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U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., October 20, 1972.
HON. SPIRO T. AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to the requirement of Section 15 of the Outer Continental Shelf Lands Act of 1953 (43 U.S.C., sec. 1331, et seq.), following are the receipts and expenditures of the Department in connection with the administration of the Act for the fiscal year 1972:

Receipts	
Rentals	\$ 5,931,514
Royalties	360,254,759
Shut-in gas wells	38,650
Rights-of-way	22,805
Bonuses	96,304,523
	<hr/>
	462,552,251
Expenditures	
Salaries	3,411,862
Travel and per diem	157,157
All other	4,722,738
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	8,291,757

Total cumulative collections through June 30, 1972, including bid bonuses, amount to \$6,597,024,014 of which \$4,013,605,767 has been covered into the General Funds of the Treasury and \$668,753,085 transferred to the Land and Water Conservation Fund pursuant to Section 2(c) (2) of Public Law 90-401 (82 Stat. 355) approved July 15, 1968, as amended by Public Law 91-485, approved October 22, 1970. As of June 30, 1972, \$1,914,665,162 was held in escrow receipt accounts pending distribution by order of the United States Supreme Court.

Sincerely yours,

RICHARD R. HITE,

Deputy Assistant Secretary—Management and Budget.

ANNIVERSARY OF UKRAINIAN INDEPENDENCE

Mr. PERCY. Mr. President, this week marks the 55th anniversary of Ukrainian independence, and I want to take this occasion to remind my colleagues in the U.S. Senate and all the people of the United States of the spirit and perseverance of the Ukrainian people through these many years.

I wish especially to salute the people of the Ukraine and all the dedicated Ukrainian Americans who have contributed so much to our national life.

THE REA LOAN PROGRAM

Mr. MONDALE. Mr. President, on December 29, 1972, it was announced that the Department of Agriculture was abandoning the rural electric and telephone 2 percent direct loan program, in favor of 5 percent insured or guaranteed loans under the provisions of the Rural Development Act.

The news of this action stunned affected cooperatives, for there was no prior consultation, and no opportunity for comment by potential borrowers.

Congress—which is constitutionally charged with responsibility for making laws, and for controlling Federal expenditures—was not even given the courtesy of advance notification.

Disregarding the immediate impact of the loan program cancellation, this decision has ominous implications for the integrity of the American constitutional system. The concept of separation of powers, embodied in our Constitution, is

designed to prevent any one branch of Government from becoming all powerful, at the expense of a true and stable democracy. Under the Constitution, the President is given veto power if he feels a bill should not be made law. But in their wisdom our Founding Fathers did not invest the Presidency with unlimited power to repeal laws once they have been approved.

Press releases emanating from the Department of Agriculture have attempted to characterize the recent decision as a reform or modification of the traditional rural electric and telephone loan program. This representation is misleading, for the President clearly lacks the authority to adjust unilaterally the interest rates established under the Rural Electrification Act. Administration officials have also attempted to argue that the December 29 decision is not really a cancellation of funds for rural electric and telephone loans, rather that \$200 million in new loan authority will be made available above the amounts previously provided. In reality the administration is refusing to spend approximately \$450 million in money appropriated by the Congress for the REA electric and telephone loan programs.

The administration's actions are nothing less than usurpation of powers rightfully belonging to the Congress; for, if there were any doubt the actual language and legislative history of the Rural Development Act clearly show that at no time was it the intent of Congress to repeal the Rural Electrification Act.

On January 16, 1973, I joined with Senator HUMPHREY in cosponsoring a bill to prevent our laws from being haphazardly tossed aside by the Executive. Our bill would require that all appropriations provided for 2 percent rural electric and telephone loans must be spent before supplemental loan authority under the Rural Development Act can be utilized.

Since the December 29 announcement, I have received hundreds of messages from rural cooperatives, farmers, workers, and local communities in Minnesota protesting the administration's action. These letters and telegrams reflect mounting public alarm at this serious threat to our constitutional form of government, as well as strong concern for the fate of rural cooperatives.

I am hopeful that—if the administration does not voluntarily turn back from its present course—the Congress will swiftly approve the bill I cosponsored with Senator HUMPHREY last week.

Mr. President, I ask unanimous consent that a small sample of the messages I have received from people in Minnesota be printed in full at this point in the RECORD.

There being no objection, the messages were ordered to be printed in the RECORD, as follows:

CHOKIO, MINN.,
January 18, 1973.

WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

SENATOR MONDALE: Enclosed you will find a certified copy of a resolution passed by the Board of Directors at its last monthly meet-

ing. We urge you to help do everything possible to reinstate the REA direct loan program. The REA program is one of the greatest things that has happened to rural America and is desperately needed.

The shutdown of REA, the emergency loan program to farmers, REAP, low-cost housing, and other programs is a severe blow to rural America. We must have these programs if rural America is to survive.

Your help will be greatly appreciated.

Yours truly,

DONALD ROTLAND,
Manager.

CERTIFICATE

I, Fred Fischer, do hereby certify that: I am the Secretary of Federated Telephone Cooperative of Chokio, Minnesota; the following is a true and correct copy of a Resolution duly adopted by the Board of Directors of the Cooperative at a Regular Meeting thereof held on the 10th day of January, 1973, and entered into the minutebook of the Cooperative; the meeting was duly and regularly held in accordance with the Bylaws of the Cooperative and the following Resolution has never been rescinded or modified.

Whereas, there is a very great need for the continuation of the REA 2%, 35-year direct loan program to both the Telephone and Electric utilities to give adequate service to meet today's needs, and,

Whereas, the REA program was set up by the Congress of the United States of America and should not be destroyed except by them, and not the Administration in office, and,

Whereas, the emergency loan program, REAP, etc., to rural farmers are definitely needed if many of them are to stay in business,

Therefore, be it resolved, that Federated Telephone Cooperative, Chokio, Minnesota, urge the Administration to reconsider this drastic action and reinstate these programs so vital to Rural America.

In witness whereof, I have hereunto set my seal and affixed the seal of the Cooperative this 18th day of January, 1973.

FRED FISCHER,
Secretary.

VIRGINIA, MINN.,
January 19, 1973.

Senator WALTER F. MONDALE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: The recent decision of the Administration to discontinue the present REA direct loan program, disturbs me. I must confess that I am prejudiced as I live in a rural area, but I have tried to view this objectively. The discontinuation of loans at low rate of interest to our rural electric cooperatives will be a great loss and restrict present services and enlargement of same to an enormous geographic area. I am all in favor of cutting costs of government, and if this is a legitimate place to begin, so be it. However, let's re-evaluate the program before we bury it and see if there isn't some other area in which we can economize that will be less disastrous to rural America.

Thank you for your consideration.

Yours truly,

G. S. WHEELER.

BRAINERD, MINN.,
January 3, 1972.

HON. WALTER F. MONDALE,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

MY DEAR MR. MONDALE: This letter will probably reach you as one of thousands, enlisting your aid to overturn the recent decision by the President to discontinue the 2% REA loan program. As a long time champion of the Rural Electrification program, I know you share our concern and astonishment at this latest executive order.

It is indeed ironic that the Rural Development Act of 1972 should be used to hamstring the very program so vital to the purposes of this act.

On behalf of the members and Board of Directors of the Crow Wing Cooperative Power and Light Company, I urge you to assign primary priority to the reversal of this administrative decision that will definitely threaten the survival of the rural electric systems.

Very truly yours,

KENNETH E. WOLLEAT,
General Manager.

—
PELICAN RAPIDS, MINN.,
January 8, 1973.

Senator WALTER F. MONDALE,
Senate Office Building,
Washington, D.C.

DEAR FRITZ: We know that you are acutely aware and concerned about President Nixon's recent actions concerning the cutback and elimination of certain programs which are beneficial to rural America and agriculture.

The Board of Directors of Lake Region Co-op. Electrical Association and I want to express to you the concern which we have about the drastic changes which so significantly effect the development and strength of rural America. Particularly, the elimination of the two per cent loan program of the Rural Electrification Administration is a severe blow to rural America and its struggle to maintain the little strength that it has and to improve upon that strength.

We urge your all out effort to curb the circumvention of the Rural Electrification Act of 1936 as amended.

Your vigorous efforts in these matters is urgently requested.

My warmest regards.

Sincerely yours,

CLARENCE W. PETERSON,
General Manager.

—
ST. PAUL, MINN.,
January 20, 1973.

Senator WALTER MONDALE,
Capitol Hill, D.C.:

Minnesota AFL-CIO stands behind you all the way in your fight to save the low cost REA program. In this most proven of all rural programs, as an organization representing the needs of the people, the Minnesota AFL-CIO has long upheld the objectives of the rural electric program. We are with you further in your fight to restore to the Congress the power of the purse which the Nixon Administration has usurped. We deplore President Nixon's unbelievable action of December 29, in which he seeks to destroy this most proven of all rural programs. As an organization representing the needs of the people, the Minnesota AFL-CIO has long upheld the REA program.

DAVID K. ROE,
President.

MIDDLE EASTERN OIL AND THE UNITED STATES

Mr. HATFIELD. Mr. President, as a member of the Interior Committee and a participant in the study of U.S. energy policies, pursuant to Senate Resolution 45 of the last Congress, I have recently attended a series of hearings on the security of oil and gas imports. On the concluding day of these hearings, I presented testimony which demonstrated that the United States will continue to be dependent upon oil from the Middle East in the foreseeable future, no matter what steps this country takes to develop further its own petroleum resources.

What, then, are the implications of this situation for U.S. policies toward the Middle East? I suggest that a positive and evenhanded U.S. approach to the Middle East will not only enhance possibilities of a durable peace in this area of the world, but will also do much to assure a continued supply of oil to the Western world and Japan.

I ask unanimous consent that my testimony on Middle Eastern oil and the United States be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MIDDLE EASTERN OIL AND THE UNITED STATES— HARD REALITIES FOR U.S. POLICY GUIDELINES

Today we are facing an energy crisis.

Several committees in Congress, numerous Executive agencies, and countless private and academic organizations have been focusing attention on the energy situation in the United States and the world at large. Considerable human energy to study energy has been expended, and volumes of data and recommendations have resulted from these studies. But we have yet to see a single sound policy promulgated on this subject. As a result, the next 10 to 20 years will present serious difficulties for the U.S. energy supply. As the Secretary of the Interior has testified, our energy resources are probably sufficient to sustain this country in the future, but development of this capability would require decades, if indeed we embarked upon the programs necessary to achieve this goal at all. In the meantime, we must face certain hard realities about supply and demand. Oil is a good example to begin with.

The U.S. consumption of petroleum has been voracious, to say the least—close to 15 million barrels per day (mb/d) in 1971.¹ Consumption is projected to be 24 mb/d in 1980,² and 30.2 mb/d by 1985.³ To satisfy this demand, we produced only 11.2 mb/d in 1971⁴ and imported the rest from Canada, Venezuela, and the Middle East. This rate of production is optimistically projected to increase by less than half a million barrels per day through 1985. In fact, some less optimistic estimates project a decline of some 30% in production from .970 to 1985.⁵ Thus, as our demand rises dramatically, and while production increases insignificantly or even decreases, increase in imports is inevitably going to triple by 1980, and may approach five fold by 1985.

This obviously means increased dependence on foreign governments where the imported petroleum is produced. Except for Canada and Venezuela, the bulk of these imports (about 70%) will come from the Middle East and North Africa.⁶ With this realization, one immediately has visions of political instability, local wars, and serious interruption in the flow of oil, not only to the United States, but also to Western Europe and Japan. How then do we minimize potential interruptions or insufficiencies of oil supply? What are our foreign and domestic options?

Alternate sources of oil in the United States include coal, shale oil, and tar sands (mainly in Canada). Coal cannot be burned to power automobiles; and 53% of our refined oil consumption goes into transportation.⁷ However, research is progressing toward the production of oil from coal—a process successfully perfected by Germany during World War II. Under favorable circumstances, the most likely possibility of full scale operation would produce some 300,000 barrels per day by 1980.⁸ The extraction of oil from shale promises at best some 200,000 b/d,⁹ and the

tar sands would produce about 150,000 b/d by 1980.¹⁰ Assuming a solution to the thorny problem of managing the residual waste from these operations, and keeping in mind that the tar sands are in Canada, the most we can hope for in the production of oil from these unconventional sources would be about 500,000 b/d. This is a relatively negligible amount compared with the more than 10 million b/d we shall need to import by 1980.

Last, but not least, is the Alaskan oil discovered at Prudhoe Bay. The pipeline needed for transporting this oil has been the subject of heated environmental and economic contentions, and it is doubtful at this time that the pipeline will be fully operational before 1980. Even if it is, however, its full capacity by then would not exceed 2 million b/d—hardly significant in meeting the total domestic demand for oil. Even those who advocate maintaining independence from foreign imports agree that such could be achieved only at a substantial cost penalty to the people and the economy of the United States. There is already a wide gap in production and cost between the U.S. and the Arab world, for example. The average oil well in the United States yields approximately 14 b/d at a cost of about \$2.50 per barrel, while the average well in the Arab oil producing countries yields over 5,000 b/d with a cost from less than 10¢ to 20¢ per barrel.¹¹ And why should the people of this country be so penalized?

We are faced with the fact that, short of emergency cash programs, there is little we can do in this decade that can alter the situation in a significant way. As we survey the known reserves and productive potential around the world, we find that only one area will have the capacity to continue to accommodate the ever-rising level of world petroleum consumption—the Middle East. There is simply no alternative to the Middle Eastern oil, the loss of which could not be effectively compensated in this decade by any other source or combination of sources.

It behooves us, therefore, to look carefully at the stance of Western Europe, Japan, and other oil consuming countries; examine the availability of oil from the Middle East and North Africa; and evaluate our own interests, politically as well as economically. There is no doubt whatsoever that this evaluation is the basis on which our energy policy should be formulated.

The situation in the oil consuming countries of Western Europe and Japan is far more precarious than our own. Petroleum fuels 60% of the economy of Western Europe and 80% of the economy of Japan. By 1980, it is estimated that Western Europe will import 90% of its oil and Japan almost all of hers, mostly from the Middle East and North Africa.¹² By comparison, the United States imports will exceed 50% of her needs. All this serves to dramatize the extent to which the countries of the western world are and will be dependent on the Eastern Hemisphere for their oil supply.

The present situation in the producing countries revolves primarily around their collective bargaining organization—OPEC. What exactly is OPEC's relationship to the energy crisis?

In the last two decades the governments of the oil producing countries have effected significant changes which drastically modified the position of the old concession-holding companies, and provided an effective medium to promote their own national aspirations. The most effective of these changes was the creation of the Organization of Petroleum Exporting Countries (OPEC), and its offshoot—the Organization of Arab Petroleum Exporting Countries (OAPEC).

OPEC was formed in September 1960, at the instigation of Venezuela, for economic purposes, primarily to stabilize and broaden the base of the taxation and royalty system.

Footnotes at end of article.