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## THE GRAND JURY INVESTIGATION OF THE INTERNATIONAL OIL CARTEL

1. Following cancellation of wartime suspension of anti-trust investigations and prosecutions of the oil industry, investigation of worldwide oil cartel activities was resumed. Much information had been obtained through file searches conducted under grand jury subpoenas in 1940 and 1941. Coincident with this resumption, the Special Committee of the Senate Investigating the National Defense Program, was engaged with public hearings on the same subject. The Chairman of that Committee had requested the Attorney General to look into cartel relationships which were alleged to have caused the United States Navy to pay high prices for petroleum products purchased from American companies doing business in the Middle East. Additional file searches were conducted in 1946 and 1947 and the American oil companies supplied copies of current contracts and other arrangements through 1949.

2. On December 2, 1949, the Federal Trade Commission passed a resolution to investigate "agreements entered into by American petroleum companies among themselves and with petroleum companies of other nations in connection with foreign operations and with international trade in petroleum and petroleum products." Subpoenas *duces tecum* were issued in January 1950. In order not to duplicate the investigative work of the Commission, this Department deferred further investigation until the Federal Trade Commission staff filed its report in October 1951. On December 2, 1951 the Select Committees on Small Business of both the House and Senate published a report on The Third World Petroleum Congress by Elmer Patman, appointed to investigate oil cartel activities. Thereupon a study and appraisal of all available material was made. The Attorney General decided that further investigation by grand jury process was necessary and recommended such action to the President who, on June 23, 1952, instructed that proceedings go forward immediately.

3. Early investigative efforts revealed the outline of a world cartel formed as early as 1928 by one American and two foreign oil

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<sup>1</sup> See footnote 1, Document 279.