Rules Manipulated, FTC Study Finds

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Associated Press

A Federal Trade Commission staff study says the nation's petroleum shortage is the product of anticompetitive practices fostered by government regulations and manipulated by the major oil companies to protect their profits.

"In the many levels in which they interrelate, the majors demonstrate a clear preference for avoiding competition through mutual cooperation and the use of exclusionary practices," the study said.

The oil companies "have behaved in a similar fashion as would a classical monopolist: they have attempted to increase profits by restricting output."

The only effective competition to survive has come from independent gasoline stations, said the staff. The study estimated that 1,200 independent stations closed in the first five months of this year.

"What has happened here is that the majors have used the shortage as an occasion to attempt to debilitate, if not eradicate, the independent marketing sector."

If the majors' attempt "is at all successful in diminishing the market shares of independents the consumer will pay dearly for this advantage," the study said.

The study is the result of nearly two years of work. The staff obtained answers to detailed questionnaires on relationships between the majors and independents. Attorneys and economists searched the files of more than 50 unidentified cooperating companies. Federal and state regulators provided data. Executives of major oil companies have been called before nonpublic hearings.

The Associated Press obtained a copy from sources outside the FTC.

Also under study by the commissioners is a still-unreleased legal analysis of possible actions aimed at spurring competition in the industry. Industry sources have said the analysis recommends a concerted antitrust attack on the biggest companies' control over pipelines, refining operations and marketing.

The report noted that Arco,

See FTC, A16, Col. 1