sterling leaders orders from the Nazi government, and Sterling's officials obeyed them. Their absolute loyalty was to Farben and to Farben's government, to the complete exclusion of all other considerations.

In 1934 after Farben's interest in Winthrop had been transferred to the American I.G. it was gently intimated to Sterling that it might not look right if the German government discovered all that Farben was doing for Winthrop without getting paid for it. (American I.G. was meanwhile getting the dividends on fifty

per cent of the Winthrop stock but the German government, as well as that of the United States, was not *supposed* to know that Farben owned American I.G.) Therefore, suggested Farben, a "service fee of \$50,000 a year" over and above all existing contract arrangements, should be forthcoming. So Sterling, or Winthrop, came across with the extra \$50,000 a year.

In 1938 another squeeze play was worked, this time it was actually claimed that the German government had just discovered Farben's agreement with Winthrop and was upset because Farben apparently was not getting anything out of Winthrop on the Winthrop-Sterling contract. A hurried call was sent out for a conference at Basle, Switzerland. Several of the highest Farben leaders, headed by Dr. Hermann Schmitz, attended, and Earl I. McClintock was sent to represent Sterling and Winthrop. Walter Duisberg, D. A. Schmitz and Hugh Williamson were present, presumably to represent the interest of American I.G.

McClintock, according to his account of the meeting, was taken for a ride around the city of Basle while the delegates conferred. Then he was led into the meeting and taken for another, and different, ride. They told him that the German government had decreed that somebody, Sterling or Winthrop, would have to come across again with another good, fat annual sum. It was all very pleasant and just too bad that the Nazis were so nose-y but what could poor Farben do but to tell Sterling to tell Winthrop to pay up—or else? So Winthrop began paying a new "service fee" of \$100,000 a year. As a pre-war gangster's squeeze play it was perfect.

However, the Sterling leaders knew they were trapped long before this; if they refused to play ball Farben could cut off their supplies of Winthrop's "American made" products. The patents under which these products were sold in the United States exclusively by Winthrop were of little use to Sterling except to protect the monopoly, because Farben had not told Winthrop how to make them and accordingly, Winthrop did not know how to do so.

Weiss and his colleagues also had ample warning that war was coming, and then they began to squirm in earnest. When one of the Alba contracts was being entered into between Sterling and Farben in 1937, Nazi government restrictions were the reason given for refusal to assign Farben United States patents to Alba

unless a re-transfer clause was included. At this time the possibility of war between the United States and Germany was definitely indicated in correspondence between Alba and Sterling officials, both of whom, it appears, were former Farben employes. In a letter dated July 29, 1937 which passed between these two American companies about the Farben Alba patents it was stated:

It is to be considered, however, that the patents, if assigned to an American firm, cannot be seized, say in the case of international complications.

The only kind of international complications which could possibly result in seizure of Farben's United States patents was war between Germany and the United States. Despite the warning, Sterling officials went right along expanding and even tried to get Farben to join them in further relations. The latter replied that they could not spare the funds just then.

Some futile efforts were made to get data from Farben in order that products which were being imported could be made at the Rensselaer plant, "in case manufacture should become necessary." Atabrine, the antimalaria substitute for quinine, was one of these products. Winthrop had never made Atabrine and did not know how to make it when the threat of losing our supply of quinine from Dutch East Indies gradually began to dawn upon our super-statesmen at Washington.

The Farben pincers through Sterling on Atabrine worked in conjunction with that applied by the Japs in the Dutch East Indies on quinine; just as the Farben pincers through Standard Oil, on synthetic rubber worked in conjunction with the Japs on natural rubber. There is evidence also that Farben intended to work its pincers on synthetic nitrogen in conjunction with a friendly Chile staying with the Axis and cutting off our supply of natural nitrates.

However, that Atabrine story belongs in another chapter, as do the details of deception and downright sabotage that involved Sterling's agents in South America.

False Fronts Become Bold

ON APRIL 20, 1929,

Dr. Carl Bosch and a coterie of his Farben associates waved triumphant farewells to the Statue of Liberty and marched into the bar of the Hamburg-American liner *New York*, to celebrate the success of their mission to America.

The Germans were returning to the Fatherland with all that they could have hoped for. Their understandings with our myopic industrialists had been most satisfactory, their arrangements with our avaricious financiers most profitable. And less than a week after their departure the American I.G. Chemical Corp. was launched suddenly and with a great blare of Wall Street publicity. According to reports on the Street that afternoon, its entire issue of \$30,000,000 of 5½ percent convertible debentures was oversubscribed in an hour.

The formation of American I.G. had been a closely guarded secret, but after its announcement on April 26th no attempt was made to conceal Farben's part in the achievement. Both the prospectus and the half-page advertisements announcing the underwriting contained a letter addressed to the National City Bank and signed by Geheimrat Dr. Hermann Schmitz and Dr. Wilfrid

Greif, as managing directors of Farben, which recited the huge size of Farben and stated that:

As a result of the development of its worldwide activities, I.G. Dyes (Farben) has found it desirable to cause a corporation to be organized in the United States, under the name of American I.G. Chemical Corp. with broad corporate powers to foster and finance the development of chemical and allied industries in the United States and elsewhere.

The prospectus then went on to state that all of the common stock to be presently outstanding would be issued against cash, or to acquire stocks of Agfa Ansco Corp., and General Aniline Works. Both of these companies were known to be controlled by Farben. The prospectus also announced that the principal, interest and premium upon redemption of the 5½% debentures were unconditionally guaranteed by I.G. Farben and were payable at the National City Bank of New York in gold, with approximately \$450,000,000 in Farben assets back of the guarantee.

It was thus evident that the American I.G. was to be a Farben holding company for its manufacturing subsidiaries in the United States. The Farben guarantee of the interest on the debentures, plus the big names of the financial houses which underwrote the issue, and the big names of the American industrial and financial leaders on the board of the new company were sufficient incentive to cause unthinking American investors to fall over themselves in the rush to get in on a good thing.

It should have been apparent by the most casual reading of the prospectus that control of American I.G. would remain not with the owners of the debentures but with the Farben promoters. Approximately ten percent of the voting stock was all that the American investors could possibly secure.

Just before Farben organized this new company and thereby financed its American industrial pincers with thirty million good American dollars on a prospectus signed by its Geheimrat Schmitz, that astute gentleman had also organized another dummy company in Switzerland with the imposing name of Internationale Gesellschaft für Chemische Unternehmungen A. G. of Switzerland. Known as the I.G. Chemie, this Swiss concern was a holding

company for Farben's properties in foreign countries, and a part of its stock was offered to Farben's stockholders with Farben's guarantee of payment of dividends.

When American I.G. was organized, I.G. Chemie did not appear as the recorded holder of majority control of its voting stock. But by 1940, after the war was started, this "neutral" Swiss concern, was one of its Swiss subsidiaries, held title to over 85 percent of the outstanding shares of General Aniline & Film, successor of American I.G. At one time in the history of these two Farben fronts, the Swiss company was the recorded holder of something over 10 percent of the stock of the American company, while the latter was also the owner of some 9 percent of the outstanding stock of the Swiss company. This exhibition of two Farben snakes swallowing each other by the tail undoubtedly afforded much amusement at the home office.

However, back in April 1929, I.G. Chemie was a dark secret. Farben's ballyhoo centered around the names of the American financiers and industrialists who participated in the underwriting of American I.G., and much was made of the fact that the banking syndicate that floated the debentures was headed by National City and included such houses as International Manhattan Co., Lee Higginson & Co., Harris Forbes & Co., Brown Bros. & Co., and the Continental Illinois Co.

Still greater acclaim was accorded the prominent Americans whose names appeared on the board of directors of this new symbol of Germany's friendship for the United States. Listed in the prospectus and in the newspaper advertising were Walter C. Teagle, Charles E. Mitchell, Edsel B. Ford, Paul M. Warburg, William E. Weiss, Adolph Kuttroff, and Herman A. Metz.

The three other directors were Carl Bosch, listed under the imposing title of "Professor Doctor," Dr. Hermann Schmitz; and Dr. Wilfrid Greif.

Dr. Hermann Schmitz, president of the unheralded I.G. Chemie, was also the first president of the widely publicized American I.G., and soon after its successful financing the campaign to conceal the ownership of American I.G. began in earnest. In October 1929 (as already related in Chapter II) Herman Metz started the ball rolling by his public statement that although Farben was a stock-

holder in American I.G., the latter should not be referred to as the American branch of the German I.G., because that was just not so. Some three months later, while testifying before the Senate Lobby Committee, Metz again denied the Farben ownership:

The Germans haven't got a dollar's worth of stock in the American I.G., of record; nor the Swiss, either.

Finally Metz gave the whole thing away when Senator Robinson stated:

Now, it is pretty clear that the American I.G. was organized by the German I.G., and that they both are officered by the same people, and therefore are practically the same concern.

Mr. Metz replied:

Well, that can be so construed, but the reason for it was to take over what the Germans had or were trying to do in this country, and get the industry established, which I always preached to them, to come over here and manufacture over here.

The Geheimrat Dr. Hermann Schmitz, along with Prof. Dr. Carl Bosch and the other Farben executives, did everything in his power to hide Farben's control of the new holding company in the United States. The Geheimrat even tried to pull the wool over the eyes of the two duPont representatives who visited him in Berlin in July, 1933, to discuss the possibility of exchanging some duPont investments in Farben for shares in either I.G. Chemie or in the American I.G. The growth of nationalism, the Wilmington executives naively explained, made it advisable for their company to get rid of its interests in Farben.

Dr. Schmitz opined that such a horse trade was impossible and solemnly stated that I.G. Chemie was strictly a Swiss company, and that Farben owned not a single share.

The duPont officials were not impressed with the truthfulness of Dr. Schmitz's statements and reported to the home office that they presumed Farben had a dummy Swiss director in I.G. Chemie.

They also reported that in London an official of Imperial Chemical Industries told them definitely that the Geheimrat had lied to them.

In 1934, Mr. Teagle decided that he had better resign as director of American I.G. Chemical Corp., but, instead of exercising his own discretion and resigning, he cabled his subordinate, Frank Howard, who was in Paris, to find out whether he should take up the matter with Dr. Bosch, or whether Howard would ask Mr. Schmitz about it.

Howard cabled back on November 29th, that Teagle take a firm stand with Dr. Bosch, and stated that the resignation was

... certainly wise under present conditions since it will tend minimize chauvinistic comments in both countries should there be any public interest aroused in the relations of the two companies.

However, Mr. Teagle did not resign as director of American I. G. Both Bosch and Schmitz refused their permission, despite a rather pathetic letter dated June 6, 1935, in which Mr. Teagle begged Dr. Schmitz "to permit Mr. Clark (a Standard vice-president) to replace me on the board."

The Hitler régime in Germany had aroused some official interest at Washington in American companies with German ties, and, in 1938, the Securities and Exchange Commission decided to go through the motions of investigating the ownership of American I.G.

In its preliminary exploration of the records, the S.E.C. discovered that although Farben was never to be a record shareholder, a resolution was adopted at the first board meeting of this "American" company, before the public had bought its stock, by which the officers were authorized to loan any part of its funds to either Farben or to I.G. Chemie.

At that same meeting, the sum of \$10,000,000—ostensibly transferred to the United States by Edward Greutert & Cie., Farben's Swiss bankers, for the purchase of voting shares in the new company, was adroitly switched back to Farben as a loan from the new American I.G. That ten-million-dollar silver spoon from Grandpa Farben never entered the new infant's mouth—it got only a book entry on its birth certificate.

This ingenious method of tapping Wall Street was worked overtime and, within a few weeks after the public had planked down its cash, nearly \$20,000,000 of American I.G.'s capital funds had been transferred, by vote of its directors, to Switzerland or Germany as loans to Farben.

The S.E.C. accountants also uncovered data which established nominal stock control of American I.G. by Swiss I.G. Chemie from the date of organization. This condition had never changed and, at the time of the investigation, I.G. Chemie held nominal control of more than 85 percent of the shares of American I.G.

With these facts established, Mr. Teagle was called to the witness stand and sworn to tell the truth, the whole truth and nothing but the truth. Unhappily, however, he did not know who owned control of American I.G.—the company of which he was a director. More, he had never known, from the day the company was organized. He did not know who owned the little block of 500,000 shares of the company stock that had been issued in his name—stock worth at least half a million dollars. He did not know how many shares I.G. Chemie owned, or who owned I.G. Chemie.

It was just too bad, but Mr. Teagle really could not tell to the S.E.C. things about the company which no one had ever told him.

Mr. David Schenker, chief attorney for the S.E.C., was exquisitely polite in his questioning. After some discussion of the snake-swallowing act by which American I.G. and Swiss I.G. Chemie purchased each other's shares, the question was asked:

SCHENKER: So that you have a situation where the American I.G. Corporation, the control of which is unknown to us, is buying over a period of one year approximately \$21,000,000 of the stock of this I.G. Chemie Corp., the control of which is unknown to us and to you; is that not so?

TEAGLE: That is correct.

SCHENKER: So far as you know, you do not know the exact extent of the control of the I.G. Chemie in American I.G. Corporation; is that true?

TEAGLE: That is correct.

SCHENKER: And you do not know at the present time who controls that corporation?

TEAGLE: That is correct; yes.

The examiner's queries continued to be approved by Mr. Teagle.

SCHENKER: Throughout your entire tenure of directorship you say you did not know who the controlling owners of American I.G. Chemical Corp. were?

TEAGLE: That is correct.

On the little matter of 500,000 shares.

SCHENKER: Now, the record discloses that 500,000 common shares were issued to you. Were you the beneficial owner of those shares?

TEAGLE: I was not.

SCHENKER: Do you know how it was that those shares got into your name?

TEAGLE: No, I do not.

When asked whether he thought that his colleague on the board, Mr. Edsel Ford, might be better posted than he was, Mr. Teagle expressed the opinion that Mr. Ford did not know any more about it than he did. Teagle also stated that he did not know who was voting for him at the stockholders' meetings.

When asked to express an opinion as to whether all this was a healthy condition, Mr. Teagle begged to be excused from answering.

One thing Mr. Teagle could explain. He recalled distinctly that he went on the Board at the request of his friend Dr. Bosch:

My connection with the American I.G. came about through an explanation made to me by Dr. Bosch of the German I.G. of his plans, and my interest was prompted by the fact that I hoped to secure for the Standard Oil Co. of New Jersey a supply of the raw product for the fertilizer plant.

Just how his American I.G. directorship was to help supply Standard Oil's proposed fertilizer plant with raw products, while he was voting for loans to Farben, Teagle did not explain, neither did he mention the efforts he had made to resign from the board.

Another matter which Mr. Teagle neglected to mention was a letter which he had received back in 1932 from Dr. Wilfrid Greif, the managing director of Farben. Written on the letterhead of the American I.G. Chemical Corp., 521 Fifth Avenue, New York City, and dated May 6, 1932, the letter read, in part:

I.G. Chemie is, as you know, a subsidiary of I.G. Farben, organized in 1928 As officially stated in the annual report of the I.G. Farben for 1931, the net income of I.G. Chemie for 1931 is sufficient to pay on its stock the same dividend which will be paid by I.G. Farben.

Another item of possible pertinency to the S.E.C. inquiry which was not brought out in the Teagle examination, was the fact that Standard Oil had decided not to be identified publicly as a stockholder in American I.G. This had been the subject of a cable sent to Teagle by Mr. Howard on May 27, 1930, when the former was in London:

In view of fact that we have repeatedly denied any financial interest in American I.G. it seems to me to be unwise for us to now permit them to include us as stockholders in their original listing which is object of present transaction. It would serve their purpose to issue this stock to you personally Will this be agreeable to you as a temporary measure?

Mr. Teagle, or the S. E. C. investigators, might also have dug up correspondence which passed between Teagle and Mitchell back in 1932, when those two American I. G. directors for a time opposed the action of the board in swapping Farben securities for those of the I.G. Chemie.

One of these letters, dated May 27, revealed the existence of a contract, or option through which Farben might completely absorb I.G. Chemie by exchanging its own shares for those of the Swiss company. Mr. Mitchell's letter to his friend Teagle went on to say that:

Professor Bosch and Dr. Schmitz should thoroughly understand how anxious we are to be of assistance to them in

bringing about a development of the chemical industry along most approved lines in the United States, but they should realize just as fully the fact that you and I are in a very embarrassing situation whenever transactions are proposed as between the German I.G. and the American I.G.

Finally, there was the letter which Mr. Teagle wrote to Mr. Mitchell on May 26, 1932, enclosing a memorandum which he stated had been prepared at his direction to be used in discussions with Dr. Bosch about the exchange by American I.G. Farben securities for those of I.G. Chemie.

It might appear from two statements of fact in the memorandum that Mr. Teagle had already reached a very definite conclusion regarding the ownership of both American I. G. and I. G. Chemie. The statements were:

The transaction between American I.G. and the I.G. parent company involving the exchange of I.G. bonds against the I.G. Chemie shares

Transaction between parent and subsidiary company like that of the exchange of I.G. bonds against the I.G. Chemie shares

It may be assumed that if Mr. Teagle's testimony before the S. E. C. had been more informative, Mr. Schenker might not have felt it necessary to also summon Messrs. W. H. Duisberg and D. A. Schmitz.

Mr. Duisberg qualified as director, first vice-president and treasurer of American I.G. and stated solemnly that he didn't know who owned it. He then produced correspondence which he had conducted with Farben and with Edward Greutert & Cie., bankers of I.G. Chemie, at the request of S.E.C., requesting them for information about who was which and which controlled whom?

Farben's reply dated August 13, 1937, was brief and to the point:

We have no direct or indirect participation either in the American I.G. Chemical Corp., nor in the other corporations mentioned in your letter (I.G. Chemie and other stockholders of record).

This letter added that it was not Farben's custom to give such information, so no precedent was to be established in making the exception; also that the letter was to be treated as confidential.

Greutert's response was a rebuke for making so unethical a request of a banker about its clients. On August 18, 1937, Greutert wrote:

We regret not to be in a position for reasons of principle, to give you the requested information. Such a disclosure by us would be entirely irreconcilable with the bank secret, particularly strictly observed in our country by the banking community, and with the duties and practices resulting therefrom.

(It is of interest here that the so ethical Greutert & Co., and Edward W. Greutert, head of this Swiss banking firm, were among those named as co-conspirators, along with various officers, subsidiaries and affiliates of Farben, in the indictment of September 1, 1939, for conspiracy with Farben's international nitrogen cartel which restricted production of nitrogen and ammonia. This distinction did not cause either co-conspirator Greutert or any of those indicted any real trouble because this multiple indictment was one of those *nolle prossed* by a complacent Department of Justice.)

Also called to testify by the S.E.C. was D. A. Schmitz, brother of Dr. Hermann (the Geheimrat) Schmitz, who added his bit to this fantastic, corporate merry-go-round. After qualifying as a director of American I.G. since 1933, and its president since 1936, he was asked by Mr. Schenker:

Do you know who was the beneficial stockholders of the class A and class B stock of American I. G. Chemical Corp.?

SCHMITZ: No, no more than the records we have here.

SCHENKER: So the only thing you know is who the record holders are and whether they are the beneficial owners or not you do not know?

SCHMITZ: No.

Perhaps the crowning gem of the hearing was the tribute paid to the witnesses at its close. Said Mr. Schenker:

I would like the record to indicate we are appreciative of the full cooperation that was given to us in connection with our study of the American I.G. Chemical Corp. and that they have made available to us all of the information we asked.

Some mention having been made in the press of the acarpous nature of the public hearing, I wrote to the S.E.C., offered my services, and enclosed various papers, one of which was a copy of the diagrammatic chart I had prepared in 1931 for Congress. This chart, or flow sheet, set forth in detail what Farben was doing and proposed to do in this country through its control of American I.G. Chemical Corp., and other United States companies.

My letter to the S.E.C., dated Feb. 5, 1938, and addressed to the Chairman, Hon. William O. Douglas (made Supreme Court Justice in 1939), stated in part:

Having noted in the press that you are having difficulty in uncovering the identity of those interests which control the American I. G. Chemical Corp., due to the unfortunate lapse of memory indicated by some of your witnesses, I am enclosing herewith copies of some papers and documents which may assist your investigators my own diagrammatic chart or flow sheet was worked out in 1931 with the hope that Congressional investigation might be induced into one of the most sinister groups which has ever been assembled in industry, finance, and politics in this country.

Considerable water has gone over the dam since I put this chart together, but in its essential aspects of objective, the ramifications and offshoots of this grouping of interests still persist. It would be a very valuable public service if your investigators should uncover some of its present connections and agencies—but I suggest you will have to arm them with brass knuckles and a sublime indifference to their own future welfare if they really dig into it.

If you feel that I can be of assistance let me know.

I doubt whether the S.E.C. Chairman ever saw this letter. It was acknowledged, however, by Mr. David Schenker, S.E.C. counsel, who expressed appreciation for my cooperation, but did not indicate a desire for any more of it.

As an immediate aftermath of the S.E.C. public hearing Mr. Teagle's earlier desire to resign as an American I.G. director was seconded vigorously by his colleagues, and considerable indignation was expressed at the embarrassment to which both Mr. Teagle and Standard Oil of New Jersey had been subjected. Standard Oil was not amused! And a memorandum by one of the Standard Oil staff, uncovered later in Mr. Teagle's files, contained these statements:

The commission wants to know the true foreign ownership since American I.G. is a chemical company. In case of any war anywhere this ownership would be wanted by the United States Government.

Mr. Wellman (Standard Oil attorney) explained to Mr. Schenker that any conclusion by the Commission that American I.G. is, or is possibly, owned by I.G. Farben or allied interests may well result in an ownership by the German Government with all the attendant risks to the American owners of the twenty-five million of American I.G. debentures.

It is a real possibility that if, in another war, Germany and U. S. A. should again be enemies the non-German financial interest in American I.G. shares would have to be shown to the satisfaction of the U. S. Government to escape seizure as German-owned property.

Mr. Teagle as a director was placed in a most embarrassing position at the hearing and also in press releases because he did not know the beneficial ownership of any of the large blocks of American I.G. shares. To the public, at any rate, it seems impossible that a man in his position would not know something as to who owns the company.

"For Duisberg and Schmitz to say in effect that they knew nothing about the holdings of this company, and that they

had made the investment entirely on the recommendation of Dr. Schmitz, is just a plain dereliction of their duty as directors.

It seems to us also that the best thing Mr. Teagle can do is to resign from the American I.G., for, while the present inquiry, I believe, is closed, we have certainly not heard the last of it. It may be contended that the S.E.C. is poking into things that are none of its business, but after all, they take the attitude that the company raised \$30,000,000 from the American public and they have a right to know what has been done with this money.

The pithy comment on various aspects of the S.E.C. hearings was unsigned, but some of the writer's forebodings about war and the seizure of American I.G. as German owned were to come true. He was correct also in his forecasts that the S.E.C. inquiry was closed, but that Standard had not heard the last of it.

Mr. Howard wrote Standard's European representative on Feb. 19, 1938, that "a very unfavorable impression" had been created by newspaper reports of Mr. Teagle's apparent lack of any real knowledge of the ownership or business of the company of which he was a director, and in which the records indicated he had 500,000 shares.

"I am afraid," the letter continued, "that one of us or both of us will have to have some pretty straight talk with Geheimrat Schmitz about this American I.G. Chemical business."

Apparently, however, it was the Geheimrat who did the straight talking, when Howard rushed to Berlin to see him. For, in a letter dated March 11, 1938, Mr. Howard reported to Teagle that he was doubtful that Dr. Schmitz would consent to the resignation, and went on to say that Dr. Schmitz appeared to see no advantage in further talk about the matter. Wrote Howard:

He knows what happened in Washington, and despite everything he still believes that his course has been the best course that could be taken and he wishes to continue it. He has pointed out to me, however, reasons why he believes there will be no recurrence of any of the past troubles in connection

with the American I.G. Company. Unfortunately, these are matters which I can only talk about when I see you—this at Dr. Schmitz's specific request.

The occult powers which Dr. Schmitz indicated relating to the non-recurrence at Washington of the troubles of American I.G. were never revealed publicly by Mr. Howard, and it is worthy of note here that subsequent to the inclusion of this particular letter in the record of the hearings of the United States Senate Committee investigating the National Defense Program (Truman Committee) in 1942, Mr. Howard, who had appeared as a witness before the committee, was not asked to disclose those statements of Geheimrat Schmitz which he had not dared to put in his confidential report to Mr. Teagle. Mr. Howard also appeared later as a witness before the Senate Committee on Patents (Bone Committee) but again failed to relate just what the Geheimrat had said that he could "only talk about" when he saw Teagle.

Mr. Teagle was not called as a witness before either of those Senate hearings. He did, however, finally succeed in his long cherished desire to resign from the board of the Farben subsidiary, about which, as a witness, he knew so little. On April 4, 1939, seven long years after he had first requested permission to resign and just a few months before the start of the war, D. A. Schmitz wrote Mr. Teagle that his resignation as director had been accepted "with regret."

Brother Hermann the Geheimrat, and Carl Bosch the Professor Doctor apparently had instructed D. A. Schmitz to be nice about it, and that they could now spare from the board of Farben's American I.G. the august name of the chairman of the board of Standard Oil of New Jersey. That name had served its purpose in the Farben pattern for ten vital pre-war years.

Apropos of the non-recurrence of troubles for American I.G., as foreseen by Dr. Schmitz, the S.E.C. held no more public hearings on the subject, and issued no public statement about it until June 9, 1941. This was a few days after the discerning Lowell L. Leake in newspaper *PM* had published the first informative article which ever appeared in the press about my earlier protests at Farben's activities in the chemical industries of this country.

The S.E.C. statement took the form of a report to Congress. In this report of its four years of lethargic efforts to uncover the ownership of American I.G., the S.E.C. included the following:

All attempts to ascertain the beneficial ownership of the controlling shares have been unsuccessful As a consequence the American investors, mainly bondholders, are in the peculiar position of being creditors of a corporation under an unknown control.

A few days later I prepared an analysis of that report for the Non-Sectarian Anti-Nazi League which in part was as follows:

The monkey in the box and circus merry-go-round of concealed stock ownership fools only those individuals who want to be fooled, or who are willing for some reason to play a part in the attempted deception. Unhappily an agency of the United States Government has now issued an official report or presentation, which, when we finally get to the point of seizing enemy property, as we must, will provide a document to be utilized as a pretext to permit the German I.G. Farben to continue its operations in this country, under the present management, and in the interest of the German Reich.

A year later I made one more attempt to induce the S.E.C. to reopen its inquiry into other ramifications of the activities of I.G. Farben and its agents and affiliates in the United States. In a communication dated August 8, 1942, I called attention to the fact that during the earlier period of its American I.G. investigation it had been rumored that Earle I. McClintock, high official of Sterling Products, was being considered to succeed Messrs. Joseph P. Kennedy and William O. Douglas as chairman of S.E.C. when those two gentlemen resigned that office in 1937 and 1938 respectively. I pointed out that regardless of the fact that Mr. McClintock was not made chairman, any attempt to secure his appointment became a matter which the S.E.C. might properly inquire into—in view of the Sterling and Farben secret agreements. Again the S.E.C. declined to follow my suggestion.

The S.E.C. report on the lily-white purity of American I.G.,

as submitted to Congress, was prepared under the supervision of Commissioner Robert E. Healy, assisted by the gentle Mr. Schenker, as counsel.

In the past I had made other appeals to agencies advised by these two distinguished public servants. In 1929, when Mr. Healy was chief counsel for the Federal Trade Commission, I requested an investigation of the German affiliations of American I.G., Drug, Inc., and the American Medical Association. And two years later, I again asked that agency to dig into the McKesson & Robbins mess. Mr. Schenker's first job in Washington was assistant to Ferdinand Pecora, counsel for the Senate Committee on Banking and Currency, which drafted the S.E.C. legislation. And it was this committee that ignored my appeals to explain the New York Stock Exchange listing of the fraudulent McKesson & Robbins securities, and also to investigate what I described as "a reign of terrorism utilized by our so-called financial leaders to cow into submission any one who protested against the prostitution of our governmental machinery at Washington."

Messrs. Pecora and Healy became members of the S.E.C. when it was organized in 1934, and Mr. Schenker became its counsel.

On June 11, 1941, just two days after the S.E.C. report on Farben's American front was filed with the Congress, Mr. Schenker retired as its counsel and returned to the private practice of law in New York City.

When the war started in Europe, Farben decided that it might be wise to do a little face lifting on its American offspring. So, on October 30, 1939, the directors of the American I.G. Chemical Corp. announced that there was no longer an American I.G. because one of its subsidiaries, General Aniline Works, had first absorbed it and then had changed its own name to General Aniline & Film Corporation. Just like that. How could it be related to German I.G. when the I.G. had vanished from its name. There would be no change, it was announced, in the management but the offices were to move from Fifth Ave. to Park Ave. Careful in small details, Farben was moving its renamed child from the too close environment of other Farben subsidiaries, which still occupied offices at the old Fifth Ave. address.

Despite the unhappy experiences of Mr. Teagle as an American

I.G. director, Standard continued its intimate relations with Farben and permitted its vice-president, E. M. Clark, to remain as a director of American I.G., or General Aniline & Film, until 1940. Standard also took part in several sizeable financial negotiations with Farben, one of which, in 1940, involved a Standard proposal that Farben exchange its interest in General Aniline & Film for Standard's oil-refining properties in Germany. In reply General Aniline's New York management solemnly informed Standard that Farben had no interest in it or in any other American properties; and then, by way of proof, arranged a conference in Switzerland at which representatives of the three companies met.

The real purpose of this conference came out when Farben and its American front both suggested that Standard purchase control of General Aniline & Film from its Swiss "owners." This would make everybody happy and prevent any possibility of General Aniline & Film getting into a jam with the United States Government. Standard, for some reason, did not bite on that one.

Some months later Mr. Hugh S. Williamson (prominent member of the New York law firm of Breed, Abbott and Morgan, also vice-president and treasurer of General Aniline & Film), was in Europe discussing matters with the home office. Possibly Mr. Williamson feared that the S.E.C. whitewash might not stand exposure to the stormy weather in prospect, and that the Farben name might show through on the General Aniline signboard. In any event, late in October, 1940, Mr. Williamson put in a New York call from Switzerland for his friend Mr. Orville Harden then vice-president of Standard and, as a representative of Farben, asked whether Standard would not like to sell Farben its very valuable Hungarian oil properties.

Standard by then was more than willing to get some of its assets out of Europe and suggested a price of \$30,000,000 as about right. Farben declined with thanks and, after protracted negotiations, came back with a counter offer of \$24,000,000, mostly in cash but including a note for \$5,000,000, which was to be secured by collateral in the form of a lien on Farben's American properties (which it had just denied owning) and was to be payable "three months after the end of the war."

Standard's directors bit at this last offer; took it to Washington

and secured the approval of the State Department (so they said) but the chief counsel for the Treasury, and Vice President Henry A. Wallace, as chairman of the Board of Economic Warfare, refused official permission. This was in August, 1941; by this time Farben's tie-ups with American war industries were beginning to receive some rather critical public attention, and the atmosphere in official circles was a bit thick when anything relating to Farben came up.

While the S.E.C. staff was still fabricating its conclusion that American I.G. was *nullius filius*, several other branches of the Government refused to accept the theory of illegitimate Swiss parentage, and concluded that American I.G. actually meant German I.G. Among those who discredited the woods-colt story were members of the Antitrust staff of Assistant Attorney General Thurman Arnold, who had uncovered evidence of the Farben pattern in investigations of some of its tie-ups in the synthetic nitrogen-ammonia field, and in the magnesium industry and had instituted actions accordingly.

And, on April 10, 1941, the Antitrust Division issued subpoenas calling for the complete records of General Aniline, Winthrop Chemical, and Sterling Products. Then began the sort of dragnet investigation into the ramifications of Farben's affiliates and personal agents in this country that I had first asked the Department of Justice to make thirteen years previously, in 1928.

There was consternation in the ranks of Farben's New York and Berlin offices when word of those subpoenas reached them. The management of General Aniline at first declined to comment publicly; later a press statement was issued which read:

The officers of General Aniline & Film Corporation stated that the report it was among the companies whose books and records had been subpoenaed in connection with the Government's investigation of the drug and pharmaceutical trade was an error.

It was an error all right, a very bad error on the part of Dr. Schmitz who had assured Standard Oil's Frank Howard that there would be no recurrence at Washington of the past troubles of American I.G.

Three weeks later came another blow for Farben's "American" citizens. On May 1, 1941, the British Minister of Economic Warfare, Dr. Hugh Dalton, threw some very pointed comments about conditions in the Western hemisphere into an informal statement which he made to American correspondents in London. The gist of these remarks was cabled to the United States and received considerable publicity in the press. They reflected a very natural feeling of irritation in the British Cabinet at the fact that Farben's affiliates in the United States were helping effectively to nullify the British Navy's blockade of Germany's export trade by shipping American-made dyes, drugs, and chemicals to Farben's agents in Latin America, and thus helping Farben to hold its trade and to finance German propaganda and espionage in those countries.

Dr. Dalton suggested that the United States, for its own protection and security, might well follow Britain's example by freezing the assets of Axis countries and by blacklisting all concerns whose profits were being utilized to finance Nazi activities in the Western Hemisphere.

The Minister named some of the German-controlled companies in the United States that had been carefully organized before the war to supply the requirements of German agencies in South America—when Britain should shut off their supply of products from Germany.

Among the most important of these companies was General Aniline & Film, which was supplying Farben's Latin American agents with dyes, photographic materials and other products, shipping them through General Dyestuff or other companies acting for it. Sterling Products was also branded and Messrs. Weiss and McClintock were named in person by Mr. Dalton for similar offenses.

There were immediate repercussions of this blast at Farben's American front. The American patriots who sat in the New York office of General Aniline promptly issued another chapter of the bedtime story of their firm's parentage. They denied emphatically the allegation of the British Ministry that it was owned or controlled by I.G. Farben, which has "no interest, direct or indirect, in or control over the affairs of General Aniline & Film Corpora-

tion." "They were not acting for Farben or in its interest in exporting merchandise," etc., etc.

One of its officers was interviewed by *The New York Times* at his home in Englewood, N. J. This was Dr. Rudolph Hutz, General Aniline's vice-president who, in World War I, was an official of the Bayer Company and had been arrested and interned in 1918. When asked about this incident by the *Times* he treated it lightly and described the arrest as "a so-called Presidential warrant—a purely formal charge of the Alien Property Custodian."

Dr. Hutz also stated that he knew nothing about any relations between General Aniline and Farben. However, that gentleman's peculiar lack of knowledge about such things did not save him, seven months later, from being named as a co-conspirator in an indictment against General Aniline, Farben, and his earlier employer, Bayer.

The United States Government was prompt to take the hint from the British Minister's blunt remarks, and things started to happen. On May 9, 1941, Attorney General Robert H. Jackson attached about \$250,000, which was on deposit in the account of I.G. Farben in the National City Bank of New York. An order was secured from Federal Judge John C. Knox directing the bank to hold all funds or credits owing to Farben pending disposition of antitrust suits in which Farben, as a defendant, had refused to put in an appearance.

Two weeks later the Justice Department tied up some additional funds which were about to be paid to Farben's account by General Dyestuff and, following the usual Farben procedure, were informed by that company's president, E. K. Halbach, that General Dyestuff was completely independent, as it was owned 100 percent by American citizens.

On June 14, another real blow was dealt Farben when President Roosevelt issued an order freezing all funds belonging to Axis nationals.

Mr. Henry Morgenthau, Jr., Secretary of the Treasury, to whom enforcement of the freezing was delegated, had long been urging that step but, according to press dispatches from Washington, had been blocked by the unwillingness of Secretary of State Cordell Hull to give the Axis a pretext for reprisals. Our distinguished

Secretary of State apparently did not appreciate the important part which Farben played in any decision as to reprisals.

Secretary Morgenthau, however, was better advised and had already expressed the opinion that the delayed freezing action would be a matter of locking the stable after the horse was gone; but the White House statement indicated that it was also intended to curb subversive activities in this country.

The Treasury regulations included one clause calculated to give Farben's American agents a headache; it read that on or before July 14 a report should be filed setting forth all information relative to property in the United States in which any foreign country or national had any interest, direct or indirect. This meant Farben patents as well as other Farben property. It also meant that it mattered not a bit whether I.G. Chemie was Farben owned or not; Switzerland was a foreign country and the General Aniline shares were, therefore, to be frozen by the Treasury. Mr. Dalton's brutal frankness had turned the tide. The foundations of Farben's framework in the United States were beginning to crumble.

On July 17, the President issued another proclamation that hit Farben in another highly vulnerable spot. This time the Secretary of State was instructed to publish a blacklist of companies in Latin America and elsewhere which were affiliated with Axis powers. This list included the names of every known agent, affiliate or branch house of I.G. Farben in all of the Latin American countries.

While these storm clouds were gathering about Farben's American fronts, there came to the rescue one Dr. Werner Karl Gabler, who had moved to Washington some years previously as an advocate of the social and economic policies of the New Deal. Dr. Gabler now appeared as an accredited representative of the Swiss I.G. Chemie, and approached various government officials with impressive looking documents to support his arguments that I.G. Chemie was a wholly independent Swiss company.

According to *Time*, Dr. Gabler had become well known in Washington as an "economist lobbyist" for the American Retail Federation and had also done work for the late Edward A. Filene, Boston capitalist and department store operator. Be that as it may, Dr. Gabler certainly blossomed out in his new role at Wash-

ington. He had secured his assignment through the Swiss Minister at Washington, the Hon. Charles Bruggmann. And the fact that the Swiss Minister's wife, the former Mary O. Wallace, was a sister of Henry A. Wallace, then Vice President, did not detract from the prestige and dignity with which Dr. Gabler conducted his efforts to checkmate those who were saying, "Why argue any more, seize General Aniline and get it over with." Needless to say neither the Vice President nor his sister was involved in aiding the Gabler efforts.

In its article about Dr. Gabler, *Time* included this comment:

Some of Dr. Gabler's fellow New Dealers though no more anti-Nazi than he, believe he was hired because he had an "in" with the New Deal. If that was a Nazi plan, it could be an example of the super-ingenuity of Nazi infiltration tactics.

Economist-negotiator Gabler, to give him a more polite title than "lobbyist," went about his task with great circumspection, he always notified the authorities before he put in telephone calls for Switzerland (undoubtedly they were all listened in on anyhow) and a stage battle of noisy name calling went on between him and some of General Aniline's German-born directors.

Finally, after it appeared fruitless for even a Doctor Gabler to gabble any more about I.G. Chemie's being a safe and neutral guardian of the General Aniline shares, this New Deal economist proposed a new deal for General Aniline—an American voting trust was to be set up to control the I.G. Chemie shares on which a United States Government official and an I.G. Chemie nominee should have equal voice. This was rather far fetched as the Government already had frozen the stock and was about to take over the property.

About this time one Ernest W. Flender, German born shareholder in General Aniline, and a member of the private-banking house, C. B. Richard & Co., dealt himself into the situation by starting a mysterious equity suit in a Delaware Court to secure an order compelling a stockholder's meeting. However, the U. S. Treasury intervened and the suit was dismissed after Mrs. Dorothy Pickhardt Kahle, another stockholder, had been substituted for Mr. Flender as the complainant.

The General Aniline directors made many moves on the Washington chessboard to strengthen their position. One of these was to retain the services (at an annual retainer reported to be \$100,000) of former Attorney General Homer S. Cummings, who had opened an office for the practice of law in the nation's capital a few months before the outbreak of the war. More will appear about this later.

As the date of the declaration of war between Germany and the United States drew near, the board of General Aniline was in a state of wild confusion. A number of the old German-born directors resigned and were replaced by several well known Americans who had no prior connection with the company. Finally, D. A. Schmitz was asked to resign as president and, when he refused, the board voted to remove him. For several weeks the company had no president. Then, on October 30, 1941, the directors elected as president former Judge John E. Mack, of Poughkeepsie. The name of Judge Mack, known to be an intimate friend and neighbor of President Roosevelt, was calculated to lend such an aura of American respectability to General Aniline that this, in itself, might prevent actual seizure of the company as enemy owned. Judge Mack had had no previous experience as head of an \$86,000,000 corporation with 6,000 employees. Nevertheless, his salary was reported to be fixed at \$90,000 a year. Not long afterward, on December 5, 1941, another, even bigger, name was added to the General Aniline board, through the election of William C. Bullitt. Mr. Bullitt, however, never actually served, as he left that same day for Africa and the Far East, on a personal mission for the President.

This frantic Americanization of Farben's offspring might at least have stalled off the seizure had not the Japanese time-table decreed otherwise. With the attack on Pearl Harbor the energetic and able Assistant Counsel of the Treasury Department, J. J. O'Connell, Jr., (later to become its chief counsel) moved in on General Aniline with a commando squad of seventeen supervisors and took over in earnest. Evidently he was not content with previous housecleaning which had consisted in taking a few offensive I.G. pictures off the wall and hiding some of the hired help in the cellar.

Within a week a New York Grand Jury had returned the three indictments already mentioned charging conspiracy by General Aniline, Farben, General Dyestuff and several of its officers and directors with numerous acts of conspiracy in restricting production of dyes, photographic materials and chemicals, along with other violations of the criminal statutes of the United States.

Two months passed during which Mr. O'Connell and his supervisors did some checking up, and then ousted five of the principal operating executives of General Aniline, all naturalized Americans who were accused of obvious Farben affiliations.

Meanwhile, Mr. Leo T. Crowley, head of the government-owned Federal Deposit Insurance Corporation, and also high-salaried president of a public utility company, was offered by the President the additional position of Alien Property Custodian. However, Mr. Crowley appeared none too anxious to accept this responsibility unless complete freedom of action was assured him. So Treasury, for a time, remained supreme in General Aniline affairs.

On February 16, 1942, Secretary Morgenthau addressed an official notice to General Aniline that he had vested in his own name, title to all of the shares of the company listed in the names of Geheimrat Professor Dr. Carl Bosch of Ludwigshafen, Geheimrat Dr. Hermann Schmitz of Berlin, and of the Swiss I.G. Chemie or its nominees in Switzerland and the Netherlands.

Prior to this final seizure of the controlling shares of General Aniline, that company, as one of Farben's American dummy fronts had controlled not only its own immense war material manufacturing plants, but had also owned huge blocks of stock worth some \$11,500,000 in the following American Corporations: Standard Oil Co., of New Jersey; Standard Oil Co., of California; Standard Oil Co. of Indiana; E. I. duPont de Nemours & Co., Sterling Products, Inc., Plaskon Co., American Magnesium Corp., Alba Pharmaceutical Co., and Winthrop Chemical Co.

What came after February 16, will appear in a later chapter, but it was this date which marked the end of the long fabric of lies and subterfuge behind which Farben had almost succeeded in veiling its identity. Perhaps, more important, it exposed officially the use which these Teutonic builders of a secret world empire

had made of some of our esteemed citizens and, to quote from a later U. S. Treasury Department report, how Farben had:

..... been plotting the downfall of the free peoples who gave them an opportunity to prosper and grow rich by honest trade by control of corporations, by accumulating stocks of raw materials, by carefully directed but unlimited bribery, by the use of force and threats of force, and by any other methods which came to hand.

Which is a pretty good description of the Farben pattern.

CHAPTER VIII

Republicans—Open The Door

ON OCTOBER 20, 1942, *The New York Times* published a sensational story about a "sealed" gift to the Library of Congress of some nine thousand letters comprising the files of the late Edward T. Clark, private secretary to President Calvin Coolidge. The story attracted interest because it stated that these files had been advertised to be sold at public auction on Oct. 28 at the Parke-Bernet Galleries in New York City, but instead were suddenly withdrawn from sale and presented to the nation by one Charles Kohen, proprietor of the Hobby Shop of Washington, D. C., who had secured the files from Clark's widow.

The *Times* article stated that the correspondence covered ten years, from 1923 to 1933, which period included part of the time Clark spent with President Coolidge at the White House. It was also stated that the catalog listing of the letters classed some of them as sensational.

What the *Times* article did not reveal, however, was that Edward Terry Clark, or Ted Clark as he was known in Washington until his sudden death in 1935, was not only personal secretary to President Coolidge until March 4, 1929, but that immediately after that

date he became Washington representative of Drug, Inc. Clark, with the title of vice-president, was in charge of "government relations" from then until 1933 when Drug, Inc. was unscrambled, and Sterling returned to its earlier status as the Farben partner in the patent medicine industry. Drug, Inc., it will be recalled, was the tie-up of Sterling and the Louis K. Liggett group in 1928 which later took in Bristol Myers, Vick, Life Savers and other large national advertisers.

Ted Clark was, in plain English, a Washington lobbyist, maintained at the national capital in the interest of Farben's original postwar tie-ups in the drug industry, which tie-ups ten years later were admitted by all concerned (except Farben) to have been illegal from the day on which they were first entered into. After Clark left the President of the United States his boss was William E. Weiss, senior vice-president and general manager of Drug, Inc., who, some twelve years later, was to be prosecuted and fined under a federal criminal statute, and forced out of Sterling because of what the United States Treasury termed his "undesirable" relations with I.G. Farben in the latter's "plotting of the downfall of the United States."

The *Times* story also neglected to mention that in August, 1932, when Herbert Hoover was running for reelection as President against Franklin D. Roosevelt, his White House secretary, the late Thomas G. Joslin, went off on a vacation and Mr. Hoover "borrowed" Ted Clark from Farben's Drug, Inc. Thus Mr. Clark became the official secretary to the President of the United States, while Drug, Inc., agent of Farben, continued to pay his salary as though no interruption had occurred in his services as its Washington representative. (And perhaps none had.)

At the time, this incident created something of a stir. It was too much for the New York *World-Telegram's* usually sweet-tempered Raymond Clapper, who described the temporary secretary to Mr. Hoover, as a "lobbyist whose salary was paid by Drug, Inc." Editorially the *World-Telegram* commented that, "the President must be very insensitive" "Much more than the vagary of Hooverian taste is involved."

The day after the *Times* first published the story of the sudden decision to get these Clark files under lock and key, the New York

Herald Tribune still further whetted the curiosity of those who knew of Clark's activities by quoting Mr. Kohen as having said that the files included correspondence with Col. William J. Donovan, who was Assistant Attorney General during the Coolidge Administration; Charles D. Hilles, member and former chairman of the Republican National Committee; and others. Also that there were letters pertaining to South and Central American countries, and that it would be a terrible thing if German agents got hold of them.

The description of these files printed in the Parke-Bernet catalog is intriguing in its implications. Whoever wrote it would seem to have examined the files carefully and to have had a deft sense of the value of spicy historical documents:

They provide an insight into the political workings of official Washington and much important information of a private nature on various public and political matters The correspondents are persons of note, including members of Congress, governors of states, government officials, business men, financiers, personal friends, politicians, and others in various walks of life. The letters pertain to matters of government, public works, political matters, etc. Some of the letters may be classed as sensational; they reveal the workings of a political machine. The writers seek legislation in favor of their business, seek appointments to positions for friends of the Republican party Another folder contains correspondence between Mr. Clark and the holder of an important office during the Coolidge Administration, and who has been appointed by President Roosevelt to a high government office since the outbreak of the present war on political and private matters.

With regard to those letters referred to in the catalog as having been written by seekers of official favors, it should be recalled here that in the case of such "favors" as may have related to the affairs of Sterling, Bayer, and Winthrop, these companies had clauses in their contracts which stipulated that Farben would share in their expenses. The possibility of Farben thus having been charged its proportionate share of Clark's salary while he was

"Acting Secretary" of the President of the United States, is not edifying.

However, to return to the story of the aborted auction of the files. Several months after they had gone to their Congressional guardians, I had the pleasure of meeting Mr. Kohen. His little Hobby Shop is just around the corner from the White House, on 17th St. near Pennsylvania Avenue; its windows and the counters and cases inside display autographed letters, historic documents, stamps, coins and medals. Its proprietor told me a dramatic story.

As soon as the story of the Clark files was published, fantastic things began to happen. In one instance an imposing-looking individual came into the shop, while two other men stationed themselves outside the door. His visitor, who gave no name, was brief and to the point. He merely announced that he had come to get the Clark files, and had brought with him \$100,000 in cash as purchase money. When Mr. Kohen refused this bizarre sum, his mysterious customer denounced him as a fool, and departed with his little black bag.

Mr. Kohen had another visitor, this one a gorgeous young lady—"and I mean gorgeous," he assured me—who came into the shop and wanted to know whether a certain gentleman had written any of those letters to Mr. Clark. On being told that he had, the young lady informed Mr. Kohen that she would take those particular letters at his, Mr. Kohen's price. Again the offer was rejected.

The high point in Mr. Kohen's story was the reason he gave for donating the files to his country. "As a veteran of the last war," he said, "I feared that if I let the auction go through, a German agent might get the files, destroy those which were objectional to the Nazi cause, and make use of other letters to embarrass our present war effort."

After I first heard the story, but before I met Mr. Kohen, I suggested to government authorities that in view of my own knowledge of Clark's activities, an official examination should be made of this correspondence. So far as I can learn this was not done.

That suggestion was by no means my first effort to induce official Washington to look into the lobbying activities of Mr. Clark. In December, 1929, I had written to the late Thaddeus H. Caraway, asking that his lobby committee question Mr. Clark about the

connection between Drug, Inc., and I.G. Farben. I also called the Senator's attention to the fact that a few years back, Secretary of Commerce Herbert Hoover had appointed what he called a Chemical Advisory Committee to help him decide what to do about the encroachments of I.G. Farben; and that some of the individuals who had been appointed to that committee were under the influence of that same German combine.

With that letter I enclosed a reprint of an editorial from the publication *Chemicals* of May 13, 1929, entitled "Does the American Chemical Industry Need Cuts." Senator Caraway never acknowledged either the letter or the editorial. The editorial was written by my good friend Sidney W. Dean, Sr., one of the few writers in the chemical industry who did not hesitate to express publicly, what was said privately by substantially all of his less robust colleagues when the subject of Farben came up.

That reads in part as follows:

Several weeks ago, through the financial pages of the metropolitan press, it was announced that a banking group, headed by the National City Bank of New York, was offering \$30,000,000 in guaranteed 5½% debentures of what—the American I.G. Chemical Corporation. This American (?) annex to the German dye and chemical cartel—the Interessen Gemeinschaft Farbenindustrie Aktiengesellschaft of Frankfurt-on-the-Main in Germany—proposes to manufacture in America such chemical and dye products as synthetic gasoline and motor fuels, products from the hydrogenation of coal, dyestuffs, synthetic fertilizers, artificial silks, and solvents and lacquers. While not so stated, this new colossus with a German accent will also manufacture and vend medicinal, pharmaceuticals, photographic chemicals, biological stains, etc.

It is an amazing program—yet the most amazing thing about it is the roster of American business men announced as affiliated with it as executives and as directors

Now, what is this \$30,000,000 for? Simple enough when you stop to think it over—for the acquisition of stocks of certain prominent American chemical companies already deeply

attached to the I.G. by agreement or friendship or relationship, or patent agreement, or what have you, by filaments so fine as to be almost invisible to the general public and chemical buyer of this country, and yet as strong as steel

Is there to be repetition of the cut-throat tactics existing before the War in the battle for dye and chemical markets, not only in the United States but in Central and South America?

Are we to again see the source of our explosives (for every dye laboratory is a potential arsenal) under the dexterous thumb of gentlemen wearing honorary degrees from Cologne or Heidelberg or Berlin?

Shall our recent discoveries in the realms of film and photographic chemistry; in serums and stains, in pharmaceuticals, synthetics, lacquers and solvents, be gathered into a mighty merger under the shadow of the world's most grasping and most powerful cartel?

Dare we, realizing that mergers and trusts cannot be operated legally in this country with foreign control, insist that the actual ownership and direction of such new mergers as shall appear from now on in the field of chemistry and allied industries be probed to the last proxy in the safe deposit vaults of Wall Street or the depositaries of the I.G.?

Have the American chemists and chemical producers and dye makers and distributors the guts, as we have so expressed it, to fight this new battle to a finish so that we may know now and in the future into just what pockets and just what coalitions the products of American plants and laboratories are descending?

Have the American chemists forgotten just how and where many of the formulae were obtained for products which have now entered world trade in competition with Germany? No? Well, you may be assured that Germany has not.

Is it not the proper moment to erect a few tank-proof obstacles in the way of such international merger-colossi instead of greasing their path with tears of sorrow at our own helplessness, while decking the oncoming monopolies with the

coupons of bonds sold to American purchasers by American banking houses?

In God's name! Has the American chemical industry no guts?

Full credit for that editorial challenge to the power of Farben belongs to Sidney Dean, but I had some small part in its inspiration and I also secured a large number of reprints with which for some time afterward, I belabored official Washington in a vain attempt to arouse a realization of what Farben had already done, and proposed to do, to our national security.

As part of the story of this editorial it should be added that the publication *Chemicals* no longer exists. It met with the sad fate that so frequently has been visited upon those who rushed in, in print, where the Farben brand of angels fear to tread.

The story of Secretary of Commerce Herbert Hoover's Chemical Advisory Committee goes back to 1925, when Mr. Hoover announced that he had appointed a group of nine men, each prominent in some branch of the chemical industry, to act as a liaison body between the industry and the Department of Commerce.

One member of that original committee was Henry Howard, vice-president of the Grasselli Chemical Co. Later Mr. Howard's name on the committee was to assume a very definite significance.

In December, 1926, several hundred men more or less prominent in the chemical industry received invitations signed by Mr. Hoover which stated that he was calling a conference in Washington at the suggestion of the Chemical Advisory Committee in order to inform the Department as to the needs of the industry.

Being one of the elect I attended the conference and the banquet which followed. By that time I.G. Farben had been formed. Its gigantic proportions were realized and the character of its early tie-ups in the American drug and dye industries had become public. For this reason the main subject of private discussion on the floor of the conference was Farben. And the one great question in the minds of all present was where Mr. Hoover stood on the issue. The answer, as far as the conference was concerned, was zero.

Mr. Hoover spoke feelingly of the wonderful service to business

the reorganized and enlarged Commerce Department was prepared to render, and of his own determination to assist the chemical industry. However, when some of the diners asked questions which approached the Farben issue, it was impossible to determine from the replies what, if anything, the Federal Government intended to do to put a stop to foreign encroachments upon the industry.

A year later it was announced that a second conference of executives of the chemical industry was to be called by Secretary Hoover, and this time the engraved invitation tacitly recognized the Farben issue by stating that its purpose was "to consider present world conditions as they affect the American chemical industry." Meanwhile, and as a preliminary to this second conference, it was announced that Secretary Hoover had decided to increase the membership of his Chemical Advisory Committee with eight additional executives, three of whom were Walter Teagle, president of Standard Oil of New Jersey, Lamont duPont of the duPont Company and Frank A. Blair, president of the Sterling subsidiary, Centaur Co. It had already been announced publicly that Standard, under Teagle's leadership, had entered into the first of its tie-ups with Farben. The duPont relationship was recognized. And Sterling was boasting openly of its newly gained power as Farben's American partner in the drug industry. Blair was recognized as the most active of the lobbyists who represented Sterling's interests at Washington, especially in legislative matters.

So, here were four men, Teagle, duPont, Blair and Howard, serving on the Secretary's Chemical Advisory Committee to tell him what the chemical industry wanted done about Farben. And the companies of all of them may appear to have been on the Farben side of the fence.

About this time, many articles were being published about the tremendous strides the Germans were making in their attempt to draw the chemical industries of the entire world into their sphere of influence. And not a few of the articles had to do with Farben's new ventures in the United States.

In the *New York Journal of Commerce* of January 12, 1928, Department of Commerce officials were quoted as having stated that they had no confirmation from their representatives abroad

regarding the proposed entry of I.G. Farben into the American chemical industry, and refused to comment upon the report that Farben was seeking to purchase American companies. The correspondent of the *Journal* then went on to state that there was some agitation in Washington for legislation to combat the encroachments of the Germans, but that Secretary of Commerce Herbert Hoover had expressed the opinion that "lengthy study of the situation would be necessary before steps could be taken to amend the law, and that hasty action should not be countenanced."

As events were to prove, neither hasty action nor any other kind of action was taken, save to unlock all the legal doors and throw away the keys.

Many of us who made the trip to Washington for the second conference expected some enlightenment, and possible encouragement, on the Government's attitude towards Farben. We got the enlightenment—but not the encouragement.

Among the speakers announced were Colonel William J. Donovan, Acting Attorney General; William T. Daugherty, Trade Commissioner of the Commerce Department at Berlin; and Daniel J. Reagan, Commercial Attaché at Paris.

Some pointed questions had been prepared to be put to Colonel Donovan regarding enforcement of the antitrust laws. However, that was not to be. The open forum, which had been scheduled, was turned into a closed shop by the opening remarks of the chairman who announced that it had been decided to dispense with questions from the floor because they would not be as beneficial as questions that had been coordinated by the Advisory Committee.

Mr. Daugherty, the Secretary's ace investigator of the German cartel, made some interesting observations. "The cartel," said Mr. Daugherty, "when it combines producers of varying production costs, protects the weak against the strong" (a beautiful thought but hardly an accurate one). Mr. Daugherty went on to say:

German dye trust officials have been considerably exercised of late by press reports that their chemical industry calculated to consolidate for the particular purpose of opposing the best interests of the American chemical industry. While

it is not the purpose of this discussion to reach any definite conclusion on this controversial issue I can quote certain leading figures of the German dye trust who deny first that they are out to fight the American chemical industry, and secondly that the dye trust has bought heavily into shares of the American chemical industry.

They emphasize on the other hand that it is their wish to frame agreements with elements in the American chemical industry and cite as proof of this at least three German-American agreements arrived at in the past year. They indicate also that further special agreements with American chemical and related companies are in sight

Before leaving Berlin last month, I was told substantially the same thing by Dr. Bueb, the dye trust's leading figure in that city, that if accurate information were wanted concerning the dye trusts' plans in connection with international tie-ups, either he or Dr. Bosch would welcome questions from any reasonable American firm, association, or individual.

The dye trust's argument is of course that rationalization, begun after the inflation period in Germany, is now being sought internationally in the interest of lowering costs by combatting over-production, by allocating markets, and it follows that such arrangements involve price fixing. This effort is only in its beginning now and the future may bring forth many significant international associations.

When Mr. Daugherty finished his address I found myself standing at the elbow of Mr. H. Hill of Kuttroff, Pickhardt & Co. I asked him how he liked the speech. "Very good, splendid" replied that member of Farben's American front.

Mr. Reagan's speech, in light of later events, contained some food for thought. He quoted the head of the French dyestuff industry as saying that he considered it the policy of the French chemical industry to promote peace by effecting international ententes.

Colonel Donovan was the most important speaker at the conference, and his subject, as announced, "Foreign Cartels and American Industry" gave promise of a clear-cut statement of the attitude

of the Justice Department towards I.G. Farben and the latter's American tie-ups. Stated the Colonel:

It is the belief of the Department of Justice, that when a foreign monopoly, though legal in its place of origin, comes into this country, and, by collusion with our citizens enters into agreements here for the restraint of trade and the enhancement of prices, those agreements are just as illegal, and just as much subject to our laws, as they would be if the corporations and individuals involved were creatures of our government.

This part of the talk sounded as though the Colonel was clearing the decks for action. Thurman Arnold could not have put it stronger. A bit later, however, he said:

So far as it presently appears, the so-called chemical entente and the Franco-German dyestuffs agreement appear to involve no attempt to exploit this market. In fact, we have authentic assurances that these arrangements are not directed against this market.

Two days before the conference those of us who had accepted the invitation received a wire stating that Mr. Hoover would be unable to attend. His apologies, read to the conference, expressed his regret at not being present, and complimented the industry for having solved some of its difficulties. "The Department of Commerce," said the absent Secretary, "is created for service We can serve only by direction of the leaders of the industry. Therefore the industry is asked to express its needs to the Advisory Council."

It was a happy thought, we could write to Mr. Teagle or to Mr. Blair. In my own case all doubts were removed. I declared an all-out war.

Mr. Hoover became Secretary of Commerce in 1920, when the original postwar Republican Cabinet was installed by Warren G. Harding. His official activities in Europe during the war, and as an adviser at the Peace Conference, had given him much first-hand knowledge of the backstage connections of Kaiser Wilhelm's

war machine. As Secretary of Commerce for eight years, he was to be supplied with much additional data which pictured the pattern of I. G. Farben in all of its many manifestations in other countries and inside the United States.

In January, 1924, Dr. Julius Klein, Director of the Bureau of Foreign and Domestic Commerce, transmitted to Secretary Hoover a report prepared by Thomas W. Dalahanty, of the Chemical Division, which contained a very excellent historical sketch and chart of the German dye companies. The report referred to the part played by the German government in the success of the cartel; to the cartel's practice of taking out basic patents in all countries in order to stifle others in its field; and to the dishonest practices of dumping, bribery, deceptive labeling, and false propaganda; and the setting up of, or control of factories in this and other countries in order to assist the mother industry.

No one reading that report could have any doubt as to precisely what the Germans proposed to do and would accomplish, if permitted, in the establishment of new tie-ups, partnerships and subsidiaries, inside the United States.

In 1927 Dr. Klein and Mr. A. Cressy Morrison, Union Carbide & Chemical Corp., executive, and chairman of Hoover's Chemical Advisory Committee, attended the Economic Conference of the League of Nations as unofficial observers for the United States. Mr. Morrison's widely published accounts of the conference discussed at some length the so-called "Rationalization of Industry" by which I.G. Farben, as a cartel, was alleged to reduce costs and therefore lower prices to the consumer. Mr. Morrison was somewhat skeptical about the usefulness of the cartel theory, and stated quite plainly that its strength lay in its centralized control and ability to dump its products or utilize other competitive devices to strangle its competitors. He recited one illustration, discussed at Geneva, of the prewar activities of the German dye cartel in a South American country, which made this vicious part of the Farben pattern stand out in such high relief that it should have been sufficient warning to all concerned that Farben was again erecting an espionage machine. As Mr. Morrison described it:

In Brazil, for illustration, representatives of the German Government were everywhere, in banks and other clerical positions, acquiring information regarding contracts and trade relations with other countries, so that the information might be transmitted to Germany and there acted upon by the cartel for the benefit of German commerce.

Then, in February 1928, at the time of the Chemical Executives' conference, the Commerce Department published a lengthy analysis of the progress of I.G. Farben, which referred to the 1927 tie-up with Standard Oil; to its ties on rayon with the English Courtaulds, owners of American Viscose; and with Metz, Grasse, and Sterling-Bayer.

Thus the record of this entire period proves conclusively that during what Thurman Arnold later called "the era of non-enforcement of the antitrust laws," the Government of the United States knew in ample detail what Farben was doing in Europe and in precise detail how illegal its tie-ups were inside the United States.

Colonel Donovan made another noteworthy contribution to the picture on May 9, 1929, after Mr. Hoover had become President and Donovan had resigned from the Justice Department. Although then in private practice, his views were regarded as indicating what action might be expected from the Hoover administration with regard to the financing of Farben's American I. G. Chemical Corporation with thirty million good American dollars, which operation, successfully consummated within a few weeks of Mr. Hoover's inauguration as President, had incited the outspoken wrath of many men in the industry.

The Colonel's address to a large gathering of members of some fifteen technical associations at the annual chemical industries banquet said little about the Farben issue, but that little was to the point. He stated that if the United States could build plants in France and in Germany for the production of American automobiles and machinery, then the Germans had an equal right under the law to erect chemical plants in this country.

The loaning of American money to Farben to enable it to erect plants in the United States, and the illegal character of the tie-ups

by which Farben was tightening its grip upon our munition industries, did not enter into the argument.

In March 1930, Representative Wright Patman of Texas made a bitter attack upon both the Justice Department and the Federal Trade Commission for not enforcing the antitrust laws, and gave special mention to the Standard Oil group, to which he accused the new Attorney General, William D. Mitchell, of turning over his office. "This" said Patman, "is because he is following directly in the footsteps of Harry Daugherty." Patman's reference to former Attorney General Daugherty takes us back to some of the notorious instances of criminal malfeasance and official degradation of the Harding Administration.

Among these shameful incidents were the indictment and trials of Daugherty and Thomas W. Miller, former Alien Property Custodian, for conspiracy in receiving bribes from German and Swiss interests in consideration for the return of some \$7,000,000 of German property which had been seized by A. Mitchell Palmer and Francis Garvan. Others indicted were John T. King, former Republican National Committeeman from Connecticut; and Jesse W. Smith, this friend of Daugherty, who lived in the "little house with the green shutters" had an appointment to "talk" one morning but never kept it—he was found quite dead with a revolver in his hand and a hole in his head. King died before the first trial of Daugherty and Miller, at which a hung jury resulted. In the second trial Miller was convicted, but the jury failed by a single vote to convict the former Republican Attorney General.

Regardless of the extent to which I.G. Dyes was directly involved with the German and Swiss individuals named in these indictments, the purpose of those who supplied the \$400,000 bribe was the development of the Farben pattern.

In 1929 Francis P. Garvan brilliantly summed up, on a court record, some of the official infamies which accompanied the beginnings of Farben's comeback in the United States. Garvan was the most conspicuous defendant in a case which was instituted during the Coolidge administration against A. Mitchell Palmer, Garvan, and a number of others in the federal court at Boston, Mass., for alleged improper handling of the sale of Bosch Magneto

Co., headed by Robert Bosch, brother and close associate of Carl Bosch head of I.G. Dyes and I.G. Farben.

The charges were made and publicized continuously from the time Palmer and Garvan first seized and then sold the Bosch property for over \$4,000,000, under authority and instructions of President Woodrow Wilson. They constituted the high point in the propaganda to discredit the seizure of the properties and patents of the Germans, and to justify their return by the Republican post-war administrations.

Among those involved was Merton E. Lewis, a lawyer who was first retained by the Bosch interests in 1919 to attack Mr. Palmer before a Senate Committee. Later, Mr. Lewis was made an assistant to the Attorney General to prosecute Garvan and Palmer, and, fantastic as it may appear, his pay for this official service again came out of Bosch funds.

Among others named by Garvan in scathing language were John Crim, former counsel for the German Embassy who was appointed by the Justice Department to secure Garvan's indictment; along with former Attorney General Daugherty and his notorious pals, Jesse Smith, Gaston B. Means, Thomas B. Felder, John T. King, Thomas W. Miller and a long list of others identified by Garvan as German agents.

Republican Senator George H. Moses was pictured as instigating Gaston Means to "get" Garvan by fair means or foul, and as appointing Otto Kahn, partner of Paul M. Warburg, of American I.G., as treasurer of the Republican Committee to raise funds with which to elect Senators who would vote favorably to Farben's interests.

Mr. Garvan's testimony, with citations from official records, was couched in language without precedent in denouncing high government officials in a court proceeding. Garvan, waiting for years for the opportunity, forced into one concise record the assembly of facts which not only cleared him and the others of wrong doing, but proved the infamy which had indicted them. He let loose with both barrels and the result was devastating.

While Mr. Garvan was testifying relative to the Bosch Magneto case one of the government attorneys asked:

Has anything occurred since Jan. 1, 1919, which had been the occasion of your having a rather accurate memory with respect to the details of the Bosch transaction?

Garvan in reply let loose a barrage of fact which completely destroyed the case against him, and which pictured the pattern of Farben and its allies in all of its vicious ramifications. For stark indecency there is no page in the history of this republic which approaches the recital of shameless bribery, brazen corruption and foul pollution of official power which Garvan, on Dec. 11, 1929, hurled into the faces of his accusers, and burned into the records, of the case.

Incriminating his persecutors with one sordid fact after another Garvan traced each link in the chain of official degradation straight back to Robert and Carl Bosch, and to the latter's plan to destroy the military security of this nation.

It is imperative to quote Garvan's testimony at some length in order that the reader may perceive, in its full significance, how the sinister facts from the record fit together to form the pattern of what has already happened—and the prospect of what was yet to come. In part, Mr. Garvan's testimony was as follows:

In answer to your question as to the refreshing of my recollection I think it is probably better to state it this way: that the overpowering fact that has illuminated my memory, has made me search every possible record and has made me ceaselessly work night and day to ascertain the truth of the facts in this case, was the charge in the complaint here, signed and sworn to by Merton E. Lewis, to the effect that when our country's darkest hour, in April 1918, was at hand, when, as President Wilson said, we were with our backs to the wall, that I betrayed my country and entered into a conspiracy to turn over this company for less than its value. That is a charge of treason and there has not been one word of testimony, and furthermore there never can be one word of testimony adduced as to the truth of that charge and then I found the following facts: that in our files (Alien Property Custodian) on the payroll of the Hamburg American line for three years before the war was a man

by the name of John T. King, receiving a salary of \$15,000 a year for mysterious services; that on that payroll was Gaston B. Means; that Means had been a German spy in this country for years and years and then this man John T. King shows up in my office and says he is to be appointed Alien Property Custodian John King told me his appointment had been obtained by himself from Senator Moses, and next we find that he and Senator Moses had obtained the appointment of Thomas W. Miller of Wilmington, Delaware.

Then, the day after Miller is appointed I find Senator Moses in Tom Miller's office asking about the Bosch case next, in May 1921, two months after I left the office, we find Gaston Means is put in on the investigation of the Bosch Magneto case. I refer now to Gaston Means' testimony in which he admits he had been a German spy for six years; that he got \$1,000 a week from Boy-ed; that he had been tried for murder in Carolina and he himself says that Senator Moses put him in charge of the Bosch case then we find that they must have a lawyer to take charge of this case, and whom do they select but John Crim, spelled in English C-r-i-m but in German K-r-i-m Who is John Crim? During the war he was counsel for Hays, Kaufman and Lindheim, the counsel for the German Embassy, two members of which firm I sent to State's Prison. He was counsel for Hans Tauscher, who tried to blow up the Welland Canal, and he was counsel for the German who tried to put bombs on ships in our harbor, and his entire war service was that of serving German malefactors When the war is over he is put down in Washington in charge of the prosecution of the officers of the United States Government who seized German property during the war. Thus it goes on; from that time on we find Means and Crim and Burns in charge of the proceedings; we find Means reporting to Jesse Smith of Attorney General Daugherty's staff; we find Bosch now hiring another man, Thomas Felder, who is Daugherty's ward man, who since was convicted and is dead; Means since convicted of defrauding the United States Government and

bribing its officers Later we find Miller convicted and sent to Atlanta Prison for being an employe of the Germans in this country. Poor Tom Miller, a decent clean boy a beautiful clean record in the war, and then this bunch picked him, because he was a weakling, and then corrupted him with German funds—for what? For getting behind their movement to recover not only the Bosch Magneto but to recover the whole six hundred millions of German property.

Always remember that this case is only the bellwether of German propaganda. This case was really over in 1928 when they had befogged the mind of Congress, and befogged the issue as the bill was passed which returned every dollar of German property that had been seized during the war

Next they concocted the scheme of indicting me in the Chemical Foundation case I went down there and Mr. Crim, this counsel for the German Embassy, counsel for Hans Tauscher, counsel for explosive bombs, counsel for members of the bar convicted for defrauding the Government during the war, and German spies, opened the door of the United States Grand Jury room and said, 'Please give me your books,' and I said, 'No sir, I will walk in with them' and when I got in I offered to waive all immunity and I asked Mr. Crim to turn right around and explain to the Grand Jury who he was and what he was doing there and what his former record was, and how this was not a case of the United States against Garvan, but that it was a case of Germany against the United States, and I asked the Grand Jury to make Mr. Crim tell them who he was and what he was doing there. And that was the last of Crim in the Chemical Foundation case or in the Bosch case

Another thing that has made this thing burn into my mind is the fact that the man who sat in at the beginning of these charges in 1919 (M. E. Lewis) now is able to make this charge in this complaint under a salary of \$1,000 per month drawn from the German funds in direct violation of the Penal Law of the United States

America is entitled to know that the propaganda for the

return of German property which seemed to necessitate bespattering public officials was founded upon misstatement of facts and false charges, and I want to ask that at the conclusion of this hearing Mr. Lewis stand on his feet and say what he had in his heart and mind when he made those charges, and to ask me any questions under the sun, because now, at last I see him face to face

I wanted to prove this whole historical picture. I wanted to call Senator Moses before you and Merton E. Lewis and Otto Heins and Robert Bosch and I wanted to show you how the two Bosch brothers in Germany, Robert, the head of this concern, with his powers of attorney from twenty or fifty other big concerns in Germany, and Carl the head of the chemical cartel of the world, joined forces and show you the whole historical picture which came to a close with the successful return of German property

I would like to insert in the record from Means' own testimony the fact that he admits that Senator Moses obtained his appointment on the Bosch case; they published across the country that a conspiracy had been established and then came the tie-up with Hearst and the great publications in his office where you will find all the private papers of the Attorney General's office and the Alien Property Custodian's office

The pressure of the government of Germany which had bought Attorney General Daugherty and Tom Miller those are the things that burn this case into my mind they obtained the appointment of Mr. Lewis as Attorney General I particularly want to put into the record letters from Senator Moses, from his office rather, Mrs. Gold to Mr. Bennett, showing his control of the Bosch Magneto case and showing the linking of it together with the fight against our building up the chemical industry

All that time the Attorney General of the United States, Daugherty, and the Alien Property Custodian, Thomas Miller, were in the employ and pay of German people and had \$50,000 worth of U. S. Government bonds handed them and put in

their pockets by whom—Go back, go back, go back—by John T. King, the \$15,000 representative who died three days before he could be tried

Some of you saw the other day that Senator Moses had appointed Otto Kahn as treasurer for the election of new Senators. You did not associate the fact that his friend and partner, Warburg, is the head and front of the American interest in the American Interessen Gemeinschaft, in its attempt to destroy our chemical industry, and that there is a tariff pending in the U. S. Senate, and that the same question is left open, and that the same Pickrell and the same agents that worked in this case, are working around the corridors of the Senate today. The endeavor was that Kahn would furnish the money for the election of the Senators who would vote upon the question of American valuation or foreign valuation. German propoganda again eating into the vital problem of the life or death of the second greatest industry of the country today, the chemical industry. It is never a dead issue. Peace? There is no Peace. Always the fight goes on for the supremacy in the chemical industry because it is the keystone to the safety of the United States or of any country in the world today. Your rules, your statutes, your Bosch case are only appendages, they are only part of a great, great, struggle of Germany to recover the position of throttling chemical development and of domniating over the entire world the development of the chemical industry, which is the secret of industrial prosperity and the secret of military prosperity, and the secret of the peace and happiness and health of the nation, that is why I put into this record a bit of the historical picture because you will find the same bunch down in Washington, you will find Bennett in Washington, you will find Herman Metz, you will find Pickrell, you will find the same bunch working from the same offices, with the same sources of money, using every contention possible to befog the minds of Congress, which is charged with the protection of this country in its industries and in its military equipment. That is about all I think of.

Merton E. Lewis, after an unsuccessful effort to have Garvan's entire statement stricken from the record, began a rambling discourse on the circumstances which he said led to his original association with the Bosch interest, and to his later appointment as a special assistant at \$10,000, a year to prosecute the case against Garvan and Palmer. Garvan continued to torment Lewis during the latter's attempt to explain away the charges; at one point Garvan demanded that Lewis cross-examine him on the alleged conspiracy:

Now is the opportunity, if there is any question lurking in any man's mind, why for God's sake, let him speak up and ask me questions I don't care how far astray or how personal or how anything else the questions are, but ask them of me now.

Mr. Lewis apparently did not choose to ask Garvan a single question. He did not care for the way Garvan answered questions. So Mr. Garvan, the defendant, finally asked Mr. Lewis the prosecutor:

I understand you said that neither Attorney General Sargent, nor his assistant, Mr. Letts, ever told you you were being paid by the Germans?

MR. LEWIS: I don't think they did at that time. I learned of it of course, when a check came to me

Mr. Garvan later put into the record a letter describing how the plans for recovering German properties were progressing. This was written by Harvey T. Andrews, agent of the Bosch interests, in July 1922 to one of his employers in Germany. It stated, in part:

The work entailed on my office in the disentangling of the German property proposition has entailed profound and constant attention. Sundays, nights, holidays and every day have been all alike since you left

It appears at the present time as if I was among the few who really had the right angle on this matter The recognition on the part of the Administration of the fundamental principles is due largely to my efforts as well as to my con-

nections, and it would be futile for me to attempt to explain how, where and through what agencies I succeeded in getting it done I have done all that my thirty-five years of practical knowledge of political affairs in this country induced me to do in order to win Have a little patience and everything will be much better than you anticipated.

This astounding document was sworn to by Mr. Garvan on Jan. 22, 1930, and was then made a part of the record of the federal court at Boston, whereupon Attorney General Mitchell promptly announced that the suit was dismissed because no wrongdoing had been shown on the part of Mr. Palmer or Mr. Garvan or any of the other officials accused in the complaint of conspiracy in the seizure and sale of the Bosch property. If the government had won this suit the chief beneficiaries would have been Robert Bosch and his associates. Yet to this day, mud continues to be thrown at the memory of Francis P. Garvan on the basis of those fake charges first made and broadcast by some of Harding's gang.

Inevitably as the pattern is unfolded the story now goes back still further—it goes back to the letter written in 1916 by the Bayer Company's Dr. Hugo Schweitzer to Ambassador von Bernstorff, in which that celebrated head of German espionage spoke of electing a President of the United States whose party politics were more in harmony with the cause of the German dye trust. The story goes back also to Herman A. Metz, the dyed-in-the-wool Tammany leader and life-long Democrat who suddenly switched his allegiance to the Republican Party.

In 1930, while Metz was explaining to the Senate Lobby his campaign contributions to Senator King, he also gave his reasons for having deserted the Democrats in 1919. Senator Caraway developed this in the following testimony:

SENATOR CARAWAY: You came to Congress as a Democrat?

MR. METZ: Yes Sir.

SENATOR CARAWAY: I believe you were one of the Harding Democrats? A Democrat that supported Mr. Harding?

MR. METZ: Well, I contributed to the Harding campaign fund afterward; yes, sir. I did not like the treatment some of the Democrats gave me.

(Metz' dislike for the treatment that some of the Democrats gave him and his I.G. friends is understandable. So it is permissible to conclude that he bolted the Democrats for a more sympathetic party.)

However, according to Metz his "people abroad" did not altogether approve of his holding public office because they thought that it interfered with his business activities; or at least so he once informed a Senate Committee. Possibly the I.G. considered Metz more useful from the less conspicuous vantage point as a business man and philanthropist who would be free to contribute campaign gifts where they would do the most good.

Toward the close of the postwar decade President Herbert Hoover wrote to his good friend, Dr. William O. Thompson, president emeritus of Ohio State University, a plaintive discourse upon the problems confronting a chief executive of the nation. In that letter, dated Jan. 10, 1930, President Hoover said in part:

We can and must, however, greatly increase the production of truth, and we must know the truth, before the grave interest of 120,000,000 people is involved in government policies.

The author has had Mr. Hoover's quaintly expressed goal constantly in mind for many years; he believes it to be particularly applicable to this chapter.

Democrats—Facing Both Ways

EARLY IN MARCH

1942 six distinguished-looking gentlemen were seated around a conference table in one of the high-ceilinged rooms of that architectural monstrosity, the Treasury Building. One of those present was contending earnestly that the Americanization of General Aniline & Film Corp. had been assured, first, by the election of Judge Mack as president, and later by the appointment of other well-known Americans as directors. The speaker droned on and on. Finally, he was interrupted by Leo T. Crowley, long time head of the Federal Deposit Insurance Corporation, who said, "See here, Homer, we're all grown up—you know, and everyone else knows that John Mack, splendid citizen that he is, is not the man to head General Aniline."

Thus rebuffed, Homer S. Cummings, counsel for General Aniline, cut short his argument for inaction, and the meeting proceeded with its business of approving the new four-man board of directors for General Aniline which the Treasury had agreed upon.

Mr. Cummings had good reason to plead for a *status quo*. The new Treasury-appointed board could not be expected to con-

tinue his retainer as Washington attorney (rumored to be \$100,000 a year) which had been arranged by the old Farben board.

In this connection, and as another example of how precisely the Farben pattern repeats, it is interesting to look back to the time when the I. G. Dyes crowd hired John King, former national committeeman from Connecticut to help Attorney General Harry Daugherty give back the German properties that had been seized during World War I. Then, some two decades later, when it again became advisable to take on some additional help in Washington—this time to prevent another seizure of similar properties—Farben's General Aniline hired Homer S. Cummings, who was not only a former national committeeman from Connecticut, but a former chairman of the Democratic National Committee itself, and who had just completed a six-year term as Attorney General of the United States.

While Farben always plays both ends against the middle, politically it strings along with the party in power and so, with the passing of the old "Ohio gang," Farben's American fronts suddenly became Democratic strongholds, at least as far as the nation's capital was concerned.

In 1932, James A. Farley, chairman of the Democratic National Committee, had solicited my support for his candidate, and asked me to discuss with Mr. Charles Michelson, publicity director of the Committee, such issues as I thought should be brought into the campaign. The result was what is known as the brush-off. To keep the record straight, I confirmed the meeting in a letter to Mr. Michelson, in which a high point of our disagreement was recorded as follows:

When you assert that Eddie Clark, Louis K. Liggett's lobbyist is a 'nice chap,' and that you don't blame Mr. Hoover for securing the support of Drug, Inc., who pay for Clark's lobbying, you are really admitting the very point I allege, i.e., that Hoover's connection with this outfit of patent-medicine fakirs is so clearly defined that Governor Roosevelt could find no more powerful illustration of the hypocrisy of the present occupant of the White House.

On the same day I wrote to Mr. Farley, enclosed a copy of my letter to Michelson, and restated the Clark-Drug, Inc. issue:

Mr. Hoover's recent performance in taking into the White House as his secretary, Mr. Liggett's lobbyist, is in itself, without trimmings, a major issue.

Diplomatically, I had referred to Clark as Liggett's lobbyist rather than Farben's. Mr. Farley acknowledged this letter with assurances of appreciation for my suggestions, and with a nice word of thanks for my cooperation. However, he did not bring the Clark-Drug, Inc. issue into the campaign.

After the election of Mr. Roosevelt, the announcement that Senator Thomas Walsh, of Montana, was to be the new Attorney General gave a tremendous boost to the hopes of those of us who had been working for some such strong arm and keen mind to direct the affairs of the Justice Department—for someone who would start delving into the whys and wherefores of the inaction against the flagrant violations of our antitrust laws, and other federal statutes, that had stigmatized the three preceding administrations.

These hopes expired, however, when Tom Walsh died suddenly in a Pullman sleeper not long before he was scheduled to take over the direction of the Department from W. D. Mitchell. Who can say how or why the hand of Fate which led Tom Walsh to his untimely end, at a moment of triumph, should also have induced the selection of Homer S. Cummings to occupy the high office thus left open to some deserving Democrat.

The official pronouncements during Mr. Cummings' régime as Attorney General are of interest in their relation to the phrase, "the era of non-enforcement of the antitrust laws" coined by Mr. Thurman Arnold. One was a broadcast by the new Attorney General on June 10, 1933, in which he referred feelingly to the Vicar of Wakefield's complaint that "the laws govern the poor and the rich governs the law," and then announced that a vigorous campaign against racketeers was to be started. It was a beautiful address. Everybody is against racketeers.

The other announcement came from Mr. John Dickinson when

that gentleman was appointed by Mr. Cummings to take charge of antitrust law enforcement. Mr. Dickinson stated that those laws would be enforced to the hilt only when someone was getting hurt, and explained that the Antitrust Division was not a "detective agency." So far as Farben was concerned, no detective agency was needed to reveal the illegality of their contracts; but this was in 1935, no one was being hurt—then.

Later, millions were to die.

My own relations with Mr. Cummings began at arms length in 1933, when he became Attorney General, and later developed to sword's point. Finally, in a letter not intended for my eyes, the Attorney General warned a member of the Senate that it was considered "dangerous to correspond with Ambruster." Indicating an official state of mind which perhaps Mr. Cummings may share with other figures in the story of I. G. Farben.

The real gem of Homer Cummings' official writings, was the naïve allegation which appeared in his 1937 Annual Report to Congress, of his administration as Attorney General, that:

"The antitrust laws have saved us from any cartel system."

Perhaps, though, we are going too fast with the Democratic part of the story. Away back in September 1918, when Francis Garvan house-cleaned the American Bayer Company, he installed a new set of officers to take the places of those he had jailed or put in internment camps. Unquestionably Mr. Garvan's intentions were just what he stated them to be—to create an all-American concern by putting native-born Americans in charge of the company; Americans, who so far as was known, had no connections with the former German owners.

As stated in Chapter III, among these new Bayer executives, was a young Democratic attorney named Earl I. McClintock. He had been just added to the staff of the Alien Property Custodian to become secretary of the seized Bayer Company, and retained that position all through the sale of the company and the transfer of its title to Sterling Products, Inc. When the latter took title, McClintock went along with the plant and goodwill of the business. He tossed aside his salary of \$3,000 a year and opportunities for advancement in Government service for \$13,000 a year as an

executive for the new owners. This modest sum was, of course, to increase as McClintock rose to become the right-hand man of Doctor William E. Weiss in those deals which were to return the "Americanized" Bayer to the not too remote control of its former German owners.

As an executive of Sterling, Mr. McClintock climbed steadily while the Republicans held sway at Washington. Politically, however, he remained in a state of suspended animation until after that fateful period when the sun of Herbert Hoover slid over the horizon, leaving neither chickens nor pots; only a sheriff's notice on the empty garage.

When the Democrats got back in the saddle, however, Mr. McClintock began to go to town, and it was not long before he was reputed to have become a figure of importance among the group that had put the New Deal into power.

One of the claims to fame, boasted of by Mr. McClintock's friends, was his membership in, and some said his chairmanship of, the Finance Committee of the Democratic National Committee. Later, in 1941, after various official investigations had started some of the Government's keen young bloodhounds on the trail of the illegal Sterling-Farben tie-up, I heard more about Mr. McClintock's association with the Democratic National Committee. Usually the comment was highly critical, as the relationship was regarded as a definite obstacle to further investigation. So, on November 22, 1941, I wrote to Senator Guy M. Gillette, Chairman of the Senate Committee to Investigate Campaign expenditures, asking for:

A searching investigation to determine the size and number of contributions which have been made, directly and indirectly, to the Republican and Democratic National Committees, and to the campaign funds of individual candidates for the Senate and House of Representatives, during the last ten years, by the German I.G. Farben and its American corporate allies; especially those included in the Sterling Products, Inc., group of patent-medicine manufacturers

Senator Gillette's reply was not encouraging. I was a bit too late; the committee had been appointed for the 1940 campaign

only, and had been dissolved, "So it has no authority or existence at the present time."

It appeared that there is an open and a closed season for investigating campaign funds. So, I put that correspondence in my "await events" file. Then, nearly a year later, on September 12, 1942, I tried again. This time I wrote to the Hon. Ernest W. McFarland, the new chairman of the Senate Campaign Contributions Committee, suggesting

The urgent necessity for an inquiry into past and current contributions by allies, affiliates, and agents of the German I.G. Farben.

Such contributions coming directly or indirectly from this vicious German cartel played a tragic part in the past in influencing, or controlling, legislative and administrative acts in these United States. There is an abundance of evidence available to prove this.

Largely, as a result of not stopping this kind of thing heretofore, we found ourselves in the relatively unarmed condition when the combat war which these people planned for so long finally began. It is unthinkable that repetition should be permitted, or that we should ignore it now that we are paying the price, in blood, for our neglect.

If we are to win the war, if our democracy is to survive it has got to be stopped. And the only way to stop it is by a drastic investigation of all who have been, and all who still are, involved in any phase of it

Should you request further details, names, dates, amounts, etc., I shall consider it my duty as a citizen to supply them to you.

Receiving no reply I called upon the Senator on Oct. 9, 1942, and was received by the energetic young counsel for the committee, James A. Walsh, who appeared to be intrigued by my visit, and undertook to find out the date when Mr. McClintock had retired as chairman, or as a member of the finance committee of the Democratic party. Some time later Mr. Walsh wrote me the result of his inquiry:

Following your call at the office, I contacted the Democratic National Committee and was advised that Mr. McClintock is not presently a member of the Finance Committee of that organization.

That information not being as complete as it might be, I wrote Mr. Walsh again on Dec. 24, 1942:

Many thanks for your letter of the 14th. Can you advise me of the date when Mr. McClintock was first appointed to the Finance Committee of the Democratic National Committee by the Hon. Jas. A. Farley. Also, whether he was asked to resign, or did so without being so requested after his Farben affiliations became more or less public property.

I am assuming, of course, that by use of the word "presently" your informant on the National Committee meant to imply that McClintock was just getting out or had just announced his intention so to do. I think that you would be performing a very useful public service if you would check and record all contributions which McClintock secured from I.G. Farben and its American affiliates; also his relations with the Hague machine in New Jersey. Such facts are all matters of record, though more or less concealed and disguised, and should be brought out into the sun-light. . . .

You will understand, I hope, that I do not imply for a moment that Farben money went only to the Democrats, or to those who call themselves Democrats. Far from that! I happen to know that the record of those labeled Republicans is every bit as bad, especially when they were in power.

One thing I am very sure of; these matters must not be kept under cover now. If the Senate continues to ignore them while lives are being lost, then there is something very rotten indeed.

I am sure that you feel the same way about it. Otherwise I would not write you with such brutal frankness.

In his response, Mr. Walsh indicated that I was again trying to shoot at campaign contributors out of season, which was

positively not permitted by the Senate. As Mr. Walsh put it in a letter dated Jan. 14, 1943:

. . . . with reference to possible campaign contributions by I.G. Farben and its American affiliates:

I should perhaps explain that the information I obtained concerning Mr. McClintock did not indicate the recency of his separation from the Finance Committee, but was limited to the statement that he is not a member of the Committee. While an inquiry into this phase of campaign contributions in years past might be very revealing and informative, you will remember that the present Campaign Investigation Committee is limited, by the terms of the resolution creating it, to matters occurring in the 1942 campaigns.

The season must have been closed early that year, for no further word came from the Senate Campaign Expenditures Committee or its counsel. However, I determined to continue my official inquiries into the mystery of when Mr. McClintock started and stopped being a member of the Democratic Finance Committee. So, I applied to the Democratic National Committee itself, and, diplomatically, merely asked to be advised the names of the members of its finance committee for the years 1936 and 1940. In order to maintain my amateur, or nonpartisan status, I also made the same request to the Republican National Committee. The responses disclosed a deplorable lapse of memory on the part of many well-known personages.

Under date of Feb. 13, 1943 I received the following reply from the Democratic National Committee, signed by its distinguished Chairman:

Dear Mr. Ambruster:

I sincerely regret that we are unable to comply with your request for a list of the Finance Committee of the Democratic National Committee for the years 1936 and 1940. Our Auditor, who has made a search informs me that no such lists are available. We have recently consolidated our quarters and in making the change the campaign lists of former years were disposed of. You will, probably, find these lists pub-

lished in the metropolitan press of the years during the campaigns to which you refer.

Sincerely yours,
Frank C. Walker

Not being able to find the information in the metropolitan press, I called at the committee headquarters in the Mayflower Hotel in Washington, and explained to a most gracious young lady that if they could not recall the names of all the members of the finance committee they might at least be able to tell me when Mr. McClintock started and stopped being a member. She assured me that she would ask someone who would know, and that I would then be advised. Apparently no one knew, as no further word was received.

I also called at the Republican National Committee headquarters and was told by Mr. Spangler himself that they had their records for at least ten years back, and that he would send me the lists very shortly. Apparently, however, they got lost, too.

Meanwhile, not being too easily discouraged, I had written to Mr. James A. Farley at his New York address to see what he might remember. Mr. Farley's reply, dated March 3, 1943, was very discouraging except that it did not deny that Mr. McClintock had been a member of the committee.

Dear Mr. Ambruster:

I have your letter of March 1st, and am very sorry that I cannot give you the information you desire concerning Earl I. McClintock.

For your information, a finance committee is appointed for the duration of a campaign. They exist until the campaign is over and then pass out of existence. We have no records here of the campaign committees for the years 1932 and 1936. I resigned as National Chairman the last of July and Ed. Flynn was not appointed until August 17th of 1940, and, as you know, I had nothing to do with appointing committees for that campaign. The list serves no purpose after election and there is no reason for keeping any records. It would appear that you are out of luck unless you can run across

one of the old letterheads showing the names of the committee.

Very frankly, I did not know that Mr. McClintock ever served as chairman of the finance committee. I regret my inability to give you the information you desire, but know you will understand that it just isn't possible.

Sincerely yours,

J. A. Farley

I next decided to try the New York Public Library document room but the only thing which bore on the subject was a copy of that celebrated 1936 Democratic Convention Souvenir book from which the party treasury received several hundred thousand dollars for advertising placed by numerous large corporations. Incidentally, most of the advertisers described or pictured their products. One full-page ad, however, was what is known in the program agency business as a complimentary card, and just said, "Sterling Products, Inc." The editors of the book, or Sterling, either did not want the readers to know what Sterling Products was, or else they thought that everybody already knew, and that it was unnecessary to go into details.

In this splendidly bound memorial volume of the convention at Philadelphia, there was a handsome photograph of James Aloysius Farley, chairman of the Democratic Party. Under and around the picture was a sketch written by the late J. Fred Essary.

In view of my correspondence with Mr. Farley I was intrigued to read Mr. Essary's eulogistic description of him as the man who, "carried in his prodigious memory the names and identity of thousands of the faithful." This description recalled other things I had heard about Big Jim's card-index memory, so I wrote him again on March 11, 1943, saying:

I guess I must have been misled by the many statements which I have heard and seen about the wonderful system of names and deeds kept by Big Jim, and the infallible memory, which gives up instantly every name which has contributed to the Party since he quit box-fights for the big show.

As you say, I am just out of luck—unless I can dig up an old letterhead or something.

By a quite natural error my secretary addressed this letter to Washington instead of New York. And again a deplorable lapse of memory was recorded—this time by the post office—for some one had stamped the envelope, in big red letters, right over the name of James A. Farley, "No Such. Return to Sender." So, I forwarded the letter to Mr. Farley's correct address in New York with the notation, "What awful memories everybody is getting." Mr. Farley apparently did not see the joke; his reply indicated that he had nothing further to say about Mr. McClintock. (A few months later Mr. Farley was saying plenty about the war, "which," he was quoted as declaring "wasn't our war.")

I also tried another prominent Democrat who had been Chairman of the Party's Finance Committee in 1936, Mr. James W. Gerard. No luck there either, save another suggestion to seek the information from the Democratic National Committee.

During the period which Mr. Farley now forgets, Mr. McClintock's achievements as a Sterling executive included engaging the services of Mr. David Corcoran as an officer of the Sidney Ross Co., a Sterling subsidiary that distributes patent medicines in Latin America. Mr. David Corcoran was an automobile salesman. He switched to patent medicines in the period when his brother, Mr. Thomas G. Corcoran, as a lawyer on the staff of the Reconstruction Finance Corp., was reputed to telephone Senators and bureau chiefs with, "This is White House, Corcoran speaking."

Disregarding for the moment the extent to which Mr. Corcoran; or Tommy the Cork, was ever authorized to speak for the White House, his welcome there was well known. Under the circumstances, the addition of brother David to the payroll of Sterling was recognized as a master stroke on the part of Earl McClintock.

As the decade preceding the fateful year 1939 progressed, Mr. McClintock spent more and more time in Washington. His status grew with his recognition as a factor in Democratic Party finances, and gained additional lustre from the new ties formed through brother David with that spoiled darling of the New Deal, Tommy

the Cork. Many of McClintock's activities appear in other chapters. He intrudes here merely as a political angel—the Democratic angel whom Farley can't remember.

Thomas G. Corcoran originally was employed by the New York law firm of the late Joseph P. Cotton, President Hoover's Under Secretary of State who approved the huge loan made to Germany when the Nazis' rise to power began. He became counsel on the staff of the Reconstruction Finance Corporation in 1932 during the sad, dark days of the close of the Hoover administration. Corcoran held onto the job when the Democrats came into power and became an important figure among the inside New Dealers.

His fame rested upon a versatility which, as the legends grew, was said to include playing a piano with one hand, while writing New Deal legislation with the other.

With due allowance for exaggeration the fact remains that Mr. Corcoran was a much more influential figure in Washington than his official responsibilities in the R.F.C. could have caused. He was too light in weight, and too young, to play on the varsity, but he was a big shot on the Washington campus. That he was a young man of great personal charm and nimbleness of mind was conceded by all who came in contact with him.

Many of Corcoran's activities had no apparent relation to the R. F. C. This was especially true with regard to lobbying activities for legislation favored by the Administration. In 1935, in one such legislative battle, Corcoran was accused by Representative (now Senator) Ralph Brewster of Maine with having used improper influence and threats to induce Brewster to change his vote. Mr. Corcoran denied this charge and a Congressional Committee that investigated the row spanked both Corcoran and the Congressman by expressing its disapproval of their actions, then absolved each from any suspicion of improper motives.

Mr. Corcoran resigned his government job on Sept. 22, 1940 to direct what was called the Independent Voters Committee for Roosevelt and Wallace. His subsequent occupation in Washington raised a storm of criticism when reports began to circulate that Tommy the Cork was getting sizeable fees for using his New Deal influence to get war defense contracts and other official favors for his clients.

Among the official favors was one that bore directly upon national defense. This was the arrangement whereby the investigation of Sterling's tie-ups with I.G. Farben were concluded with the filing of "informations" and "consent decrees"—instead of Grand Jury indictments which were contemplated by those members of the Justice Department who had started the dragnet investigation of Sterling in April, 1941. In the Sterling case rumor had it that the Corcoran fee reached huge proportions.

This scandal finally reached such proportions that in Dec., 1941, the Senate Committee to Investigate the National Defense Program (Truman Committee) began an inquiry and public hearings on lobbying. Corcoran appeared as a witness before this Committee on Dec. 16, 1941. "There are five stories," he testified, "which have been whispered about me as a symbol in connection with defense industries." In each of the stories thus defined by Mr. Corcoran, he testified that his services were strictly those of an attorney: in one instance he received no fee; in the others, a total of \$100,000. (Which did not by any means represent his total business for the year.) They concerned a shipyard (organized by a gentleman with a past), an engine contract, a magnesium plant, an oil well in Alaska (that was never drilled) and Lend Lease supplies for China. Mr. Corcoran was emphatic in asserting that in none of these cases had he acted as a broker. He added to his denial, "And I don't know what a broker is, either."

Senator Brewster, of Maine, then put the following statement, quoted from the public papers of Franklin D. Roosevelt, into the record:

I have felt all along that it is not quite in accord with the spirit of the administration that any individual who holds a high party position should earn a livelihood by practicing law, because, in a sense, he holds himself out as having access to the backdoor of the administration. It just "is not done."

Finally, Senator Joseph H. Ball of Minnesota, another member of the committee, attempted to question Mr. Corcoran about his relations with Sterling Products and the consent decrees. Mr. Corcoran objected to discussing Sterling.

Senator, that isn't a defense matter. I have certain confidential relations with my clients. Very frankly, if this isn't a matter of the kind that the committee generally is looking into, I would prefer not to go into that matter. I have always made it very clear that I was willing to talk about this with the Judiciary Committee or anyone else, but my own relationships with my clients are such that I would rather not discuss them in connection with Empire Ordnance, Savannah Shipyards, and a lot of other things, because the public might get the impression that there was defense brokerage in Sterling Products.

Unconvinced that the relations between Sterling and Farben did not relate to the national defense program, Senator Ball said:

It seems to me that it ties in with this all-out war we are in, and also it certainly ties in with this question we have been discussing quite a bit here, of practicing before Government departments. If we are to believe the newspaper stories, you had quite a bit to do with the appointment of Mr. Biddle (the Attorney General) originally, and then had quite a bit to do with him in developing this consent decree.

Far from denying this last statement Mr. Corcoran indulged in a little modest self-praise regarding his part in arranging the Sterling consent decrees:

I am being perfectly frank with you, Senator. I have always been perfectly willing to discuss the Sterling case, because, if you don't mind my saying so, I think it was a very far-sighted job. And as I told you before, when I last talked to the chairman of the Committee, I had just come back from the completion of the Sterling reorganization, which I think is one of the most brilliant things—not from my point, but from the point of view of the action of the board of directors themselves—that has been done in the defense effort The only objection I am making is I don't want the Sterling business bracketed with an inquiry about defense brokerage I am concerned that the name of Sterling shall not be brack-

eted in press reports and the rest of it with Charles West and Empire Ordnance and the rest of it

The reader should keep in mind Mr. Corcoran's use of the phrase, "far-sighted job," in describing the Sterling Consent Decrees. The chairman of the Committee then ruled that:

The committee will proceed with the program as outlined, and when that is finished, we will ask you to come back and discuss this under another heading.

There followed some further discussion of Mr. Corcoran's keen desire to not testify about the Sterling case at that particular time. The chairman, Senator Harry S Truman finally recessed the Committee, and thanked the witness with the advice that: "at a future date we will expect you to appear, Mr. Corcoran." However, Mr. Corcoran did not again appear before the Truman Committee to be questioned about the Sterling case or any other matter.

The date of the first intercession in behalf of Sterling by Thomas Corcoran is a matter still shrouded in mystery. Requests made to various governmental departments to investigate this have been ignored or rebuffed. Yet he did so intercede even though his name does not appear in the list of attorneys who signed the consent decrees and other court papers for Sterling. That list includes the firm of Rogers, Hoge and Hills, the regular Sterling attorneys; and John T. Cahill, a former associate of Corcoran in the New York law firm of Cotton and Franklin who, with Corcoran's backing, had been United States Attorney at New York City from March, 1939, to March, 1941, during the period of the investigation, trial, and acquittal of the only two directors of the McKesson & Robbins swindle who were ever brought even within speaking distance of the bar of justice. At that trial Howard Corcoran, another brother of Thomas, was in charge of the prosecution as assistant to United States Attorney Cahill.

The two acquitted directors testified that they had never suspected Coster of wrongdoing. And it might be mentioned here that Howard Corcoran refused the testimony and the proofs which I offered to present to the jury at that trial, that it had long been well known to the drug trade that Coster was a common criminal,

and that after the Hoover depression started, McKesson & Robbins was concealing its financial difficulties with fraud.

Sterling Products and its chief executives were named on the list which I had already supplied those investigating the McKesson & Robbins mess as being among those who had knowledge of Coster's criminal activities. This list also included executives of the trade associations and trade papers which Sterling dominated.

Mr. Cahill resumed the practice of law at about the time the Justice Department was beginning its dragnet inquiry into the Sterling-Farben relations. Robert H. Jackson was Attorney General and in official circles he was regarded as "tough." Certainly he was not soft when he slapped court orders on Farben's huge deposits in the National City Bank, and instructed Thurman Arnold, head of the Antitrust Division, to turn the Farben mess inside out, no matter who was hurt.

Then, on June 2, 1941, a long-expected vacancy on the Supreme Court occurred with the resignation of Chief Justice Charles Evans Hughes. Attorney General Robert Jackson was nominated to fill the Supreme Court vacancy, and according to Washington reports, one of the most active supporters for his promotion was Mr. Thomas Corcoran. Francis Biddle, then Solicitor General, was named to succeed Mr. Jackson as Acting Attorney General but was not actually nominated until some two months later.

Meanwhile, rumors of pressure in connection with the Sterling investigation abounded. In July, Messrs. Corcoran and Cahill held several long conferences at the Department of Justice, at which consent decrees were proposed as an alternative to criminal indictment of Sterling and its executives. And, strange as it may seem, the conferences were not held with those members of the antitrust staff who were conducting the investigation.

As a result of these discussions there was submitted to the Justice Department a paper dated Aug. 15, 1941, and entitled, "The Sterling Representations to the Interdepartmental Committee of the Departments of State, Treasury and Justice." In this document Sterling, over the signature of its chairman, William E. Weiss, graciously promised to cancel its illegal contracts with Farben, and to obey all criminal statutes and war regulations of the United States Government. The crowning gem of the sixteen paragraphs

in this promise to "go straight," was the agreement to remove any director, officer or employee of Sterling or its subsidiaries who was deemed by the Government to be engaged in any activities for the benefit of Axis powers or otherwise engaged in activities contrary to the national interest.

This fantastic piece of impudence was the birth of Sterling's alleged repentance, reform and reorganization. It was the document which Mr. Corcoran later acclaimed as, "very far-sighted" and "one of the most brilliant things that has been done in the defense effort."

Thurman Arnold's little band of determined investigators, however, did not feel that it was either far-sighted or brilliant insofar as the national security was involved. Some of them refused to abandon their investigation, or to withhold from the grand jury evidence already gathered which involved Sterling's executives in subversive relations with Farben leaders. And resignations, to be accompanied by public statements, were threatened.

Just about this time items began to appear in the press that all was not well inside the Department of Justice with regard to the Sterling case. The *Washington Times Herald* published a full-page Sunday feature story about the "young man who practices law out of his hat," which quoted Mr. Corcoran as saying that he wanted to make a million dollars in a year practicing law, and then re-enter official life and spend the rest of his days improving the Government.

Referring to the Sterling investigation, the article stated that Tommy's brother David did not want to be bothered by the Department of Justice about those who had been holding up the price and keeping down the production of drugs and chemicals essential to the prosecution of the war, and went on to say:

Dave Corcoran is an officer of Sidney Ross & Co. of Sterling Products somehow Sterling Products has got itself tangled up in a Department of Justice investigation Tommy, with Cahill and brother Dave is defending Sterling's interests. The temperature in the air-conditioned Department of Justice is said to have risen on occasion to

something more than blood heat. "Tommy can't get it through his head," reports one observer, "that he is not in the Government any more."

Pearson and Allen in their Sunday night broadcast on Aug. 17, 1941, announced that a big explosion was due inside the Department of Justice if criminal prosecution was not pressed of American firms for their cooperation with Germany on restraint of trade. "A high departmental official" stated the broadcasters, "is holding back the prosecutions."

On Aug. 25, 1941, Mr. Biddle was finally nominated to the office of Attorney General. On Sept. 4, the Senate confirmed the nomination, and the next day the Sterling consent decrees were made a matter of record in the District Court of New York. In just one particular Messrs. Corcoran and Cahill had been compelled to yield ground. Thurman Arnold and his staff insisted that the proceedings must have some relation to the criminal provisions of the law, so an information was filed in the criminal court against Sterling and its three subsidiaries: Bayer, Winthrop and Alba, and two of its officers: Messrs. Weiss and Diebold. All pleaded *Nolo contendere*, and were fined a total of \$26,000. This sum represented an infinitesimal fraction of the illegal profits made by Sterling as result of the unlawful Farben agreements. The subversive activities of the Sterling executives could not be even considered for the good and sufficient reason that they were not mentioned in the information.

The consent decrees purported to abrogate the formal agreements with Farben, seven of which were recited at length. However, it is doubtful whether Farben will recognize the abrogation of its agreements with Sterling any more than its predecessors recognized the seizure of Bayer during World War I. For one thing these Farben agreements contained clauses requiring Sterling to settle any questions relating to them in a German court, for another, it has been admitted by a representative of Sterling that William E. Weiss sent a message to his Farben friends in Germany not to worry about what was going on in the United States because Sterling would find ways of continuing its relations with its Farben associates.

It should also be pointed out that the Treasury's freezing of foreign funds and property and the black lists of foreign nationals issued by the Secretary of State already effectually restrained all relations between Sterling and Farben. So the alleged concessions by Sterling, as stipulated in the consent decrees, were an empty gesture by which Sterling gave up nothing that was not already forbidden or impossible. In reality the decrees had just two positive effects, they served to prevent indictment and prosecution of Sterling's executives, and they put a stop to the Justice Department investigation of subversive activities by some of the Sterling people that was then in progress.

An official statement issued in the name of Attorney General Biddle, at the time the consent decrees were recorded, contained allegations and conclusions which were so at variance with facts known to exist that a wave of caustic criticism arose immediately. Stories appeared in the press about the open rebellion which existed inside the Justice Department, due to Corcoran's brazen actions, and also because evidence prepared for submission to the grand jury was being pigeonholed. Mr. Biddle's statement of Sept. 5, it was said, was actually prepared by Corcoran, and read like a Sterling patent-medicine advertisement.

On September 25, another official press release was issued about the Sterling case (this time in the name of Thurman Arnold) which also contained statements completely the reverse of facts apparent on the record. Men who knew Mr. Arnold and were familiar with the vigorous language of his privately expressed opinions, were confident that he had not prepared this second apology for the consent decrees, and that it must have been issued over his protest.

Among the more absurd allegations in the Arnold press release was the statement that:

The illegal contracts (with Farben) were entered into in 1926 long before the Hitler revolution.

On the record, the consent decrees listed seven illegal contracts of which three were entered into in 1936, 1937 and 1938, long after Hitler seized power in Germany. Another statement in the release argued that:

The Sterling organization must not be destroyed, nor its efficiency hampered, in the present emergency, because of the necessity for American outlets for drugs in this hemisphere.

The falsity of this argument was self-evident. The Sterling-Farben branches in Latin America had to be abolished, and the purpose of the decrees was not to preserve the existing Sterling organization, but to destroy those outlets for all time. Whoever prepared that statement for Mr. Arnold's official rubber stamp had small regard for the lustre of Mr. Arnold's name.

While this press release was issued in the name of Assistant Attorney General Arnold, copies of it were mailed out over the signature of one James Allen as "Special Executive Assistant to the Attorney General." Mr. Allen, according to press reports, was one of the numerous young men originally brought into the government service by Thomas Corcoran. Mr. Allen turned up later in the Office of War Information where, in April, 1942, he was one of the higher-ups said to be responsible for the resignation of a group of writers who issued a statement that they were getting out of the O.W.I. because it was impossible to tell the full truth when those in control were turning the O.W.I. into an office of war ballyhoo. Later it was reported that Mr. Allen was again Mr. Biddle's assistant, this time at the Nuremberg trials of Nazi war criminals.

One of the most notable aspects of the Corcoran, Trojan-horse trade with the United States Government, was the fact that only two of the executives and directors of Sterling were named in the criminal informations as in any way involved in the unlawful agreements with Farben.

Mr. McClintock, chief aide to Mr. Weiss in the Farben relations, was not named, nor was Mr. Rogers whose active legal mind worked on the details of some of those illegal agreements and whose signature actually appears on one of them.

Others whose names were conspicuously missing in the informations are James Hill, Jr., director and treasurer of Sterling and of Sterling subsidiaries; William E. Weiss, Jr., president of Alba; and Dr. William Hiemenz, Farben's director and plant manager of Winthrop. All of these obviously had something to do with

carrying out the contracts with Farben as covered by the information, and the pleas of *nolo contendere*. Dr. Hiemenz stayed right on as manager of Winthrop until O'Connell's Treasury squad showed him the door several months after the consent decrees had, by negative action, coated him with nice fresh Corcoran whitewash.

Another notable who had retained his seat at the Sterling board as one of the consent decree "unmentionables" is one George C. Haigh, whose contact with Sterling goes back to September, 1918, when A. Mitchell Palmer, as Alien Property Custodian, made him a director of the Bayer Co.

In 1919, after Sterling took over and pledged to keep Bayer inviolate from any return of German influence, Mr. Haigh was made a director of Sterling. He continued as a director all through the negotiations of the long string of illegal contracts and agreements which violated in spirit and in letter the pledge and the purpose of the Americanization of Bayer.

Others were involved, but the above-mentioned principals are sufficient to indicate the fine legal work done by Mr. Corcoran in consummating his far-sighted and brilliant contribution to our national defense.

It may be relevant at this point to cite from the Canons of Professional Ethics of the American Bar Association, with which Mr. Corcoran, no doubt, is familiar.

The responsibility for advising questionable transactions for urging questionable defenses, is the lawyer's responsibility. He cannot escape it by urging as an excuse that he is only following his clients instructions "When a lawyer discovers that some fraud or deception had been practiced, which has unjustly imposed upon the court or a party, he should endeavor to rectify it." The canons of the American Bar Association apply to all branches of the legal profession; specialists in particular branches are not considered as exempt from the application of these principles.

Many of the American newspapers accepted Mr. Biddle's statement on the consent decrees as conclusive and final, some even commended the outcome. *Time*, on Sept. 15, exclaimed exultingly:

The Justice announcement last week gave Sterling a clean bill of health as far as further Nazi influence is concerned. This, it hoped, might undo some of the damage done by Arnold's previous blasts The Sterling deal was Tommy Corcoran's fourth big job since he left the R.F.C. last year.

In view of the amount of advertising with which *Time* and *Life* have been favoréd by American affiliates of Farben this rather crude bombast in one of the Henry Luce publications may warrant calling attention to an accusation published by columnist Leonard Lyons in the *New York Post* that *Time* had slanted a story in favor of a Luce advertiser, and that its managing editor, T. S. Matthews, had confessed that his stories definitely were slanted.

The admission made publicly by the *Time* Editor was that:

Facts are the raw material common to the whole press, but the products are as different as the men who run the papers a sane journalist cannot be completely impartial the stuff he writes will be definitely slanted

Leading trade papers also were jubilant. *Drug Trade News*, companion publication to *Drug Topics*, which admittedly is subsidized by the drug manufacturers, came out with an editorial rejoicing that "there was no evidence of willful wrong-doing on the part of Sterling and its subsidiaries."

Other press comment, however, was decidedly critical. *PM*, Marshall Field's New York daily paper, had already published several informative articles regarding the Sterling-Farben tie-ups and its comments on the consent decrees and on the Biddle and Arnold press statements were numerous and caustic.

The most devastating criticism, however, appeared in a long series of articles by Thomas Lunsford Stokes, Jr., Scripps-Howard feature writer, and probably the most feared of those Washington correspondents who consider it their function to seek out and write the truth, regardless of the high places or the immaculate shirt fronts of the personages involved. Mr. Stokes, winner of the Pulitzer Prize in 1938 for exposing political monkey business in the W.P.A., performed a notable public service in writing a de-

tailed running story of the lobbying activities of Corcoran in connection with the Sterling case.

On Sept. 15, Mr. Stokes' comments included:

Consent decrees have left a sour aftermath in the Antitrust Division of the Justice Department The dissatisfaction attributed to: (1) The pressure and pull exerted by Thomas G. Corcoran, one time New Deal brain truster and now a lawyer-lobbyist who represented Sterling. (2) Failure of the government to take the evidence before a grand jury and the terms of the consent decrees, which, in the opinion of some are not as strong as they might be and might become unhinged after the war. (3) The fact that settlement was imposed from the top by Attorney General Biddle Mr. Corcoran is an old friend of Mr. Biddle. He was influential in bringing Mr. Biddle into the administration and was active on behalf of Mr. Biddle's recent promotion from Solicitor General to Attorney General.

Mr. Corcoran practically camped in Mr. Biddle's offices was given access to secret information of the department and contributed to the writing of the statement for the press which is described by those who know the facts as whitewash, with misleading inferences and actual misstatements Investigators were still at work when the settlement was reached and the consent decrees taken into the court They were called from their inquiry, which was turning up some evidence which does not appear in the 'information' nor in the consent decrees, and is now a closed book unless it is called for by Congress.

On Sept. 17, Mr. Stokes' column contributed the following:

A federal grand jury never got to hear the evidence dug up by the Department investigators It can be stated authoritatively that they were turning up some rather sensational evidence about operations of subsidiary companies of Sterling Products, Inc. in South America, evidence which leaves a question mark as to the efficacy of the consent decrees designed to drive the Germans out of that market Who

stopped the investigation? Who stopped submission of the evidence to a Grand Jury?

From December, 1939, to April, 1941, Bayer shipped aspirin to I.G. (Farben) agencies in South America made in the United States but packaged just like the German product.

The income of German agents of I.G. Farben in South America was increased during the war by Sterling's payments to them for the distributing of Bayer In at least one case, in Colombia, one of these agents, manager of a local company there, heads the Arbeitsfront in the Nazi organization Dr. E. Wolff, arrested in Panama with a trunk containing various documents, was tried and fined. He was on his way from Berlin to Buenos Aires to work in an I.G. Farben factory.

On Sept. 18, Mr. Stokes' column on Sterling and Bayer went back to the days of World War I and expressed the fear that history might repeat—that after this war the Germans might again gain a position of dominance in our chemical and allied industries. This article again castigated Corcoran as a lobbyist for Sterling, and brought Earl I. McClintock into the picture as one of those who used his official friendships during the negotiations to stop the Sterling investigation from going any further.

Another phase of the investigation revealed by Mr. Stokes was the fact that a grand jury, if it had been permitted to examine the evidence assembled in the Justice Department, might have acted upon:

The expenditure by Sterling in the last eight years of large sums for advertising in pro-Nazi newspapers in Latin America while only negligible advertising was done in the anti-Nazi papers."

On Sept. 19, Mr. Stokes discussed Mr. Corcoran's part in the preparation of the Biddle press release saying:

This may not be the first time that a private citizen, representing defendants in an antitrust case, has supervised the writing of a government press release but it is the first one

that anyone seems to know about; and certainly takes the prize for flagrancy.

Soft-spoken Raymond Clapper, Scripps-Howard columnist and colleague of Stokes, used very strong language about Corcoran's lobbying just as he had in 1932 about that other ex-official, Edward T. Clark. On Oct. 7, he concluded his comments with:

What is to be the effect on these junior officials, working on moderate salaries, when they see this cynical kind of funny business going on in the very heart of the New Deal?

On November 27, 1941, *The New York Times* discussed "lobby lawyers" in an article which referred to Mr. Corcoran's activities, and quoted Mr. Biddle as stating that he planned no investigation of lobby contracts:

Such lobbying, Mr. Biddle said, would be inquired into if the Department of Justice was so directed by some proper agency, but not otherwise.

According to the *Times*, when asked if he thought he or other government officers should make public the names of all persons visiting their offices, the Attorney General replied that he thought it would be very inappropriate to give out such names, and that the public must depend upon the honesty of its officials. (Three years later one of Mr. Biddle's chief assistants was to denounce the handling of this case in damning terms.)

I have already mentioned that I had some part in inducing the Justice Department to investigate Sterling. Also, I had been supplying the Department with historical and background data which bore upon Farben's activities in the United States, and the conspiracies and subversive activities of those involved with Farben.

In some instances, at least, my aid was of value, and on more than one occasion I was officially thanked for my assistance. In any event, I was sufficiently close to what went on both inside and outside the Department, relative to that investigation, to recognize the danger signs as they began to be visible, and to realize that regardless of the integrity and high purpose of those young

men of Arnold's, the quarry would not be brought to bay unless the scope and broad purpose of the hunt was enlarged. Accordingly, immediately after the records of Sterling and Winthrop were subpoenaed, I sent Mr. Arnold a number of exhibits which brought out the fact that the Washington lobby had never been identified in the public mind as representing other than American interests. My letter, dated April 15, 1946, stated that:

In view particularly of the refusals of the Senate Lobby Committee of 1929 and 1935 to investigate the lobby maintained in Washington by these people I do not believe that your own efforts can ever be effective unless this lobby is included in your investigation and action. The present lobby includes some of those mentioned by me as being paid, directly or indirectly, by the German government.

That communication was never acknowledged by Mr. Arnold. Perhaps the lobby saw to it that it never reached his eyes; certainly he never mentioned it to me afterward. However, Thurman Arnold cannot say that I did not attempt to warn him of what was going to happen to his Sterling case, and to some of his other Farben investigations, if he did not use a repeating rifle on the Farben partners—and a shotgun on the Farben lobby.

C H A P T E R X

Senators and Congressmen—Who Never Knew

M E N T I O N I S made elsewhere of the concealed interference by the German dye trust with tariff and patent legislation; also the strange desire of members of the House and Senate to force through the act of 1928 for the payment of claims and the restoration of German property which had been seized in the First World War. One of the Senators who joined with King and Moses to help put through that 1928 statute, was Doctor Royal S. Copeland.

The nonpartisan broadmindedness of the German dye trust in choosing its American friends is shown by the fact that Copeland held office and was a candidate, from time to time, as a Republican, a New Deal Democrat and an anti-New Deal Democrat. Farben also appeared to have no objections to the friendship of a doctor whose medical attainments did not qualify him for membership in his own county medical society, or for the dubious honor of belonging to the American Medical Association. Copeland once made the claim that he was a former professor in the Medical School of the University of Michigan but, according to

the University authorities, his teaching experience was in a defunct homeopathic college which was in no way related to Michigan's famous school of medicine.

As a Senator and a doctor of medicine, Copeland's name and picture and voice were seen and heard in press advertisements and radio broadcasting for patent medicine—or home remedies, as they were politely termed. And among those advertised nostrums were preparations manufactured and sold by two of the leading American affiliates of I.G. Farben—Sterling Products and Standard Oil of New Jersey. Such arrangements for the Senator's services were presumably made at the New York offices of Copeland Service, Inc., where one Ole Salthe, his manager (of whom more later), was also prepared to arrange for the advice of the Senator on matters pertaining to the enforcement of Food and Drug Laws. These were, of course, strictly business or semiprofessional arrangements and bore no relationship to the Senator's engagements as a statesman, or his daily newspaper contributions as a literary authority on public health matters.

As to his kindly feeling towards I.G. Farben and its affiliates, our Senatorial healer made the record very clear in a speech on the Senate floor on February 21, 1928, just before the final approval of the statute to pay Farben's claims and to return Farben's properties. His address, in part, was as follows:

Can we doubt that international business partnerships are the best preventative of international wars and conflicts that statesmen can devise? It is time to cease ringing the changes upon war hatreds and animosities, and extend the helping hand of friendship to our former enemies

Let it be remembered that some of our infant industries are predicated upon the confiscated inventions of the people of a nation originally invited into our midst by the terms of our Constitution. No compensation has ever been paid to them. I am glad they are to be paid under the terms of the bill passed yesterday

The domestic problems of farm relief, of national defense, of destruction of industry by ruinous foreign competition, would be brought nearer to solution by such commercial

alliances. The occupation of some paid Jeremiahs constantly prophesying war and woe would probably be rendered superfluous

Let us have done with vituperative attacks on nonexistent enemies we have read from time to time in the chemical trade journals and in the lay press of how wicked, designing, unashamed and dangerous were those corporations whose patents we confiscated for the benefit of a privileged few

European combinations in these industries provide additional products for farsighted Americans who have formed alliances with the possessors of the 'know how.' The question is shall we welcome alien industry and capital to our shores, in accordance with the traditional policy of our nation, or shall we lend ear to the affrighted clamor, denunciation and invective of a selfish minority? It is high time that we had an official expression of the administration's attitude in the interests of world peace and domestic prosperity.

American capital is hesitant. American industrialists are reluctant to enter into agreements with other manufacturers to obtain for this country that which we have not, and which would be of benefit to us, so long as the newspapers are filled with vituperative abuse and vague suggestions of Sherman Act prosecutions.

This address is important to this story because it records the beginning of the second postwar decade when Farben and its American stooges had decided that everything was under control, and therefore their plans for expansion could be more open, with safety to all concerned. The speech is also important because it is a condensation of substantially every false argument and sophistry of Farben propaganda. Copeland also, unwittingly, recorded officially the unheeded protests at Farben's comeback, and the unheeded demand for Sherman Act prosecutions. Copeland, in the name of the United States Senate, was bidding Farben welcome just as the Hoover subordinates, and Donovan, in the name of the executive branch of the government had extended a similar invitation a few days earlier, as related in Chapter VII.

From its earliest days, the German dye trust has utilized the

patent laws of the United States to obstruct, cripple or control our dye, drug, and chemical munitions industries. The president of the American Bayer company, acting on instructions from Berlin, persuaded the State Department to send our Commissioner of Patents as a delegate to the International Patent Convention in Stockholm prior to World War I. The result was that our unsuspecting commissioner wound up as the guest of honor on Kaiser Wilhelm's yacht, and upon his return was in complete accord with the desires of his Teutonic hosts.

As a result, the United States negotiated a new treaty with Germany which complied with the dye trust's wishes that the working of a patent in either country was sufficient to protect the inventor, or his assignee, in both countries. And the president of Bayer boasted openly of his smart trick in getting the Kaiser to help soften up our patent laws.

Meanwhile Herman Metz turned up on the Congressional Committee on patents. Metz was irritated at any attempt to interfere with the rights of his German friends to do as they pleased, saying:

Legally there could be no reason at all why the Germans should not obtain a patent in this country for which a patent could be obtained, and do with that patent what they pleased.

Again Metz declared that German patents:

. have no value as such except for the purpose of keeping out infringing products. They are simply clubs to keep out other manufacturers.

After World War I, when tariff and embargo barred German imports, the dye trust began using its patents to implement the illegal tie-ups by which it reestablished itself in the United States.

It is obvious that this reestablishment would not have been possible if our antitrust laws had been enforced. Nor would it have been possible had Congress interceded to prevent misuse of United States patents, especially those relating to the national defense.

Can anyone doubt that Congress would have been compelled to take drastic steps had Mr. Teagle, or Mr. duPont, or Dr. Weiss,

or even Herman Metz, ever protested to Congress or even to the public at the illegal agreements proposed by Farben. The fact is that they did neither.

All through this second prewar period the public was largely uninformed, or greatly misinformed, about these Farben tie-ups. But the record proves that Congress had known for many years that the more important of the illegal agreements were in operation, and that others were in the making.

Members of the Senate and the House of Representatives uncovered evidence of the dye trust's plans and agreements in almost every session of Congress from the end of World War I to the beginning of World War II. They also knew the identity and the activities of the horde of lobbyists who haunted the hallways of the Capitol and the bars and club-rooms of Washington in the interests of Farben and Farben's American partners.

Despite this knowledge Congress did nothing until the 1941 and '42 exposures and prosecutions. Then loud were the lamentations of some of its members at the "surprising" revelations of what Farben had been doing to keep the United States disarmed.

In order to comprehend the breadth and scope of the Farben pattern, we might examine some of the crocodile tears shed so publicly at not knowing things that had been blazoned on the records of Congress all along. It is necessary also to observe how these facts come to be on those records, and what influences may have caused them to be ignored.

One member of the Senate who in 1942 appeared not to know anything about the Farben tie-ups in the United States was the Honorable Scott W. Lucas, Illinois Democrat, who was elected to Congress in 1934 and moved up to the Senate in 1938.

In April, 1942, Senator Lucas, as a member of the Patents Committee, made some comments about the ignorance of official Washington regarding the activities of I.G. Farben. An official of the Justice Department had just testified that some of Farben's illegal affiliations had been secret until the Attorney General's office went into their files. Said Senator Lucas:

But before the Attorney General's office went into the files to inspect these documents nobody in the government

as I understand it, or in this country, knew anything about these international cartel arrangements

I am not condemning anyone particularly for what happened in the past, but I am speaking for the future. We all learn by experience. This country ought to have a right at least to examine and ascertain whether or not a contract of this kind, if it went into effect, would affect the life and security of the United States.

Anxious as the Senator appears to have been to learn by experience, something must have caused him to conclude otherwise, because he was one of the five members of the Senate Patents Committee who later voted to prevent Senator Bone, its chairman, from continuing these hearings into Farben's agreements with Sterling, and the relations of the Sterling executives with subversive activities of their German partners.

Senator Tom Connally, Texas Democrat, started as a Congressman in 1917 and became a Senator in 1929. The Senator is reputed to be a political colleague of former Governor William P. Hobby of Texas, who, with the late W. S. Farish, organized the Humble Oil Co., and sold control of that company to Standard. Senator Connally contributed a naïve conclusion as to the innocence of all concerned about Farben's intentions. The Senator was a member of the Truman Committee which was examining Mr. Farish of Standard Oil in March 1942 at a closed hearing. When Mr. Farish appeared uncertain as to just what testimony he should give about Standard's relations with Farben, Senator Connally asked him:

When you entered into these negotiations with Farben in Germany did you do it with any contemplation of war or of our becoming involved in war and needing these articles in the way that we now find ourselves needing them? Or was it simply a commercial business transaction that you were contemplating?

Mr. Farish responded:

It was always. Senator, on a commercial or business basis, and with only commercial objectives in mind

Senator Homer T. Bone, Washington Democrat, came to the Senate in 1932, and two years later sat through the lengthy hearings of the Senate Munitions Investigating Committee which went deep into the Farben activities. In 1942 Senator Bone, as Chairman of the Senate Patents Committee, investigated the activities of Farben for several months—until the aforementioned five members ganged up on him and refused to permit the investigation to be completed.

At these 1942 hearings Senator Bone did recall that the subject was not a new one, but he also indicated an unfortunate lack of memory about the revelations before the Nye Munitions Committee and elsewhere concerning Farben. The Senator's comment was:

I know little about I.G. Farbenindustrie in Germany because it is shrouded in mystery. I know back in 1934 and '35 when I served on the Senate Munitions Committee, we were not able to get anything definite out of Germany. There was great secrecy manifested even in some of our own departments At that time I was fearful that what our nationals were doing might be aiding in the rearmament of Germany, thus making her a menace to the world.

Assistant Attorney General Thurman Arnold, while testifying before the Truman Committee in March, 1942, paid a peculiar tribute to his own belated investigation of the Farben tie-up arrangements, and put the entire blame for the continuance of these agreements on the lax enforcement of the anti-trust laws during the Hoover Republican administration from 1929 to 1933. For some reason he did not mention that this lax enforcement continued right on from 1933 to 1941 during the Democratic administration, Mr. Arnold's comment in part was that:

The cost of preventing such cartel restrictions in the future is eternal vigilance and the existence of a wide-awake investigating agency to enforce the Sherman Act. Had there been such an agency operating in 1929, had this conduct been actually hazardous at that time, these arrangements would never have been contemplated. But from 1929 to 1933 business men felt safe from discovery.

In view of these and other Senatorial-Congressional expressions of ignorance about what Farben was up to, it is of interest here to refer to some of the extensive evidence available, from 1919 to 1939, to members of the House and Senate.

This consideration is warranted in order to understand the precise detail with which the Congress of the United States first explored and recorded the activities and purposes of the German dye-trust leaders, then ignored its own findings and finally, when disaster had arrived, began pitifully weeping "we didn't know." It is for the reader to decide from these facts whether the representatives of the American people were dolts or knaves—or an unhappy combination of both.

During the decade that followed the close of the first World War, the German Dye Trust was the subject of many hours of discussion and thousands of pages of testimony before committees of the Senate and House. Later hearings brought out more facts about Farben; about its lobby and campaign contributions; about its industrial tie-ups and subsidiaries; and about its propaganda and its expenditures for espionage and other subversive activities.

From 1919 to 1922 there were a number of hearings before the committees of the House and Senate which recorded the testimony of a great number of witnesses who argued whether high tariff duties or an absolute embargo would best protect the new American dye industry from the threat of German imports. At these hearings there was very little left unsaid about what Farben's predecessors in I.G. Dyes would do to this country's new chemical industry if they were given the opportunity; or of the probability of another war of conquest, if and when Germany got the chance.

When the next war did start more than a dozen members of the Senate, and several times that many members of the House, still occupied the same positions at Washington as they had during those early hearings at which the records and plans of the German dye trust were spread upon the Congressional records. A number of these legislators were members of the committees that held the hearings. Coming down to the 1934-1936 period when further hearings delved deep into Farben's consummated plans, we find that an actual majority of the members of both

chambers were still representing their constituents when the last war began.

It would appear from the record, therefore, that the failure of Congress to act has not been due to lack of ample information about Farben, nor to lack of repeated warnings as to what disaster that neglect might bring about.

There were many charges and countercharges against lobbyists and German agents at those early hearings. Francis P. Garvan, among others, made definite charges that the German dye trust had attempted to influence legislation in the past and was still doing so at the very time that Senator King and his campaign-fund contributor, Herman Metz, were denouncing everyone who wished to protect America's new chemical industry. Garvan accused Metz of standing on the floor of Congress, as representative of the German I.G., shaking his fist at American manufacturers in the gallery and exclaiming, "I got you licked—I got you licked."

"And then," said Garvan, "we were like the blind beggar at the gate in Kipling's story, 'I cannot see my enemy but I can hear his footfalls.'"

In another of the Senate hearings in 1920, before the Finance Committee, Mr. Irenée duPont, president of the duPont Company, made the rather remarkable request that in addition to embargo and high tariff to keep out German dyes, Congress might well pass legislation which would authorize some government official to set aside the Sherman Act as it applied to the dye industry, if, in the opinion of the official, it became necessary for the dye manufacturers to get together on short notice to exchange information.

Congress did not then pass such a law, but Mr. duPont had little cause to complain about any enforcement of the Sherman Act until Thurman Arnold got busy after World War II had started. Then duPont and all the other leading American dyestuff makers were indicted for conspiring with I.G. Farben, and the Congress kindly did permit the Attorney General to waive or suspend prosecution of all concerned on the pretext that prosecution would interfere with the war effort. The case finally ended when duPont, among others, pleaded *nolo contendere* and took a fine. But that belongs in another part of this story.

There was much testimony in these early hearings which gave unmistakable warning of what the German dye trust might do when the next war should come. Here, again, it was Francis Garvan who put those warnings into pungent, dramatic form which, it is hoped, some members of the Senate may now recall with shame.

Time and again Garvan denounced the German dye leaders as a menace to the peace of the world—in the future as in the past. For example, in 1920 he warned the Senate Finance Committee:

Industrial Germany waged this war; and industrial Germany was the first to see defeat, and forced the military peace in order that with her industrial equipment intact she might continue that same war by intensified and concentrated economic measures. It was Germany's chemical supremacy that gave her confidence in her avaricious dream of world empire, it was Germany's chemical supremacy that enabled her to wage four years of pitiless warfare, and it is Germany's chemical supremacy upon which she relies to maintain the war.

Another emphatic warning was sounded to members of the Senate by Dr. C. J. Thatcher, one of the smaller dye manufacturers, when he told that same Senate Committee:

"No matter what importers or their friends of Germany may say The ruthless war for chemical domination by Germany, started at least as early as 1880 was not ended by the Armistice or by the Treaty of Versailles any treaty, law, or other provision which a German can by any means avoid in the warfare for industrial chemical supremacy is, just as in actual warfare, 'a mere scrap of paper.'"

Rear Admiral Ralph Earle, Chief of the Bureau of Ordnance of the Navy Department, also gave the Senate some words of advice at that time which were complacently forgotten. In discussing the need for encouraging and protecting our coal-tar industry as a vital measure of national defense, Admiral Earle said, in part:

During the war we used as much toluol as could be obtained, but the production of that material was not sufficient Time is a very important element in

reference to war from the standpoint of national defense we do not think we ought to be put in that position again.

The admiral also advised the committee that the production of synthetic drugs from coal tar should be encouraged through protection of the industry, as coming under the general head of preparedness.

Another unmistakable warning is to be found in the report of a Senate Finance Subcommittee in 1920, which said, in part:

One who has read the story of the German Government in the United States just prior to the war, knows that the chemical industry in this country which was under the control of the German Government was the center of espionage, German propaganda, and direct government activities. They prevented the use of coal-tar products in the munitions industry

We know what Germany will do to regain her hold on the industry in this country. We know that she will resort to state and cartel combinations, trade export premiums, dumping, bribery, espionage and propaganda. She did this before, and she will do it again.

In 1930 the records of the Senate Lobby Committee were embellished with a detailed history of the I.G. Farbenindustrie which was presented by Senator Arthur R. Robinson of Indiana. This document had been filed by the American I.G. Chemical Corp. with the New York Stock Exchange, and it included much information regarding the enormous size and growth of Farben; its huge production of synthetic nitrogen and its other products. The 1929 agreement between Farben and Standard Oil was described, and the negotiations for later tie-ups were mentioned.

Senator Robinson's minority report, with which Senator Caraway, its chairman, and other members of the committee declined to be identified, summed up the status of the American I.G. as a subsidiary of the German I.G., and the detailed recital in these hearings that Farben had become far stronger in the United States than prior to the first World War was sufficient to warn

any member of the Senate or House that the menace to American industry and to national security was already a very real one.

Additional detailed data about Farben went into the record in 1931 when the late Representative Louis T. McFadden of Pennsylvania, testifying before the Senate Committee on Banking and Currency on the nomination of Eugene Meyer to the Federal Reserve Board, inserted several lengthy documents describing the German chemical trust and its American I.G. subsidiary. McFadden commented that the "queer purpose" of the latter was to buy up American companies dealing in chemical and allied products. Mr. Meyer was not accused of participation in Farben's subsidiary, but this record made much additional data about Farben available to members of the House and Senate—had they been interested.

The Senate Special Committee to investigate the munitions industry was appointed in 1934, under the chairmanship of Gerald P. Nye, Republican isolationist and pacifist from North Dakota. The other members of that committee were Walter F. George, Georgia; Bennett C. Clark, Missouri; Homer T. Bone, Washington; James P. Pope, Idaho; Democrats, and A. H. Vandenberg, Michigan; and W. Warren Barbour, New Jersey, Republicans. Six of the seven were still members of the Senate in 1941 when Germany declared war on this country, and when revelations of the subversive activities of I.G. Farben's affiliates had attracted so much public notice that the Senate began a new series of investigations to rediscover, amid loud protestations of surprise and indignation, many of the very same facts about Farben which the Nye Committee had recorded back in 1934. In general the public has accepted those expressions of surprise as genuine and it is, therefore, necessary to go into some detail in discussing how voluminous were those revelations of 1934.

The Nye Committee delved into all kinds of munitions and implements of war. Farben's tie-ups not only were discussed generally as a menace to world peace and to the national security of the United States; they were presented in great detail in charts and lists of companies and products showing that the Farben agreements at that time in the United States covered explosives and ammunition, dyestuffs, drugs, photographic materials, rayon, mag-

nesium alloys, synthetic oil products, miscellaneous chemicals and insecticides; also that products on which possible arrangements were contemplated included synthetic nitrogen, synthetic rubber, and plastics.

It might be remarked here that this list of chemical-munitions is almost identical to the products I had listed as under the control or influence of Farben in the diagramatic chart which I had sent to the members of the Senate and House of Representatives in 1931. Copies of that chart, like so many other documents of mine, stirred up the usual tempest in the waste baskets of Washington. However, this time, three years later, they dug out the facts themselves and put them in the record and on large elaborate charts of their own devising.

Among the most important contributions which the Nye Committee hearings recorded and which both the committee and the Senate thereupon promptly ignored, were the proofs which indicated plainly that Farben and the Hitler government were on extremely close terms, and that the rearming of Germany and preparations for war were proceeding at an alarming rate.

In one instance while Lammot duPont was testifying, Senator Clark, Missouri Democrat and isolationist, queried him on the possibility that secret and patented explosive formulas which duPont had turned over to Farben for commercial uses might be utilized for military purposes. The Senator asked the witness:

There would be nothing to prevent them from taking those processes and using them in the manufacture of war explosives, would there?

Mr. duPont apparently had no answer to that.

Repeated warnings that Germany was rearming included advice from duPont's Paris representative in 1932 and 1933 that the Nazis were armed with American machine guns, and that a regular business had been established (not by duPont) of bootlegging weapons from this country to Germany.

From another duPont foreign relations representative came the advice in March 1932 that:

It is a matter of common knowledge in Germany that I.G. Farben is financing Hitler There seems to be no

doubt whatsoever that Dr. Schmitz is at least personally a large contributor to the Nazi party.

This was supplemented by a later report from the duPont London office which stated:

Dr. Bosch spends practically all of his time between his dwelling in Heidelberg and the government offices in Berlin, thus leaving little, if any, time for the affairs of the I.G. Farbenindustrie.

Limitations of space permits inclusion here of only these few bits of the very complete evidence assembled by the Nye Committee relative to the rearming of Germany, and Farben's part in it.

The Nye Committee charts and lists also showed many companies in Belgium, France, Holland, Italy and other countries that were tied to Farben. Thus pictured graphically, Farben was revealed as the greatest aggregation of industrial strength and military preparedness ever assembled under the direction or influence of a single small group of men. Readers of this book may wonder why the proven propensities of relatively small makers of munitions to bribe and corrupt government officials merely to sell them guns and powder did not suggest to the Senators that the greatest munition makers of all time, self-designated supermen and self-elected for world conquest, would not hesitate to utilize bribery and corruption on a huge scale to accomplish their aims among the officials of our own government. Perhaps the title of this chapter should be, "Facts of Life that a Prewar Senator Ought to Have Known."

The Nye Committee spent many days and recorded many pages with testimony about scheming lobbyists who worked against disarmament and bribed officials of foreign governments in the interest of builders of warships and war weapons; it also, unjustly, grouped with such sordid individuals various American scientists of the most distinguished character, like Dr. Charles H. Herty and Dr. Edgar Fahs Smith, beloved provost of the University of Pennsylvania and president of the American Chemical Society, whose attainments were recognized the world over and whose probity not even a Senate Committee could attack.

However, no attempt was made to record on the pages of these hearings the names and activities of the lobbyists who were haunting the capital in the interest of I.G. Farben, and who were on the payroll of certain of its American affiliates.

The committee report on chemical munitions came in 1936 after long and painful consideration of the evidence. Its recommendations were tortured and ponderous, they appeared to ignore the significance of the Farben tie-ups in the United States, but did not hesitate to condemn practices of lobbying and of bribery which "tends to rob the governments concerned of the inability to work freely for peace." The issue to these Senators was our disarmament—not Farben's rearmament.

The committee apparently was obsessed with the thought that war could be prevented by government ownership of the chemical industry. However, it finally recorded its dilemma:

The committee recognizes the difficult problems involved in the control of the chemical industry in view of the extent of its peacetime activities.

With this profound thought, the members of the Nye Committee allowed the visible intrigues of Farben to rest in peace until after a new war had begun.

While the Nye Committee was fumbling with Farben's war chemicals, a committee on the other side of the capital was bringing to light some other Farben activities of an equally dangerous but more insidious character—propaganda. In March 1934 a special committee was appointed in the House of Representatives, to investigate foreign propaganda and other subversive activities. This was the origin of what later became famous, or perhaps only notorious, as the Dies Committee.

Its Chairman, in 1934, was the Honorable John W. McCormack, of Massachusetts. Samuel Dickstein, New York; Carl M. Weideman, Michigan; Charles Kramer, California; Thomas A. Jenkins, Ohio; J. Will Taylor, Tennessee, and U. S. Guyer, Kansas, were the original members.

Among the witnesses examined by the McCormack Committee were Mr. Ivy L. Lee, the famous public relations counsel, his partner Burnham Carter, and one Dudley Pittenger, bookkeeper

for the Lee firm. The testimony of Lee and his associates revealed that the firm had been employed by the American I.G. ever since the latter was organized in 1929, and that in 1933, when Hitler became Chancellor, the German I.G. also retained Lee to give advice as to how to improve relations between Germany and the United States.

Some of Mr. Lee's testimony was confusing. For instance, his annual retainer from Farben was \$25,000 paid in odd sums by the Swiss I.G. and the American I.G., yet he paid his own expenses, and these appeared to include the \$33,000 a year which he paid to his son to stay in Berlin and study the German mind.

The Lee bookkeeper could throw no light on the discrepancy between the \$25,000 which the firm received from Farben and the \$33,000 which it paid out to keep its mind reader in Germany. Mr. Pittenger knew of no other work which young Lee was doing in Germany except on the Farben account.

Mr. Ivy Lee's testimony on his relations with the Hitler government were also confusing. At the start of the examination he stated positively that he had no contract with the German Government and that his arrangement was solely with the I.G. However, Mr. Lee did get around a bit, and found time to advise the Nazi big shots on their propaganda. Testified Mr. Lee:

I first talked, of course, with my friends in the I.G. They all sympathized with my advice and they asked me if I would repeat that advice to different officers of the government. So, Dr. Ilgner introduced me to various ministers. He went with me to see Goebbels, the Minister of Propaganda; Von Papen, the Vice Chancellor; Von Neurath, the Foreign Minister; Schmidt, the Minister of Economics

In explaining that his Farben contract was made within two or three months after Hitler's advent as head of the government, Mr. Lee also stated:

At that time I did not contact any government officials except Hitler himself. They were anxious for me to meet him, just as a personal matter, to size him up.

I had a half hour's talk with Hitler asked him some

questions about his policies, told him I would like better to understand him if I could, and he made me quite a speech.

When asked whether it had occurred to him that because of the contract with the German I.G. he was acting at least indirectly in behalf of the German government, Mr. Lee replied in the negative.

Mr. Lee's partner, Mr. Carter, appeared to differ on the purpose of the contract. He testified that sending advice to the German firm was, in a sense, advising the German Government; and stated:

The contract was an advisory one whereby we were to report to them concerning American opinion in regard to Germany. The general purpose of the contract being to promote better understanding between the Germans and American people.

The reluctance of Mr. Lee to admit that he had been hired to advise the Nazi Government on how to win the friendship of the United States is understandable, especially after examining some of the recommendations which his firm sent to Farben. The following memorandum was identified by Mr. Carter as having been supplied by the Lee firm—a sort of press release which, it was recommended, should be broadcast to the world by some responsible German official:

Questions have been raised concerning the status of Germany's so-called "storm troops." These number about 2,500,000 men between the ages of 18 and 60, physically well trained and disciplined, but not armed, not prepared for war and organized only for the purpose of preventing for all time the return of the Communistic peril. In view of the misunderstanding in regard to these civil forces, however, Germany is willing to permit an investigation into their character by such international arms control organization as is eventually established.

According to Mr. Carter the Lee advice also recommended that Joachim von Ribbentrop undertake a definite campaign to

clarify the American mind on the disarmament question, first by a series of press conferences, then by radio broadcasts to the American people, and, finally, by articles in important American publications.

Mr. Lee finally conceded that his intention was that these suggestions should ultimately be considered by the officials of the German Government, and while he was not making the suggestions for dissemination in this country, they were for the benefit of the whole world, including the United States.

One point was apparently lost sight of by all concerned. The question was not asked, nor was information volunteered, as to whether or not what Mr. Lee was actually doing, as a hired Farben publicity agent, was to outline highfalutin speeches for Nazi officials to send back to America, regardless of whether or not they were truthful, in order to make the American people less suspicious of the real objective of I.G. Farben.

Mr. Lee appeared unable to agree with members of the committee as to just what kind of material came under the classification of propaganda. Asked whether he ever received any propaganda material from Germany he replied:

It is a question of what you call propaganda. We have received an immense amount of literature books and pamphlets and newspaper clippings and documents, world without end.

Congressman Dickstein questioned Mr. Lee about one particular lot which he described as a "tremendous quantity of propaganda, shipped from Germany on the steamship Bremen, addressed to Ivy Lee & Co., New York." Mr. Lee could not remember that particular shipment.

The committee heard many other witnesses in the course of its 1934 hearings on un-American activities, some of whom could also have been tied into the Farben propaganda machine without difficulty if the committee had been so minded. However, this testimony of Ivy Lee and his colleagues was so definitely related to Farben and Farben's part in the rearming of Germany, that it must be considered in all its sinister significance along with simi-

lar evidence uncovered during that same period by the Senate Munitions Committee.

Appeals which I made to Chairman McCormack and other members of his committee to unmask fully this "German I.G. control of American affairs," and my offers of evidence pertaining to same, were brushed aside as out of order. It was also in 1934 that the Hon. James F. Byrnes, who was to go from the Senate to the Supreme Court and then become postwar Secretary of State, ignored my offer of pertinent data relating to the unsenatorial activities of his colleague, Dr. Copeland. And, over the next several years similar rebuffs were received from the Senate Lobby Investigating Committees headed by Hon. Hugo L. Black, who was also to move on to a seat on the High Court.

In April 1935 every member of the Senate and House of Representatives of the United States received a brief, in the form of a printed thesis prepared by Francis P. Garvan, protesting against the extension of reciprocal trade treaties to Switzerland. This brief had been prepared in 1934 and was submitted in behalf of "Chemistry in the United States." Mr. Garvan's authorization to present it came from the Chemical Foundation and several of the other important organizations which represented the chemical industry of this country. It was also sent to Cabinet members, officers of executive departments and others. This brief faced all concerned with a powerful and unanswerable indictment of the policy of governmental inaction in ignoring the dangers to our economic security and national defense which was apparent in the penetration of our industries by I.G. Farben, and the latter's identification with Hitler and the Nazi government.

The reciprocal trade-treaty statute, authorizing the President to enter into foreign trade agreements, had been passed by Congress in June 1924, and among the first countries to ask for the advantages in reduced tariff rates to be derived from such a treaty was Switzerland, where the chemical industry was completely dominated by Farben. In his brief, Mr. Garvan paid his respects to those who were attempting to breach the tariff walls that protected our chemical industries from a renewal of dumping by Farben through its backdoor in Switzerland, and castigated them with these words:

I say it with all solemnity—that this industry is as sacred to the American people as the grave of the Unknown Soldier, and only a traitor or a fool dare touch it.

Of Farben's ties with Hitler he said:

..... the chemical industry is under the direct supervision and control of a Minister of Industry who in turn is subject to the absolute will and word of Adolph Hitler, the Fuehrer. Therefore, in all dealings with the Swiss chemical industry, the actual partner and active member of the European dye cartel which is dominated and controlled by the German I.G., you are dealing with Adolph Hitler.

Garvan sketched the history of what the German dye trust, its Herman Metz, and its spies, had done before and during World War I; his own early fight against them, and the efforts of the Wilson Administration to aid in the development and protection of a coal-tar chemical industry in America. His paper made clear the vital importance of an independent and powerful chemical industry for the United States, in peace and in war; and he came back time after time to what Farben had done and was still doing with the aid of its many new industrial patents, its I.G. subsidiaries, and its literary Ivy Lees.

In one respect Garvan's brief was prophetic, although he was mistaken in the optimism on which his forecast was predicated. He warned of the time when our supply of natural rubber might be cut off by Japan, but he erred in a belief that the development of our chemical industry was a guarantee that we would have a substitute sufficient for our needs when that time should come.

The contemptuous response of Congress to the Garvan brief might be observed in the adoption of a reciprocal treaty with Switzerland in 1936, and subsequent reductions in the duties on coal tar and other chemical products from that country. In 1943, after Congress had again "found out" about Farben and Farben's war, a clause was actually inserted in the renewal of the Reciprocal Trade Agreement Act which purported to deprive cartels of any benefit from such treaties.

As confirmation of his own warning, Mr. Garvan quoted in his

brief from the then-scorned statesman of another nation who was also attempting, in vain, to arouse his fellow countrymen and the world to what was coming. The man who, six years later—when he was called upon almost too late, was to win immortal fame as the inspired defender of human dignity and liberty against the Nazi brutality which Farben had planned and armed. Garvan's quotation was from a debate in the English House of Commons in 1934, in which Winston Churchill had said:

The great new fact that is riveting the attention of every country in Europe and the world is that Germany is rearming. This fact throws everything else in the background. Her factories are working under practically war conditions. Germany is rearming on land, to some extent on sea; and what concerns us most, in the air.

The most dangerous attack is the incendiary bomb Ten days of intensive bombing of London would kill or maim thirty or forty thousand people We must face this peril where we stand; we cannot move away from it. I hope the Government will not neglect the scientific aspect of protection of the population, but pending some new discovery, the only practical measure for certain defense is being able to inflict as much damage on the enemy as he can inflict. That procedure, might, in practice, give complete immunity.

This historic premonition and warning from England's future Prime Minister went unheeded, and in America as in the British Empire, professional politicians took refuge beneath a shabby umbrella covered with the flimsy fabric of pacifism, and refused to act on the evidence under their noses of what Germany, and Farben, were again preparing to do.