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THE DAVID LAWRENCE DISPATCH

BY DAVID LAWRENCE

WASHINGTON, MARCH 28.--PRESIDENT ROOSEVELT SIDED WITH THE BRITISH-DUTCH CARTEL AND THUS DISCOURAGED THE DEVELOPMENT OF SYNTHETIC RUBBER WHILE THE STANDARD OIL COMPANY OF NEW JERSEY AND VARIOUS AMERICAN RUBBER COMPANIES HESITATED TO SPEND THEIR OWN MONEY TO FINANCE RUBBER PRODUCTION IRRESPECTIVE OF THE PATENT SITUATION.

THIS IN A NUTSHELL IS THE STORY OF WHY AMERICA IS WITHOUT SYNTHETIC RUBBER TODAY. JUST WHY THE PRESIDENT REFUSED TO ALLOW THE RECONSTRUCTION FINANCE CORPORATION TO APPROPRIATE SUFFICIENT MONEY EITHER FOR GOVERNMENT-OWNED OR GOVERNMENT-SPONSORED PLANTS IS NOT YET OFFICIALLY EXPLAINED.

THE MAIN CONJECTURE HERE IS THAT MR. ROOSEVELT FELT THAT THE BRITISH AND DUTCH RUBBER INTERESTS HAD TO BE SUPPORTED LEST AMERICA DEVELOP AN INDUSTRY OF ITS OWN WHICH MIGHT LATER DEMAND TARIFF PROTECTION OR SUBSIDY. LIKewise DOLLAR EXCHANGE WAS VALUABLE TO THE BRITISH AND DUTCH INTERESTS AND HENCE THE PRESIDENT WAS LOATH TO KNOCK THE PROPS FROM UNDER THE BRITISH-DUTCH MONOPOLY.

ASSISTANT ATTORNEY GENERAL ARNOLD, WITH HIS CHARACTERISTIC FLAIR FOR PUBLICITY, HAS SMEARED THE STANDARD OIL COMPANY BEFORE A SENATE COMMITTEE AND GIVEN THE PUBLIC THE IMPRESSION THAT SYNTHETIC RUBBER DEVELOPMENT WAS RETARDED BECAUSE OF A COMMERCIAL RELATIONSHIP BETWEEN STANDARD OIL AND A GERMAN CHEMICAL COMPANY. HE HAS ENDEAVORED TO ALLOW THE INFERENCE TO BE DRAWN THAT EVEN AFTER PEARL HARBOR THERE WAS SOME IMPROPER RELATIONSHIP BETWEEN THE GERMAN AND AMERICAN INTERESTS.

THE STANDARD OIL COMPANY ACCEPTED A CONSENT DECREE SO AS TO DISPOSE OF THE TANGLED LEGAL QUESTIONS INVOLVED AND SO AS TO DEVOTE THE TIME AND ENERGIES OF ITS EXECUTIVES TO WARTIME EFFORT. BUT EVIDENTLY THE CASE IS GOING TO BE CONTINUED IN THE COURT OF PUBLIC OPINION WITH STATEMENTS AND COUNTER-STATEMENTS CONCERNING THE COMPLICATED PATENT RELATIONSHIPS INVOLVED. THIS IS BUT A SMOKE SCREEN TO CONCEAL THE ERROR IN JUDGMENT MADE BY THE ADMINISTRATION ITSELF IN FAILING TO BUILD UP SYNTHETIC RUBBER AFTER THE STANDARD OIL COMPANY AND VARIOUS RUBBER COMPANY EXECUTIVES BEGGED THE SENATE MILITARY AFFAIRS COMMITTEE ON JUNE 14, 1940, TO FINANCE THE SYNTHETIC RUBBER DEVELOPMENT.

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AS LONG AS THERE WAS A CHANCE THAT BRITISH AND DUTCH RUBBER INTERESTS WOULD BE SUPPORTED AS AGAINST THE INTEREST OF AMERICAN COMPANIES THE LATTER WERE NATURALLY RELUCTANT TO BUILD UP SOMETHING ONLY TO HAVE IT DESTROYED BY THE BRITISH-DUTCH MONOPOLY, WHICH COULD BRING THE PRICE DOWN OVERNIGHT TO TEN CENTS A POUND. THE AMERICAN GOVERNMENT HAS BEEN BUYING RUBBER FROM THE BRITISH-DUTCH MONOPOLY AT TWENTY-TWO CENTS A POUND. SYNTHETIC RUBBER CAN BE MANUFACTURED AT LOW PRICES BUT THE EXPERIMENTAL AND DEVELOPMENT WORK IS COSTLY.

EDWARD R. STETTINIUS, OF THE NATIONAL DEFENSE COUNCIL, URGED IN THE AUTUMN OF 1940 THAT \$100,000,000 BE SPENT BY THE GOVERNMENT TO FINANCE THE BUILDING OF SYNTHETIC RUBBER PLANTS. NO QUESTION OF PATENTS OR PROCESSES WAS REALLY AT ISSUE. BUT MR. ROOSEVELT CUT THE REQUEST DOWN FROM \$100,000,000 TO \$25,000,000 WHICH WOULD FINANCE ONLY 25,000 TONS.

SUBSEQUENTLY IT APPEARED THAT THE FEAR OF PROSECUTION UNDER THE ANTI TRUST LAWS FOR POOLING THEIR ACTIVITIES CAUSED AMERICAN RUBBER AND OIL COMPANIES TO REFRAIN FROM TAKING THE INITIATIVE AND THEY URGED THE GOVERNMENT TO HANDLE THE WHOLE MATTER.

APPARENTLY THE PRESIDENT COUNTED HEAVILY ON THE FLOW OF RUBBER FROM THE DUTCH EAST INDIES AND THE FAR EAST AND DID NOT EXPECT THE DUTCH TO LOSE THEIR ISLANDS TO THE JAPANESE. THE MOMENT WAR THREATENED LAST NOVEMBER THE AMERICAN GOVERNMENT DID A YEOMAN JOB IN GETTING ALL AVAILABLE RUBBER OUT OF THE DUTCH EAST INDIES. BUT IT IS NOW APPARENT THAT THE PRESIDENT ERRED AND THAT WE WOULD HAVE HAD SOME SYNTHETIC RUBBER PLANTS TURNING OUT LARGE QUANTITIES OF RUBBER IF IT HAD NOT BEEN FOR HIS RELIANCE ON THE BRITISH-DUTCH CARTEL.

MR. ARNOLD IS, OF COURSE, ANXIOUS TO MAKE IT APPEAR THAT THE CONSENT DECREE RELEASED GERMAN PATENTS. ACTUALLY ON MARCH 11 LAST THE STANDARD OIL COMPANY ANNOUNCED THAT IT WOULD FURNISH TO BOTH INDUSTRY AND THE AMERICAN GOVERNMENT ROYALTY-FREE ITS VALUABLE BUTYL PATENTS. AS FOR BUNA RUBBER THESE HAD ALREADY BEEN MADE AVAILABLE BY THE STANDARD OIL COMPANY TO THE GOVERNMENT AND INDUSTRY ON A ROYALTY BASIS BEFORE AMERICA ENTERED THE WAR.

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CARTEL ARRANGEMENTS HAVE BEEN UNDER ATTACK FOR MANY YEARS. WHEN HERBERT HOOVER WAS PRESIDENT HE FOUGHT THE STEVENSON PLAN OF RUBBER CARTELS AND OTHER MONOPOLIES IN RAW MATERIALS FINANCED BY FOREIGN GOVERNMENTS. BUT THE PRESENT ADMINISTRATION HAS PLAYED BALL WITH THE BRITISH AND DUTCH CARTELS, DOUBTLESS FOR DIPLOMATIC REASONS. ANY IMPRESSION THAT THE STANDARD OIL COMPANY FAILED IN ANY SENSE TO MAINTAIN LOYALTY TO THE UNITED STATES AND TO AID THE ARMY AND NAVY WHENEVER THE LATTER WISHED ANYTHING TO BE DONE, IS FALSE AND THE FORTHCOMING TESTIMONY BY THE OIL AND RUBBER EXECUTIVES WILL ESTABLISH WHERE THE REAL RESPONSIBILITY FOR THE RETARDATION OF SYNTHETIC RUBBER DEVELOPMENT HAPPENS TO BE.

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*File
President Roosevelt*