

States in such quantities as to threaten to impair the national security; that the President shall cause an immediate investigation to be made if he feels there is reason for such belief; and that the President, if he finds a threat to the national security exists, shall take whatever action is necessary to adjust imports to a level that will not threaten to impair the national security.

"The committee believes that this amendment will provide a means for assistance to the various national defense industries which would have been affected by the individual amendments presented.

"The White House issued on February 26, 1955, a report based on a study by the President's Advisory Committee On Energy Supplies and Resources Policy which indicates the importance of a strong domestic petroleum industry."

Congress had thus provided the necessary tools for the President to use in case the growing tide of petroleum imports did not subside.

Imports of petroleum continued to increase.

As a consequence of the increased level of imports and the projected increase in the level of imports scheduled for the last half of 1956, the Independent Petroleum Association of America (IPAA) filed a petition on August 7, 1956, requesting action under Sec. 7 of the Trade Agreements Extension Act of 1955 (National Security Amendment).

Pursuant thereto, the Director of Defense Mobilization held public hearings beginning on October 22, 1956.

Early in December 1956, due to the changed conditions growing out of the Suez crisis, the Director of Defense Mobilization suspended action on the case.

However, on April 23, 1957, upon further review of the oil import situation and projected increases in oil imports, the Director of ODM "advised the President pursuant to Sec. 7 of the Trade Agreements Extension Act of 1955, that he had reason to believe that crude oil is being imported into the United States in such quantities as to threaten to impair the national security."

The growing threat to the domestic petroleum industry as a result of Congressional, industrial, and administrative studies, and the ODM certification, led to the establishment by the President of the United States on June 26, 1957, of a Special Cabinet Committee to Investigate Crude Oil Imports. This committee was made up of: Sinclair Weeks, Secretary of Commerce, Chairman; John Foster Dulles, Secretary of State; Donald A. Quarles, for Secretary of Defense; George M. Humphrey, Secretary of the Treasury; Fred A. Seaton, Secretary of the Interior, and James Mitchell, Secretary of Labor.

The report of the Committee, among other things, stated:

"Your Committee's investigation of the oil import problem has been confined to the effect of the present trend of imports on national security.

"It is clear that there is a direct relationship between the nation's security and adequate and available sources of energy. Oil and gas account for two-thirds of all the energy that is consumed in this country. Furthermore, there is no adequate substitute in sight for the foreseeable future. Therefore, we must have available adequate supplies of oil.

"We have concluded, for reasons that are set forth later in this section of the report, that if we are to have enough oil to meet our national security needs, there must be a limitation on imports that will insure a proper balance between imports and domestic production.

"Before arriving at this conclusion, we considered and rejected, for the reasons noted below, the following three proposals that are based on a policy of permitting imports to follow whatever course they may take.

"1. *Import foreign crude oil and store it in this country within depleted fields or elsewhere.* The practical problems of cost and the physical problems connected with the storage of crude oil would make this solution impracticable from the standpoint of industry and government alike.

"2. *Enlarge government participation in exploring for oil reserves which, when discovered, would not be put into production.* Such a course would be costly to a already overburdened government and would be contrary to the principles of free enterprise which characterize American industry.

"3. *Encourage increased importations in order that our own natural resources might be conserved.* Your committee has concluded that for the following reasons such a policy would be unsound.

"(a) It would result in a sharp decline in domestic exploration by private enterprise because the industry would have no assurance of an adequate market for domestic oil after discoveries had been made and, as a result, would reduce