

STATEMENT BY THE HONORABLE JOHN E. FOGARTY, 2nd DISTRICT OF RHODE ISLAND, BEFORE THE WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES, MAY 13, 1953.

I am presenting this statement in opposition to H.R. 4294 which is now being considered by this Committee. Much has been said in testimony before this body regarding the serious international repercussions which would be the result of adoption of this bill. I would like to direct my comments to the immediate problem which such adoption would have on the district I represent and the severe impact it would have on the economy of the State of Rhode Island and the entire New England area.

It is my confirmed opinion that passage of this bill would cause a drastic increase in the industrial fuel bills of that section of the country and would add an impossible burden to the many difficulties which our industry now faces.

Section 13 of H.R. 4294 provides for the imposition of quotas on the importation of crude and residual oils into the United States. Its obvious goal is to eliminate residual oil as a competitor of the coal and other fuel industries. New England economy depends to a large degree on the use of such residual oils and passage of this bill would add further problems to an already harassed industrial structure.

According to the U. S. Bureau of Mines, New England consumed sixty million barrels of residual oil in the calendar year 1951. Two-thirds of this, or forty million barrels, represented foreign imports. Figures supplied by the U. S. Army Engineers

show that New England as a whole, in 1951, received 64% of its residual oil supply from foreign sources. The restrictive provisions of H.R. 4294 would thus shut off the great bulk of the supply of residual oils to the New England area.

Our domestic oil industry could not supply this deficiency. American refineries are geared to produce as little residual oil as possible and concentrate instead on production of the lighter, higher priced petroleum products. Since 1945, the yield of residual oil in United States refineries has gone down from 28% to 19% per barrel of crude.

It is apparent, therefore, that the ultimate purpose of this proposed legislation would be to reduce the supply of available residual oil. This would force users of it to either pay the greatly increased costs which would inevitably result or to convert to coal at great expense. Either action would greatly increase operation expense and would further jeopardize our industrial competitive position.

Because of these and other adverse effects which H.R. 4294 will have on the economy of my State of Rhode Island and all of New England, I must, in all sincerity, vigorously oppose it. I hope the Committee recognizes the injustice of the measure, and I urge it to so act as to not further penalize our New England area.