

Memorandum

The purpose of this memorandum is to describe in a very general way some of the material which the Antitrust Division found in its eighteen months of investigation relating to German control over American corporations and patents and the German plan of economic warfare.

The following amazing facts were the reasons for the investigation:

(1) Hitler was successful in restricting the aluminum production in the United States by the use of the cartel device while he was expanding his production of aluminum.

(2) Hitler was successful in stifling the development of magnesium in this country by using the patent device.

The investigation revealed that after World War I, the Germans regained their position in the Western Hemisphere, where they had a monopoly power in certain fields such as aniline dyes, drugs, and chemicals before 1917. Confiscation of German patents in this country and in Latin American broke this power during the last war.

In general, in their campaign to regain the control over certain basic American industries, the Germans relied upon three devices: control over corporations, control over patents, and, in connection with both, international cartel decrees.

Control over certain American corporations such as General Aniline & Film Corporation and Schering Corporation was obtained by stockholdings obscured by certain Dutch, Swiss, or Norwegian holding companies or other dummies.

Corporation such as Sterling Products Company and Standard Oil of New Jersey, although not controlled by the Germans, were made to act in their interests through cartel agreements which were effective until quite recently.

The control of shares or cartel agreements were strengthened by assignments or licensing of patents granted in this country to Germans or to their American affiliates. The patents were assigned or licensed in a form protecting German interests in this country or in South America.

During the period between 1920 and 1941, the German industries which received tremendous governmental subsidies made technical advances particularly in the dye, drug, chemical and light metals fields. Patents and subsidies gave them a powerful position in every cartel. The cartel agreements gave them influence over American corporations or patents; they practically regulated the trade in such basic industries as dyes, drugs, light and heavy metals and precision instruments. Since the cartelization of the German domestic industries covered almost everything, the Germans naturally became leaders of the international cartels, which distributed the trade of the world among German, English, and American interests.

Roughly speaking, the English got the monopoly in the British Empire, the Americans in this country, and the Germans elsewhere.

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