

The Washington Merry-Go-Round

Oil Black Market Yields Vast Profits

By Jack Anderson

We have uncovered evidence that unscrupulous brokers are selling oil on the black market for staggering profits. This is added to the soaring prices that the consumers must pay as they shiver in underheated homes and wait in long gasoline lines.

Our investigation has taken us from the back rooms of Washington to the oil-rich sheikhdoms of the Middle East. We found plenty of oil available, but the distribution has been thrown out of whack by bumbling bureaucrats and greedy middlemen.

In Saudi Arabia, we were told that the Arabs are pumping more oil than came out of the Middle East a year ago. At the American Petroleum Institute, we learned that gasoline in U.S. storage tanks exceeds the level last year at this time.

Why, then, do motorists have to line up for gasoline and pay exorbitant prices?

Inside sources tell us that the oilmen are keeping their storage tanks full—some say as a hedge against future shortages, others say as a holdout for higher prices. Whatever the reason, the result is that there's less gasoline available at the pumps.

The federal allocation program has also been badly mismanaged. The federal energy wizards failed to determine on a regional basis, the extent of gasoline scarcity and the availabil-

ity of supply. They made no real attempt to monitor the flow of gasoline in or out of the 10 regions. The gasoline was allocated, therefore, using fragmented and sometimes inaccurate information.

The Federal Energy Office also used 1972 as the base period for calculating the allocations. But the population growth and the travel patterns have changed. A large number of gas stations, particularly in low-income neighborhoods, have also closed. None of these factors were taken into account.

The fast-buck boys, meanwhile, have taken advantage of the oil panic to buy bootleg oil abroad and resell it at a premium to American wholesalers. They do business by telephone and Telex, demanding cash in the bank before they will complete a deal.

Some oil vultures operate outside the law, bribing government officials in the oil-producing countries. Most blackmarket oil comes from Indonesia, Libya, Nigeria, Romania and Venezuela—less from the Persian Gulf states.

For a supertanker full of crude, a broker can clear up to \$5 million above the market price. Smaller tankers yield around \$1 million for the middlemen.

Black marketeers operate on the West Coast, for instance, bought oil in Romania and refined it in Italy. They demanded up to \$25 a barrel.

A large volume of black-market petroleum is processed in Italian refineries. The probable reason, say our sources, is that Italy has surplus refining capacity. But this has led to whispers, which our sources cannot verify, that the Mafia has moved into the oil brokerage business.

Despite plentiful petroleum, meanwhile, many Americans are forced to pay bootleg prices for their gasoline.

Footnote: An American Petroleum Institute spokesman denied that oil companies are hoarding stocks. Industry sources admitted, however, that some gasoline is held back because it is difficult to obtain.

Yet the major oil companies have refused to purchase available crude oil on the world market, claiming government regulations make it unprofitable. Our sources suggest that the oil companies also fear a flood of foreign oil would drive gasoline prices down.

The Federal Energy Office acknowledged that its information was incomplete at the time allocations were made. The agency is now trying to make adjustments. A spokesman also noted that all oil entering the United States is checked by Customs. Therefore, he claimed, all imported gas is subject to the federal allocation plan.

Impeachment Politics—In a recent column, we reported that Rep. Edward Hutchinson (R-Mich.) was directing a secret attempt to obstruct the House Ju-

diary Committee's inquiry into the impeachment of President Nixon. He loudly denied that he had asked GOP staff members to do any such thing.

As one of the committee's senior Republicans, he also served on a special subcommittee that investigated whether to impeach Supreme Court Justice William O. Douglas in 1970. The subcommittee found no impeachable conduct.

But Hutchinson was the lone dissenter. He objected that the report was written "without taking a word of testimony under oath." Now, he has done an about-face. He foresees no need, he told us, to take the President's testimony. "It isn't necessary to compel him to be a witness," Hutchinson said, "but if he wants to testify, he should be accorded that right."

Back in 1970, Hutchinson adopted a broad view of the Douglas impeachment probe. It should "include an investigation into improper conduct," he said. This was necessary, he insisted, to determine "whether some of the justice's activities, if not impeachable, seem so improper as to merit congressional censure."

Now, Hutchinson is singing a different tune. "I will go for matters which are impeachable," he told us. When asked whether he would include improper conduct by the President, Hutchinson said he would "put this aside."

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