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The Flow of Profits and Contributions

Hidden in an ant bed of campaign statistics is evidence that the oil barons invested in politics last year even more heavily than their critics realized. We have now painstakingly traced at least $5 million from oil and gas sources into President Nixon's campaign.

This may help explain why the great oil crisis doesn't seem to have hurt the big oil companies. Only their customers are suffering.

The first signs of an oil shortage appeared as early as 1969. Yet most oil companies wanted to hold down imports in order to keep prices up. The President listened to the oilmen until the warnings became more urgent. Not until late 1971 did he finally increase import quotas slightly.

By the spring of 1972, a shortage of 350,000 barrels a day was predicted. Still the oil industry's fixer in the White House, Peter Flanigan, fought against more imports. This was the same time that the oil money was gushing into Nixon's campaign coffers. Result: our oil reserves weren't replenished with Arab oil when it was available.

The more critical the shortage became, the higher oil profits soared. It should be pointed out, of course, that the oil companies don't always present a united front but often make conflicting demands upon the government. Yet out of the turmoil has come government policies, which usually have made money for the oil and gas industry.

Most of these policies seem to have originated with the American Petroleum Institute and the National Petroleum Council. These two powerful bodies, which advise the Nixon administration on gas and oil, are loaded with Nixon contributors.

Our search of the records produced 450 high-level oil and gas men, who contributed from $100 to $1 million to the Nixon campaign. Of these, 87 were members of the Institute or the Council (or both).

Major oil company officials, ranging from Exxon to Signal, coughed up a staggering $4 million for Nixon. The other $2 million came from an assortment of oil and gas figures.

Some contributions were made before, some after, the new reporting requirement lifted the curtain a little on April 7, 1972. Some were never reported at all until they were flushed out by the Watergate investigation.

Consider the Exxon-Nixon connection, for example. The company's major stockholders, directors and officers laid out $442,000 for the President's re-election. Exxon's man in Greece, Tom Pappas, kicked in more than $100,000.

The sacrifice was quickly recouped. Exxon squeezed out a $1.6 billion profit for its first three quarters in 1973, an increase of 59 per cent over 1972.

Gulf Oil's contributors gave $1,169,400, if Gulf heir and banker Richard Scaife's $1 million is counted. The Gulf gift included an illegal corporate contribution of $100,000, which was laundered through a subsidiary in the Bahamas.

The President wasn't the only beneficiary of Gulf's largess. Another $15,000 and $10,000, respectively, were pumped into the abortive presidential campaigns of Rep. Wilbur Mills (D-Ark.) and Sen. Henry Jackson (D-Wash.).

Gulf got a better return than Exxon, with a 60 per cent increase over 1972 for the first three quarters of 1973.

Two other oil companies, Ashland and Phillips, pleaded guilty to slipping the Nixon campaign illegal contributions of $100,000 apiece. The Ashland payment, all in $100 bills, was routed through an oil-drilling subsidiary in Africa.

All told, we were able to find a record of $101,000 from Ashland executives and $116,000 from Phillips officials. The figures for a few other oil companies: Amerada Hess, $268,500; Standard of California, $90,000; Sun Oil, $145,000.

Occidental's Armand Hammer, who got U.S. encouragement in negotiating a multi-billion deal with Russia for the development of natural gas, donated $48,000 to the Nixon campaign.

John Shaheen, a former Nixon law client, contributed $104,000. His company, Shaheen Natural Resources, got U.S. approval in building a huge refinery in Canada.

Tenneco, a giant gas transmission empire, has profited handsomely from recent actions by the Federal Power Commission and other government agencies. We have counted more than 50 big Nixon contributors among Tenneco bosses.

Belco Petroleum's chairman Arthur Belfer, gave $12,000 to the campaign; a few months later, he won a favorable FPC decision. The FPC, of course, is stacked with industry yes-men. Two of the four commissioners came out of the industry; the other two usually vote with the oil and gas interests.

The links between campaign contributions and government benefits, of course, aren't easy to pinpoint. But as the Washington gadfly, I. F. Stone, suggested wryly: "It would shake investor faith in American capitalism if it turned out that so many of our biggest corporations indulgently gave away all that quid without some quo."

Footnote: Spokesmen for the oil industry denied that political contributions had bought them favored government treatment. Oilmen were pressured for donations and feared government retaliation if they didn't cough up, said the spokesmen. They contended that oil profit increases in 1972 were among the lowest in the country. They caught up this year, which made the 1973 increases seem abnormally high. The spokesmen claimed that the industry had been ahead of the government in proclaiming an oil crisis and urging government action to prepare for it.

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