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Deals, Fixes and Favors

Ripples from Watergate's political scandals have touched such seemingly foreign shores as world affairs, book publishing, entertainment—even prison reform.

Now, inevitably, the wavelets have reached consumerism: How much have Watergate and its attendant horrors cost the shopper? And have they made the goods in the shopping bags less safe?

Two months ago, Sen. Frank Moss (D-Utah), chairman of the Senate consumer subcommittee, began to wonder what the ITT settlement and similar shoddy deals mentioned in connection with Watergate meant to consumers.

Moss took his questions privately to Sen. Warren Magnuson (D-Wash.), chairman of the parent Senate Commerce Committee, who was already worried about the problem. To come up with preliminary answers, Magnuson assigned the committee's anticrime unit to look into recent corporate "fixes," suspicious mergers, odd contracts and political contributions that seemed to bear on these deals.

Under Moss' guidance, the anticrime group swiftly produced 34 corporate deals warranting investigation and three presidential favors to convicts, including Teamsters chief Jimmy Hoffa.

Meanwhile, since the jurisdiction of the Senate Watergate committee seemed to overlap, Magnuson and Moss informally let North Carolina Sen. Sam Ervin know what they were doing. When Watergate sleuths suggested they might want first bite at some of the 34 cases, Magnuson graciously loaned Ervin three of his own top investigators to help with the job.

Neither committee is settled on what consumer cases it will take up in coming months. But we can now report on the 34 cases which the Moss group set out to study. All are likely to come under some congressional or federal scrutiny before long. Some already have.

From Moss' working papers, here are his assessments of where "Watergate" situations affect the consumer:

Because of the Russian wheat deal, "consumers are paying more for flour, cereals, bread and other bakery products." Moss found the farmers were cheated twice—once when they sold wheat at \$1.32 a bushel when profiteers knew the price would soon double and again when the higher prices reduced subsidies. "Insiders," said the Moss data, "got government information which enabled traders and exporters to make windfall profits."

Consumers were also hard-hit by the merger of the Warner-Lambert and Parke Davis drug companies in 1970, Moss found. "Drug prices for (their) products have increased since the merger . . . Elmer Bobst, honorary chairman of Warner-Lambert, close friend to Nixon, was a heavy contributor (to the Nixon campaign)," the Moss data said.

On a consumer safety issue, "The administration has failed to adopt regulations to enforce provisions of the Tire Safety Act of 1970," Moss discovered. "Firestone (management) was a large contributor to the Committee to Re-Elect the President. When Firestone began using oil . . . in production of tires, oil import quota regulations were revised to allow Firestone protection from foreign competition."

In a multibillion dollar postal funds case, White House aide "Peter Flani-

gan strides . . . like an inlaid ghost," Moss found. Flanigan picked the post office official who chose the bond underwriters. The main underwriter was represented by the former law firm of Richard Nixon and John Mitchell and "got \$100,000 for work the Postal Service said was worth only \$10,000." The underwriters will get millions for their work "which could have been done for less. The taxpayers will pay for it over the years."

Flanigan, the Moss papers said, also had a role in blocking class action legislation which had been backed by White House consumer adviser Virginia Knauer. Moss quoted a lobbyist for the American Retail Federation as saying, "Mrs. Knauer wanted a class-action bill, but it was a very bad bill and we shot her up. Her blood was all over the street. Peter Flanigan is her boss . . . We have friends at Commerce, too."

Directly tied to Watergate was Gulf Resources which "was used to send the \$89,000 in checks to Mexico to be 'laundered.' They found their way into (Waterbugger) Bernard Barker's bank in Florida and part of the money was used in the Watergate break-in." Yet a Gulf Resources subsidiary named Bunker Hill Co. got away with pouring waste into a creek despite opposition by the regional director of the Environmental Protection Agency, the Moss data said.

Magnuson personally did the spadework on a case involving carpet makers. "Even after a nursing home fire in 1970 caused by flammable carpeting (where 32 people were killed), the administration dragged its feet on tougher standards," Magnuson and Moss asserted. The delay continued after "the carpet industry had contributed almost \$100,000 to Nixon's re-election campaign."

Among the many other cases cited by Moss are a windfall for millionaire W. Clement Stone's insurance company while Stone was contributing \$2 million to the Nixon campaign, and relaxation of pollution standards for Proctor & Gamble. Bryce Harlow, a former P & G vice president, is a White House adviser.

Still other "Watergate-style" cases on Moss' list read like a Who's Who of American industry. They include such well-known companies and persons as Mellon heir Richard Mellon Scaife, ITT, VESCO, Litton, the giant Manufacturers Hanover Trust, Howard Hughes enterprises and Penn Central.

The Moss probers also found soft spots in such industries as pharmaceuticals, airlines, grain and meat.

On the subject of commutation and parole for Jimmy Hoffa, Mafia chief-tain "Gyp" De Carlo and fraud conspirator Calvin Kovens, the Moss studies said, "It is alleged that these were handled outside the normal channels of procedure and thus should be investigated."

The consumer-oriented working papers also suggest a look at the "selective tax enforcement program" which treated some citizens as friends, others as enemies.

Despite the glamor of Moss' list of companies and personalities, its purpose is as commonplace as soap and water. It is to show for the first time that political corruption is as directly responsible for higher cost and shabby merchandise as August weather is for the rise in temperature.