18 MAJOR CONCERNS CITED

Fixing Price in Pie on Restraint of Trade--Change--Increase
From Federal Staff

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The joint trial of eighteen major oil companies, with about 300
other oil companies, three trade publications and several
individuals connected with the industry, was opened today with an
unanimous verdict for the government in the United States
District Court in New York.

The government sought a $1 billion judgment but the court
later reduced the amount to $175 million. The trial is expected to
continue for several months.
crude oil prices in the Southwest were established around $1 a barrel and gasoline prices had recovered.

The Administration, so far as the oil industry was concerned, had obtained its goal, it was felt. On the surface, at least, everything seemed to be working smoothly. The oil companies, it was held, were making money; the public was getting oil products at fair prices and the employees in the industry were satisfied with their higher wages. Crude oil production was being regulated. Various differentials between the refinery and tank-wagon and service stations were set up for gasoline. The regulations were so rigid that several service station owners were prosecuted by the Department of Justice because they sold gasoline below the price fixed by those administering the code.

The code was administered jointly by the Federal authorities and representatives of the oil companies. A large staff of workers was employed by the government and the Congress subsequently levied a tax on crude oil to defray the cost of administering the code.

Secretary Ickes and other members of the Administration, it was said, considered the operation of the code so successful that they soon started a movement to make permanent some such control by the Federal Government over the oil industry. A tentative draft of regulations was made and submitted to the Congress. The oil companies were opposed to such permanent regulations, and Secretary Ickes and other members of the Administration received much criticism from some important quarters of the industry for their efforts in this direction.

When the National Industrial Recovery Act was invalidated by the Supreme Court in May, 1935, the oil code also was rendered null and void. Thus the loss of the oil companies under the code which were in conflict with the Sherman Anti-Trust Act became illegal.

Skeletonized Force Kept

For a period, however, a skeletonized force of employees in the NRA was maintained and an attempt was made to get some stop-gap legislation enacted. President Roosevelt at a press conference expressed the hope that the good effects of the NRA would be continued and that the codes would be lived up to voluntarily, but he pointed out the impracticability of such a hope.

The indictments in the present case contain three counts alleging (1) unlawful agreements by the defendants to fix and restrict gasoline jobber margins, (2) unlawful agreements to maintain uniform dealer contracts and (3) unlawful agreements to adopt uniform policies with respect to jobbers. These agreements are alleged to have been made as early as 1931 and to have continued to the time the companies and individuals were indicted.

The prosecution of the case is being arranged directly by the Attorney General's office in Washington. Four members of Attorney General Cummings's staff have been sent to Madison, and W. P. Crawford, an old-time trial lawyer from Superior, Wis., has been made a special counsel for the case.

Colonel William J. Donovan of New York, former assistant Attorney General in the Coolidge Administration and the Republican candidate for Governor of New York in 1922, is chief of counsel for the defense. In addition, there will be forty-five attorneys representing the various defendants.