

within a couple of years I am certain that the domestic market could absorb this. Naturally right at present housing starts are just beginning to start up. They are on the upgrade now, but they were, you might say, in the depths. As a result of that, there was not quite the demand for lumber that we would like to see in the States. So it would be a gradual thing.

However, lumber is not a too perishable commodity, and it could be held in reserve for the expected needs of both the housing and the model cities program, and also commercial construction which we hope will resume its upward trend after the tight money market is relaxed.

Senator HATFIELD. Let me pursue that point for just a moment with you, then. As you have heard the testimony, and you are familiar with the character of our industry up there in that we have large operations and we have medium-sized operations and we have small operations, do you feel that the medium- and small-sized operator, who is most significantly affected by the Japanese log exports, could afford to carry an inventory of finished lumber products over an extended period of time, until these forces came into the picture and would provide the additional needs in order for him to dispose of such inventory?

Mr. BAILEY. Senator, I think General Treasurer Terzick or Mr. Viancour could answer that question better than I could.

Senator HATFIELD. I will defer to them.

Mr. BAILEY. I am not trying to evade the question. It is just that I want you to get as good an answer as you can.

Senator HATFIELD. As our chairman has indicated many times, we want you to comment as you will and as you feel qualified to do, and if the questions that I propound are outside of your realm of expertise, then I certainly want you to defer.

The other day we had the testimony given to this committee by Mr. Van Brunt and others representing the International Longshoremen's & Warehousemen's Union, and the port commissions, who are naturally, as you know from your own testimony, deeply concerned on this subject and I certainly can understand and support their contentions that they want to see high employment maintained and even increasing employment if possible in their respective groups.

They indicated to us that even if we did not have Japanese log exports today, that the present lumber market in this country would not be able to absorb this additional manufactured wood product. Or putting it another way, they said that the real answer to our lumber problem in the long range was to develop a greater market for finished products both here and abroad.

Now, if we found some way to put a temporary restriction, we certainly wouldn't want to retard the natural development and growth of the maritime industries, and especially we wouldn't want to do this if doing so did not actually stimulate and help the lumber industry as a whole. That they really didn't have the market to put more lumber products into and get their return, that this would not be helpful even to them. That is why I asked the question. I want to make sure in my own mind that if restrictions are placed at one point, that might tend to slow down or at least not permit the continued acceleration of growth in that area, that we don't want to be harmful to anyone,