

in the United States, that the same benefits accrue to a log that happens to grow on private land. It is hard for me to make a distinction.

We have no authority and we are not seeking authority in the Forest Service to regulate the use of the marketing of timber from private land. This is a responsibility of others, private landowners, States. We do feel that our national forest assets should be used to help develop our own economy. This is where our responsibility ceases right now.

Senator MORSE. That is a sufficient answer to that question. I understand your position.

First may I say we have in this record a fine demonstration of cooperation on the part of private industry on this subject matter. The record is pretty clear that the larger companies have agreed with the smaller companies on a voluntary understanding that they will not use their bids on Federal timber as a procedural device for filling up their log banks from Federal timber after they have sold large quantities of logs off of private timber in exports. But let us assume for a hypothetical that the export of logs is restricted only as to Federal timber.

Then company X does not carry out this gentleman's understanding, proceeds to bid high prices for stumpage in Federal sales, takes those logs, puts them into the company's log bank, and then draws on its bank of private logs for exportation.

Does that not to a degree do injury to the lumber operators that are completely dependent upon Federal timber, in order to get their log supply?

Are not they put at a bidding disadvantage with that company, not only against the advantage of high prices gained in export, but the capital gains situation of the company also. Such an arrangement becomes a pretty good business proposition for that company, but to that limited degree certainly defeats the objective we have in mind of trying to have our forest resources used to create jobs in our own country, and strengthen the economy of our own country.

I took a long time to give you the hypothetical, but I think it is pertinent we should have your views on it, because I think here is a problem that the industry is going to have to face up to.

Mr. CLIFF. The hypothetical example you gave could happen. I am not sure that it would. I believe that something of this kind would tend to be self-policing.

The large industrial landowner has a public relations problem within the industry, and I think personally from my experience in dealing with many of these people that they have a code of honor that would impel them to not want to incur the unpopularity of their fellow industrial people. It is a matter of public relations. Nevertheless it could happen. I think it would require, it would probably require additional legislative authority to enforce any kind of restrictions such as you suggest by your question.

Senator MORSE. Mr. Cliff, I am a great believer in preventive medicine. I thought it was a good idea to make that preventive suggestion in the record to prevent a bad economic disease from developing within the industry.

We do have in the record, however, Mr. Cliff, some information that shows that there is a precedent. I do not know whether it will spread