

than what we have been experiencing in the last 2 or 3 years. The reasons for the current low production of housing are tight money and high interest rates.

Senator MORSE. But tables 1, 2, and 3 for that matter show that by 1980, according to these projections, we are going to need 2.5 million new housing units built in the various classifications.

Dr. SUMICHRAST. That is correct. When you consider that last year we built only 1,330,000 housing units, this is way below what we expect to do in the future. These estimates are based on household formation of people who are already born. They would have to live somewhere, and they are very likely not going to double up, if we assume that the economy is going to expand the way it has been expanding since the Second World War. This would mean that in all likelihood not many people will stay with their in-laws, but will demand a separate housing unit. It can be a used home or it can be a new one. But just to accomodate these new households plus the large number of units which we take out of inventory, as I already said, these are estimated by us to be close to 700,000 housing units every year, you can clearly see the tremendous increase in demand with which we are going to be faced in the years to come.

Senator MORSE. Do I understand that your study and report is limited entirely to housing units? It doesn't deal at all with the needs of wood products for furniture and all the other associated wood uses that go to equipping homes once they are built, nor do you appear to touch upon the need for wood products in the whole industrial economy during this same period of time. But your statement gives the committee at least the comprehensive projections of the National Association of Home Builders in respect to homes and housing units.

I would like to call counsel's attention to the fact that I think inquiry ought to be made of the available sources for projections in regard to the need of lumber products in the other aspects of our economy, particularly the industrial aspects outside of the housing demand. This is going to have a bearing to the extent that we can get the data, on whether or not there are wood products in surplus that justify any extensive exportation of round logs. This is germane to the Forest Service and BLM following whatever course of administrative actions are necessary to guarantee that we are not going to be exporting out of the country the lumber resources for homes, furniture, and industry, that belong to the people of the country, upon which our law gives them a first lien.

(Ed. note: Dr. John Muench, Jr., forest economist, National Forest Products Association, in testimony which will be found later in the record of the hearing on this date, made these points: (1) residential construction required about 14 billion board feet of lumber in 1962; (2) it is estimated that residential construction uses of lumber will climb to 21.6 billion board feet in 1980; (3) "residential uses of lumber have historically accounted for about 35 percent of the lumber consumed in this country.")

Senator MORSE. Go ahead, Doctor. Do you have anything further?

Dr. SUMICHRAST. No. This is about it. We have supplied the committee with two current books which we published. One is called "Components of Future Housing Demand," which sums up in a greater detail the material which I covered, and also another book, "Demolition and Other Factors in Housing Replacement Demand," which covers the area of net removals from housing inventory, which is a rather