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# The Gulf Example

The resignation of Bob R. Dorsey, chairman of Gulf Oil, and two other top executives, at the request of the company's board of directors, ends a sorry episode in the history of one of America's largest corporations. Gulf was far from alone in its clandestine and illegal political activities; and the greatest importance of the actions taken by its board in condemning its own past behavior may be the impact on other companies. Only yesterday, Securities and Exchange Commission Chairman Roderick Hills noted that thirty major American corporations are under investigation for alleged bribery, kickbacks and illegal campaign contributions.

It is crucial that Gulf's illegal and improper political activities be seen for what they were—an effort to circumvent the political process because it was disrespected and because it was felt that a company's interests could be protected or advanced by buying political influence.

There is no reason to think that Gulf's chairman was personally venal, or of poor character. On the contrary, at the time that the company's offshore political slush fund was first set up over a decade ago, Mr. Dorsey was kept in the dark about it. However, by the time he became chairman, Gulf's secret political activities were well established and they continued—until the Watergate affair lifted the lid.

The special committee, set up by Gulf to satisfy the Securities and Exchange Commission and the United States Court for the District of Columbia, concluded that the evidence fell short of proving that Mr. Dorsey was informed of the illegal political activities of the company. But there is little question that Mr. Dorsey and other executives could have found out what was going on.

In a word, Mr. Dorsey, other top officers, and the board of directors were accountable. By its severe action against its chairman, the Gulf board has now affirmed that principle of accountability, its condemnation of unethical and illegal practices, and its determination that "such conduct shall never again occur within Gulf." It intends to enforce far stricter internal and external audit procedures and establish a code of corporate ethics.

This action by Gulf should have a far more powerful effect on other companies than the wrist-slaps administered thus far by politicians and the courts. Gulf itself paid a fine of a mere $5,000—a ludicrous amount for a multibillion-dollar corporation. Such mild reproof could well cause some cynical executives to conclude that, on a strict cost-benefit analysis, crime pays. The Gulf decision may help prove it does not.

As culpable as Gulf are those politicians who were willing to accept, or induce, illegal contributions or bribes, often seeking to avoid knowing where the money was coming from. Gulf's beneficiaries included a long list of highly placed politicians in the two major parties.

Both American politics and American business have been badly soiled by this illicit business-government relationship. Gulf's decision to clean house demonstrates its realization of the threat of corruption to the very life of the company. The American people, and the nation's political leaders, surely by this time recognize the menace of such cynicism and illegality to the decency, vigor and very existence of the democratic process.