Yesterday Interior Secretary Udall and Forest Service Chief Cliff recommended that mineral leasing and Forest Service receipts not be earmarked for the fund. They suggested that only that portion of the receipts from the Outer Continental Shelf lands needed to raise the fund to $200 million annually, be so earmarked. We urge that none of these receipts be earmarked for the fund.

NATIONAL FOREST RECEIPTS

In 1967 national forest receipts amounted to $184.5 million of which $172.8 million or 93 percent came from timber sales. Sixty-five percent of these receipts were deposited into "Miscellaneous receipts" in the Treasury. This contribution is a tangible benefit in addition to that received by the local and regional economy in the harvest and conversion of this timber. It is estimated that each dollar's worth of standing timber contributes $25 to the economy between the stump and delivery of the finished product.

When Federal agencies and the Congress are aware of these substantial contributions, adequate funds for development and management of Federal resources are more likely to be appropriated. We are fearful that restricting Forest Service receipts for a single use may tend to reduce the incentive to make essential investments for resource management and the stability and orderly growth of communities and industries dependent on Federal resources. The psychological effect on forest managers in returning income to the Treasury is an important factor which may be lost if these funds are available only for restricted purposes. Earmarking of national forest receipts should only be made for purposes related to the production of revenues.

Lack of adequate appropriations may become a problem of serious proportions to the forest products industry in the Pacific Northwest. The continued increase in the export of logs to Japan in recent years has seriously reduced the volume of timber that is economically available to many mills dependent on Federal timber.

We have been working with the Forest Service, the Bureau of Land Management, and the Departments of State, Commerce, and the Treasury in trying to develop a long-term agreement with the Japanese and an immediate interim solution that will enable those companies, large and small, dependent on Federal timber to continue operations.

Last month the Treasury Department developed discussion recommendations including a recommendation that the allowable cut from Federal lands be increased by 3.5 billion board feet annually, 1 to 2 billion board feet of which would be available immediately.

This recommendation was based, in part, in full financing for national forest management plans including access roads, thinning and salvage sales, fertilization and research on logging techniques. Two weeks later the President's budget proposed a substantial reduction in several of these items, principally a reduction of $29 million for roads.

It is unquestioned that our forests must be fully managed and our yield increased if we are to meet our domestic needs and the steadily increasing foreign demands for our wood. Diversion of national forest receipts for highly restricted purposes will not help assure that essen-