

July 1, 1967, up to this point you have been talking about the cubic meter increase of consumption in Japan and the ratio between domestic source and foreign import. Then in the first paragraph you indicate by this quote that "by 1985 population will increase and households will increase, and the per capita income will be U.S. \$2,000 or more."

The point I want to emphasize here is that I am sure you are aware that this figure would be at large. It would be national \$2,000 average that you are talking about. But actually today in Japan there is a great differential, as you know, between the average annual income of the urban dweller and the rural Japanese, and that the urban dweller today does average already \$2,000 in annual income, whereas in the rural Japan economy today, it is only a few hundred. And so my point is simply that there is that buying power already in the marketplace, so to speak, making this demand. And so we do not really have to wait until 1985 to recognize that there are many Japanese today, in fact as I say, the latest statistic I had put out by the Japanese Information Office was that their urban citizen in Japan does average \$2,000 plus, in fact is slightly over \$2,000 of American-dollar measurement today. So I only wanted to emphasize that point at this time.

Mr. McCracken. I am glad you brought that up, Senator Hatfield. The fact that there are reported in the paper 51 applicants for every house built seems to indicate just what you said.

Senator Hatfield. This does not at all diminish the importance of your testimony but rather it seeks to point up as I say that we do not have to wait until 1985 or until that population increase comes to get the impact of that buying power on the market.

Now, on page 22, on this same subject, would you please comment first on the same paragraph where you have such language as "the loss we described in 1961 is finally reaching an end. Well, not a total end, but at least the rate of acceleration may be stopped in the loss of our economic blood."

I do not want that to be a hook either for someone to hang their hat on, and I am sure you did not intend to leave it as such and it may not be, but just as I am trying to go over this with a fine-tooth comb, I want you to further talk about this leveling off impression we get that perhaps things are now going to stabilize and we do not have to take any action.

Mr. McCracken. I certainly hope that nobody interprets that as a hook.

Senator Hatfield. Rebut that point.

Mr. McCracken. What we are saying there, Senator, is that if, and this is a very critical "if", but if there is a restriction placed by our Government on the export of logs, round logs to Japan at the 1966 level, then the rate of acceleration will have in fact been stopped. That is a big "if." We have not seen it yet. But what we wanted to point out is the tremendous demand in Japan today, let alone 1985. With the tremendous demand in Japan today, where their importing needs for wood are 30 million cubic meters from abroad, that is today, the fact is that we in the United States are willing to give our friend and ally, Japan, 1 billion feet of logs. This means that what we are giving them is 9 million man-hours a year of our labor.

Now, that is a gesture, but it perhaps is only a gesture. The fact is that we should have solved this problem 6 years ago. But the problem is still here. We are at a level with Japan where they have an indus-