



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

Remarks by The Honorable Les AuCoin
In the U.S. House of Representatives
November 10, 1981

RENEWABLE RESOURCES RECOVERY ACT OF 1981

Mr. Speaker, today I am introducing emergency legislation granting new powers to the Secretary of Agriculture to save lumber and plywood mills which are now threatened by a wave of bankruptcies brought on by chronically high interest rates.

We all know that soaring budget deficits, and massive federal borrowing to cover those deficits, drives up interest rates. Over the next six months, the government will be borrowing \$78 billion, or about half of all the capital available.

Now the American people are being told by the White House that the Administration giving up on its promise to balance the budget by 1984 in order to protect outlays for history's largest tax cut and the most rapid, expensive military buildup since World War II.

Mr. Speaker, balancing the budget cannot wait. For Oregon and the Northwest, postponing what has to be done spells disaster. It makes enactment of the bill I propose today more urgent than ever.

Less than a month ago, many of my colleagues from the Northwest participated in a colloquy detailing the economic devastation in our region caused by high interest rates. Our conclusion, and I'm sure that of anyone who heard the remarks of my colleagues, is that our region is already in a deep recession.

While the Washington Post reports that some Republican political strategists worry about what 8 percent unemployment will do to their party's electoral chances next year, the State of Oregon faces 13 percent unemployment within the next two months. Thirteen percent, Mr. Speaker, and in some Oregon counties unemployment is near 20 percent. At the end of October, fully 60 percent of Oregon's mill workers were either working short shifts or were out of work altogether.

The crisis is not confined to Oregon. The Western Wood Products Association has just reported that for the week ending October 31, 61,788 workers, or 61 percent of the 102,000 sawmill employees in the Western lumber industry, were either unemployed, or working curtailed shifts. Of the 756 sawmills in the West, 257 were closed and 247 were operating at curtailed levels. Mr. Speaker, that is simply unacceptable and the problem is only going to get worse.

There's more than just an unemployment problem which has compelled me to introduce this bill, although that alone is reason enough to act.

The past few years have seen a dramatic increase in the price of timber sold by the Forest Service -- a phenomenon dubbed "preemptive bidding." This increase in stumpage prices, a ten-fold increase over the last decade, has occurred at the same time that lumber prices -- finished prices -- have plummeted because of the lack of housing starts caused by high interest rates.