

Testimony on '53 Oil Case Being Killed

By Morton Mintz
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By invoking the magic words "national security," the Eisenhower administration killed a 1953 criminal case against seven giant oil companies for allegedly operating an international cartel to maintain high prices, two Justice Department antitrust prosecutors swore yesterday.

No explanation of how national security may have been at stake was ever given them by the National Security Council, the State Department or the Justice Department, David I. Haberman and Barbara J. Svedberg told the Senate Subcommittee on Multi-national Corporations.

In a total of almost 100 pages of prepared testimony, the witnesses quoted heavily from papers subpoenaed from files of the companies.

They said the documents showed that, as far back as 1934, the companies drew up "one of the most explicit, detailed cartel agreements ever written" — which, among other things, provided for limiting production to prop up prices, maintaining prices in each market and even obtaining the consent of other companies for a member's advertising budget in each market.

They testified that because the antitrust case was killed, the companies won "carte blanche" to continue some of these same practices today.

Another mystery, said subcommittee chairman Frank Church (Dem-Ida.), is how violations of the antitrust laws serious enough to lead the Justice Department to begin a grand jury investigation could be brushed

aside without the laws being changed, without discussion with Congress and without public debate.

Miss Svedberg, now assigned to the San Francisco office of the antitrust division, told Senator Charles H. Percy (Rep.-Ill.) a general belief had prevailed in the department's antitrust division that political pressures had been brought to bear. Neither she nor Haberman supported such a belief with hard evidence.

Church said the subcommittee will consider summoning Herbert Brownell, who was attorney general at the time.

The criminal prosecution was replaced soon after it was filed with a civil suit.

The civil suit ended in the 1960s with consent settlements. These were "worse than nothing" because they may actually have immunized certain anti-competitive practices, Miss Svedberg testified.

Haberman, who also said that the settlements were at least weak and ineffective, said that the decrees have never been enforced by the department and led to a demoralization of the division staff concerned with the oil industry. Moreover, he said, the settlements have acted as a barrier to new prosecutions.

From the start, Miss Svedberg said, the guiding principle of the cartel was to prop up prices for inexpensive Middle East crude to the level prevailing on the U.S. Gulf Coast — a level manipulated by cartel members.

The witnesses said that members included, at different times, Exxon, Texaco, Gulf, Royal Dutch, Shell, British Petroleum, Standard of California and Mobil.