

"... The national security and welfare require a healthy domestic oil industry. "Continuing supply to meet our national oil needs depends primarily on availability from domestic sources. Due consideration should be given to the development of foreign oil resources, but the paramount objective should be to maintain conditions best suited to a healthy domestic industry which is essential to national security and welfare."

Earlier, during World War II, the Petroleum Industry War Council had recommended to the government certain policies which were reflective of the oil industry's peacetime and wartime experience with oil imports. This oil industry council was created under the Petroleum Administration for War, to act as an advisory body to the government on problems affecting the oil industry.

This industry Council was requested to submit to the Petroleum Administrator, for the use of the government, a statement to suggested policies for the Federal Government and the industry.

At the conclusion of the war, and at the last session of this agency, on October 24, 1945, the following resolution was adopted by that Council.

"Whereas, during the emergency just ended, in order to meet accelerated war requirements, this nation found it necessary to import abnormal quantities of crude oil and refined products from foreign sources; and

"Whereas, the future of the domestic petroleum industry in this country depends on the maintenance of sufficient reserves and the productivity of its many fields, thereby enabling the industry to meet all the requirements incident to an expanding domestic economy; and

"Whereas, the continued importation of large quantities of crude oil and products at prices below the cost of production in this country would have a depressing effect on exploration, development and production in the domestic industry: Now, therefore be it

Resolved, by the Petroleum Industry War Council, assembled on this the 24th day of October, 1945, in Washington, D.C., that it does declare that in the public interest and that in the interest of maintaining national security it should be the policy of this nation to so restrict amounts of imported oil so that such quantities will not disturb or depress the producing end of the domestic petroleum industry, and only such amounts of oil should be imported into this country as is absolutely necessary to augment our domestic production when it is produced under conditions consonant with good conservation practices."

Thus it can be seen that at the end of World War II this national advisory group concluded that petroleum imports should not be permitted to weaken the domestic petroleum producing industry and thus threaten our nation's security and economic welfare.

Soon after World War II Congress began to investigate and give extensive consideration to the status of the domestic petroleum industry and how imported foreign oil affected this industry.

On January 31, 1947, The Special Committee Investigating Petroleum Resources, set up by the Senate, in Senate Report No. 9, 79th Congress, concluded as follows:

"In the final analysis, the reserves within our own borders are more likely than not to constitute the citadel of our defense.

"It follows that nothing should be done to weaken the productive capacity of domestic reserves, and that every possible step should be taken both to increase these reserves and continuously to develop them to such a degree as would occasion no regret in the event of war."

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"This nation now faces two alternatives:

"Either—

"1. To await with hope the discovery of sufficient petroleum within our boundaries that the military requirements of the future will occasion no concern, and in the meantime to depend upon foreign oil and trust that war will not cut off our imports;

"Or—

"2. To take steps to guarantee a domestic petroleum supply adequate for all eventualities by means of:

"(a) Incentives to promote the search for new deposits of petroleum within the boundaries of the United States and in the continental shelf; and

"(b) The continuation of the present program looking to the manufacture of synthetic liquid fuels to supplement our domestic crude supply.