

denly cut off by a political or military development which is outside of our control? How will the ensuing fuels' deficit be made up?

In the early days of World War II this area faced the very same problem because of the disruption of shipping from the Caribbean. Then, it was a relatively simple matter for the Government to order a conversion from oil to coal. The consumption of imported oil was significantly smaller and excess coal capacity existed, which could be channeled rapidly into the area.

But today, the area is 82 percent dependent upon imported oil. To replace it would require more than 80 million tons of coal. Frankly, gentlemen, I have the most serious doubts that another 80 million tons of coal production could be secured without a long leadtime and reallocation of existing coal markets in other areas which in itself could cause serious economic dislocations. The conversions of burning equipment is now so complete, that even if the coal were available, it would be questionable if it could be burned.

The production of domestic residual oil could not be increased to this great an extent without creating real problems. The Government could, under its emergency powers, decree that refineries must increase the ratio of residual oil produced from every barrel of crude oil. Conceivably, the ratio of residual could be increased to a point where the industrial fuel deficit on the east coast could be overcome, but any increase in residual production would mean a corresponding decrease in the production of gasoline, lighter heating oil, jet fuel, and the many other lighter products which are essential to our industrial society.

I realize, Mr. Chairman, that the possibility of a disruption of offshore oil supplies has been discounted by the Government. The Defense Department has stated, according to a memorandum, prepared by the Office of Emergency Planning, that it can keep the sealanes from the Caribbean open under any foreseeable military situation. Perhaps they can do this, but would not all of our military might be completely impotent in the case of an embargo of oil shipments to the United States for political reasons? The recent Suez crisis is a reminder that nonmilitary action is just as effective as a blockade in stopping oil shipments.

Mr. Chairman, today the residual oil used by electric utilities on the east coast produce electricity which is equivalent to 22 percent of the total power production in the area. Should offshore residual oil supplies be cut off, this huge block of power would have to be made up in some fashion.

It takes time to build a new powerplant, and there is a limit to the amount of power which can be drained from other sections through intertie now being developed by utilities.

It seems to me, Mr. Chairman, that our present trade policies as they apply to residual oil imports completely ignore these inherent dangers.

Assistant Secretary of the Interior, J. Cordell Moore has stated on a number of occasions that the United States cannot be dependent on foreign sources for oil which might be denied us through war or political instability. Secretary Moore's comments were made in support of the crude oil import program but in view of the growing dependence of the east coast on imported residual oil, they are just as valid when applied to the residual program.