

witnessing the closing of plants that could have survived if they had been able to purchase logs under normal competitive conditions. Many of the larger firms, too, have closed plants simply to take advantage of the more profitable log export market.

The net effects of these closures are unemployment and idle capacity. What log exports are creating will not be as easy to dispel. Unemployment in one area or occupation shifts the labor force to other areas and other occupations. Idle capacity becomes obsolescent. These effects may not matter now, but what about the long run?

Eventually, domestic demand for lumber and plywood will increase to the level where there will not be sufficient timber available to supply both the U. S. market and the export market. Population growth alone is enough to guarantee that this will happen. It is entirely possible that if export demand is satisfied, then additional lumber and plywood will have to be imported from Canada to supply domestic needs.

It is doubtful that this condition would continue for very long. The advantage to our balance of payments of log exports would be nullified by lumber and plywood imports. In that case, we are certain to see export restrictions so the domestic market can be served from domestic resources.

Then where will the Northwest be? With obsolete plants and no labor force. We will have strengthened the positions of Southern mills and foreign competitors. We will have encouraged the use of wood substitutes. The only way Northwest firms could re-enter the domestic market would be by extensive new investment, acquiring and training a new labor force and trying to re-establish competitive positions. This will be made additionally difficult if partial exports are allowed and stumpage prices remain high.

The ultimate conclusion, then, is that continued log exports from the Northwest can put Northwest mills out of the lumber and plywood business--