

I think we need to remember that oil is biodegradable. It takes a while, but it can be attacked by small organisms and in the passage of time, be disposed of, eaten up.

This is true even where you have an oil spill off the coast of, for example, San Juan. Sometimes the use of substances to break the oil into smaller particles accelerates this process.

There is a danger in using some of these things, because these chemical substances may also be toxic to sea life of various kinds and sometimes they could even have damaging effects upon the shoreline. But I think we need to remember that oil is biodegradable.

Now, in the research and development program of the Federal Water Pollution Control Administration, we are proceeding to tackle the technological problems and the research problems that go with the questions of either breaking down the oil more rapidly or methods or means to contain it and dispose of it.

RESEARCH AND DEMONSTRATION AUTHORITY

Mr. CRAMER. Well, Mr. Secretary, I appreciate what is being done and the efforts being made, but do you think it will serve the purpose to specifically set out in your legislation by adequate research, pilot plants, or demonstration projects, an approach to this problem, giving the Federal Government funds to do it in cooperation with the local communities?

Mr. MOORE. Congressman, this is covered in the debt financing bill, also before this committee. There is adequate authorization for research and development in this area.

Mr. CRAMER. In this specific area?

Mr. MOORE. That is correct.

Mr. CRAMER. You do not then feel it is essential? You think it is essential to do so?

Secretary UDALL. Yes.

Mr. MOORE. Yes, that is correct.

TAXABLE STATUS OF BONDS UNDER DEBT FINANCING PROPOSAL

Mr. CRAMER. Now, we have had a lot of testimony on the subject of the bond issue approach. We have had tremendous opposition to the concept of doing away with tax-exempt bonds for this water pollution control purpose.

I will be frank with you, I do not know how a bill can pass with that in it. That is my personal opinion.

Is this absolutely essential to this legislation?

Secretary UDALL. Well, I want Deputy Director Hughes to comment on this as well as myself.

We worked on this at great length. We think that the approach that we have come up with is sound in terms of public finance and in terms of the general economic situation.

I personally think there is a much stronger argument for the approach that we have adopted than simply following a traditional tax-exempt approach.

I think this is a good solution to a problem, and I make that general response and let Director Hughes try his hand at it.