**PART 8 THE MONEY MATRIX: Rockefeller and the Origins of U.S. Pharmaceutical Industry**

by Sue Peters

**Introduction**

“When a commercial bank makes a loan contract with a borrower, the bank CREATES the deposit in the borrower’s account.” Have you repeated this fact 15,000 times yet? Private banks CREATE what we use as money. This ‘money power’ can also be called Finance Capitalism or Wall Street, or just the Banks. Those who control this ‘money power,’ have influenced powerfully our entire society. This article will focus specifically on the control of the medical profession.

This control of the banks by wealthy elites goes back to the end of the 19th century, when financial-industrial cartels(1), run by names like J.P. Morgan, John D. Rockefeller, Andrew Carnegie, etc., used the ‘money power’ to take over the American economy. These financiers created tax-exempt foundations to shield their wealth from taxes but, more importantly, to allow it to grow and grow.

*What We Learned in Part 6:* Wealthy capitalists funded the germ theory of disease and “scientific” medicine. They did not want to bring attention to the unhealthy effects of their huge industrial systems. The tax-exempt foundations, Carnegie and Rockefeller, stepped in. From 1910-1930s the foundations gave an unprecedented $300 million for medical education/research.

*What We Learned in Part 7:* After the war, the federal government opened its spigot to the medical industry. However, federal health research continued the focus on the narrowly technical components of disease and death rather than on the broader economic and physical environments so central to the population’s health status.”(1)

**The History of the Early Pharmaceutical Industry**

The first medicinal drugs came from natural sources – herbs, plants, roots, etc. – starting with the juice of the opium poppy (morphine) used to kill pain, around 3000 BC. However, that all started to change in the middle of the 19th century when German scientists began to dominate the field of analytic and organic chemistry with chemical discoveries. The first synthetic drug, chloral hydrate, was discovered in 1869 and introduced as a sedative-hypnotic.

The first synthetic drugs and the entire pharmaceutical industry can be traced to the manufacture of textiles and synthetic dyes. In this process, the black sticky mass (tar) remaining after distillation of coal under a vacuum provided a rich source of aromatic chemicals.(2) The Friedrich Bayer Co., founded in 1863 in Germany, was one of the first firms to show an interest in pharmaceuticals. It developed and marketed acetanilide from coal-tar as the first fever-reducing drug, Antifebrin. It was a market success. Bayer looked for other chemicals in the waste products from dyeworks. In 1897 the company marketed the first wonder drug, Aspirin, and filed a patent for the discovery – in 1899 in Germany and in 1900 in the U.S.(3)

**German Dye Company Cartel and American Business: 1916-1925**

In 1916 the six largest German chemical companies (several of whom produced pharmaceutical products from coal-tar and other chemical bases) became a combination called I.G. Dyes. Germany lost the war, but her cartel continued to plan ahead. One of the war-time seizures of Germany property was the American Bayer Co, with the Bayer Aspirin trademark as its most valuable asset. The company was offered at public sale in 1918 by the Alien Property Custodian, and was bought for $5,310,000 by Sterling Products. In the fall of 1919, the president of Sterling was in Germany reaching an agreement between the German and American Bayer companies for marketing in South America.

In 1925 and 1926, the huge I.G. Farben succeeded I.G. Dyes, adding five of the larger chemical companies of Germany. A new agreement was made between Farben and Sterling, after Sterling had set up Winthrop Chemical Company to handle Bayer’s drugs in the U.S. market. Farben got 50% of Winthrop’s stock.(4)

**Farben and Rockefeller**

Between 1924 and 1931, Germany borrowed abroad, mainly in the U.S. bond market, about 33 billion marks. These Germany bonds were issued by Wall Street banks and financial houses. These loans from the pockets of the American public allowed Germany to pay its reparations under the Dawes Plan and later the Young Plan. It also brought huge profits for the financiers.(5)

In April, 1929, a new company - American I.G. Farben - was launched by a Wall Street syndicate headed by National City Bank (Rockefeller controlled). The syndicate sold $30 million of 5 ½ percent convertible debentures, oversubscribed in an hour. The prospectus announced the principal, interest, and premium were guaranteed by I.G. Farben. “It was evident that the American I.G. was to be a Farben holding company for its manufacturing subsidiaries in the United States.”(6) The four American directors included:

* Walter Teagle: NY Federal Reserve Bank; Standard Oil of N.J. (Rockefeller controlled)
* Edsel Ford: President, Ford Motor Company
* Paul M. Warburg: Chairman, Bank of Manhattan; founder, Federal Reserve System
* Charles E. Mitchell: Chairman, National City Bank (Rockefeller controlled)

In 1938, the Securities and Exchange Commission (SEC) investigated American I.G. Farben. Under oath, Teagle stated he did not know who owned the company. He was treated with much respect and his answers accepted. Following is from the testimony.(7)

Schenker [SEC]: Throughout your entire tenure of directorship you say you did not know who the controlling

owners of American IG Chemical Corp. were?

Teagle: That is correct.

**The Drug Cartel**

At the end of World War II, Wendell Berge, Assistant Attorney General of the U.S., warned the American public: “The end of the war will find us on the threshold of the greatest technical and scientific developments in history. At the outset, we must face frankly the greatest obstacle to making the most of our opportunity. It is the threat of cartel control of major world industries. Unless this threat is … dealt with decisively, our opportunity to realize the great potential benefits of a free economy will be lost … the hope of maintaining democratic political institutions will be seriously impaired.”(8)

During the second half of the 20th century, “the pharmaceutical industry overtook the petrochemical industry to become the largest and most profitable industry on earth … The only other industry that comes close to this level of wealth generation is the world of international finance.”(9)

(1) Brown, E. Richard. *Rockefeller Medicine Men: Medicine and Capitalism in America,* (University of California Press,

1979), p. 229.

(2) Jones, Alan Wayne, “Early Drug Discovery and the Rise of Pharmaceutical Chemistry,” *Drug Testing and Analysis*,

2011, 3, 337-344.

(3) Jones, Ibid.

(4) Ambruster, Howard Watson, *Treason’s Peace: German Dyes & American Dupes,* (New York: The Beechhurst Press,

1947), pp. 10-40.

(5) Sutton, Antony C., *Wall Street and the Rise of Hitler,* (San Pedro, California: GSG & Associates, 2002), p. 24.

(6) Ambruster, ibid., p. 108.

(7) Ambruster, ibid., p. 113.

(8) Berge, Wendell, *Cartels: Challenge to a Free World, (*Washington, D.C.: Public Affairs Press, 1944), p. iii.

(9) Fairhurst, Chris, “The Investment ‘Business With Disease’“, published by Dr. Rath Health Foundation; June 14, 2003. Presentation presented before the Hague Tribunal. https://www.dr-rath-foundation.org/2003/06/the-investment-business-with-disease/