

its exploratory operations. Barring government operations which would be undesirable, adequate exploration and the development of additional reserves can only be generated by a healthy domestic production industry.

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"IV Effect on Consumers"

"Domestic consumers are utilizing an increasing amount of petroleum products for transportation, fuel, heating and many other aspect of consumer life. In the event of a national emergency, it is essential to these consumers that there be adequate supplies at reasonable cost, both now and in the future. The low cost of imported oil is attractive, but excessive reliance upon it in the short run may put the nation in a longterm vulnerable position. Imported supplies could be cut off in an emergency and might well be diminished by events beyond our control. This vulnerability could easily result in a much higher cost, or even in the unavailability, o foil to consumers. It is therefore believed that the best interests of domestic consumers, as well as of national security, will be served if a reasonable balance is maintained between domestic and foreign supplies.

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"In summary, unless a reasonable limitation of petroleum imports is brought about, your committee believes that:

"(a) Oil imports will flow into this country in ever-mounting quantities, entirely disproportionate to the quantities needed to supplement domestic supply.

"(b) There will be a resultant discouragement of, and decrease in, domestic production.

"(c) There will be a marked decline in domestic exploration and development.

"(d) In the event of a serious emergency, this Nation will find itself years away from attaining the levels of petroleum production necessary to meet our national security needs.

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"It is our conviction that as a Nation we must pursue a careful, considered course that will permit reasonable imports into our country and still stimulate a dynamic and vigorous exploratory and development effort in this country."

This high-level policy committee submitted its report to the President and on July 29, 1957, President Eisenhower, in a memorandum for the Secretary of the Interior and the Director of the Office of Defense Mobilization, declared:

"I have approved the recommendations of the 'Special Committee to Investigate Crude Oil Imports' as set forth in the attached report. I direct you to put these recommendations into effect as rapidly as possible."

Presidential approval of the Special Cabinet Committee's report thus established what was known as the "Voluntary Oil Import Program." This program was put into effect on July 1, 1957; but it did not work.

Meanwhile Congress continued to evaluate the matter of oil imports and the "National Security Amendment." In the House Ways and Means Committee Report No. 1761, 85th Congress, 2d Session, which accompanied the Trade Agreements Extension Act of 1958, the Committee declared:

"The National Security Amendment"

"Section 2 of the 1954 Extension Act provided that no trade agreement reduction in duty shall be made if it would threaten domestic production needed for projected national defense requirements. Section 7 of the Trade Agreements Extension Act of 1955 amended this section by adding a new subsection providing a procedure for investigation and action by the President if he agrees with the Director of the Office of Defense Mobilization that any article is being imported in such quantities as to threaten to impair the national security. The 1955 amendment provided that, if the President found such to be the case, he take such action as he deems necessary to adjust imports to a level that would not threaten to impair the national security.

"These provisions were the subject of voluminous testimony to the committee and of extended committee consideration. Most of the witnesses who addressed themselves to section 7 of the 1955 act were of the opinion that the provision should be amended in such a way as to speed up investigations and determinations under the section, and to clarify and make more specific the standards applicable to its administration. The committee has carefully considered the points of view expressed and has concluded that any question as to the adequacy of section 7 is resolved by the amendments to that section which the committee has made.