If there is ever a shortage created up there it would create a great deal of hardship so I think that we are justified up in our area for asking the Secretary of the Interior to raise the quotas slightly.

Mr. McClure. If there was a shortage I concur and I will have to answer you this way. My home is in Michigan. I had told some of my friends I would come to the Montana-Wyoming area in February and they said, "Don't come. A Michiganite can't stand the weather there."

So I do know what you are talking about as far as the weather is concerned and the fuel oil situation. We just object to using excuses and presenting them as reasons.

Mr. Burke. Thank you very much.

Mr. McClure. Yes, sir.

The Chairman. Any further questions? Mr. Schneebeli.

Mr. Schneebeli. Mr. McClure, you state that the oil trade deficit is about a billion and a half dollars annually. Mr. Steed I think mentioned $1.6 billion. I am looking for some information. Is most of the oil brought into the United States brought in by U.S.-owned companies?

Mr. McClure. The answer is yes, this is true.

Mr. Schneebeli. Then the salaries paid to United States citizens who work for oil companies, the profits that are returned by these U.S. oil companies to the United States and the supplies brought into the United States, are they set up as compensating factors against this deficit? Do you give credit for these items? Is this a gross or a net figure?

Mr. McClure. To answer your question, sir, the $1.5 billion that the United States has to pay out in exchange for oil that is brought in from outside the United States is a gross figure.

There is no question that you can justifiably say that these companies do have earnings and there are salaries and profits that are earned outside the United States.

However, with the great demand in Europe, with the tremendous demand for energy resources across Asia, across Africa, and the rest of the world, those companies are going to produce and they are going to earn irrespective of whether those commodities, petroleum, are brought into the United States.

In other words, the argument is made that it is a compensating factor, but in reality we do not look upon it as such because we say they were earned, and produced, and drilled, and explored outside the United States.

Mr. Schneebeli. But actually in the balance of trade you have to give credit for the dividends returned to the United States in compensation for this deficit.

As a matter of fact, as you know, the dividends being returned to the United States are greater than our new capital outlays at the present time. So I would be interested in what your net figure is.

Mr. McClure. We can give you that figure.

Mr. Schneebeli. If you would, supply that for the record. I think it is quite important.

Mr. McClure. We will be happy to supply that for the record, Mr. Chairman. Again my only point is that those dividends would be returned to the United States by those companies regardless of whether there were imports into the United States or not.