

How the U. S. Aids the Axis

QUICK TO RECOGNIZE THE DANGER OF
THE DICTATORSHIPS, AMERICA IS SLOW
TO STEM THE FLOW OF GOLD TO THEM



by MICHAEL EVANS

ADOLF HITLER sneers sarcastically at the “degenerate” democracies and well he may. All our talk is of aid to Britain. We have offered the brimming dipper of American industrial production to the thirsty lips of an England fighting for her life.

But our dipper leaks, and a hundred spurting streams gush to the aid of the dictators—to Hitler, to the Mikado’s bewitched little militarists, to Mussolini and to the cryptic Stalin.

Let’s look at these leaks that honeycomb America’s defense mobilization. Some exist because no one has thought to plug them. Others can never be plugged completely, unless we enter the war as a full belligerent.

Do you remember Gen. Charles de Gaulle’s fiasco at Dakar last September? There was a lot of

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mystery at the time, but now it is known that part of the stake for which De Gaulle gambled was a billion dollars or more in gold, stored in special vaults completed by the French only after the war's outbreak. De Gaulle wanted to get that gold before Hitler did. But he failed.

And here's where we enter the picture. Early in the New Deal, the U. S. treasury posted an offer to buy gold from any source at thirty-five dollars an ounce. The offer still stands. Of course, the Treasury would not knowingly buy stolen gold, but gold is the perfect international medium of exchange. Once it has been melted and cast into bars, no test can show whether it came from a vault at Dakar or a mine in the Urals.

If Russia or Japan will obligingly recast those Dakar bars, they can be shipped to the U. S. treasury, and every ounce will put thirty-five dollars of badly needed dollar exchange into Hitler's pocket. You can't prove it, but some financial experts suspect that very thing has already happened.

The U. S. gold law is a hole in our armor against totalitarianism.

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It will be hard to close, but Germany's dollar famine makes it most important.

That's why technically neutral United States is a happy hunting ground for Nazi financial tricks. Look in any of the fifty odd German language papers published in the United States. You'll find it filled with ads calling on German readers to buy small food orders to be "shipped" to persons in Germany. Actually, of course, no food is shipped from the United States. The order is just cabled over and delivered from a Nazi storehouse. A messenger boy delivers the goods and gets a signed receipt for the folks back in America. The next day, some say, SS men come around and confiscate the foodstuffs. But that is another matter. From the Nazi standpoint, all that counts is the addition of a few more dollars to German currency reserves.

Sworn reports made to the U. S. State Department show that some \$1,137,000 was collected last year in the United States for food orders and other German "relief" work. There are three big organizations soliciting Nazi funds here. They are Fortra, Inc., and

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the Hamburg- Bremen Steamship Agency, Inc., which deal largely in "food orders," and the Kyffhaueser League of German War Veterans. The Kyffhaueser League has headquarters in Philadelphia and also aids Nazi war prisoners in Canada and Jamaica. On the Pacific Coast, the United German Societies of Portland, Oregon, make some small collections.

POSSIBLY the most important and certainly the most obscure phase of U. S. aid to dictators is that which stems from international corporate relationships and patent contracts.

Such a corporate agreement usually means dollars for the Nazi foreign exchange fund. And more important, it means that German military experts have a constant check on what the U. S. army and navy are ordering to improve America's defenses.

We all know how the United States has aided Tokyo's war machine, how we have shipped \$700,000,000 in iron and steel scrap, finished steel, machine tools, gasoline, copper and zinc—a tidy catalogue of the basic weapons of total war—to Japan from 1937 to 1940. We know that we've

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footed a big share of Japan's war bill by buying her silk, but we have the impression that the spigot of war aid to Japan has been closed at least half-way by President Roosevelt's embargoes on aviation gas, iron scrap and machine tools.

What we may not know is that last year we sold Japan more goods than any other countries except Britain, Canada and France, and we bought more goods from her than from any country of the world except Canada. The plain fact is that the United States today is still the foundation stone of totalitarian Japan's economy.

One reason why America today is short of ships to fill Britain's desperate needs is the fact that for six years or more Japan and her scrap agents bought almost every American cargo vessel placed on the auction block, using them for scrap to feed the blazing steel mills of Nippon.

This sort of aid goes on despite table-thumping debate and columns of newspaper editorials.

Actually, no one really knows how many hundred agreements like that still exist. They were

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made in pre-war days, because U. S. firms saw a chance to turn an honest dollar. They were legitimate transactions. But war gives a changed aspect to many routine commercial dealings.

These agreements keep bobbing up at critical bottlenecks. There was one in the beryllium industry. Beryllium, discovered only a few years ago, makes amazing light and strong new alloys for airplane parts — altimeters, cowl hinges, feed lines, magneto parts, valve springs, etc. The contract was between the Beryllium Corporation of America and the great electro-chemical firm of Siemens & Halske in Germany. They agreed to exchange all patents, information and techniques and divide sales territory.

The British discovered this agreement shortly before the war broke out. When they found themselves dependent on a German firm for this vital metal they cracked down.

There is an anti-trust case which charges a patent pool, market division, royalty contract existed in the magnesium industry. Magnesium is another light material used in bomb casings, truck parts, fast-moving machine tools, and

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airplane construction.

The government contends that Germany got a royalty of one cent a pound on America's production of magnesium, that U. S. magnesium could be sold to Britain only with German approval and that, although U. S. production never amounted to more than a quarter of Germany's, a big share of our output was shipped to the Reich.

The importance of such agreements is obvious. They provide Germany revenue. They provide a day-by-day check on the progress of U. S. technology. They offer a brake which can often be applied to U. S. defense production.

In the last war Germany lost her enormously valuable patents in the United States. They were confiscated and handed over to American firms. That won't happen on a large scale again. Germany has thoughtfully transferred patents to American holders this time. In U. S. hands they can't be touched.

Meantime, the Reich uses the United States as a base of operations from which to direct a far-flung trade and keep alive commercial connections despite the British blockade. Germany even

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uses American industry and American goods in a fight to keep U. S. business from taking over the pre-war Nazi markets in South America and elsewhere.

In Latin America, German, Italian or Japanese agents represent many U. S. firms. These hostile agents even use advertising appropriations of American products to subsidize totalitarian propaganda sheets in some cases or as a pressure device to force newspapers to take a pro-Axis line. Usually, a government inquiry reports, the American firms have no knowledge that their dollars are being spent to foster anti-American causes south of the Rio Grande.

THIS ONLY scratches the surface of the ways in which the United States contributes to the German war effort. The most direct method, of course, is through American investments and industry located within Germany and the conquered countries. It is hard to underestimate the value of these U. S. holdings to Hitler.

Hitler has within his grasp upwards of \$2,000,000,000 of American capital and property in the Reich and in France, the Netherlands, Belgium, Poland and Scan-

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dinavia. Some estimates run much higher, one being that the U. S. has a frozen investment of \$2,000,000,000 in Germany alone.

This stake is in the form of property—great industrial plants like the subsidiaries of General Motors and Ford which are integrated right into German war production—and investments which Germany freely uses to finance her war. U. S. owners get no return whatever from their holdings except for an illegal trickle over the border.

A list of the U. S. firms involved reads like a blue book of American industry. It makes no difference whether these firms like Hitler or not, whether they favor Nazi methods or not. The Germans have their plants and their money. They use both as they please.

The Nazi foreign exchange headache increases the strong suspicion that the Germans have attempted to loot the stock holdings of conquered countries. Evidence is hard to get at. Even special experts of the Federal Reserve and the British Treasury who have made every effort to prevent this form of robbery can't be too sure

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of the situation. A few facts are known. The conquered countries held about \$1,000,000,000 in U.S. stocks. They had U.S. bank balances of \$800,000,000 to \$1,000,000,000. As fast as each country was invaded, the United States "froze" these holdings, prohibiting any transactions without special U. S. Treasury permission. It is suspected, however, that where the Germans actually laid their hands on stock certificates they have smuggled out some, probably through Switzerland to South America and then up to the United States. Here, it is thought, unknown quantities have been marketed privately with great care and probably at prices below the market. The origin of the securities, of course, would be concealed.

In these and other complex international operations the Nazis find Switzerland a convenient stepping stone to the United States and other more distant neutrals. Six months before the outbreak of war it was authoritatively estimated that at least a third of "Swiss" holdings of U. S. securities and "Swiss" deposits in U. S. banks actually were German, held by Swiss dummies.

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The United States was the first democracy to recognize the world menace of the dictators. It may be the last democracy to stem the flow of bright new dollars into totalitarian war chests, to stop selling matchless Yankee machines to anti-democratic armies, to ban from its soil the busy agents of its enemies, to break dictator-devised bottlenecks which constrict American defense production in a score of vital sectors.

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