INDEPENDENT OIL HEAT DEALERS ASSOCIATION OF MARYLAND,
FUEL OIL COUNCIL OF MARYLAND,
Frederick, Md., July 5, 1968.

Hon. WILBUR D. MILLS,
Chairman, the House Ways and Means Committee,
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN MILLS: On behalf of the Independent Oil Heat Dealers Association of Maryland, and the Fuel Oil Council of Maryland, which consists of 121 independent fuel oil merchants in the State of Maryland, we have been authorized to file with you the following statement:

Let us begin with our philosophy. We are not anti-big business, we expect no special treatment, our only interest is to see that fair and equitable treatment is accorded to everyone in the oil industry. This of course is absolutely necessary for our survival.

Your Committee should be aware that our group is not the recipient of any favorable tax treatment, such as, "the oil depletion allowance", or "tax-free foundations", nor do we receive any "grants" or "subsidies", or special legislation, such as "The Oil Import Program". We compete with each other in a fierce, but free and honest market place. The consumer is thereby benefited because they get the lowest possible prices and best service. In order for the independent oil marketer to survive *he must also have access to a free and honest market place.*

We would like to call your attention to the fact that the independent oil man not only competes with "major oil companies" at the retail level, but other forms of energy as well, such as "gas and electric".

We are opposed to the "Oil Import Program". It is not serving its original purpose, it is discriminatory and has created a cartel. It is set up in such a manner as to prevent the small independent companies, such as we represent, from participating. The Import Program has been twisted around to where last winter it created spot shortages, and much higher prices this spring. Besides creating unconscionable profits for the major oil companies, this cartel has reduced the margin of profit for the independent oil distributors. Should this pattern continue, it will be only a matter of time until the independents will be forced to sell out to the major oil companies, or be eliminated by economic cannibalism.

We would like to bring to this Committee's attention an Editorial that appeared in the Journal of Commerce on Monday, May 20th, 1968, which was headlined "The Tangled Webb", and we quote:

THE TANGLED WEB

The hearings conducted on oil import quotas by a subgroup of the House Interior Committee last week may have been futile in the sense that that committee cannot initiate any legislation dealing with import quotas, but they were useful to the extent that they demonstrated what happens when the Government intervenes in one sector of an industry at the behest of another.

When the import quotas were adopted in 1959 none of their most ardent supporters could quite bring himself to say that his objective was to raise domestic prices. No, their stated purpose was to encourage domestic exploration and development by establishing "a more satisfactory" price level. In other words the price increase was to be merely incidental. Once the drillers found it worthwhile to put their equipment to work in the boondocks again, oil would come gushing forth from new sources and the United States wouldn't have to depend on vulnerable foreign supply lines. The executive order that imposed these quotas had not been signed for very long when it became evident that there was something curious about the whole picture.

First off, they applied to Canada. Since Canadian sources are actually closer to some U.S. marketing areas than are those of Texas and Oklahoma, many people began to wonder how this phase of the program could possibly relate to "vulnerable foreign supply lines" and national defense. After some indecisiveness, an exemption was made for Canada.

Second, it appeared that the artificial boost in the domestic price level forced by the quotas was upsetting other industries.

The American petrochemical industry, for example, was battling in various markets with that of western Europe. As the competition intensified it became