

Mr. CLIFF. I agree with you, Senator, and, of course, even without the 1926 act, we are concerned with the local employment. One of the major goals of the Secretary of Agriculture now is to increase employment in rural areas. He is sincere about it and this is not based on any law, it is based on administration policy. I am sure that our attorneys were aware of the regulation that you cited. Under the 1897 act, of course, the Secretary has broad authority, and it is under this act that we feel that we could require primary manufacture if the circumstances justify it.

Senator HATFIELD. Let me ask you this question. Are you willing to apply the primary manufacturing requirement to the States of Oregon and Washington under the set of circumstances we now have?

Mr. CLIFF. We have been considering it very seriously, Senator, and if the next round of negotiations with the Japanese do not result in meaningful results toward getting a better mix, a better proportion of sawn manufactured materials, then I am prepared to recommend to the Secretary of Agriculture that it be invoked in Oregon and Washington.

Senator HATFIELD. Mr. Cliff, you heard our chairman comment a while ago about our recognition that you are a part of the administration, that you are one agency within the overall administration. Do I understand then that the decision to apply primary manufacture requirement that is within your power to make is interdependent upon actions by the State Department or other agencies within this administration, and not really within what you consider to be exclusively within your own jurisdiction at this moment?

Mr. CLIFF. I think the authority is within the jurisdiction of the Secretary of Agriculture, if I understand your question correctly. But as a member of the President's Cabinet, and one who is working as part of the administration dealing with the Cabinet members who have other responsibilities that would be affected by such action, I am sure he would want to consult, confer, and consider the impact on their Departments and give them a chance to consider what impacts might be. This is just a matter of good teamwork.

Senator HATFIELD. Yes, and conceivably if the negotiations to produce any results, this same Secretary of Agriculture, even with your recommendation, recognizing that perhaps a different view is held by the Secretary of State, might still feel inhibited about making a move to apply your recommendation, I am speaking hypothetically, absent personalities.

Mr. CLIFF. Senator, I discussed this with my boss yesterday. At a meeting, which was not a closed meeting, with the Japanese delegation I heard him tell the Japanese that if results were not soon forthcoming that he felt he had to take some action. He authorized me to quote him. That still is the case.

Senator HATFIELD. I hope he tells the Secretary of State the same thing.

Senator MORSE. I would go higher than that.

Senator HATFIELD. On page 7, Mr. Cliff, there is a little question I have on this. On the second paragraph, the last sentence, you say:

Because of balance of payments, the Department of the Treasury asked the Department of Agriculture to study ways in which national forest management can facilitate easing balance of payments deficits.