

the numbers employed are set forth only to illustrate this approach; not to indicate that the numbers the paper employs are definite.

Our staff paper, which I understand has been introduced in the record, was an effort to advance the interagency dialog through discussions with the other agencies involved.

Let me make clear at this stage that this is a staff paper, a "think piece" if you will. However, it is a very useful and appropriate effort within the confines of an interagency dialog. This paper raises basic economic issues and suggests a possible approach to the problem. It is not an effort to propose a policy course.

Our economists accepted the proposition that substantial increases in log exports could have a harmful effect upon the lumber processing industry in the Northwest but they did not think that this fact alone adequately described the total problem. They suggested that it was desirable—and possible—to wed a prompt remedy with a long-term approach. Such an approach would serve to preserve existing jobs, further the creation of new jobs, be consistent with our trade interests as well as our balance-of-payments objectives.

We should ask ourselves a question "Would a log export limitation from only federally managed forests achieve the immediate benefits required?" "Would it also lay the groundwork for a longer range program?" I raise these points because witnesses have commented that the Treasury staff paper does not meet the urgent current needs, even though the long-range approach may be promising. These witnesses apparently presume that short-term measures can be adopted which do not frustrate long-term objectives. And it raises these questions: Is it possible that there need not really be a great deal of conflict between short and longer term goals, measured in terms of trees cut and logs and lumber exported? Could the management and administration of the resources available to us cut down the time it takes for a long-range approach to come on stream with results? I pose these questions for the experts of other agencies to answer.

Let me conclude with a summary of the basic elements of the Treasury staff approach:

(1) The timber resources of the Northwest and Alaska constitute major national assets which must continue to be carefully farmed with a view to conserving adequate reserves for the future, while creating jobs and export markets for today and tomorrow.

(2) The export of lumber is preferable to the export of unprocessed logs, not only in balance-of-payments terms, but in terms of jobs at home—and that is important.

(3) The nature of the industry, the capital investment involved and the management of a prime natural resource requires a balanced and consistent long-range program.

(4) Our trade relations not only with Canada and Japan but with other markets are such that we should hope to obtain more processed lumber sales in the future. To do this foreign buyers must be able to plan on long-term sources of supply, subject to a minimum of fluctuations inherent in a major industry.

(5) Both the Departments of Agriculture and Interior are on record that increased expenditures on roading and forestation could raise long-term sustainable yields from our forests.