

"All the facts before us impel the choice of the second alternative."

The foregoing dealt with a study and the conclusions by a special Committee of Congress during the late 1940's.

In the 1950's Congress continued to concern itself with the domestic petroleum industry and the matter of imports of foreign oil.

In developing a national petroleum imports policy, Congress had the benefit of studies and conclusions of the Executive branch, such as:

The conclusions of the Defense Production Administration, established as a result of the Korean conflict, in January, 1953, which contained the results of its studies regarding defense matters in a report entitled "Background for Defense, Expanding our Industrial Might," as follows:

"The machines of peace and war run on petroleum. A program to expand American industry substantially and keep it operating at top capacity requires constantly increasing quantities for fuel, for lubricants, and for many chemicals made from petroleum—everything from toluene for TNT to wax for packagings. Greater industrial activity and peak levels of employment demand more and more gasoline for airplanes, automobiles, trucks, tractors, and buses, and more diesel fuel for locomotives.

"The defense program will by 1953 boost our petroleum needs to some 8,200,000 barrels a day as contrasted with 6,800,000 barrels a day used in 1950—a better than 20 percent increase.

"If we are to meet the needs, we shall have to drill more wells each year than ever before in our history. We shall have to expand the refineries where crude oil is made into gasoline and fuel oil and the other finished petroleum products. We shall have to enlarge our transportation facilities to move the crude petroleum to the refineries and the finished products to consumers."

In May of 1953, Secretary of the Interior McKay, in appearing before the House Ways and Means Committee, stated as follows:

"I recognize the importance of domestic petroleum production to national defense and the contribution it makes to the National economy and that of the oil-producing states. I also realize that the petroleum industry is unique in that discovery and development of new reserves constitute a major and vital activity of the industry. Oil and gas produced must be replaced by a vigorous and progressive search for new reserves or the Nation's ability to produce petroleum would rapidly deteriorate.

"I recognize how important it is that the strength of the domestic industry be maintained. To maintain this strength requires an economic climate that promotes the competition, progress, and technological development that has brought the industry to its present high degree of capability. The domestic industry today is undergoing a period of readjustment. The rate of growth in demand has leveled off after the rapid gains which followed the Korean outbreak. At the same time the expansion of supply has brought about a more normal reserve capacity. Demand is now dropping seasonally at the close of a warm winter. Domestic production has been reduced in recent months, and *there should be a corresponding cut in imports*. There is evidence that already the industry is effecting such adjustments." (Italics supplied.)

As the flood of foreign oil increased, the President and Congress became concerned and took action.

Recognizing the threat of increasing imports on our nation's security a first step was taken. Congress inserted a provision in the 1954 Extension of the Trade Agreements Act which declared:

"No action shall be taken pursuant to Section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements."

Then on July 30, 1954, the President established an Advisory Committee on Energy Supplies and Resources Policy. The Director of the Office of Defense Mobilization was designated as chairman and the head of the following agencies served as members: Department of State, Treasury, Defense, Justice, the Interior, Commerce and Labor.

The White House directive respecting the Committee's assignment included the following specific statements:

"At the direction of the President the committee will undertake a study to evaluate all factors pertaining to the continued development of energy supplies and resources fuels in the United States, with the aim of strengthening the national defense, providing orderly industrial growth, and assuring supplies for our expanding economy and for any future emergency.