

Radio program --- Week of February 18, 1957

File

OIL SCANDAL

~~The largest oil companies are indulging in~~
~~It is time Congress called a halt to the rampant price~~

increases
 ~~gouging~~ and incredible profiteering *are* being foisted upon our

~~own country and our allies in Europe by our giant oil companies.~~

When industrial combines get so big and powerful they can ignore or dictate our country's foreign policies, pay no attention to requests from the President, and recklessly pile up unwarranted profits *regardless of effect on domestic foreign*

~~upward public attitude,~~ it is time for public indignation to insist that something be done.

We must insist that we fulfill our oil commitments to our allies in Western Europe, and not leave them as prey for exploitation by oil profiteers. Oil is more important than guns, right now, in saving the free world. Our entire foreign policy is involved. We can not just leave our nation's fate and security in the hands of the oil moguls.

At the same time, we must insist on protecting our own domestic consumers from the same kind of ruthless exploitation. We need to rollback oil prices, and quickly.

No one needs remind a Minnesota housewife ~~that~~ the cost of heating her house has gone up since the Suez Canal was blocked to traffic. And no one who drives an automobile has to be told that since Suez it costs him an extra fifteen or twenty cents every time he fills up the tank. But not everybody seems to realize that the Suez crisis has had nothing to do with such price boosts -- except provide an excuse for profiteering. The fact is that the price of oil and gas here at home has gone up in the face of the greatest supplies of oil and gas we have ever had on hand. There has been no increase in production costs. Profits of producers last year were higher than ever before. No more profit is going to jobbers or station owners out of the new price boost. It is simply a question of the big producers seizing upon the excuse of a national emergency

to hold up consumers for a brazen "raid". Unless we roll back prices, it is going to cost consumers $\$1\frac{1}{4}$ billion dollars more per year for gas and oil -- with none of that extra profit shared with the small businessmen who are jobbers or station owners. They just get the complaints, not the profits. We are witnessing a shocking demonstration of the power of monopoly in America.

It is bad enough that the oil industry is failing to carry out the commitments we made to our Allies to provide them with the vital fuel oil they lost with the blocking of Suez. But the large oil companies have also decided they can fool the American public into thinking that the European demand and the forces of general inflation justify a 35 cents per barrel increase on crude oil, and a cent per gallon on gasoline and other refined petroleum. First they fail to get the oil to Europe, and then they pretend that the European drain on our oil stocks is driving the price up.

Just what are the facts, in regard to our supply situation?

Last year, the industry had on hand 104.6 million barrels of fuel oil, and referred to it as an 'oil glut'. Today, we have on hand 125 million barrels -- and the industry tries to make the public believe they have to raise prices. Last year we had on hand 182.6 million barrels of gasoline, which the industry thought was an excessive supply. This year industry has on hand 196.4 million barrels, and is trying to make you think there is a shortage. We had virtually the same amount of crude oil on hand February 2 as we had in 1956, when the industry appeal for a ban on imports because of what they termed a "glut".

During hearings I conducted last year into the gasoline price wars, as Chairman of the Senate Subcommittee on Retailing, Distribution, and Fair Trade Practices, reputable spokesmen for the gasoline and oil retailers and distributors indicated again and again that gasoline prices are set by two or three of the giants of the oil industry. Recently, Paul E. Hadlick, General Counsel for

the National Oil Marketers Association, wrote the Attorney General charging that the price increases indicate "clearly there is collusion among the large oil companies controlling the market". I have been among the first to insist that Congress look into this situation, and to demand that the Attorney General act. Fortunately, the Congress has become increasingly disturbed both by our failure to honor our commitments to our allies and by the ruthless price gouge against our own people. It has finally opened the full-scale investigation we have long urged. Belatedly, the Justice Department has also now brought before a Federal Grand Jury evidence concerning the price-fixing activities of the major oil companies.

In the meantime, I am sorry to say the Administration has exhibited a shocking incapacity to take affirmative action, either to fulfill our commitments to our oil-starved allies or to stem the price increases. In fact, the most recent appearance of the Administration's top oil expert before Congress indicated that through Administration

confusion and misunderstanding of the entire picture. There have been some vague and mild words of reproof from the President, but neither he nor his cabinet have lifted a finger to speed up the supplies for Europe nor to roll back the unjustified price increases imposed on our own people. There has been a lamentable and rather pathetic attempt on the Administration's part to wash its hands of the whole oil mess. But it just doesn't wash!

Talk about stemming inflation, and talk-about fulfilling commitments, is not enough. It will not pay the monthly fuel bills in Minneapolis, Minnesota, and it will not warm the homes and run the factories of Europeans. We need action instead.

February 13, 1957



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