

domestic and foreign, to express our views and to seek to help in the solution of a problem that besets us all.

At our request, we appear near the end of the list of public witnesses. We shall seek to avoid testimony that is cumulative. But because we have been concerned about this swelling problem since the time when we discussed it with you in Portland more than 6 years ago, it seems appropriate that we try to examine the basic contexts of the problem—the basic economic context, the basic foreign relations context, the basic forestry context.

I. BASIC ECONOMIC CONTEXT

Nowhere has the basic economic problem been more perceptively stated than by Mr. A. Robert Smith in the lead of his story in the December 8, 1967, issue of *Argus*, a Seattle weekly. Mr. Smith wrote:

The painful irony of the Northwest log export crisis is that the region's forest resources are being tapped to supply two great national housing markets, instead of one, and yet are hurting rather than thriving on either.

The ability of Japan to meet its wood requirements out of its own, indigenous resources is well summarized on page 49 of *Industrial Review of Japan*, 1966, published in Tokyo by the *Nihon Keizai Shimbun*:

Based on the White Paper on Forestry, the forested lands throughout the country total 250,000 square kilometers (32 percent thereof being state-owned), equivalent to 60 percent of the total land area, and the timber resources are estimated at 1,900 million cubic meters. The resources would be enough to supply 50 million cu.m. annually forever without reducing the reserves from the present level if the present conditions could be maintained.

Parenthetically, he is saying that their estimated allowable cut is about 50 million cubic meters.

I continue the quote:

But reality goes wrong with such supposition. Demand has been bouncing due to the fast increasing consumption of construction lumber and paper in parallel with the high growth of the national economy after the war's ends. It is too much to allow domestic woods to meet it, but has to depend on imports. In 1955, the demand of 45,340,000 cu.m. [sic.] was supplied domestically to the extent of 94 percent, or 45,340,000 cu.m.

That is a direct quote from the article which has an inconsistency in the figures there.

In 1963 the demand increased to 63,590,000 cu.m. and was supplied domestically 79 percent, or 50,190,000 cu.m. and the remaining 21 percent was met by imports. The main imports are luaun, and American and Russian lumbers [logs]. Imports will be certain to build up year after year along with the economic growth of the country.

As seen above, the limited self-supply cannot catch up with the augmenting demand. * * *

Again to digress from the text, we will supply for the record, Mr. Chairman, a clipping that we received yesterday, pointing up that in 1967, in fact, the Japanese demand had gone to 80 million cubic meters.

Senator MORSE. The clipping will be received for the record and printed at the close of your remarks.

Mr. McCracken. The foregoing tells us something of where the Japanese believe Japan is. But where do the Japanese think Japan is going from here? Listen to the predictions of Hayashi Yujiro, Director of the Japanese Government's Economic Research Institute