

No. 268

PPS files, lot 64 D 563, "Strategic materials (oil)"

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Economic Affairs (Linder)

CONFIDENTIAL

WASHINGTON, October 29, 1952. ¹

Subject: "Oil Cartel"—Federal Anti-Trust Suit.

Participants: James Terry Duce, Aramco

Paul H. Nitze, S/P

Harold F. Linder, E

Mr. Duce came in to give us a little of the background relating to his letter to the Secretary of Interior and accompanying memorandum. ² After his talk with the Secretary some time ago, he called on Mr. Lovett, who agreed that action needed to be taken and Mr. Sawyer, who concurred, and then on Mr. Steelman. The last took the position that a mistake had been made in proceeding with the suit and that he thought that the Secretary of the Interior was the proper man to bring the matter forcefully to the attention of the President. Mr. Chapman stated that he had not been consulted when the decision was made to proceed with the suit and he undertook to present his views, which coincided with those of Mr. Duce, to the President. The Secretary of Interior requested Mr. Duce to prepare a background memorandum and a letter which might be addressed by the President to the Secretaries of State, Defense, Interior and Commerce. He also suggested that Mr. Duce might wish to undertake to prepare an executive order. This, in addition to the paper submitted, is in the course of preparation.

Mr. Duce stated that he did have some degree of concern about the reaction of the domestic oil industry were the suit to be dropped and plans to talk to Mr. Russell Brown who represents the Independent Petroleum Association. He hopes to convince Brown that the procedure recommended will be in the long-run interest of his clients. Mr. Nitze asked Mr. Duce whether his principals were fully aware of this proposal and approved it, to which Duce replied that they were aware but not committed. (Admiral Kelly, Washington representative of Socony-Vacuum sent me the papers prepared

¹ This memorandum of conversation was prepared on Oct. 30.

² Attached to a memorandum by Watts to Kitchen, Byroade, Linder, and Fisher, dated Oct. 24, not printed, were copies of a letter from Duce to Chapman; a memorandum by Duce to Chapman dealing with the Grand Jury investigation of the oil companies; and a letter by Duce which he suggested Chapman recommend the President send to the Secretaries of State, Defense, Commerce, and the Interior. (PPS files, lot 64 D 563, "Strategic materials (oil)")