

SEC Probes Merger Mitchell Passed

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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 re-elect President Nixon.

The merger of National and Granite City steel companies had been fiercely opposed by trustbusters at the Justice Department. Yet, then-Attorney General John N. 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.

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 part-

ners, Robert Collier, has been an effective Nixon fund-raiser.

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 over-concentration 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.

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 Nixon fund-raiser Maurice H. Stans.

The steel men concede that

they pressed their case for the merger in Washington, though they insist the meetings with Stans were "general" in nature.

So far, the SEC, whose investigation is still in a preliminary phase, has reached no conclusion on White House involvement in the merger. Flanigan told us his memory of the steel meetings was vague. Rose failed to return our calls.

Footnote: Ralph Nader and his aide, Mark Green, smelled a rat in the merger nine days after it occurred. They tried in vain to get an explanation from Mitchell. Then a St. Louis Post-Dispatch reporter, Dana Spitzer, did a brilliant job of digging out the early facts in the case.

Able American—The foreign aid program, whose blundering overseas gave its representatives the nickname "Ugly American," offered refrigerators to the Eskimos, built sawmills in countries where there were no forests and shipped toothpaste to nations whose people had no tooth brushes.

But last September, the Nixon administration persuaded Dan Parker, head of the Parker Pen Co., to take charge of foreign aid. Parker impressed Congress with his background and intelligence.

Since his takeover, he has begun quietly to straighten out the problem-plagued agency. It is too early yet to pronounce his reforms successful. But increasingly, the Ugly American is becoming known as the Able American.

Or as one old-line bureaucrat, referring to the cumbersome agency, told us: "The monster has been harnessed."

Kangaroo Slaughter—Backroom Washington politics have encouraged the wholesale slaughter of thousands of rare Australian kangaroos.

For more than a year, Australian authorities have pleaded with the Interior Department to place three dwindling kangaroo species on the endangered species list. This would protect the threatened animals by closing off the huge American market to the importation of their skins.

But former Assistant Interior Secretary Max Edwards was hired by a major importer of kangaroo hides to block the action. He closeted himself last year with Assistant Secretary Nathaniel Reed, after which the Interior Department retreated from its tough protectionist stance.

Meanwhile, hunters have continued to slaughter kangaroos in the belief that the U.S. demand for the valuable skins will eventually force the Australian government to lift its own year-old ban on the exportation of kangaroo products.

Footnote: Reed and other Interior officials assured us that Max Edwards' lobbying had nothing to do with their foot-dragging. Edwards did not return our calls.