

U.S. Senators Once Did Fight Fascism!

by Allen Douglas

We must never again leave it to cartels to manage independently our international economic affairs. It has been disastrous in the past; it would be catastrophic in the future.

—U.S. Sen. Harley M. Kilgore, reflecting on the findings of his 1945 Senate investigative committee's hearing on "Cartels and National Security."

Mr. Chairman, I want to say that the control achieved through the cartel system is as near feudalism as anything could be devised in these modern times of ours. It was feudalism in a new dress. The control was airtight.

—Testimony to the Kilgore Committee by U.S. Sen. Homer T. Bone, chairman of a 1941-42 Senate investigation of the cartels.

Those U.S. Senators who cannot muster the intestinal fortitude to call the fascist Felix Rohatyn a "fascist," would do well to examine the records of hearings which their predecessors held from 1938 to 1946. From the 1920s, and well into the early years of World War II, U.S. affiliates of Synarchist cartels and banks systematically assaulted the U.S. economy, with the same goal as at present—to establish a world fascist dictatorship. At that time, however, the Synarchists met fierce resistance, centered most publicly on hearings in the U.S. Senate, and flanked by investigations by other wings of the U.S. government. Senate committees relentlessly pursued the most powerful banks and corporations in the country, and charged them with aiding the Nazi war machine.

The Senate held two series of public hearings: a nine-part series in 1941-42 on cartel control of patents, chaired by Washington Democrat, Sen. Homer T. Bone (the Bone Committee), and a 16-part series in 1943-45 on hindrances to the war mobilization, by the Senate Sub-committee on Scientific and Technical Mobilization of the Committee on Military Affairs, chaired by West Virginia Democrat, Sen. Harley M. Kilgore (the Kilgore Committee).

A third set of hearings, in 1948-49, was chaired by Garland Ferguson, a member of the Federal Trade Commission. Established by the U.S. Army, these hearings found that the "basic policy of eliminating the cartels and big combines was sound," in the words of James Stewart Martin, a lawyer in the Antitrust Division of the Department of Justice. In the



West Virginia Sen. Harley Martin Kilgore (1893-1956) spearheaded the war mobilization, and documented the crimes of the cartels.

committee's own words, "this policy should have been, and should now be, energetically enforced." Committee chairman Ferguson hauled Dillon Read's Gen. William H. Draper—the chief saboteur of that policy—before the committee, at which point, the U.S. Army shut the hearings down. (Draper not only sabotaged the anti-cartelization of Germany, but went to Japan in 1948 to do the same thing against General MacArthur's efforts to decartelize there.)

The financier-directed cartels gave birth to the present "globalist" world order. However, their power was already enormous in the inter-war period, and those U.S. patriots who fought them then, had to put up with the same whining excuses we hear today about the "inevitability" of globalization. Fritz Machlup, the Alien and Custodian Property official, for instance, wrote in 1945, in "Cartel Policy for the United Nations":

Resistance against the international cartel movement is being discouraged as an unrealistic policy, a vain gesture of old-fashioned liberalism. "You can't turn the clock back." "We can't stem the tides of the future." "We must be realistic." Phrases like these are being used to discourage the "crusade" on behalf of the competitive system. It should be noted that the same slogans were used in foreign countries to intimidate people who believed in "old-fashioned" democracy and resisted the "trend" toward "the New Order."

Realism is not a substitute for reasoning. To plead "Let us be realistic" but not to offer the specific points which are to be included in one's logical reasoning is to confess mental insolvency.

Dr. Clifford Kiracofe, Jr., a former senior professional staff member of the U.S. Senate Committee on Foreign Relations, reviewed the Kilgore Committee's hearings some years



Library of Congress

*Washington State
Sen. Homer T. Bone
(1883-1970)
relentlessly pursued
what he called the
“feudalism in a new
dress” of the
cartels.*

ago, and recently observed, “They were devastating, and make all the recent ‘Who Financed Hitler’ books pale in comparison.” The Kilgore hearing transcripts total more than 2,000 pages, and this article is based on a preliminary review of the hearing documents, plus some of the numerous books and articles published in the 1940s by members of the Antitrust Division of the Department of Justice, headed by Thurman Arnold.

I shall cover here, Franklin Delano Roosevelt’s declaration of war on the cartels, some of Senator Kilgore’s actions against the cartels, and some examples of the Synarchist cartels’ sabotage of the U.S. war mobilization. I have let some of the main combatants in this war against the Synarchy tell the story in their own words, because it helps to bring alive the extraordinarily inspiring “mindset” of that era, so radically different from that of our own, Baby Boomer epoch. These were merely modest patriots fighting a grim war that they knew had to be fought, but they were titans, for exactly that reason, particularly by present standards.

FDR Declares War Against the Cartels

In 1938, with a new world war clearly on the horizon, U.S. President Franklin Delano Roosevelt “decided on a campaign against the cartel system,” as Thurman Arnold, the head of the Antitrust Division of his Justice Department, later wrote in his book, *Democracy and Free Enterprise*. That year, FDR asked Congress to authorize an investigation of the cartels’ hold over the U.S. economy. He warned that events in Europe

... retaught us two simple truths about the liberty of a democratic people. The first truth is, the liberty of democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger

than the democratic state itself. That, in its essence, is fascism—ownership of government by an individual, by a group, or by any other controlling private power. The second truth is that the liberty of a democracy is not safe, if its business system does not provide employment and produce and distribute goods in such a way to sustain an acceptable standard of living.

Moreover, said FDR, “the study should not be confined to the traditional antitrust field,” but has to be conducted so as to “stop the progress of collectivism in business.” In plain English, this meant: to investigate the U.S. arms of international cartels, and to break them up.

The Congress responded on June 16, 1938, with Resolution 113, which established a unique new institution, the Temporary National Economic Committee (TNEC). The TNEC consisted of 12 members, 3 each from the Senate and House of Representatives, and 1 each from the Departments of Justice, Treasury, Labor, Commerce, the Securities and Exchange Commission, and the Federal Trade Commission. It held its first hearing on Dec. 1, 1938, and it called numerous corporate leaders to testify. Within a short time, it produced 31 volumes, comprising 17,000 pages, and 3,300 “exhibits of technical matter.”

The TNEC’s findings brought the power of the cartels into the public domain for the first time in the United States since the “anti-trust” exposés of the late 19th Century, and its findings were shocking. They demonstrated, for instance, that these “international cartels” used patents “against the public interest” to “suppress or restrain the activity of other American citizens and American organizations,” such that, a “large proportion of all national savings and all national wealth have fallen under the control of a few organized enterprises” with extensive links abroad.

The TNEC provided preliminary, but already conclusive documentation that “great commercial organizations operating on a world-wide scale enter into combinations and agreements to divide territory, to suppress competition, and to exploit the public by the restriction of production and the maintenance of price.”

Antitrust Division head Thurman Arnold appeared before the committee and requested an emergency appropriation to expand his Antitrust Division. Investigations over the previous two years had convinced him that it were “probable that vital military information has been disclosed to foreign companies through the requirement of itemized descriptive royalty payments in patent license agreements.” His 1945 book, *Democracy and Free Enterprise*, summarized his intent:

[One of the] most important long-run objectives of the Antitrust Division, is to destroy the great international cartels which divided up foreign markets and restricted

production both at home and abroad prior to the war. These cartels were formed in a large number of our most basic industries. Germany was a party to the majority of them. Many of those which the Antitrust Division has discovered contain provisions that the cartel arrangements shall be immediately revived after the war.

During 1941-42, under the leadership of Senator Bone, known as the “Father of Public Power” in the Pacific Northwest, the Bone Committee on Patents deepened the Department of Justice/TNEC investigations in a nine-part series of hearings on the cartels’ use of patents to sabotage the U.S. war effort. In part because of the combined investigations, FDR established the Board of Economic Warfare (BEW), which included the Secretaries of State, War, Navy, Commerce, Treasury, and Agriculture; the Attorney General; the Coordinator of Inter-American Affairs; the Lend-Lease Administrator; and the head of the War Production Board. It was chaired by Vice President Henry Wallace. The BEW’s executive director, Milo Perkins, requested that the Department of Justice establish an Economic Warfare Section (EWS), which Arnold also headed. His staff member Edward H. Levi recruited James Stewart Martin, who soon became its head, and who later wrote *All Honorable Men*, about the Synarchist post-war sabotage of FDR’s anti-cartel policy.

In the midst of these investigations, probably to help derail them, Sen. Harry Truman, a Missouri Democrat, gave a ballyhooed speech in the Senate on Feb. 10, 1941, against “fraud and waste” in the war effort. Then he introduced Senate Resolution 71 to create an oversight committee on the subject. Although it passed the Senate Military Affairs Committee on which Truman sat, Sen. James F. Byrnes, the South Carolina Democrat who chaired the Senate’s committee on expenses, held it up, because it was so clearly aimed against FDR’s efforts. In the face of a similar, Republican-sponsored measure, Byrnes then had to let Truman’s bill through, and thus was established the Special Committee to Investigate the National Defense Program, known as the “Truman Committee.”

So omnipresent was the cartels’ sabotage of the U.S. war mobilization, that, whatever the motives of Truman or his controllers in establishing it—including building up Truman’s political profile for future assignments—his committee inevitably began to receive testimony on the subject. After Pearl Harbor, for instance, when the United States suddenly lost 98% of its natural rubber supplies (which had come from the now-Japanese dominated Southwest Pacific), Thurman Arnold told Truman’s committee that Nazi cartels and their U.S. partners were the “principal cause” of the U.S. rubber shortage:

Standard Oil of New Jersey desired a world monopoly

in oil and synthetic gasoline. I.G. Farben [of Germany] was interested in chemicals. Each wanted to be free from the competition of the other and also from independent competition. They therefore agreed that in the chemical field, which included synthetic rubber, I.G. Farben would have control. To implement that agreement, Standard Oil was to turn over any chemical processes to I.G. Farben, either the information or the patents, to any chemical processes which it discovered not directly connected with oil production. This included even the right to sell in the United States. In return, I.G. Farben agreed to turn over to Standard Oil any patents or discoveries which directly concerned oil production, including synthetic gasoline. Each company gave the other a world monopoly insofar as they were able to convey it.

An investigation of Standard Oil president William Stamps Farish was clearly leading toward the Wall Street circles who financed Hitler, among them Prescott Bush of Brown Brothers Harriman. Truman shut the hearings down. Anton Chaitkin reported in *George Bush: The Unauthorized Biography*, “On March 25, 1942, U.S. Assistant Attorney General Thurman Arnold announced that William Stamps Farish (grandfather of our current President’s money manager) had pled ‘no contest’ to charges of a criminal conspiracy with the Nazis.” (See *George Bush: The Unauthorized Biography*, by Anton Chaitkin and Webster Tarpley [Washington, D.C.: Executive Intelligence Review, 1991] for more on this. Farish’s grandson, the immensely wealthy, ultra-secretive William Stamps Farish, III, has been George W. Bush’s closest friend and sponsor for decades.)

The Kilgore Committee

Not all Senators were owned by the Synarchy, however. One patriot was West Virginia Sen. Harley M. Kilgore. Although apparently a friend of Truman, Kilgore helped to spearhead the U.S. war mobilization. Thus, in October 1942, the Senate appointed him to chair a subcommittee of the Military Affairs Committee on Scientific and Technological Mobilization. Already, he had sponsored a bill which was to help establish the Office of War Mobilization (by an FDR Executive Decree in May 1943). Deepening the work begun by the TNEC, the Kilgore Committee’s widely publicized, almost sensational 16-part hearings of 1943-45 shone a public spotlight on the cartels. Among many other things, the Committee documented the extensive cartel arrangements between Standard Oil and I.G. Farben.

Kilgore also hauled Standard Oil president Farish before his committee, to which Farish gave highly defensive testimony, including the preposterous claim that, “It is my own conclusion that the United States got far more from Germany [via the Farben/Standard Oil cartel] than Germany ever got

from us.” Moreover, said Farish, he would do it all over again:

We are human beings. In 1927, we could not foresee 1942. But I want to say to you gentlemen that if in 1927 and 1929 we could have read the future, if we could have known that the Japs would strike Pearl Harbor on Dec. 7, 1941, we would have been even more anxious than we were to sign those contracts to permit us to weave into technical knowledge and experience of the industries of our own country a large part of the technical advances of modern German science.

Military Intelligence conducted its own, extensive investigations, and compiled the “name, rank, and serial numbers” of virtually the entire Synarchist establishment in the United States, Europe, Japan, and Ibero-America, the latter with particular thoroughness. Many of their archives are now available, and, by the descriptions of their “finding aids,” hold a more detailed picture of the Synarchy than has previously come to light. Under the Churchill/Truman turn toward fascism, however, all of this damning evidence was swept aside, notwithstanding rearguard battles by U.S. patriots in official positions until about 1947, including the damning findings of the Ferguson Committee as late as 1948-49.

Collectively, these Senate hearings established that the financier-directed U.S. cartels wittingly attempted to prepare the defeat of the United States by the Axis powers in a war which all the insiders knew was inevitable, from at least 1933, but which had actually been planned already at the 1919 Versailles Conference.

Patriots in the U.S. Senate proposed measures to rip apart the Synarchy’s cartels, so that after the defeat of the Axis powers, no such a threat could ever again arise. As detailed in the Kilgore hearings, and in two books about Kilgore’s activities by Robert F. Maddox (*The Senatorial Career of Harley Martin Kilgore* and *The War Within World War II: The United States and International Cartels*), Kilgore was devoted to this cause from shortly after he first became a U.S. Senator in 1940, until his death in 1956.

In addition to his bill for an Office of War Mobilization in 1943, in the same year Kilgore drafted a bill mandating a *Mittelstand*-led, science-driver industrial mobilization after the war, which would shatter the Synarchy’s cartels, an approach which he and other Senators referred to as “traditional American economic methods,” as opposed to the alien, Europe-centered cartel apparatus. Kilgore was beset with intense opposition from the Synarchy and its stooges in the Senate and elsewhere, such that only a much more modest form of his proposal was finally enacted. This became the National Science Foundation, which he helped shepherd into existence as a post-war member of the Appropriations Committee.

The Senate hearings covered vital aspects of the war mobilization, including one entire hearing devoted to the seemingly humble, but vital issue of extending the life of civilian shoes (Feb. 8, 1944, “Increasing the Wear of Shoe Leather”). Because the best leather was appropriated to the armed forces, and ration coupons allotted only so many pairs per individual in a given period of time, if your shoes wore out before the allotted time (as often happened), you had a problem.

The first witness at the shoe hearing was an executive with the United Shoe Machinery Company, who, among his other qualifications, had spent eight years manufacturing women’s welts. Kilgore greeted him by congratulating him on his company’s technological breakthrough in the repair of shoe machinery, made not long before. In many hours with him and other shoe industry experts, Kilgore and his committee became intimately informed on the details of shoe manufacture. One theme which emerged, was the necessity of generalizing the practice of extending shoe life by 30-40%, by treating shoes with oil or hot wax.

German Cartelization

The extraordinary cartelization of Germany under Hitler began well before 1933, causing some of the principals in these investigations to attribute the cartel menace to the “German character.” The more thoughtful, however, emphasized that the problem was much wider than merely Germany. Robert P. Terrill, Assistant Chief of the Commodities Division of the State Department, was one who stressed this deeper reality. In his 1945 article, “Cartel Policy and International Security,” which recounted the cartels’ economic warfare, Terrill observed:

There is, however, one important caveat to be emphasized, namely, that the problem should not be identified or confused with the Nazi revolution and its consequences, even though the Nazis did derive benefits from such cartel arrangements. The background presented in the foregoing parts of this chapter should caution the reader against undue emphasis on the specifically German character of international cartels.

Terrill concluded by saying that the elimination even of all the “German” cartels “might create the illusion that international cartels had been eliminated and that future measures were unimportant or superfluous.”

Terrill’s article appeared in the 1945 book, *A Cartel Policy for the United Nations*, edited by Corwin D. Edwards, the chairman of the Policy Board of the Antitrust Division of the Department of Justice, and a close collaborator of Thurman Arnold. It was one of numerous books and articles on cartels edited or authored by Arnold and his associates to awaken the American public to the Synarchist menace.