

Honorable Orville L. Freeman
 Honorable Stewart L. Udall
 Page Two

This plan provides that, at the first of each quarter, sales would be held for domestic producers only with the understanding that certain types of timber (off species, small, and finished lumber) could be resold for export. Outside of that, these sales would be open only to buyers supplying domestic mills. One other limiting factor would be the proviso that bidders could not be owners of private timber purchasing to replace private timber sold for export.

This approach would allow competition within cutting areas serving local mills and would be balanced on a basis of need. Timber that was not sold in these domestic sales would be re-opened to a second sale and all parties would then be able to bid on an open basis.

It would be necessary to phase in to this program and the Forest Service and BLM would have to have a one-shot addition of personnel who could advance cruising of sales areas. This would probably require a special appropriation and assistance from private and other public sources to provide qualified personnel.

I recognize that the main difficulty with any limitation program that is implemented at the point of sale, rather than the point of export, is the inherent problem of insuring compliance. I believe, however, that this problem would be insignificant in comparison to the correction features of my proposal.

If we use the "Domestic First Sale" approach it would:

1. Assure a stable supply of timber for domestic mills that can be purchased on a reasonable competitive basis. The delightful aspect of this feature is that it utilizes supply and demand, which is probably the fairest equalizer available in any system of economic conflict.
2. Assure that no timber is left standing in the woods to rot, as a result of arbitrary limits and insufficient domestic need.
3. Provide for export of that amount of timber which is surplus to the area and which is economically satisfactory for export.