

Criminal Inquiry Into Steel Merger



— Jack Anderson

THE Securities and Exchange Commission has opened a criminal inquiry into the peculiar merger of two big steel companies whose principals later kicked in more than \$100,000 to help reelect President Nixon.

The merger of National and Granite City steel companies had been fiercely opposed by trustbusters at the Justice Department. Nevertheless, then-Attorney General John Mitchell, with quiet White House backing, let it go through without so much as an explanation.

Hanna Mining holds a huge interest in National and, therefore, benefitted financially from the merger. Significantly, Hanna's able attorney, H. Chapman Rose, is now helping Mr. Nixon with his tax problems.

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ROSE'S SON, Jonathan, has also worked as an assistant to Peter Flanigan, the White House ambassador-in-residence to big business, who played a backstage role in the steel merger.

Hanna's chairman, Gilbert Humphrey, who is also a director of National, has additional ties to the White House. His dad, the late George Humphrey, served as treasury secretary when Mr. Nixon was vice president. Both Humphreys have been strong Nixon backers.

The other beneficiary of the merger, Granite City, is represented in Washington by the Collier, Shannon, Rill and Edwards law firm. One of the partners, Robert Collier, has been an effective Nixon fundraiser.

We have also been able to trace over \$100,000 to the 1972 Nixon campaign from Hanna, National and Granite City directors and associates.

Now the SEC, according to knowledgeable sources, is poking into the merger. Here are the facts of the complicated case:

Since 1956, the Justice Department has beaten back steel mergers because the industry's overconcentration was causing inflationary prices and sluggish production. Nevertheless, the top four steel corporations controlled 54 per cent of the market in 1971, causing some economists to urge that the industry be broken up into smaller companies.

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YET EXACTLY the opposite began to take place as the fourth-ranking company, National, and the 11th-ranking company, Granite City, began talking about merging. Even as they were negotiating, Mr. Nixon called for a "competitive spirit" to make America stronger economically.

The President's public statement turned out to be mere camouflage, however, for his administration's private actions. Behind the scenes, National and Granite City officials began a series of secret meetings with Mitchell, Flanigan and former Commerce Secretary and Nixon fundraiser Maurice Stans.

So far, the SEC, whose investigation is still in a preliminary phase, has reached no conclusion on White House involvement in the merger.