

Secretary UDALL. Our national security is not tied up in the sense that this is a pipeline movement, which has the implications of national security, as anybody might believe it does have.

Mr. BYRNES. I was trying to find out what the real interest was that we have as a nation in permitting this flouting of the fundamental restrictions by a gimmick that is apparent on its face.

All you have to do is say that we are not going to let it be unloaded in bond, I would think, for the purpose of then importing it through an exempt device.

I don't know whether it should come in or not. That is not my point; but when I see these loopholes develop, I don't see why there is such reluctance to close them.

We have had it in the dairy industry, under section 22 of the Agricultural Adjustment Act. We just turn our back when these very intelligent, able people—and I am not criticizing them, I give them credit for being damn smart—find some ways of circumventing an order.

But when they do find a way to circumvent it, it seems to me our best interest is to make people understand that when we have an order, we mean for it to be carried out. If they find some way to get around it, we will close that door.

Secretary UDALL. Congressman, of course, with any program of quotas, when you put the quotas into effect, whatever the time period is, there are always some odd situations, or there usually are.

This is one of the few odd situations that involved Mexico. The Mexicans said, "Why don't you treat us the same way you are treating Canada?"

Our reply, I suppose, should have been at that time, "Well, we are going to exempt overland movements; but this is not an overland movement."

But it was there. It was coming in, and this loophole was created in respect of vested interest. It has been there. It has been operating for 10 years, now.

It is a loophole. I can't deny that.

Mr. BYRNES. Let me come down to the quotas, and the way they are administered.

This is not necessarily involved in the legislation before us, but every barrel of the quota that is given to somebody is worth about a dollar and a quarter a barrel; isn't it?

Secretary UDALL. There is a value. It depends on the special circumstances. This is the figure that is usually used, yes, in District I-IV.

Mr. BYRNES. Is there a quarrel about that figure being materially inaccurate?

Secretary UDALL. No; but there are special circumstances that exist.

I don't want to quarrel with you. I think that is the figure that is commonly accepted; yes.

Mr. BYRNES. Why should we just give away a dollar and a quarter a barrel to people on a quota basis? There is no formula for it, is there, in the law?

You are recognizing what almost amounts to a quota by letting these people import whatever they can get through during a 12-month period. That is really a quota that they have gotten; isn't it?

Secretary UDALL. You are talking about the Mexican loophole?